

Quarterly Report



March 31, 2024



according to Financial Supervisory Authority Regulation
no 5/2018

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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, 2024, 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, 2024, the Bank had the following ratings:

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

Moody's (last rating update: September-2023**)	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+' with Stable Outlook

** Moody's affirmed Bank's LT and ST foreign currency deposit rating to Baa1/Prime-2 in Oct. 2021 and changed the outlook to stable from negative. On the last update of credit analysis, as of Sep 2023 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 160 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has more than 126,000 members of staff in 65 countries and supports on a daily basis around 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 runs three complementary sets of businesses, embedding ESG offerings for all its clients:

- *French Retail Banking*, with leading retail bank SG and insurance franchise, premium private banking services, and the leading digital Bank Boursorama.
- *Global Banking and Investor Solutions*, a top tier wholesale bank offering tailored-made solutions with distinctive global leadership in Equity Derivatives, Structured Finance and ESG.
- *International Retail, Mobility & Leasing Services*, comprising well-established universal banks (in Czech Republic, Romania and several African countries), and ALD / LeasePlan, a global player in sustainable mobility.

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, Mobility & Leasing Services* (MIBS) that aims to offer a broad range of products and services to individuals, professionals and corporates. International Retail, Mobility and Leasing Services are building their networks in Africa, Central and Eastern Europe, comprising well-established universal banks (in Czech Republic, Romania and several African countries), Ayvens (the new ALD | LeasePlan brand), a global player in sustainable mobility, as well as specialized financing activities.

KEY FIGURES

		3 months to 31-Mar-2023	3 months to 31-Mar-2024	Change
	The Group			
Financial results	Net banking income (RONm)	935	985	+5.3%
	Operating expenses (RONm)	(508)	(529)	+4.2%
	Cost of risk (RONm)	(9)	(54)	5.7x
	Net profit (RONm)	342	326	-4.6%
	Cost / income ratio	54.3%	53.8%	-0.5 pt
	ROE	18.8%	14.5%	-4.3 pt
	RON bn	Mar-23	Mar-24	Change
Loans and deposits	Total net loans (incl. leasing)	38.7	43.4	+12.3%
	Total deposits	55.6	63.0	+13.3%
	The Bank			
Financial results	Net banking income (RONm)	893	942	+5.4%
	Operating expenses (RONm)	(487)	(511)	+5.0%
	Cost of risk (RONm)	(7)	(36)	5.2x
	Net profit (RONm)	333	322	-3.2%
	Cost / income ratio	54.5%	54.3%	-0.2 pt
	ROE	19.3%	15.0%	-4.3 pt
	RON bn	Mar-23	Mar-24	Change
Loans and deposits	Total net loans	36.4	41.2	+13.2%
	Total deposits	55.8	63.1	+13.2%
	RON m	Mar-23	Mar-24	Change
Capital adequacy	Own funds (RONm)	7,346	8,066	+9.8%
	RWA (RON bn)	33,559	33,513	-0.1%
	CAR*	21.9%	24.1%	+2.2 pt
Franchise	No of branches	451	391	(60)

Notes:

* CAR for Mar-24 is preliminary (own funds include 50% of 2023 profit)

As of March 31, 2024 BRD Finance IFN SA is in a process for selling its entire loan portfolio. The management intends to cease the activity and from this perspective it has assessed that the going concern basis for the preparation of its financial statements is not appropriate. Therefore, as of March 31, 2024 the BRD Finance IFN SA financial statements were prepared in compliance with IFRS, but no longer as a going concern basis. The entity has been included in the consolidated financial statements of the Group on this basis.

