REGULATORY DISCLOSURE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

BRD - GROUPE SOCIÉTÉ GÉNÉRALE

CONTENTS

1 - INTRODUCTION 3
2 - OWN FUNDS 5
3 - CAPITAL REQUIREMENTS 13
4 - CREDIT RISK ADJUSTMENTS AND CREDIT RISK QUALITY 16
5 - ADDITIONAL QUANTITATIVE INFORMATION ON CREDIT RISK 21
6 - COUNTERCYCLICAL CAPITAL BUFFERS 23
7 - REMUNERATION POLICY 24
8 - LEVERAGE RATIO 28
9 - LIQUIDITY REQUIREMENTS 31
10 - INDEX OF TABLES 35

1 - Introduction

THE SCOPE OF THE REPORT

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

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

Being a large subsidiary of an EU parent institution, according to Article 13 (1) of the CRR2, BRD shall disclose the information on own funds (art 437), capital requirements and risk-weighted exposure amounts (art 438), countercyclical capital buffer (art 440), credit risk (art 442), credit risk mitigation techniques (art 453), leverage ratio (art 451), remuneration policy (art 450) and liquidity requirements (art 451a). In addition, article 433a details the frequency of disclosure (quarterly, semi-annual or annual basis) for each disclosure requirement mentioned above, as applicable for BRD-GSG at sub-consolidated level. Additionally, according to Law 320/2021, article 295^43, which modifies Law 312/2015, transposing in local legislation the Bank Recovery and Resolution Directive (BRRD1, Directive 2014/59) and BRRD 2 (Directive 209/879), BRD shall disclose at least annually the information regarding the minimum requirement for own funds and eligible liabilities (MREL).

Therefore, the information disclosed throughout this report for the period ended 31st of December 2024, takes into account the evolutions stemming from the Commission Implementing Regulation (EU) No 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013.

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

CONSOLIDATION PERIMETER

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

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

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

Based on the above, the prudential consolidation perimeter of BRD Group as of 2024 end includes the parent company: BRD – Groupe Société Générale S.A and its subsidiary, BRD Sogelease IFN S.A. As of 31 December 2024, BRD Finance was in a run-off process planned to be finalized in 2025 (voluntary liquidation), with activity kept at a minimum level and no longer classified as financial institution, thus BRD Finance is excluded from the prudential consolidation perimeter. As at December 31, 2024, BRD Finance SA sold its entire loan portfolio, previously reclassified into held for sale, to a third party. BRD Finance SA financial statements have no longer been prepared as a going concern basis. The entity has been included in the consolidated financial statements of the Group on this basis. Starting August 22, 2024 the entity was no longer registered as a non-banking financial institution in the National Registry.

BRD Asset Management SAI SA (not fully consolidated based on exception permitted by Article 19 (1) of CRR), is accounted as an associate at equity method in the prudential consolidation. Net assets differences are reflected as income from associate in the consolidated profit and loss account.

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

2 - Own funds

The basis for calculation of own funds is the consolidated prudential perimeter.

The table below provides the full reconciliation of regulatory own funds with the equity elements in the audited IFRS financial statements. The table enables the identification of the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and shows the link between the balance sheet as published in the financial statements and the composition of regulatory own funds as disclosed in the Table 2 - EU CC1: Composition of regulatory own funds.

Table 1: EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Balance sheet as in published financial statements	Prudential restatements(1)	Under regulatory scope of consolidation	Reference to table 2 (EU CC1)
ASSETS				
Cash and cash equivalents	8,658,035	-	8,658,035	-
Due from banks	6,313,423	1	6,313,424	-
Derivatives and other financial instruments held for trading	1,842,562	(32,058)	1,810,504	-
Financial assets at fair value through profit and loss	9,208	-	9,208	-
Financial assets at fair value through other comprehensive income	12,164,852	-	12,164,852	-
Financial assets at amortised cost	54,812,982	-	54,812,982	-
Loans and advances to customers	47,705,202	-	47,705,202	-
Debt securities	7,107,780	-	7,107,780	-
Finance lease receivables	2,023,475	-	2,023,475	-
Assets held for sale	11,002	-	11,002	-
Investments in subsidiaries associates and joint ventures	73,384	79,961	153,345	-
Property, plant and equipment	1,109,780	(2,588)	1,107,192	-
Investment property	10,096	-	10,096	1
Intangible assets	610,742	(454)	610,288	-
Current tax asset	25,119	(868)	24,251	-
Deferred tax asset	307,925	(374)	307,551	-
Goodwill	50,130	-	50,130	2
Other financial assets	256,192	(3,172)	253,020	-
Other non-financial assets	200,796	(406)	200,390	-
TOTAL ASSETS	**88,479,703**	**40,042**	**88,519,745**	**-**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Due to banks	1,477,293	-	1,477,293	-
Derivatives and other financial instruments held for trading	524,010	-	524,010	-
Due to customers	67,935,142	103,871	68,039,013	-
Borrowed funds	6,554,915	-	6,554,915	-
Subordinated debt	1,245,458	-	1,245,458	-
Current tax liability	3,221	(436)	2,785	-
Provisions	334,633	(521)	334,112	-
Other financial liabilities	627,070	(6,344)	620,726	-
Other non-financial liabilities	326,499	(6,712)	319,787	-
TOTAL LIABILITIES	79,028,241	89,858	79,118,099	-
Share capital	2,515,622	-	2,515,622	3
Accumulated other comprehensive income/(loss)	(1,256,130)	-	(1,256,130)	4
Retained earnings and other reserves	8,142,161	(7)	8,142,154	5
Non-controlling interest	49,809	(49,809)	-	6
TOTAL EQUITY	9,451,462	(49,816)	9,401,646	-
TOTAL LIABILITIES AND EQUITY	**88,479,703**	**40,042**	**88,519,745**	**-**

(1) Prudential restatements refer to treatment differences of subsidiaries excluded from prudential consolidation scope, i.e. BRD Asset Management is included in prudential consolidation with equity method.

OWN FUNDS

BRD Group regulatory own funds as at December 31, 2024 amounted to RON 10,590 million (with own funds including RON 787m, representing 50% of 2024 net profit and including the impact of the new

regulatory temporary treatments, OCI quick fix adjustment) compared to RON 8,430 million (including 50% of 2023 year net result).

BRD Group regulatory own funds as at December 31, 2024 consist of common equity capital (CET1) and Tier 2 instruments.

Common Equity Capital (CET1) is formed of:

- Eligible Capital includes the nominal share capital and the hyperinflation adjustment of share capital accounted until December 31, 2003. As at December 31, 2024, the share capital amounted to RON 696.9 million, unchanged versus previous periods. The hyperinflation adjustment amounted to RON 1,819 million.

