



GROUPE SOCIETE GENERALE

“BRD Group Q1 2026 Financial Results Conference Call and Webcast”

Q&A session

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Participants:

Maria ROUSSEVA – CEO

Claudiu CERCEL – Deputy CEO – Financial Markets

Madalina TEODORESCU – Deputy CEO Retail

Philippe THIBAUD – Deputy CEO Risks

Vladimir POJER – Deputy CEO Finance & Operations

Operator: Thank you. To ask a question, you will need to press star one and one on your telephone and wait for your name to be announced. To withdraw your question, please press star one and one again. We will now go to the first question. One moment, please. And your first question today comes from the line of Participant #1. Please go ahead.

Participant #1: Hello everyone, thanks for the presentation. I have a question regarding the NII performance - I hear that you're offering more competitive terms on deposit pricing I'm just wondering how sustainable and determined that policy is. On my numbers, I'm roughly estimating that quarter-to-quarter total deposit costs could have increased by roughly 15%. That's quite sizable, given that the quarter-on-quarter change in total deposits was around 1%. So the question is, where is your current pricing on term deposits, how did you change this pricing during Q1 against Q4 of last year and whether that impact is going to be lasting throughout the year. So that's the leg of the deposit pricing within the NII. Then there is my second question also concerning the NII performance. It's about loan related revenues, which also appear to be between flattening or even outright declining in quarter to quarter terms. And here I'm wondering whether there is an impact from a potential repricing of mortgage lending or the clients migrating to competition to get a better pricing. So if you could share a little bit on trends within the different categories of lending on the outstanding book average loan rates, what are the trends and what are the customers doing and what does it lead us to going forward taking into consideration the full 2026 year. Thank you.

Vladimir POJER – Deputy CEO Finance & Operations: Thank you for the question. I will try to address the points, please, remind if I missed something. So starting with the first quarter, as you are probably seeing as well, we had quite volatile first quarter in terms of interest rates. In the beginning of the quarter, interest rates were rather going down. With the geopolitics since actually beginning of March and the crisis in Middle East, the rates started to grow quite substantially again. And, knowing the current development on the local political scene, we can see that this trend of volatility continues. So it's quite difficult to predict, what will be the future outlook. And we are, in our assumptions, expecting that once these geopolitical and local uncertainties vanish, we should be seeing, the interest rate environment gradually declining over time. However, speaking now on the interest expense, as I mentioned, we are having, I think, roughly 7% growth of interest income and roughly 19% growth in our interest expense, mainly linked to the deposits which we acquired. And as I mentioned, the increased demand in term deposits, as the interest rate environment was quite volatile, played a role in these aspects, our clients trying to secure their interest income on their deposits. We are quite carefully monitoring the level of our liquidity and the cost which we are paying for both retail and corporate funding. And we are gradually trying to optimize the cost in order to improve the NII results. Our average duration on term deposits in the corporate area is less than four months actually. So we are gradually

assessing, let's say, the impact onto the P&L reflecting the needs which we are currently having on the liquidity front. We are as well trying to keep the bank safe as we are seeing that usually during situations like that, there are visible, let's say, movements in the structures of the balance sheets and the liquidity of the sector as such. So we want to have sufficient buffers and sufficient, say, comfort as management that we are able to continue growing the business and having sufficient liquidity to do so. If I should guide, we are still keeping our expectations regarding the NII development for this year around mid-single digit growth of NII, and this is the target which we are aiming for.

Operator: Thank you. We will now go to the next question. And your next question today comes from the line of Participant #2. Please go ahead.

Participant #2: Hi, hello. Thanks for the opportunity to ask questions. Just to follow up a little bit on Participant #1's question and what you just said, Vladimir. You're saying that you're seeing pressure on term deposits, but if I look at the data from the National Bank of Romania, we only have data until February, this pressure is not really visible. So how come are you seeing this much pressure, that doesn't seem to be reflected on the data?