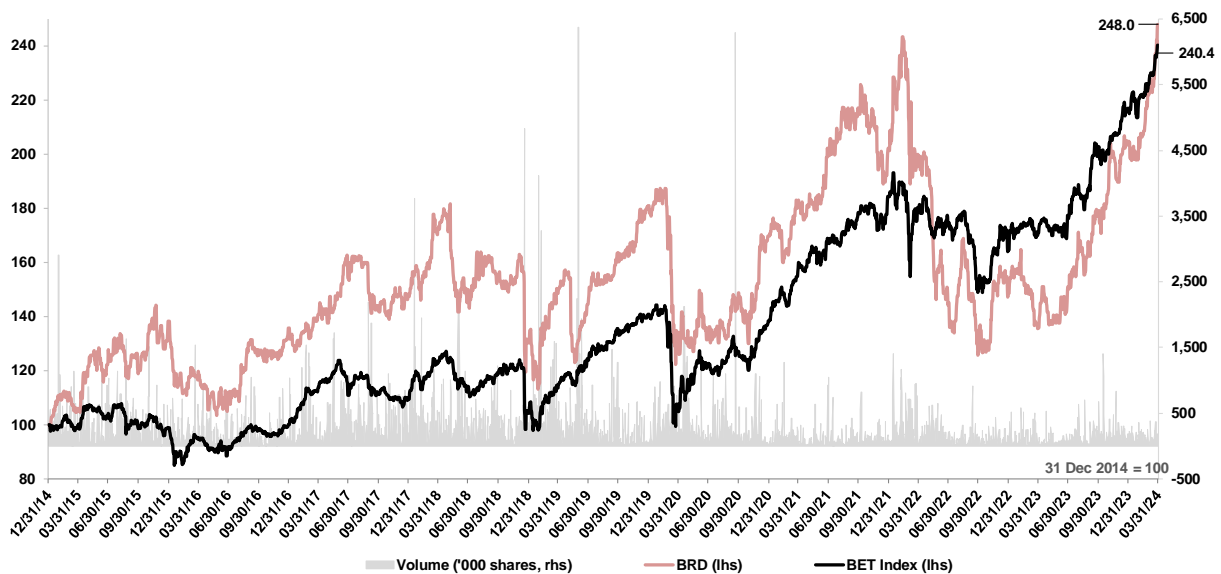
BRD SHARE

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, 2024, was of RON 21.70 /share (RON 17.92 /share at December 31, 2023 and RON 11.88 /share at March 31, 2023). On the same date, the market capitalization was RON 15,122.76 million (RON 12,488.48 million at December 31, 2023 and RON 8,279.19 million at March 31, 2023).

During January – March 2024, 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, 2024



Source: Bloomberg

2. ECONOMIC AND BANKING ENVIRONMENT

Economic growth lost momentum, both domestically and abroad, in the face of elevated inflation, costlier financing (subsequently debt servicing) and the setback in world trade. Nevertheless, Romania sustained its position as one of the most rapidly advancing economies within the European Union, with a GDP growth rate of 2.1% in 2023 (down from the 4.1% growth in 2022).

In 2023, a noteworthy development emerged, as investment, backed by EU funds, assumed the role of primary driver for economic growth, displacing consumption. Investment activity is primarily centred on large-scale infrastructure ventures, with a particular emphasis on road transport and local utility networks, alongside efforts to enhance renewable energy production capacity.

According to IMF's latest report, Romania's GDP is expected to reach 2.8% in 2024 (lower from 3.8%, the previous estimate in October 2023) and then to accelerate in 2025 to 3.6%. Additionally, in accordance with the European Commission's most recent Economic Forecast report, it is anticipated that Romania's GDP will achieve growth rates of 2.9% in 2024 and 3.2% in 2025.

On a medium to longer run, the National Recovery and Resilience Plan remains a strong catalyst for Romanian economy. Regarding allocation, as amended by the Council Implementing Decision of Dec 11, 2023, PNRR stands at EUR 28.5 bn (EUR 14.9 bn in loans, EUR 13.6 bn in grants) covering 66 reforms and 111 investments (177 measures), structured around 16 components. In December 2023, Romania sent the third payment request to the European Commission, worth EUR 2.7 bn (EUR 1.9 bn grants and EUR 0.8 bn loans), adding to the EUR 9.1 bn received so far. The request is currently being assessed by the European Commission.

Regarding inflation, the level for Euro area inflation decreased to 2.4% in March 2024, while strong price increases were still registered in the CEE region: Estonia (4.1%), Hungary (3.6%) and Slovenia (3.4%).

After experiencing an initial surge at the beginning of the year, domestic inflation reverted in March 2024 to its end-2023 level of 6.6%. Romania's inflation surpasses that of peer countries for various reasons, including the effects of tax reforms implemented at the start of the year, the robust performance of the Romanian economy resulting in stronger inflationary pressures arising from the demand side, and unique characteristics pertaining to the composition of the domestic consumption basket.

Although decreasing, the inflation rate in Romania remains well above the upper bound of the NBR target range (2.5% ± 1 ppt). The estimated inflation rate, according to NBR latest Report on inflation, stands at 4.7% for Q4 2024 and 3.5% for Q4 2025, while as per IMF's latest report, Romania's inflation is expected to reach 5.8% in average in 2024 and to slow down to 4% in average in 2025. European Commission estimates Romania's inflation at 5.8% in 2024 and 3.6% in 2025.