- Eligible Reserves include:

    - Retained earnings, which represent the undistributed profits of previous periods and retained earnings arising from IFRS implementation adjustments.

    - Other reserves: legal reserves, general reserves for credit risk, fund for general banking risk, representing reserves established by the law and share based payment reserves.

  Other comprehensive income (OCI) includes unrealized gains and losses from changes in the fair value of debt instruments at fair value through other comprehensive income and from re-measurement of defined benefit liability arising from the post-employment benefit plan.

Regulatory deductions from CET 1 applicable as at December 31, 2024 essentially involved the following elements:

- Intangible assets that are not prudently valuated: starting 31 December 2020, intangible assets that are not prudently valuated as per Regulation 876/2019 are deducted 100% from CET 1 (as compared to previous periods when intangible assets accounting value was fully deducted from CET 1). Under this current approach, the positive difference between the prudential and the accounting amortisation becomes fully deducted from the CET 1 capital, while the residual portion of the carrying value of the software prudently valuated is risk weighted at 100%. Goodwill is fully deducted from CET 1 capital.

- Contingent or any foreseeable tax charges related to CET 1 reserves taxable upon utilization to cover losses or risks.

As at December 31, 2024, Tier 2 instruments consist of two subordinated loans concluded with the parent, EUR 250 million in total (RON equivalent 1,244 million).

CAPITAL RATIOS AND REQUIREMENTS INCLUDING BUFFERS

On top of the total regulatory ratio of 8% set by Art 92 from CRR, starting 2016, based on NBR requirements, BRD Group maintains additional own funds to cover risks resulting from internal assessment and SREP (supervisory review and evaluation process). In 2024 this requirement represented 4.52% of RWA (5.05% during 2023). Thus, the TSCR (total SREP capital requirements) for BRD Group is 12.52% for 2024 (13.05% for 2023).

Overall capital requirements (OCR) represent the total of SREP requirements and capital buffers, namely:

- A Conservation Buffer in CET 1 capital intended to absorb losses during periods of stress. This buffer is mandatory and fully effective from 1 January 2019 and amounts to 2.5% of total RWA.

- A Countercyclical Buffer that may be imposed during periods of excessive credit growth when system-wide risk is building up, capped at 2.5% of total RWA. According to NBR Order 6/2021 amending the NBR Order 12/2015, the level of countercyclical buffer for credit exposures in Romania was 0.5% (from 0% previously), starting October 17, 2022 and 1% starting from October 23, 2023, according to NBR Order no 7, from 25th of November 2022.

- Other systemically important institutions (O-SIIs) identified by NBR which have been authorized in Romania, may be subject to an O-SII Capital Buffer of up to 2% of the total RWA. BRD was

identified as O-SII by NBR and O-SII Capital Buffer is 1% starting with 1 January 2016 until December 2021 end. Based on a new calibration methodology, starting 1 January 2022 the O-SII Capital Buffer for BRD is 1.5% of total RWA.

- A Systemic Risk Buffer was imposed, according to NBR Order 4/2018, starting with 30 June 2018, with the aim of supporting the adequate management of credit risk and enhancing banking sector resilience to unanticipated shocks, amid unfavourable structural circumstances. The buffer is applied to all exposure and is calibrated at 0% - 2%, depending on the level of the non-performing loans ratio and the coverage ratio. The systemic risk buffer applicable for BRD is 0%. Following the release of NBR Regulation 2/2022 amending Regulation 5/2013, transposing CRD V, the requirement for structural buffers will be the sum of O-SII buffer and Systemic Risk Buffer.

The tables below present a breakdown of the constituting elements of regulatory own funds as of December 31, 2024 and the main features of regulatory own funds instruments and eligible liabilities instruments.

Table 2: EU CC1 - Composition of regulatory own funds

		Amounts	Source based on references to the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	2,515,622	see EU CC2 (3)
	of which: Instrument type 1	-	-
	of which: Instrument type 2	-	-
	of which: Instrument type 3	-	-
2	Retained earnings	6,854,784	see EU CC3 (5), the profit is 787 MRON other reserves presented in lines 3 and EU-3a below (550 MRON)
3	Accumulated other comprehensive income (and other reserves)	(876,914)	-1256MRON Accumulated other comprehensive income; +379 MRON other reserves see EU CC2 (4)
EU-3a	Funds for general banking risk	170,762	+171 MRON Funds for general banking risk
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-
5	Minority interests (amount allowed in consolidated CET1)	-	accounting minority interest not eligible for inclusion in CET 1 see EU CC2 (6)
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**8,664,254**	-
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(107,554)	
8	Intangible assets (net of related tax liability) (negative amount)	(373,781)	deduction of intagibles that are not prudently valuated as per CRR 2 part of EU CC2 (1,2)
9	Not applicable	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	

21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
24	Not applicable	-	
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	(275,078)	Potential fiscal liabilities
26	Not applicable	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	1,438,565	-includes OCI quick fix and insufficient coverage for non-performing exposures
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**682,151**	
29	**Common Equity Tier 1 (CET1) capital**	**9,346,405**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Not applicable	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	
44	**Additional Tier 1 (AT1) capital**	-	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**9,346,405**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	-	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	-	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	
58	**Tier 2 (T2) capital**	1,243,525	
59	**Total capital (TC = T1 + T2)**	**10,589,930**	
60	**Total Risk exposure amount**	**37,607,364**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	24.85%	
62	Tier 1 capital	24.85%	
63	Total capital	28.16%	
64	Institution CET1 overall capital requirements	11.94%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.90%	
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	1.50%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	2.54%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	20.35%	

National minima (if different from Basel III)				
69	Not applicable	-		
70	Not applicable	-		
71	Not applicable	-		
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	9,209		
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	77,276		
74	Not applicable	-		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	60,345		
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	-		-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		-
82	Current cap on AT1 instruments subject to phase out arrangements	-		-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		-
84	Current cap on T2 instruments subject to phase out arrangements	-		-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		-