Vladimir POJER – Deputy CEO Finance & Operations: I'm not sure, Participant #2, what you're actually referring to. But we are following our market share from the data of the National Bank regarding term deposits and their development. So we are seeing that our market share is more or less developing in line with the competition. So we were not gaining visible market share in this respect. We are having, as I mentioned, that you can see it in the developments of the balance sheet, the main additional liquidity, which we actually gained year over year, I'm not speaking quarter over quarter, but year over year, in the corporate part of our business. And between the end of the year and the first quarter, actually, even our, I think, corporate deposits reduced a bit as we are gradually reassessing the needs which we are having. So this is actually what we are looking at and what we are following. So basically benchmarking ourselves to the data of the National Bank on our market share compared to our peers, and calibrating actually the cost of funds with the volumes.

Participant #2: All right. Yeah, I was specifically mentioning the pricing on term deposits.

Vladimir POJER – Deputy CEO Finance & Operations: The pricing, yes. We are very careful not to have severe impacts on our interest expense. So we are, I think, more or less keeping the pricing in line with the peers.

Participant #2: Okay, great. Okay, in terms of loan book growth, can you please give a little bit more color on the performance this quarter? Because if I look at the system level performance in the first quarter of 2026, I mean, I see a 1.5% quarter-on-quarter expansion,

and you've experienced a 0.5% contraction. So why was that I mean, you had a strong final quarter last year, but still, I mean, I was hoping.

Vladimir POJER – Deputy CEO Finance & Operations: I can comment on this and then I can let Madalina add if I missed something. You know, we are living in an environment, as Maria described, which is quite uncertain and volatile. After, let's say, the fiscal consolidation was launched, the demand and the sales performance from both retail and corporate clients actually started to slow down already in the fourth quarter of last year. Now, in the first quarter of 2026, we are seeing that because of this uncertainty, some of our clients are actually delaying the disbursement of part of the loans which were contracted. And we have, as usually seen in the beginning of the year, lower demand, the year is usually starting a bit slower, like this year, it was a bit stronger than in the past. Therefore, we had a kind of slower demand in the first quarter, which then translated into lower disbursements and lower balance sheet at the end of the Q1. We believe that for the second quarter and for the outlook, we will be continuing, let's say, the growth of the balance sheet to help us achieve the guidance of NII, which I just mentioned.

Madalina TEODORESCU – Deputy CEO Retail: Yeah, I just would add a bit because I think you asked about some very specific levers of growth. Indeed, as mentioned, our main lever, which, in line with our strategy, is mortgage lending. So indeed, despite the lower volumes, we retained better our customer portfolio, and we actually continued the acquisition of new clients, either new to the bank or refinancing from other banks. This is also reflected by our market share. In terms of mortgage lending, we are above 15% in market share, as well as on large corporates, which actually increased year-on-year by 10%. So these, I would say, are the main two levers, indeed, for small business clients, we see a wait and see mode and some repayments in different cases. But these two segments actually remain very disciplined and in our focus to grow.

Participant #2: Okay. And so, I mean, the budget seems to indicate that you continue to guide for high single-digit loan book expansion this year, yes?

Maria ROUSSEVA – CEO: Correct.

Participant #2: Got it. All right. Then, if I may, I still have some more questions. Like on this other income one-off, maybe I missed it, but what was this again?

Vladimir POJER – Deputy CEO Finance & Operations: We are not disclosing the details, but it's a one-off income related to portfolio cleaning of the bank. So it's kind of like extraordinary income, which we posted in the first quarter.

Participant #2: Got it. And maybe this one for Mr. Thibaud, like the annualized cost of risk came in slightly below the higher end of the 40 to 50 bps that you've previously guided, I believe. You seem to historically front-load provisions booking in previous years. So the question here is more like, is this print indicative that the core will be coming at the lower end of the guidance or even below the 40 to 50 bps corridor for the full year.

Philippe THIBAUD – Deputy CEO Risks: So actually, Q1 2026 was better or stronger than Q1 2025. I would say when actually, when I'm looking at the projections that you guys are doing in for BRD, I wouldn't touch a thing. I think indeed today or for Q1, we were on the lower range of our guidance. Considering the uncertainty on the market and really the deteriorated environment, I would expect the guidance to the results that we posted for this quarter, 41 basis points to increase and the guidance would be still 40 to 50. But looking at your projections, I think they were quite good for the cost of risk.