Regarding monetary policy, after successive key rate increases since the start of the tightening cycle in October 2021, with 575 bps in total (from 1.25% in August 2021 to 6.75% in November 2022), at the beginning of 2023, NBR indicated the end of the rate hiking cycle with an increase of 25 bps to 7%, in line with market expectations. With still high core inflation, the road bump in fiscal consolidation path and short-term wage pressures, NBR continued to refrain from commencing easing rate cycle, maintaining the key rate steady at 7% during subsequent monetary policy meetings in 2023 and also during Q1 2024.

In terms of banking activity, the annual growth rate of gross loans outstanding reached +7.3%* YoY at February 2024 end, recovering by more than double in annual pace of growth vs summer 2023 months, largely sustained by corporates (+11.0%* YoY). Loans to individuals reversed the negative performance from June – September 2023, with its annual dynamic re-entering into positive territory and improving in the first two months of 2024 (+2.5% YoY at February 2024 end, from -0.1% YoY at September 2023 end and +1.3% YoY at December 2023 end), mainly on favourable evolution for consumer loans, which maintained a positive and increasing growth rate, reaching +6.3%* YoY at February 2024 end (+1.5%* YoY at August 2023 end). Housing loans presented a weak, but improving performance, up by +0.1%* YoY at February 2024 end, from -0.5%* YoY at December 2023 end and -1.2%* YoY at September 2023 end.

Deposits regained momentum towards the end of 2023 and maintained it in the first two months of the year, with growth rate reaching +6.1%* YoY at February 2024 end, from +6.0%* YoY at December 2023, and 3.3%* at August 2023 end, with individuals and companies RON savings on a high growth, while FX component remained within the negative territory in terms of dynamic, slightly reducing, however, its contraction pace.

Relating to asset quality, the Romanian banking sector remains classified into EBA defined low risk bucket with a level of NPL (non-performing loans) ratio <3% and NPL coverage ratio > 55%. As at February 2024 end, NPL ratio increased marginally to the level of 2.39% (vs. 2.33% at December 2023 end). NPL coverage ratio stood high at 65.5% at December 2023 end (vs. 65.4% at December 2022 end).

The Romanian banking system is well capitalized, as reflected by the capital adequacy ratio of 22.51% as of December 2023 end (23.40% as of December 2022 end), remaining above EU average (19.9% at December 2023 end). The contraction compared to December 2022 end was mainly driven by the fading effects of CRR “quick-fix” adjustments and higher RWA on dynamic lending, partially compensated by profit retention, given the regulatory recommendation.

As regards liquidity, the banking system has also a comfortable position, with a Liquidity Coverage Ratio of 290% as of February 2024 end (281% at December 2023 end), remaining well above regulatory requirement (100%) and EU average (167.1% at December 2023 end). The positive evolution built on the substantial rise in the liquidity buffer, generally driven by the increases in the stock of central governmental assets and in the liquidity surplus.

** variation at constant exchange rate*

Source: BRD Research, IMF, NBR, EBA Risk Dashboard Report Q4 2023

3. COMMERCIAL ACTIVITY

As at March 31, 2024, the Bank had 391 branches (December 31, 2023: 423 branches, March 31, 2023: 451 branches), ensuring the distribution of its products and services throughout the whole country.

BRD continues its digital progress by extending the facility to visualize the investment funds, already available on the mobile application, also on YOU Web platform. Users can now initiate transactions for buying and selling investment funds directly from YOU web platform. Additionally, BRD has implemented various enhancements and optimizations designed to augment user satisfaction on YOU platform, such as, the possibility to share IBANs for all the accounts, copy account numbers, or receive in-app reminders to enable push notifications via device settings.

The continuous rise in digital adoption is apparent, with YouBRD reaching nearly 1.5 million customers, showcasing a noteworthy +28% YoY increase as of Q1 2024 end.

BRD held a market share of 10.1% of total assets at December 31, 2023, according to its internal computation.