Table 3: EU ILAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs

		a	b	c
		Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)	Qualitative information
Applicable requirement and level of application				
EU-1	Is the entity subject to a Non-EU G-SII Requirement for own funds and eligible liabilities? (Y/N)			N
EU-2	If EU 1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			
EU-2a	Is the entity subject to an internal MREL requirement? (Y/N)			Y
EU-2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			C
Own funds and eligible liabilities				
EU-3	Common Equity Tier 1 capital (CET1)	9,346,405		
EU-4	Eligible Additional Tier 1 instruments	-		
EU-5	Eligible Tier 2 instruments	1,243,525		
EU-6	Eligible own funds	10,589,930		
EU-7	Eligible liabilities	4,227,985		
EU-8	Of which permitted guarantees	-		
EU-9a	(Adjustments)	-		
EU-9b	Own funds and eligible liabilities items after adjustments	14,817,915		
Total risk exposure amount and total exposure measure				
EU-10	Total risk exposure amount	37,607,364		
EU-11	Total exposure measure	99,359,732		
Ratio of own funds and eligible liabilities				
EU-12	Own funds and eligible liabilities (as a percentage of TREA)	39.40%		
EU-13	of which permitted guarantees	-		
EU-14	Own funds and eligible liabilities (as a percentage of leverage exposure)	14.91%		
EU-15	of which permitted guarantees	-		
EU-16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	13.99%		
EU-17	Institution-specific combined buffer requirement			
Requirements				
EU-18	Requirement expressed as a percentage of the total risk exposure amount	30.41%		
EU-19	of which may be met with guarantees	-		
EU-20	Internal MREL expressed as percentage of the total exposure measure	5.90%		
EU-21	of which may be met with guarantees	-		
Memorandum items				
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) CRR			

Table 4: EU CCA - Main features of regulatory own funds instruments and eligible liabilities instruments

		Own funds and eligible liabilites instruments						
		CET 1 instruments	Tier 2 instruments		MREL eligible liabilities			
			Instrument 1	Instrument 2	Instrument 1	Instrument 2	Instrument 3	Instrument 4
1	Issuer	BRD- Groupe Societe Generale	BRD- Groupe Societe Generale	BRD- Groupe Societe Generale	BRD- Groupe Societe Generale	BRD- Groupe Societe Generale	BRD- Groupe Societe Generale	BRD- Groupe Societe Generale
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ROBRDACNOR2	10861636	11183782	12441419	12110335	12110328	12110325
2a	Public or private placement	Public, Private	Private	Private	Private	Private	Private	Private
3	Governing law(s) of the instrument	Romanian Law	French Law (Ranking clauses are governed by Romanian Law)	French Law (Ranking clauses are governed by Romanian Law)	French Law (Ranking clauses are governed by Romanian Law)	French Law (Ranking clauses are governed by Romanian Law)	French Law (Ranking clauses are governed by Romanian Law)	French Law (Ranking clauses are governed by Romanian Law)
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	Yes	Yes	Yes	Yes	Yes	Yes
	Regulatory treatment							
4	Current treatment taking into account, where applicable, transitional CRR rules	CET 1 instrument	Tier 2 instrument	Tier 2 instrument	MREL eligible liabilities	MREL eligible liabilities	MREL eligible liabilities	MREL eligible liabilities
5	Post-transitional CRR rules	CET 1 instrument	Tier 2 instrument	Tier 2 instrument	MREL eligible liabilities	MREL eligible liabilities	MREL eligible liabilities	MREL eligible liabilities
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	solo and (sub-) consolidated	solo and (sub-) consolidated	solo and (sub-) consolidated	solo and (sub-) consolidated	solo and (sub-) consolidated	solo and (sub-) consolidated	solo and (sub-) consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Tier 2 instruments	Tier 2 instruments	MREL eligible liabilities	MREL eligible liabilities	MREL eligible liabilities	MREL eligible liabilities
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	2,515,622	497,410	746,115	746,115	2,238,345	497,410	746,115
9	Nominal amount of instrument	1	497,410	746,115	746,115	2,238,345	497,410	746,115
EU-9a	Issue price	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EU-9b	Redemption price	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	Accounting classification	Shareholder's equity	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance		21-Dec-21	23-Jun-22	28-Jun-24	21-Dec-23	21-Dec-23	21-Dec-23
12	Perpetual or dated	Perpetual	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	N/A	21-Dec-31	23-Jun-32	28-Jun-30	21-Dec-26	23-Dec-30	22-Dec-31
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	21-Dec-26	23-Jun-27	28-Jun-29	21-Dec-25	23-Dec-29	22-Dec-30
16	Subsequent call dates, if applicable	N/A	No	No	No	No	No	No
	Coupons / dividends							
17	Fixed or floating dividend/coupon	Floating	Floating	Floating	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	N/A	Euribor 3M + 1.98%	Euribor 3M + 4.31%	4.79%	4.26%	4.68%	4.78%
19	Existence of a dividend stopper	No	N/A	N/A	N/A	N/A	N/A	N/A
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary	N/A	N/A	N/A	N/A	N/A	N/A
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Partially discretionary	N/A	N/A	N/A	N/A	N/A	N/A
21	Existence of step up or other incentive to redeem	No	N/A	N/A	N/A	N/A	N/A	N/A
22	Noncumulative or cumulative	Non-cummulative	N/A	N/A	N/A	N/A	N/A	N/A
23	Convertible or non-convertible	N/A	Yes	Yes	Yes	Yes	Yes	Yes
24	If convertible, conversion trigger(s)	N/A	exercise of WDCCIEL Power by resolution autority	exercise of WDCCIEL Power by resolution autority	exercise of WDCCIEL Power by resolution autority	exercise of WDCCIEL Power by resolution autority	exercise of WDCCIEL Power by resolution autority	exercise of WDCCIEL Power by resolution autority
25	If convertible, fully or partially	N/A	Fully or partially	Fully or partially	Fully or partially	Fully or partially	Fully or partially	Fully or partially
26	If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	Optional	Optional	Optional	Optional	Optional	Optional
28	If convertible, specify instrument type convertible into	N/A	shares, other securities or other obligations	shares, other securities or other obligations	shares, other securities or other obligations	shares, other securities or other obligations	shares, other securities or other obligations	shares, other securities or other obligations
29	If convertible, specify issuer of instrument it converts into	N/A	BRD- Groupe Societe Generale	BRD- Groupe Societe Generale	BRD- Groupe Societe Generale	BRD- Groupe Societe Generale	BRD- Groupe Societe Generale	BRD- Groupe Societe Generale
30	Write-down features	N/A	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	N/A	exercise of Write Down and Conversion of Capital Instruments and Eligible Liabilities Power by resolution autority	exercise of Write Down and Conversion of Capital Instruments and Eligible Liabilities Power by resolution autority	exercise of Write Down and Conversion of Capital Instruments and Eligible Liabilities Power by resolution autority	exercise of Write Down and Conversion of Capital Instruments and Eligible Liabilities Power by resolution autority	exercise of Write Down and Conversion of Capital Instruments and Eligible Liabilities Power by resolution autority	exercise of Write Down and Conversion of Capital Instruments and Eligible Liabilities Power by resolution autority
32	If write-down, full or partial	N/A	Fully or partially	Fully or partially	Fully or partially	Fully or partially	Fully or partially	Fully or partially
33	If write-down, permanent or temporary	N/A	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A	N/A	Statutory	Statutory	Statutory	Statutory
EU-34b	Ranking of the instrument in normal insolvency proceedings	Rank 1	Rank 2	Rank 2	Rank 3	Rank 3	Rank 3	Rank 3
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrume	the most subordinated claim in case of liquidation	junior to senior non prefered borrowings and senior preferred obligations of the borrower	junior to senior non prefered borrowings and senior preferred obligations of the borrower	junior to all senior preferred obligation of the borower	junior to all senior preferred obligation of the borower	junior to all senior preferred obligation of the borower	junior to all senior preferred obligation of the borower
36	Non-compliant transitioned features	N/A	NO	NO	NO	NO	NO	NO
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37a	Link to the full term and conditions of the intrument (signposting)	Provisions of the Articles of Association	-		-			