Maria ROUSSEVA – CEO: Actually, we were better than the projections.

Philippe THIBAUD – Deputy CEO Risks: Yes, we were better than the projections, but that's my ambition, I don't want to cheat and to give you wrong guidance.

Participant #2: Sure, sure, great. Thanks, thanks a lot. And just final question, just on the... the contributions to deposit guarantee fund and the bank resolution fund. Since when has this been known? Maybe I've missed it, but I don't know if this was communicated.

Vladimir POJER – Deputy CEO Finance & Operations: We were actually notified at the end of the first quarter about this no contribution for this year. And it should be a sectorial, actually, decision. So all the banks should have the same treatment.

Participant #2: OK, so at the end of first quarter. OK, thank you.

Vladimir POJER – Deputy CEO Finance & Operations: BCR actually published and they have the same zero booking.

Operator: Thank you. We will now go to our next question. And your next question comes from the line of Participant #3. Please go ahead.

Participant #3: Hello. Sorry if this was asked or explained before. I was wondering why there were there no contributions to the deposit guarantee scheme and resolution funds booked in the quarter? I can see that no contributions were requested per the earnings report. However, I would like to know why and whether we can expect this to be booked later in the year. Thank you.

Vladimir POJER – Deputy CEO Finance & Operations: Yes, I can answer this. First, I'll start from the end. We don't expect anything to be booked this year. As far as I'm aware, the

amount of money which is collected by the funds is actually derived from the overall sectorial size and the size of the deposits and balance sheets of the banks. And there is a certain target percentage which needs to be collected. It was collected for several years and actually now reached the target amount. Unless there is some kind of crisis or some kind of bank collapsing on the Romanian market, like the funds will not be used, therefore will not be requested to be replenished. So for this year, we don't expect anything to be booked.

Operator: Thank you. Your next question comes from the line of Participant #4. Please go ahead.

Participant #4: Good afternoon, and thank you for taking my questions. The remaining questions are mainly follow-up questions, but I would like to ask you about the large corporate segment dynamics because during the last call, you said that this segment is a key driver for this year in terms of growth. And now, looking at Q1 figures, this segment recorded a decline in both loans and deposits compared to December, if you could elaborate on what has changed since then and what factors are currently driving this weaker performance of the large corporate segment?

Maria ROUSSEVA – CEO: Yes. So first of all, when we talk about large corporates, I would advise we don't do it on quarterly or monthly or weekly basis because it's usually, that's why we do actually year on year because a deal can be worked on for several months. The disbursement can take sometimes overnight to be disbursed, sometimes six months, sometimes one year. So I wouldn't, when we talk about large corporate, I wouldn't treat the development of this type of outstanding comparable with retail. Usually when we talk about retail, we are more into the daily, weekly, monthly, quarterly. This is just a general remark. So, to answer your question, there is nothing changed and there is everything changed. And I'll elaborate. First, what has not changed is our reliance on our, as Madalina said, two most strategically important drivers, business drivers, which are the large corporates and the mortgage loans. These are strategic for us. We have been always very good in them and we continue feeling very strong in them. And I confirm for 2026, the growth drivers continue being these two segments, large corporates and mortgage loans. Regarding large corporates, I think somehow Vladimir touched on what changed, and here we'll go into what has changed versus what has not changed. While we continue having this very good pipeline list, of deals, which in the meantime, many of them are being contracted, actually. They have signed contracts for some of the deals which, at the previous call, occasionally were in process of processing, right? They were processed. We can see that the entire uncertainty, this is our explanation, the entire uncertainty coming on the one side from the fiscal consolidation and the behavior of consumers, which are the clients of our clients. You understand that on the one hand, we have the behavior of consumers impacting the retail