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

RON bln	Mar-23	Dec-23	Mar-24	vs. Dec-23	vs. Mar-23
Retail	23.5	24.7	25.2	1.8%	7.2%
Individuals	22.6	23.5	23.8	1.6%	5.3%
Small business	0.9	1.3	1.3	4.6%	56.1%
Non-retail	13.7	15.9	16.5	3.7%	20.2%
SMEs	4.6	5.7	5.8	1.7%	26.9%
Large corporate	9.1	10.2	10.7	4.8%	16.9%
Total net loans	37.2	40.6	41.6	2.5%	12.0%
Financial lease receivables	1.5	1.7	1.8	4.6%	20.3%
Total net loans, including leasing	38.7	42.3	43.4	2.6%	12.3%

Net loans outstanding (including leasing) reached RON 43.4 bn, increasing by 12.3% versus March 31, 2023 and by 2.6% compared to year end, driven by vigorous lending operations on the corporate segment, while activity on the retail segment exhibited resilience to effects stemming from tightened financial conditions, elevated interest rates, and escalating uncertainties regarding future prospects.

On retail segment (net loans outstanding +7.2% YoY at March 2024 end), BRD marked new record on the quarterly level of new loans granted to individuals, RON 2.35 billion in Q1 2024, +43% YoY, and the best quarter for new consumer loans, with an impressive growth of +51% YoY. New housing loans returned to growth both in value and in number, on a yearly basis, reaching a remarkable dynamic, of +45% YoY at March 2024 end (+32% YoY in number), proving that BRD offer is flexible and responsive to customers' needs. Small businesses contributed also to the segment growth, with net loans outstanding reaching an impressive dynamic of +56.1% YoY at March 2024 end.

Corporate financing continued to deliver a strong performance (net loans outstanding +20.2% YoY at March 2024 end), fueled by both SMEs (net loans outstanding +26.9% YoY at March 2024 end) and large companies (net loans outstanding +16.9% YoY at March 2024 end). Additionally, leasing activity preserved a substantial growth pace (+20.3% YoY at March 2024 end).

BRD further acted on its strong commitment to support sustainability transitions. As of March 2024 end, BRD cumulated production of sustainable transactions amounted over the last 3 years, reached EUR 976m, very close to EUR 1bn target initially set for end of 2025. Moreover, Q1 2024 is marked by a landmark transaction on Romanian market, namely an innovative synthetic significant risk transfer (SRT) transaction closed between BRD and IFC (member of the World Bank Group) on a reference portfolio of EUR 700 million. This transaction enables to free up capital for BRD with the purpose to boost capabilities in financing of impactful sustainability-related projects in Romania (more than EUR 300m committed to finance climate-related initiatives and women-owned smaller businesses).

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

RON bln	Mar-23	Dec-23	Mar-24	vs. Dec-23	vs. Mar-23
Retail	36.6	40.8	41.0	0.6%	12.0%
Individuals	31.0	34.1	34.8	2.0%	12.3%
Small business	5.7	6.7	6.3	-6.4%	10.5%
Non-retail	18.9	21.6	21.9	1.3%	15.8%
SMEs	8.0	9.4	9.0	-3.8%	12.8%
Large corporate	10.9	12.3	12.9	5.2%	17.9%
Total deposits	55.6	62.4	63.0	0.9%	13.3%

The deposit base delivered consistent growth, rising by +13.3% YoY as of March 2024 end. Retail deposits, a stable and significant source of funding, showed robust growth, increasing by +12.0% YoY on strong collection of individuals term deposits. Corporate deposits exhibited even stronger performance, growing by +15.8% YoY, driven primarily by increased net inflows from large corporate clients (+17.9% YoY as of March 2024 end) followed by SME clients (+12.8% YoY as of March 2024 end).

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, 2024, net outstanding of leasing financing granted by BRD Sogelease increased by +20.3% YoY to RON 1,770 million. New leasing production increased to RON 316.8 million in 2024, +11.4% YoY. BRD Sogelease activity continued the good trend from 2023 also in Q1 2024, with demand for leasing financing remaining consistent during the period. Business was driven by SME's and large corporates active in various sectors as agriculture, construction, logistics and transportation, manufacturing which use financial leasing as an efficient and accessible financing solution offered by BRD Group.

BRD FINANCE IFN SA

At the end of March 2024, the value of the net loan portfolio was of RON 173 million vs. RON 374 million at March 2023 end. As the subscription of new products and transactions on cards was stopped from previous year, the entity is now in a pure runoff situation focused on the management of the existing portfolio, on the limitation of operating expenses and a stepwise reduction in cost of risk.

As of March 31, 2024, BRD Finance IFN SA is in process for selling its entire loan portfolio. The management intends to cease the activity and from this perspective it has assessed that the going concern basis for the preparation of its financial statements is not appropriate. Therefore, as of March 31, 2024 the BRD Finance IFN SA financial statements were prepared in compliance with IFRS, but no longer as a going concern basis. The entity has been included in the consolidated financial statements of the Group on this basis.