(1) Insert 'N/A' if the question is not applicable

According to Bank Recovery and Resolution Directive (BRRD), banks should have the loss-absorbing and recapitalization capacity necessary to help ensure that, in, and immediately following a resolution, those institutions can continue to perform critical functions (criticality assessed from the perspective of impact on the markets) without putting taxpayers' funds, meaning public funds, or financial stability at risk. Therefore, it was regulated a requirement for own funds and eligible liabilities (MREL) for all credit institutions and investment firms through BRRD1 (Directive 2014/59) transposed in Romanian legislation through Law 312/2015, and BRRD2 (Directive 209/879) entering into force in December 2020 and transposed in local legislation through Law 320/2021).

The MREL requirement is tailored to each credit institution and regularly revised by the resolution authority. BRD received in May 2023 the notification of MREL, according to BRRD2, determined by the resolution authority considering its consolidated situation. BRD received in July 2024 the notification of MREL, according to BRRD2, determined by the resolution authority considering its consolidated situation. Starting from July 3rd 2024 BRD should maintain a binding level of 25.41% (vs 26.44% previously) of TREA (total risk exposure amount) and 5.90% of LRE (leverage exposure). On top of the above, combined buffer requirement should be respected (5.0% of TREA, starting 23 October 2023).

As the resolution strategy for Société Générale is Single Point of Entry, with upstream of losses to the resolution entity (Société Générale SA), the total MREL should be satisfied with own funds and a new category of debt (senior nonpreferred, SNP), ranking above own funds and subordinated debt that is not AT1 or T2, but below senior preferred. The SNP should be concluded with the parent (Art. 45 f (2) BRRD2).
BRD concluded four senior non-preferred loans with the parent, of EUR 850 million in total, as presented below:

- ✓ EUR 150 million drawn in June 2024 with an initial term of 6 years and a call option at 5 years (roll-over of a 2022 SNP)
- ✓ EUR 450 million drawn in December 2023 (roll-over of a 2021 SNP), 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

Throughout the year, BRD complied with MREL requirements.

MREL ratio as a percentage of RWA stands at 39.4% (vs 30.41% requirement), while the ratio as a percentage of leverage exposure stands at 14.9% (vs 5.9% requirement) as of 2024 end.

SUMMARY OF KEY PRUDENTIAL METRICS

Table 5: EU KM1 – Key metrics

		31.12.2024	30.09.2024	30.06.2024	31.03.2024	31.12.2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	9,346,405	8,556,008	7,085,233	7,151,307	7,186,074
2	Tier 1 capital	9,346,405	8,556,008	7,085,233	7,151,307	7,186,074
3	Total capital	10,589,930	9,799,908	8,329,508	8,393,682	8,429,724
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	37,607,364	36,337,455	36,632,036	35,413,856	37,197,682
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	24.85%	23.55%	19.34%	20.19%	19.32%
6	Tier 1 ratio (%)	24.85%	23.55%	19.34%	20.19%	19.32%
7	Total capital ratio (%)	28.16%	26.97%	22.74%	23.70%	22.66%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional CET1 SREP requirements (%)	4.5200%	4.5200%	4.5200%	4.5200%	5.0500%
EU 7b	Additional AT1 SREP requirements (%)	2.5425%	2.5425%	2.5425%	2.5425%	2.8406%
EU 7c	Additional T2 SREP requirements (%)	3.3900%	3.3900%	3.3900%	3.3900%	3.7875%
EU 7d	Total SREP own funds requirements (%)	12.5200%	12.5200%	12.5200%	12.5200%	13.0500%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.90%	0.89%	0.86%	0.85%	0.89%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer	1.50%	1.50%	1.50%	1.50%	1.50%
11	Combined buffer requirement (%)	4.90%	4.89%	4.86%	4.85%	4.89%
EU 11a	Overall capital requirements (%)	17.42%	17.41%	17.38%	17.37%	17.94%
12	CET1 available after meeting the total SREP own funds requirements (%)	17.81%	16.50%	12.30%	13.15%	11.98%
	Leverage ratio					
13	Leverage ratio total exposure measure	99,359,731	96,807,582	95,149,585	92,727,053	92,949,787
14	Leverage ratio	9.41%	8.84%	7.45%	7.71%	7.73%
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)					
EU 14a	Additional CET1 leverage ratio requirements (%)	-	-	-	-	-
EU 14b	Additional AT1 leverage ratio requirements (%)	-	-	-	-	-
EU 14c	Additional T2 leverage ratio requirements (%)	-	-	-	-	-
EU 14d	Total SREP leverage ratio requirements (%)	-	-	-	-	-
EU 14e	Applicable leverage buffer	-	-	-	-	-
EU 14f	Overall leverage ratio requirements (%)	-	-	-	-	-
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	28,598,959	28,419,604	27,471,444	26,391,087	25,401,070
EU 16a	Cash outflows - Total weighted value	13,890,491	13,738,917	13,453,429	12,954,573	12,726,394
EU 16b	Cash inflows - Total weighted value	2,496,511	2,760,608	3,013,135	2,948,746	2,852,316
16	Total net cash outflows (adjusted value)	11,393,980	10,978,309	10,440,294	10,005,827	9,874,077
17	Liquidity coverage ratio (%)	251.00%	258.87%	263.13%	263.76%	257.25%
	Net Stable Funding Ratio					
18	Total available stable funding	67,902,313	66,359,537	65,145,942	64,475,305	63,736,785
19	Total required stable funding	38,083,544	37,298,122	35,458,788	34,150,649	33,587,538
20	NSFR ratio (%)	178.30%	177.92%	183.72%	188.80%	189.76%