business of the bank, but it is also indirectly impacting our large clients, which are in this type of business, right? On the other hand, what happened in Iran, and this is a very important element of uncertainty among everyone in the market. Because of the war itself, first and because of the energy prices impact, second, because the energy prices impact inflation. And the inflation is impacting the consumer behavior similar to what did the VAT hike last year or the uncapping or the capping of the energy bills last year. You remember the energy caps were removed and it caused inflation. Now it is the energy price impacted by the Iranian war has impacted everything related to energy and it creates uncertainty. Come back to our large corporate segment. Despite this uncertainty, which may have delayed this utilization in certain lives, we still have the projects ongoing. We still have work being performed on that. We have actually in the second quarter already some of them utilized. And it will continue, but there's a bit of delay. So this is what's changed. So to your point, what changed? So basically... if I can just finish. I'm so sorry that I interrupted, but I would like to touch on the deposits of large corporates. Because when we were talking about drivers of growth, we were at that time more talking about the lending that you rightly mentioned "Why quarter on quarter, would the large corporate deposit decrease?" It's because of exactly what Participant #2 and the other colleagues were asking. At the end of last year, we had some attractive deposits of large corporates at the price which was after that in the Q1 revised downwards. And we did it because we wanted to exactly steer our net interest income. And in a very controlled manner, we let some of those deposits go because other banks have paid more to the large corporate. It's very normal. We're doing it on a regular basis. And it has nothing to do with any change in the importance of the large corporate segment. Let's stop here.

Participant #4: Thank you very much. You have already answered my second question related to deposits because I was also looking at the deposits. And on the overall banking sector, I saw them declining a bit compared to December. And I was wondering what have you noticed in terms of corporate liquidity behavior or cash placement decisions. So basically just to confirm it's more a kind of uncertainty and postponement of different kind of decisions, rather a delay than cancellation of projects and loan contracts?

Maria ROUSSEVA – CEO: Yes. And for our internal purposes, but I have no problem also to mention it to you, we still confirm internally when we discuss and analyze our Q1 performance, there is a catching up process to happen during the second quarter, third quarter, and so on. Because we, of course, are in touch with our clients, and we have not seen them dropping the projects, which we were basing our expectations on, rather the performance of the utilization. So second, on the deposits, we don't see, especially when we talk about the large corporates, we don't see any trouble with their liquidity at all. It is more the large corporates, they behave almost as financial institutions when it is about their

term deposits. Of course, when we talk about their daily banking, their cash management, and so on, I'm not touching that. This is normal activity, which is ongoing, and I don't see any trouble with it. When we talk about term deposits, once they have more liquidity, and this is just showing that they're very comfortable, they have liquidity. Of course, as each economic actor, they also try to optimize their income, right? It is better there while not giving them the quotation for term deposits as another bank. If they move it to another bank, but this is... This is very normal. That's how it is. That's why also Vladimir said these type of deposits we have around three up to four months of maturity. And that's why, to Participant #2's question on the, it is going to continue the NII in part of these deposits and so on. We said we are comfortable because we know that we can reprice. The only reason we have not brutally cut them is we want to be very prudent liquidity wise in an uncertain environment where we want to keep a good buffer even if it costs a bit more. I think for a bank it's very important to stay prudent liquidity wise and I think we are very responsible doing what we are doing.

Participant #4: Okay, thank you for this insight. Initially, I was thinking about the same thing like banks migrating from, sorry, large corporates migrating from one bank to another to get the best interest possible. But then I looked at the sector figures and I saw a decline there as well. So that's why I was asking what is happening on the sector level. And now you're confirming that there's no liquidity issues, then what are doing corporate clients migrating to other forms of saving their money.

Maria ROUSSEVA – CEO: Look, I can't be very, I can't answer, it will give you a more generic answer. You can imagine that corporates also are paying dividends, they're having certain transactions, they're paying taxes, they're paying also their suppliers. So it's, from our perspective, when we observe our portfolio, I can say I don't see any trouble.

Participant #4: Okay. Okay, thank you.

Operator: Thank you. We will now take the next question and the question comes from Participant #5. Please go ahead.