BRD ASSET MANAGEMENT SA

BRD Asset Management is one of the most important actors on the Romanian UCITS market, with a market share of 20.3%* and RON 4.5 billion assets under management, up by +32% YoY as of March 2024 end, ranking the 3rd in the market. BRD Asset Management offers investment solutions to more than 145 thousand clients across its 12 investment funds. The diversified products of BRD AM, offer multiple investment possibilities, intended for the objectives of our clients.

** market share computation based on total open-end funds assets under management at March 2024 end*

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, 2024 and the comparative periods.

FINANCIAL POSITION – ASSETS

Total assets increased by 15.6% versus March 31, 2023, for the Group and by 15.9% for the Bank. Compared to 2023 end, total assets were slightly higher by 0.4% for both the Group and the Bank.

The asset structure is presented below:

THE GROUP

Assets (RONm)	Mar-23	Dec-23	Mar-24	% total	vs. Dec-23	vs. Mar-23
Cash and current accounts with Central Bank	7,455	11,778	9,730	11.6%	-17.4%	30.5%
Loans and advances to credit institutions	5,867	6,129	7,363	8.7%	20.1%	25.5%
Net loans and advances to customers	37,179	40,613	41,641	49.5%	2.5%	12.0%
Financial lease receivables	1,471	1,692	1,770	2.1%	4.6%	20.3%
Other financial instruments	18,234	20,824	20,857	24.8%	0.2%	14.4%
Tangible and intangible assets	1,534	1,645	1,697	2.0%	3.2%	10.7%
Other assets	1,098	1,168	1,130	1.3%	-3.2%	2.9%
Total assets	72,839	83,849	84,188	100.0%	0.4%	15.6%

THE BANK

Assets (RONm)	Mar-23	Dec-23	Mar-24	% total	vs. Dec-23	vs. Mar-23
Cash and current accounts with Central Bank	7,455	11,778	9,730	11.9%	-17.4%	30.5%
Loans and advances to credit institutions	5,851	6,114	7,348	9.0%	20.2%	25.6%
Net loans and advances to customers	36,439	40,202	41,243	50.5%	2.6%	13.2%
Other financial instruments	18,228	20,838	20,873	25.6%	0.2%	14.5%
Tangible and intangible assets	1,511	1,620	1,674	2.0%	3.3%	10.7%
Other assets	988	829	817	1.0%	-1.5%	-17.3%
Total assets	70,472	81,381	81,684	100.0%	0.4%	15.9%

LOANS AND ADVANCES TO CUSTOMERS

The net loans' outstanding amount to customers registered a robust performance year-on-year (Group: +12.3% YoY at March 2024 end, o/w leasing +20.3%; Bank: +13.2%) driven by both corporates and individuals, with corporates segment making the largest contribution, 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 increased by 28.3% versus March 2023 end, for both the Bank and the Group, driven by both higher cash and current accounts with the central bank and placements to credit institutions. Compared to December 2023 end, the level decreased by 4.6% for the Bank and 4.5% for the Group, driven by the decrease of cash and current accounts with the central bank. These items represented approximately 20.3% of total assets for the Group and 20.9% for the Bank at end of March 2024.

The minimum compulsory reserve held with the National Bank of Romania accounted for 27.8% of this aggregate at March 31, 2024 (25.6% at December 2023 end and 32.1% at March 2023) at Group level. It amounted to RON 4,760 million, up by 3.8% vs December 31, 2023 and 11.5% vs March 31, 2023, mainly linked to increasing customers deposits 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 20.9 billion at March 2024 end and represented 24.8% of Group assets and 25.6% of Bank assets. They increased by almost 14.5% compared to March 2023 end for both

Group and Bank, mainly driven by the increase in government bonds portfolio measured at amortised cost and includes bonds issued by Romanian government, French State and US Treasury.