3 - Capital requirements

MINIMUM CAPITAL REQUIREMENTS

From a regulatory perspective, capital requirements cover:

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

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

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

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

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

Table 6: EU OV1 - Overview of total risk exposure amounts

		Total risk exposure amounts (TREA)		Total own funds requirements
		31.12.2024	31.12.2023	31.12.2024
1	**Credit risk (excluding CCR)**	**34,534,719**	**34,407,475**	**2,762,778**
2	Of which the standardised approach	34,115,665	34,407,475	2,729,253
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	**Counterparty credit risk - CCR**	**482,700**	**335,903**	**38,616**
7	Of which the standardised approach	355,874	190,769	28,470
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	126,826	145,134	10,146
9	Of which other CCR	-	-	-
10	Not applicable	-	-	-
11	Not applicable	-	-	-
12	Not applicable	-	-	-
13	Not applicable	-	-	-
14	Not applicable	-	-	-
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**-**	**-**	**-**
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**183,831**	**145,861**	**14,706**
21	Of which the standardised approach	183,831	145,861	14,706
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**2,406,115**	**2,308,443**	**192,489**
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	2,406,115	2,308,443	192,489
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	344,052	1,025,916	-
25	Not applicable	-	-	-
26	Not applicable	-	-	-
27	Not applicable	-	-	-
28	Not applicable	-	-	-
29	**Total**	**37,607,364**	**37,197,682**	**3,008,589**

The minimum own funds requirements as at December 31, 2024 remained broadly flat, increasing by 1% compared to December 31, 2023.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

In accordance with Article 148 of the Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, as subsequently amended and NBR Regulation no. 5/2013 on prudential requirements for credit institutions, BRD has in place a process for internal assessment of capital adequacy to risks.

The Bank performs periodically an evaluation of internal capital adequacy to risks by comparing the available own funds with internal capital requirements. The general framework for ICAAP is updated annually and the capital adequacy monitoring is performed on a quarterly basis.

BRD designed its ICAAP in line with the "Pillar 1+" approach and calculates its required internal capital by adding newly quantified risks to the minimum capital requirements resulting from Pillar 1.

Non-quantifiable risks are included if they are material, even if they can only be estimated. For these risks the Bank has implemented an appropriate qualitative approach such as a policy for mitigating/ managing them. The Bank takes a conservative approach towards risks that are difficult to quantify and allocates a general internal capital buffer to cover them in the ICAAP. To ensure scalability, the general capital buffer is computed as a given percentage applied to Pillar 1 capital requirements.

For some ICAAP risk categories, in line with local and regional practices, and Basel recommendations, the Bank is not allocating internal capital based on specific methods/ capital models but is treating them based on a qualitative approach. As such, the Bank ensures that the risk is appropriately mitigated and managed through adequate risk policies, which include risk limits or control processes and sound risk monitoring processes.

A risk assessment is performed annually and involves the evaluation of all risks to which the Bank may be exposed and the identification of the significant risks.

The outcome of the identification process is an inventory of material risks, called risk cartography of the risk appetite, updated annually, validated by the Executive Committee and approved by the Board of Directors.

Following the latest Risk Assessment exercise, the cartography below summarizes the risk categories identified as significant based on Risk Taxonomy (which was aligned to SG Group's approach):

- Credit risk
- Counterparty risk
- Market risk in trading book
- Non-Financial risk
- Model risk
- Structural risks
- Business & Strategy risk
- Excessive leverage risk

Among the risk factors, the ESG risks have been identified as significant.

The scope of the risks included in the Risk Appetite Statement and in the ICAAP is derived from the results of this exercise. All the risks identified as significant are captured within ICAAP, with more detailed view, at the level of risk sub-category, as follows:

- Credit risk
- Other risks associated to credit risk, out of which: risks arising from FX lending to unhedged borrowers, residual risk from usage of CRMs, risks arising from applying less sophisticated approaches under Pillar 1, credit risk associated with the exposures falling under the PIK law
- Credit risk concentration: individual concentration and sectorial concentration
- Market risk: foreign exchange risk and interest rate risk in the trading book (position risk)
- CVA risk
- Settlement/delivery risk
- Operational risk

- Liquidity and funding risk
- Interest rate risk in banking book
- Strategic risk
- Risk of excessive leverage
- Other risks: reputational risk, compliance risk and model risk

Inter-risk concentration is also considered. BRD has developed a corresponding methodology for its identification and measurement, based on which the need for additional capital requirement in Pillar 2 is determined.

For the purposes of the internal capital adequacy assessment, the available own funds are considered equal to the regulatory own funds.

Based on the Business and Risk Management Strategy and on the Risk Appetite Statement, BRD makes projections of the own funds and capital requirements on a three year horizon to ensure their adequacy, both in normal course of business and under stress situations.

4 - Credit risk adjustments and credit risk quality

According to Article 442 of Regulation (EU) No 2019/876, credit institutions should disclose information regarding credit quality of assets. Qualitative comments as per *Table EU CRB – Additional disclosure related to the credit quality of assets*, are presented below.

The definitions of 'past due' and 'impaired' used by the Bank for accounting purposes are presented below:

- **Past due**

Past due exposures include all receivables (outstanding principal, interest and past due amounts) that are not individually impaired but are at least one day past due. The past due status is measured in number of days passed since the due date. For the purpose of default classification (further explained), the reference to number of days past due envisages clearly defined materiality thresholds (considering principal, interest, fees and other obligations related to loans and commitments), by type of client: Retail and Non-Retail.

- **Impaired assets**

According to IFRS 9, a financial asset is considered "credit-impaired financial asset" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The concepts of *impairment* for accounting purposes and *default* for regulatory purposes are convergent, comprising of the following events:

- past due event (more than 90 days past due on any material credit obligation)
- indications of unlikeliness to pay (such as: severe alteration in the counterparty's financial standing leading to a high probability of it being unable to fulfill its overall commitments, recovery actions initiated by the Bank, ongoing legal procedures that may lead to avoiding or deferring the payment of a credit obligation, restructuring under the circumstances of financial hardship experienced by the debtor)

The Bank assesses on a forward-looking basis the expected credit losses ("ECL") for the following categories of financial assets: loans and placed deposits measured at amortised cost, debt instruments measured at fair value to other comprehensive income, loan commitments and financial guarantee contracts, contract assets and trade receivables.