Participant #5: Hi, hello everybody. Thank you for the presentation. I have several questions. First, regarding this deposit guarantee, you mentioned that you met the targeted amount, that, I suppose, is a percentage of deposits. Can you disclose this targeted percentage? Because, yes, I understood this year, you will not make deposit guarantee contributions to, there won't be any expenses related to the contribution to deposit guarantee funds. But going forward, I would like to assess the evolution of this contribution. So, I need to know this publicly, the percentage amount of deposits. And then regarding the net fees and commission evolution, the business is expanding. I know there is competition. But still, I don't know. I would say that this net fees and commissions are decreasing at a faster pace

than I would have expected. So if you can comment maybe in this quarter, you put some one-offs, I don't know. And then regarding the staff cost, yes, the results in the first quarter confirm my expectation, but if you can disclose with us what decline in the staff cost you budgeted for this year in terms of percentage, if it's possible. And then regarding this investigation of the Competition Counsel, do you expect any negative impact this year or... Yes, I know I've read your comments, your announcement that you will fight back. What I want to see if you expect any... Because, you know, it is clear that the state is after money to fill the budget deficit. But do you see any risk in paying some penalties, some fees on this issue?

Maria ROUSSEVA – CEO: I will start with the last one. And I will maybe disappoint you by almost repeating what we published, but since then the things have not changed. And then I will transfer to Vladimir on the deposit guarantee funds and other stuff you mentioned. Maybe I will start on the FTE staff costs and FTEs in general, and then I will further give to him on discussing about costs. So, Competition Council. I guess you have read what's written all over the press and so on. You do understand that this stage of the entire investigation is completely not finished because right now they have issued a report which puts the entire market under the same treatment, and all banks are participating in the panel. And it is just a preliminary step. Then there are several other steps which are following. There is a step where banks have to give their written argument, which is still not passed, so it's ongoing, this period. And then there is a period in which they will organize a hearing of all banks and they will combine these arguments which are given in written with those which are expressed in presence to further refine their findings, investigations, conclusions, and proposals. So for us, I just want to remind the history of this investigation. This is an investigation which started in 2022. This report which came now on the 6th of April, I think 2026 is the first official step after 2022. So this is the first step in the process where they, this council is producing a feedback, right? And I think, and we all think, a lot more is to come and all these steps which I explained are reflecting that. Therefore, to your question, did something change versus our statement since 7th of April, if I'm not wrong, we issued our statement, nothing changed because even the first next step after this report was published is not happening, that has not happened, it will happen. So, no, I mean, we continue insisting on what we wrote there that our bank has always complied with the regulation with the mechanism which our National Bank actually has put in place and we have always insisted on that and we'll continue insisting on it and yes in case whatever unfavorable decision would be made once they finish all processes which I described, we will, of course, defend our position further. So this is to this topic, and that's all. I will not elaborate further because there is no substance more than what I said. Then the second, when we talk about our 2026 plan to continue our cost optimization, I can confirm that it has been always our target to

optimize the inefficiencies of this day. Of course, after years of optimization, especially after the last year of optimization, in terms of gravity, each next step will be obviously different, but we'll continue optimizing with different speeds, with different gravity as I said. It's still ongoing. We will not give you any concrete number because we are very agile in the way we actually assess the need. I give the mic back to Vladimir.

Vladimir POJER – Deputy CEO Finance & Operations: Thank you, Maria. Maria actually gave me some time to prepare the answer for the resolution fund and the deposit insurance. So I consulted my technical devices to be able to answer precisely. So, just to make clear, this percentage of the contribution is not set up by BIP, it's actually set up by the institutions which are collecting the money and which are in charge of the solution of the potential crisis which might come. For the deposit insurance fund, the basis calculated from the covered deposits which are covered by the deposit insurance, so actually the amount of deposits which are within this EUR100,000 and being insured, and the contribution is set by the rate, which is defined by the deposit insurance fund and multiplied by the risk profile of each contributor of each bank, which is basically somehow describing the potential risk that the bank should pay. Based on that, the deposit insurance fund is collecting the money on a yearly basis and basically piling up the amount which is set by the deposit insurance mechanism to be prepared to cover in case of any crisis. The similar situation is for the resolution fund. Again, the percentage is set by the National Bank of Romania and is set as a percentage of the base of the actual liabilities of the bank, of the banking sector, and multiplied by the risk factor of each organization. And again, collecting certain amount of money once it is full, there is no more contribution. The contribution can be adjusted every year depending if some institution is failing, or if the amount of the deposits and the liabilities in the banking sector is growing. So far, these funds were under construction. The construction was now completed, and the target amount was achieved. So we do not expect any booking for this year. We expect that for next year, we might have a small contribution equal to the growth of the liabilities and the growth of the deposits in the system, but no more contributions to be added. So this is for your first question. The second question was linked to the fees. So you're right, the fees on reported basis are declining quite fast. The main reason, and I would say if I would compare really year-over-year the development, the main reason is the base effect of 2025, where a majority of the year-over-year decline actually is linked to this one-off transaction which we booked. and which is going to cut business like during the first quarter of 2025.