TANGIBLE AND INTANGIBLE ASSETS

The tangible and intangible assets increased by 10.7% compared to March 2023 end for both the Group and the Bank and accounted for 2.0% 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 2024 was RON 68 million for both the Group and the Bank, compared to RON 48 million in the same period in 2023 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-23	Dec-23	Mar-24	% total	vs. Dec-23	vs. Mar-23
Amounts owed to credit institutions	7,633	9,396	9,655	11.5%	2.8%	26.5%
Amounts owed to customers	55,574	62,406	62,954	74.8%	0.9%	13.3%
Other liabilities	2,023	3,185	2,413	2.9%	-24.2%	19.3%
Shareholders equity	7,608	8,862	9,167	10.9%	3.4%	20.5%
Total liabilities and shareholders equity	72,839	83,849	84,188	100.0%	0.4%	15.6%

THE BANK

Liabilities and shareholders equity (RONm)	Mar-23	Dec-23	Mar-24	% total	vs. Dec-23	vs. Mar-23
Amounts owed to credit institutions	5,568	7,226	7,495	9.2%	3.7%	34.6%
Amounts owed to customers	55,793	62,642	63,140	77.3%	0.8%	13.2%
Other liabilities	1,895	3,048	2,283	2.8%	-25.1%	20.5%
Shareholders equity	7,216	8,465	8,765	10.7%	3.5%	21.5%
Total liabilities and shareholders equity	70,472	81,381	81,684	100.0%	0.4%	15.9%

AMOUNTS OWED TO CUSTOMERS

The Group, as well as the Bank, further consolidated and diversified its already solid savings base. At March 2024 end, amounts owed to customers increased by 13.3% for the Group and by 13.2% for the Bank and accounted for 74.8% of the total liabilities and shareholders' equity at Group level and for 77.3% at Bank level. The increase primarily resulted from higher inflows in term deposits from individual customers and notable advancement in deposits from non retail customers.

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 12.9% of the total liabilities for the Group and 10.3% for the Bank at March 31, 2024.

BRD Group's borrowings from Société Générale totalled RON 7.9 billion (10.5% of liabilities) at March 2024 end. Among these, are included 5 senior non-preferred loans in amount of EUR 970 million, namely: EUR 150 million in June 2022, EUR 120 million in December 2022 and EUR 450 million in December 2023 (roll-over of a 2021 SNP), all with an initial term of 3 years and a call option at 2 years; EUR 100 million with initial term at 7 years and a call option at 6 years and EUR 150 million with an initial term of 8 years and a call option at 7 years, both drawn in December 2023, 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 increased by 20.5% for the Group and by 21.5% for the Bank compared to March 31, 2023, driven by net profit generated over the analysed period and lower negative revaluation reserves of debt instruments accounted at fair value through other comprehensive income, in the context of slightly favorable development of bond yields curve as compared to the same period of last year, partially reduced by the dividend distribution of 50% from 2022 net profit (i.e RON 643m, approved by GSM in December 2023).

The structure of the shareholders' equity evolved as follows:

THE GROUP

Shareholders' equity (RONm)	Mar-23	Dec-23	Mar-24	vs. Dec-23	vs. Mar-23
Share capital	2,516	2,516	2,516	0.0%	0.0%
Other reserves	(1,748)	(1,157)	(1,179)	1.9%	-32.5%
Retained earnings and capital reserves	6,777	7,436	7,760	4.4%	14.5%
Non-controlling interest	64	68	70	3.2%	9.7%
Total shareholders' equity	7,608	8,862	9,167	3.4%	20.5%

THE BANK

Shareholders' equity (RONm)	Mar-23	Dec-23	Mar-24	vs. Dec-23	vs. Mar-23
Share capital	2,516	2,516	2,516	0.0%	0.0%
Other reserves	(1,748)	(1,157)	(1,179)	1.9%	-32.5%
Retained earnings and capital reserves	6,448	7,107	7,429	4.5%	15.2%
Total shareholders' equity	7,216	8,465	8,765	3.5%	21.5%

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, 2024 for the Bank (from 64.2% at December 31, 2023 and 65.3% at March 31, 2023) and 69.0% for the Group, including financial leasing receivables (from 67.8% at December 31, 2023 and 69.5% at March 31, 2023).

3M-2024 FINANCIAL RESULTS

The comparative income statement of the Group for the periods January – March 2024 and January – March 2023 is presented below:

RONm	Q1-2023	Q1-2024	Q1 24/'23
Net banking income	935	985	5.3%
- net interest income	671	716	6.8%
- net commissions	172	186	8.0%
- other banking income	92	82	-11.0%
Operating expenses	(508)	(529)	4.2%
- staff expenses	(224)	(245)	9.3%
- non-staff expenses	(284)	(285)	0.2%
Operating profit	427	455	6.5%
Net cost of risk	(9)	(54)	5.7x
Gross result	418	401	-4.1%
Net result	342	326	-4.6%
Profit attributable to equity holders of the parent	337	324	-3.9%

The comparative income statement of the Bank for the periods January – March 2024 and January – March 2023 is presented below:

RONm	Q1-2023	Q1-2024	Q1 24/'23
Net banking income	893	942	5.4%
- net interest income	638	684	7.2%
- net commissions	165	178	7.9%
- other banking income	91	80	-12.2%
Operating expenses	(487)	(511)	5.0%
- staff expenses	(212)	(234)	9.9%
- non-staff expenses	(274)	(277)	1.2%
Operating profit	407	431	5.9%
Net cost of risk	(7)	(36)	5.2x
Gross result	400	394	-1.4%
Net result	333	322	-3.2%

BRD Group's revenues registered an increase of +5.3% in the first three months of the year, versus the same period of 2023. The evolution was primarily driven by the +6.8% YoY advance of net interest income, built on the positive volume effect, following the growth of both retail and corporate loans, partially reduced by the negative effect generated by lower interest rates as compared to Q1 2023 (average ROBOR 3M decreasing from 7.10% in 3M 2023 to 6.11% in 3M 2024).

Net fees and commissions increased by +8.0% YoY in Q1 2024, reflecting mainly higher revenues from transfers, cards and capital market activities, positive contribution from off balance commitments. The advance was partially tempered by the contraction in fees on cash transactions and on current accounts outside packages.

Other revenues categories were rather stable (vs a particularly dynamic Q1 2023) excluding one-off limited provision.

Following the deceleration towards the end of 2023, inflation step up during the first two months of 2024, due to the increase and introduction of some indirect taxes and charges aimed for further budget consolidation, but decelerated back to 6.6% level in March, given positive developments on both food and services prices. Still, the average rate of inflation over the last 12 months (April 2023 – March 2024) vs previous 12 months, remains elevated, at 8.5%, exerting further pressure on costs. Nevertheless, thanks to a disciplined approach to spending, overall expenses saw a +4.2% increase compared to the first quarter of 2023, remaining below the 12 months average inflation. Staff expenses rose by +9.3%

YoY during Q1 2024, especially linked to price effect and increased benefits, within an inflationary environment and a fiercely competitive talent market.

For 2024 the estimated cumulated contributions to Deposit Guarantee Fund and Resolution Fund reduced to RON 43.1m from RON 75.8m expense booked in Q1 2023. The positive impact of this cost reduction was almost cancelled over the analyzed period by the enforcement starting 2024 of the new levy tax of 2% on turnover (in amount of RON 30.4 million for Q1 2024, computed and paid quarterly based on actual results).

The evolution of other costs mainly reflects increased IT effort supporting the advancement on our digital roadmap.

Gross operating income reached RON 455 million in Q1 2024 (+6.5% compared to Q1 2023) and cost to income ratio slightly improved on positive jaws effect (53.8% in Q1 2024 vs 54.3% in Q1 2023).

During 2024, asset quality remained strong, with NPL ratio around record low level, reaching 2.1% at March 2024 end (1.9% at 2023 end), while NPL coverage remained comfortable (76.4% at March 2024 end vs 75.9% at 2023 end, Bank level). Net cost of risk registered RON 54.3m net provision allocation during Q1 2024, compared to RON 9.4m net provision allocation in Q1 2023, reflecting a closer to “through the cycle” level.

The net result of BRD Group amounted to RON 326 million during Q1 2024, compared to RON 342 million in the first quarter of 2023, lower by -4.6% YoY. This decrease primarily reflects a normalization trend in risk costs and a negative interest rate effect, while the commercial activity remained robust across all segments. ROE reached 14.5% in Q1 2024 vs. 18.8% in Q1 2023. ROA reached 1.6% in Q1 2024 (compared to 1.9% in Q1 2023).

The Bank recorded similar trends, which led to a net result of RON 322 million in Q1 2024 versus RON 333 million in Q1 2023.

Neither Bank's, nor the Group's revenues depend on a single or group of connected customers; hence there is no risk that the loss of a customer might significantly affect the income level.

No subsequent events were identified after the reporting date.

CAPITAL ADEQUACY (THE BANK)

Bank			
RONm	Mar-23	Dec-23	Mar-24
Tier 1 capital	6,109	6,859	6,824
Tier 2 capital	1,237	1,244	1,242
TOTAL OWN FUNDS	7,346	8,103	8,066
Capital requirements	2,685	2,823	2,681
Credit risk (including counterparty risk)	30,685	32,769	30,921
Market risk	201	139	177
Operational risk	2,466	2,238	2,236
CVA risk	207	145	179
Total risk exposure amount	33,559	35,291	33,513
Regulatory CAR	21.9%	23.0%	24.1%
Tier 1 ratio	18.2%	19.4%	20.4%

* CAR for Mar-24 is preliminary, own funds include 50% of 2023 profit

At Bank level, the capital adequacy ratio reached 24.1%* at March 31, 2024, compared to 23.0% at December 31, 2023 and 21.9% at March 31, 2023.