Financial assets subject to loss allowances are classified in Stage 1, Stage 2, Stage 3 or POCI, as described below:

- ***Stage 1*** - when there is insignificant or no impairment of credit quality since initial recognition; Loss allowance shall be equal to 12 months ECL
- ***Stage 2*** - when a financial asset showed significant increase in credit risk since initial recognition, though not impaired; Loss allowance shall be equal to lifetime expected credit losses ("LTECL")
- ***Stage 3*** - financial assets classified as impaired; Loss allowance is represented by LTECL
- ***POCI*** - financial assets that are credit impaired on initial recognition. Loss allowance shall be equal to LTECL. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

The Bank established criteria to perform the assessment of significant increase in credit risk since initial recognition considering both relative and absolute thresholds.

The approaches adopted by the Bank for determining credit risk adjustments are described below:

Stages 1 and 2

ECL for non-defaulted financial assets (Stages 1 and 2) are computed collectively, based on homogenous groups. The Bank groups financial assets based on similar credit risk characteristics (type of client, client rating, type of product, type of collateral) that are indicative of the debtors' ability to pay all amounts due, according to the contractual terms.

The key elements of ECL calculation are outlined below:

- PD - *Probability of Default* models are based on a two-step approach: building of the through-the-cycle (TTC) marginal PD curve and Adjustment of the TTC curve to incorporate point in time and forward-looking information.

Two different PDs are needed:

  - 12-month PD (exposures in Stage 1): estimated probability of default for the next 12 months horizon (or over the remaining life of the financial instrument, if less than 12 months);
  - Lifetime PD (LT PD - exposures in Stage 2): estimated probability of default over the remaining life of the financial instrument.

- LGD - *Loss Given Default* model takes into account cashbacks, portfolio sales and collateral recoveries;
- EAD - *Exposure at Default* estimation at each time step is based on internally modelled Credit Conversion Factors ("CCF");
- Point in time and forward-looking transformation for ECL parameters.

Stage 3 ECL

ECL for impaired financial assets is measured either individually or collectively (based on homogenous groups). The **individual assessment** entails the assessment of the counterparty risk (translated into a rating / classification based on debtor's financial position and its economic perspectives) and the estimation of the possible recoveries: the analysis shall identify and quantify the future cash flows, which will be used for a total or partial reimbursement of the obligations towards the Bank. The cash flow estimation relies on the capacity of the client/business to generate revenues, the proceeds resulting from sale of collaterals, or other clearly identified sources of repayment. An impaired financial asset is classified as individually significant if the total exposure exceeds a predefined materiality limit.

For impaired financial assets that are not individually significant, the ECL is computed for **homogeneous pools of receivables** and estimated based on historical loss experience for assets with credit risk characteristics similar to those in the group. Statistical methods are used to determine impairment losses at homogeneous group level, considering the cash flows for the remaining life of an asset.

Overlays

The inputs and models used for calculating ECL may not always capture all characteristics of the market at reporting date. To reflect this, the Bank assesses the need/ opportunity for additional amounts of provisions in the form of overlays, in order to address:

- Sector of activity specific risks (adjustment of ECL on sectors that have a different default behaviour from the whole calibration segment)
- Visible macroeconomic threat impossible to be captured by the models (typically, when the predicted stress did not occur in the observed past serving as a base for models).

According to Article 442 of Regulation (EU) No 2019/876, credit institutions should disclose information regarding credit quality of assets.

The following tables present the information on the amounts and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet, including their related accumulated impairment, provision and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received. The credit quality of forborne exposures and of performing and non-performing exposures is presented by geographical area and industry sector, with provisions and associated collateral.

The non-performing loan (NPL) ratio at BRD Group level at December 31, 2024 was 2.597% (lower than the 5% threshold which, according to EBA ITS, triggers additional disclosures on credit risk quality). This ratio is calculated in accordance with the instructions relating to the requirements of prudential disclosures published by the EBA and represents the ratio of the gross carrying amount of NPLs and advances to the total gross carrying amount of loans and advances subject to the NPE (non-performing exposures) definition. For the purpose of this calculation, loans and advances classified as held for

sale, cash balances at central banks and other demand deposits are to be excluded both from the denominator and from the numerator.

Table 7: EU CR1 - Performing and non-performing exposures and related provisions

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	5,506,460	5,506,460	-	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	57,566,300	50,907,150	6,659,150	1,535,005	-	1,535,005	(888,969)	(418,194)	(470,775)	(1,143,869)	-	(1,143,869)	-	36,902,267	262,724
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	2,386,435	2,386,253	182	116	-	116	(8,773)	(8,766)	(6)	(92)	-	(92)	-	69,110	-
040	*Credit institutions*	7,135,465	7,135,409	57	-	-	-	(1)	(1)	-	-	-	-	-	6,407,867	-
050	*Other financial corporations*	497,479	496,732	748	73	-	73	(7,697)	(7,694)	(4)	(64)	-	(64)	-	24,386	-
060	*Non-financial corporations*	21,167,835	19,699,976	1,467,860	595,450	-	595,450	(398,174)	(300,570)	(97,604)	(422,810)	-	(422,810)	-	14,433,778	149,850
070	*Of which SMEs*	11,164,220	10,111,043	1,053,177	470,466	-	470,466	(236,161)	(158,963)	(77,199)	(321,559)	-	(321,559)	-	9,681,979	133,751
080	*Households*	26,379,085	21,188,781	5,190,304	939,366	-	939,366	(474,323)	(101,162)	(373,161)	(720,903)	-	(720,903)	-	15,967,126	112,873
090	Debt securities	19,276,140	19,276,140	-	-	-	-	(3,507)	(3,507)	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	18,769,435	18,769,435	-	-	-	-	(2,963)	(2,963)	-	-	-	-	-	-	-
120	*Credit institutions*	480,781	480,781	-	-	-	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	25,924	25,924	-	-	-	-	(544)	(544)	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	26,787,972	25,384,354	1,403,618	148,390	-	148,390	176,818	151,562	25,257	107,900	-	107,900		5,483,369	26,324
160	*Central banks*	4,656	4,656	-	-	-	-	-	-	-	-	-	-		-	-
170	*General governments*	279,242	272,209	7,033	-	-	-	1,320	1,222	98	-	-	-		1,703	-
180	*Credit institutions*	1,228,733	1,228,215	518	-	-	-	180	180	-	-	-	-		1,178,145	-
190	*Other financial corporations*	1,629,099	1,623,488	5,611	-	-	-	714	714	0	-	-	-		2,515	-
200	*Non-financial corporations*	21,541,222	20,208,037	1,333,184	141,588	-	141,588	168,583	145,857	22,726	103,286	-	103,286		4,277,933	26,178
210	*Households*	2,105,021	2,047,748	57,272	6,802	-	6,802	6,021	3,588	2,432	4,614	-	4,614		23,073	147
220	***Total***	**109,136,871**	**101,074,103**	**8,062,768**	**1,683,395**	**-**	**1,683,395**	**(715,658)**	**(270,139)**	**(445,519)**	**(1,035,969)**	**-**	**(1,035,969)**	**-**	**42,385,636**	**289,048**