Participant #5. Okay, thank you.

Maria ROUSSEVA – CEO: If you remember, Participant #5, we had exactly, this time last year, we were disclosing very clearly that we have one-off transactions related to our daily business.

Participant #5: No, I know this, I know that you booked a one-off in the first quarter of last year. But the problem is that these net fees and commission are declining quarter on quarter, so not year on year on year. So they are declining and the business is expanding and is expanding by 2%, 3%.

Vladimir POJER – Deputy CEO Finance & Operations: You're comparing the quarter with Christmas and with more activity in the fourth quarter, which is quite usual seasonally with the first quarter, which is usually weaker. So from our perspective, if you look at the number of transaction, its development is basically, more or less, like we expect. We have some competition pressure which you can see and the overall plain vanilla fees are rather replaced by the fees linked to brokerage and data standard management and other stuff. But the car transactions and the fees from transactions, fourth quarter versus first quarter are not fully comparable. And if I can disclose maybe the one from last year was really in millions of units of millions of euros, yeah, so rather high units of millions.

Participant #5: Okay, thank you. Now, if I may, another question regarding the net interest margin. Can you share with us your view on a quarterly evolution of net interest margin. So I'm referring to the next quarter and the second quarter. So because at least at the beginning of the year, everybody, I think, would have expected that net interest margin to start declining, especially in the second quarter, in the second-half of the year. So now, if it's possible and if you want to share with us, how do you see this quarterly evolution?

Vladimir POJER – Deputy CEO Finance & Operations: I would keep the guidance, which I already mentioned during one of the previous questions, our guidance is to grow the NII by single digits for this year. Obviously, it's very much dependent on the development of the interest rate environment. We have seen the rates going really up and down during the first quarter, where in January and February, ROBOR went significantly down, and the mortgages and everything is linked to it. It's to be repriced after some time. Now we have the bonds above 740 actually today. So it's very much dependent on the environment. We are targeting this single-digit growth in NII for 2026, full year.

Participant #5: Okay, and another question. Do you have in mind a normalized rate of net interest margin? Because, yes, we are speaking about the normalized cost of risk. What would be a normalized net interest margin in your view?

Vladimir POJER – Deputy CEO Finance & Operations: Normalized, I don't have an answer for you right now. Maybe we can get back to it during the next webcast. But I don't have an answer for this question.

Participant #5: You know, I asked this question to Banca Transilvania. Banca Transilvania said 2.5%. So I wanted to compare the two normalized views. Okay, thank you. And regarding the staff cost, so the staff cost, yes, again, the staff cost and this layoff will continue or the optimization of the cost will come from other things.

Maria ROUSSEVA – CEO: We do both. We continue optimizing, like what Vladimir mentioned in the beginning in terms of cost development, favorable cost development. We do both. We review everything, every cost we are having on a regular basis. It is a practice which is like a daily business as usual one. And when we optimize new processes or automate something somewhere, we from time to time touch also the staff cost or the staff number. We may then decide to dedicate them to other activities or to completely separate. But these are things which is very normal and we are doing them on an ongoing basis and we will continue doing that on an ongoing basis.

Participant #5: Okay. Thank you very much.

Maria ROUSSEVA – CEO: Thank you.

Operator: Thank you. That was our final question for today. I will now hand back to CEO Maria Rousseva for closing remarks.

Maria ROUSSEVA – CEO: So thank you everyone for this very vivid discussion and interesting questions. Once again, we have had a solid quarter in a difficult environment. I see that you follow what we are doing and I expect to see you in one quarter. Have a good day.