The Tier 1 ratio was 20.4%* at March 31, 2024 compared to 19.4% at December 31, 2023 and 18.2% at March 31, 2023.

BRD's regulatory own funds as at March 31, 2024 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 1 capital, to RON 6,824 million at March 31, 2024 compared to RON 6,109 million on March 31, 2023, mainly on lower

negative revaluation reserves of debt instruments accounted at fair value through other comprehensive income, in the context of slightly favorable development of bond yields as compared to the same period of last year, incorporation of 50% of 2023 net profit, partially reduced by dividend distribution out of 2022 net profit (50% payout approved by GSM in December 23).

Risk weighted assets variation was influenced by the dynamic lending activity and the implementation of the innovative synthetic significant risk transfer (SRT) transaction closed with IFC (member of the World Bank Group) 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.

5. CONCLUSIONS

Romania remained one of the fastest growing economies in the EU. GDP growth rate reached 2.1% in 2023, with investment activity, fueled by EU funds, becoming the primary driver.

Throughout the first quarter of 2024, amid persisting macroeconomic challenges, BRD continued to demonstrate its strong commitment as a trusted partner to its customers and the Romanian economy. This dedication was evident in the company's resilient commercial performance across all sectors.

BRD's net loans outstanding reached RON 43.4 billion at end of March 2024, significantly growing by +12.3% YoY, above market pace. This dynamic performance was primarily driven by vigorous lending activity on corporate segment, while lending on retail segment kept resilient, despite tightened financial conditions, elevated interest rates, and escalating uncertainties. BRD marked record levels in new loans granted to individuals, with notable growth both on consumer and housing loans, proving that BRD offer is flexible and responsive to customers' needs. Corporate financing also demonstrated a strong performance, in both SMEs and large companies segments, while leasing activity maintained a substantial growth pace.

BRD further acted on its strong commitment to support sustainability transitions. As of March 2024 end, BRD cumulated production of sustainable transactions over the last 3 years, reached EUR 976m, very close to EUR 1bn target initially set for end of 2025. Moreover, Q1 2024 is marked by a landmark transaction on Romanian market, namely an innovative synthetic significant risk transfer (SRT) transaction closed between BRD and IFC (member of the World Bank Group) on a reference portfolio of EUR 700 million. This transaction enables to free up capital for BRD with the purpose to boost capabilities in financing of impactful sustainability-related projects in Romania (more than EUR 300m committed to finance climate-related initiatives and women-owned smaller businesses).

The deposit base expanded steadily, increasing by +13.3% YoY as of March 2024 end, building on both retail and corporate resources. Retail deposits, a key funding and stable resource, grew by +12.0% YoY, while corporate deposits saw an even stronger growth at +15.8% YoY.

On digital front, BRD continues to enhance customers experience bringing new functionalities, both on the mobile application, as well as on the web platform. Users can now initiate transactions for buying and selling investment funds directly from YOU web platform, and the facility to visualize the investment funds, already embedded in the mobile application, is now also available on the web platform. YOU BRD continues to grow and attract new users, reaching nearly 1.5 million customers, up by +28% YoY as of March 2024 end.

Benefiting from a strong commercial momentum during the first quarter of 2024, BRD Group achieved robust revenue growth, while operating expenses were contained below inflation level. This positive trend led to an improved cost-to-income ratio for Q1, with the new levy tax being offset on this quarter by lower cumulated contributions to Deposit Guarantee and Resolution Funds. Asset quality ratios remained at sound level, while risk costs' evolution reflects a closer to "through the cycle" level. BRD Group ended the first quarter with a strong net result of RON 326m and high ROE of ~15%.

Looking forward, BRD remains committed to finance Romanian economy, and even more to contribute to build a sustainable one, as evidenced by the partnership with IFC.

The interim financial report as at March 31, 2024 has not been audited.

Jean – Pierre Georges VIGROUX

Chairman of the Board of Directors

Maria ROUSSEVA

Chief Executive Officer

Etienne LOULERGUE

Deputy Chief Executive Officer

Simona PRODAN

Finance Executive Director