Table 8: EU CR1 - A: Maturity of exposures

		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	-	28,672,054	17,846,671	10,549,742	-	57,068,467
2	Debt securities	-	1,627,390	7,372,550	10,272,692	-	19,272,633
3	***Total***	**-**	**30,299,445**	**25,219,222**	**20,822,434**	**-**	**76,341,100**

Table 9: EU CQ1 - Credit quality of forborne exposures

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	57,072	320,116	320,116	320,116	(3,360)	(211,430)	124,921	62,920
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	20,549	255,057	255,057	255,057	(518)	(166,467)	94,806	49,925
070	*Households*	36,523	65,059	65,059	65,059	(2,842)	(44,963)	30,115	12,995
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	221	221	221	-	187	-	-
100	***Total***	**57,072**	**320,337**	**320,337**	**320,337**	**(3,360)**	**(211,243)**	**124,921**	**62,920**

Table 10: EU CQ3: Credit quality of performing and non-performing exposures by past due days

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	5,506,460	5,506,460	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	57,566,300	57,320,203	246,097	1,535,005	697,790	240,395	250,686	204,571	76,037	12,883	52,643	1,535,005
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	2,386,435	2,386,434	1	116	24	23	36	33	-	-	-	116
040	*Credit institutions*	7,135,465	7,135,465	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	497,479	497,479	0	73	30	9	14	20	-	-	-	73
060	*Non-financial corporations*	21,167,835	21,118,827	49,009	595,450	273,790	77,776	87,062	52,058	64,741	4,441	35,582	595,450
070	*Of which SMEs*	11,164,220	11,115,443	48,777	470,466	214,852	57,149	50,923	51,945	60,193	2,441	32,962	470,466
080	*Households*	26,379,085	26,181,998	197,087	939,366	423,946	162,586	163,573	152,461	11,296	8,442	17,060	939,366
090	Debt securities	19,276,140	19,276,140	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	18,769,435	18,769,435	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	480,781	480,781	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	25,924	25,924	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	26,787,972			148,390								148,390
160	*Central banks*	4,656			-								-
170	*General governments*	279,242			-								-
180	*Credit institutions*	1,228,733			-								-
190	*Other financial corporations*	1,629,099			-								-
200	*Non-financial corporations*	21,541,222			141,588								141,588
210	*Households*	2,105,021			6,802								6,802
220	***Total***	**109,136,871**	**82,102,802**	**246,097**	**1,683,395**	**697,790**	**240,395**	**250,686**	**204,571**	**76,037**	**12,883**	**52,643**	**1,683,395**

Table 11: EU CQ4 - Quality of non-performing exposures by geography

		Gross carrying/nominal amount			Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment		
				Of which defaulted			
010	***On-balance-sheet exposures***	***78,377,445***	***1,535,005***	***1,535,005***	***78,377,445***	***(2,036,345)***	
020	*Romania*	*65,549,539*	*1,531,880*	*1,531,880*	*65,549,539*	*(2,028,739)*	-
030	*France*	*9,915,145*	*575*	*575*	*9,915,145*	*(594)*	-
040	*US*	*954,208*	*30*	*30*	*954,208*	*(30)*	-
050	*Germany*	*770,789*	*258*	*258*	*770,789*	*(316)*	-
060	*Belgium*	*602,581*	*36*	*36*	*602,581*	*(60)*	-
061	*Czech Republic*	*200,495*	*3*	*3*	*200,495*	*(4,025)*	-
062	*Switzerland*	*8,627*	*427*	*427*	*8,627*	*(351)*	-
070	*Other countries*	*376,061*	*1,796*	*1,796*	*376,061*	*(2,230)*	-
080	***Off-balance-sheet exposures***	***26,936,362***	***148,390***	***148,390***	**-**	**-**	***284,718***
090	*Romania*	*23,325,479*	*148,389*	*148,389*	-	-	*272,933*
100	*France*	*305,297*	*1*	*1*	-	-	*382*
110	*US*	*88,163*	-	-	-	-	*0*
120	*Germany*	*26,004*	-	-	-	-	*19*
130	*Belgium*	*30,084*	-	-	-	-	*352*
131	*Czech Republic*	*19,442*	-	-	-	-	*0*
132	*Switzerland*	*1,353,534*	-	-	-	-	*0*
140	*Other countries*	*1,788,360*	*0*	*0*	-	-	*11,031*
150	***Total***	***105,313,807***	***1,683,395***	***1,683,395***	***78,377,445***	***(2,036,345)***	***284,718***

Table 12: EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry

		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
010	Agriculture, forestry and fishing	2,170,100	84,552	84,552	2,170,100	(106,646)	-
020	Mining and quarrying	47,929	2,228	2,228	47,929	(2,290)	-
030	Manufacturing	3,785,609	70,430	70,430	3,785,609	(123,971)	-
040	Electricity, gas, steam and air conditioning supply	1,269,218	410	410	1,269,218	(18,633)	-
050	Water supply	190,522	4,145	4,145	190,522	(5,736)	-
060	Construction	1,805,180	122,771	122,771	1,805,180	(120,853)	-
070	Wholesale and retail trade	6,712,464	74,104	74,104	6,712,464	(162,689)	-
080	Transport and storage	1,544,505	107,561	107,561	1,544,505	(97,544)	-
090	Accommodation and food service activities	603,824	37,780	37,780	603,824	(38,869)	-
100	Information and communication	926,000	3,800	3,800	926,000	(16,009)	-
110	Financial and insurance actvities	282,060	2,735	2,735	282,060	(7,804)	-
120	Real estate activities	552,512	43,521	43,521	552,512	(52,849)	-
130	Professional, scientific and technical activities	520,940	18,994	18,994	520,940	(21,111)	-
140	Administrative and support service activities	426,131	7,579	7,579	426,131	(9,615)	-
150	Public administration and defense, compulsory social security	3,229	534	534	3,229	(403)	-
160	Education	31,853	822	822	31,853	(1,823)	-
170	Human health services and social work activities	690,006	4,236	4,236	690,006	(17,638)	-
180	Arts, entertainment and recreation	75,531	1,323	1,323	75,531	(2,594)	-
190	Other services	125,673	7,927	7,927	125,673	(13,908)	-
200	**Total**	**21,763,285**	**595,450**	**595,450**	**21,763,285**	**(820,984)**	**-**

Table 13: EU CQ7 - Collateral obtained by taking possession and execution processes

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	15,750	(899)
030	*Residential immovable property*	6,487	-
040	*Commercial Immovable property*	-	-
050	*Movable property (auto, shipping, etc.)*	9,263	(899)
060	*Equity and debt instruments*	-	-
070	*Other collateral*	-	-
080	***Total***	***15,750***	***(899)***

In IFRS financial statements repossessed assets are classified in other assets category or as other assets held for sale based on business intention.

5 - Additional quantitative information on credit risk

To reduce the credit risk associated with its exposures, BRD seeks to use collateral as credit risk mitigation (CRM) technique, where possible.

The table below shows the amount of unsecured loans and secured loans, either by collateral or financial guarantees.

Table 14: EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
1	Loans and advances	25,409,936	37,164,991	29,936,828	7,228,163	-
2	Debt securities	19,272,633	-	-	-	
3	Total	44,682,569	37,164,991	29,936,828	7,228,163	-
4	*Of which non-performing exposures*	128,412	262,724	236,698	26,025	-
EU-5	*Of which defaulted*	128,412	262,724			

Note: Loans and advances from the table above include also exposure from central banks and sight deposits.

MAIN TYPES OF SECURITIES ACCEPTED AS CREDIT RISK MITIGATION TECHNIQUES

According to Article 453 of Regulation (EU) No 2019/876, credit institutions should disclose information regarding the use of credit risk mitigation techniques. Qualitative comments as per Table EU CRC – Qualitative disclosure requirements related to CRM techniques, are presented below.

BRD has a cash flow-based lending approach, as the Bank expects the debt to be serviced primarily through the future cash flow / income generated by the debtor. Thus, credit risk mitigation techniques, in the form of collateral (funded credit protection) or guarantee (unfunded credit protection), are accepted merely to mitigate credit risk and they cannot serve as a substitute for the borrower's ability to meet obligations, which is the main credit decision driver. Their scope is to minimize the loss in case of debtor's default, through lowering the credit losses with the collateral execution proceeds or through transferring the risk to the guarantee's issuer.

The Bank accepts the following main types of securities:

- Financial collateral (cash, deposits, Romanian Government bonds, shares, units of collective investment funds)
- Non-financial collateral (real estate, movable assets, receivables, intangibles)
- Personal Guarantees (fidejussion, letters of guarantee, letters of comfort, endorsements).
- Real estate represents the most frequent type of accepted collaterals. Nevertheless, the collateral structure is further diversified subject to the type of financing (e.g. for working capital financing, receivables and inventories are accepted as customary collateral).

Policies and processes for collaterals'/ guarantees' valuation and management

In order to reduce its credit risk-taking, BRD pursued an active management of securities by:

- Following a collateral management framework structured along the dimensions presented below:
  - principles governing the management of securities
  - types of security accepted by the Bank
  - strict criteria for acceptance of collateral/ guarantee (legal security and specific selection requirements for each type of security)
  - roles and responsibilities involved in the process
- Periodical evaluation of the collateral portfolio, in order to reduce the discrepancies between the market value of collaterals and the value used by the Bank in its internal processes (monitoring, provisioning etc.)
- Estimation of the collateral recovery value by applying discount coefficients to its market value, when determining the level of provisions on individual assessment basis

- Regular monitoring through specific risk indicators
- Internal controls performed on valuation activity
- Implementing a set of risk management principles regarding concentration on credit risk mitigations techniques and, in order to ensure an appropriate monitoring, concentration limits defined on single protection provider.

For **Real estate collaterals** the market value is estimated by external or internal certified evaluators. The valuation is performed in accordance with the International Valuation Standards and ANEVAR Standards and Recommendations. Real estate valuations are verified by the competent units, independently from the credit approval process. The Bank uses the market approach and income approach as valuation methods for real estate. Revaluation is performed yearly for commercial/ industrial/ agricultural real estate, plots of land, at least once every 3 years for residential real estate or with higher frequency if the real estate market displays a significant negative evolution.

Movable assets collaterals (machinery& equipment, inventories, other movables) are appraised based on the value recognized for financial or other related purposes (financial statements, insurance etc.). The Bank monitors the movable assets market value on a frequent basis, but at least yearly.

Before a **guarantee** is accepted, the protection provider is assessed in order to measure its solvency and risk profile, using the same principles as for direct credit exposures towards BRD's clients/ counterparties. The credit risk mitigation effect of guarantees is closely linked to the guarantor's creditworthiness and the secured amount must be reasonably proportionate to the economic performance capabilities of the protection provider. The main guarantor for BRD's clients is the Romanian State, which intervenes to sustain credit activity by national wide guarantee programs implemented through intermediation of guarantee funds (FNGCIMM or FGCR) or Eximbank, mainly Prima/Noua Casa program. Another category of guarantors is represented by commercial banks (local or foreign), issuing LGs in favor of BRD clients. BRD's indirect exposures on each guarantor are assessed using the same principles as for direct credit exposures of BRD.

The breakdown of net exposures to credit risk (excluding CCR) by exposure class before and post CCF and CRM, as per COREP report as of December 31, 2024, is presented in the table below.

Table 15: EU CR4 - standardised approach – Credit risk exposure and CRM effects

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
1	Central governments or central banks	25,842,092	4,656	32,295,619	335,091	110,114	0.34%
2	Regional government or local authorities	1,376,362	270,049	1,381,472	134,658	360,364	23.77%
3	Public sector entities	-	-	-	-	-	0.00%
4	Multilateral development banks	480,781	-	499,568	299	-	0.00%
5	International organisations	-	-	-	-	-	0.00%
6	Institutions	756,696	1,219,001	756,696	634,072	503,408	36.20%
7	Corporates	15,742,249	20,513,718	12,407,620	4,399,330	15,582,123	92.71%
8	Retail	15,871,852	2,488,318	12,592,114	1,144,682	9,968,830	72.57%
9	Secured by mortgages on immovable property	13,102,001	166,956	13,102,001	85,948	5,019,721	38.06%
10	Exposures in default	365,787	42,825	316,242	9,156	330,303	101.51%
11	Exposures associated with particularly high risk	-	-	-	-	-	0.00%
12	Covered bonds	-	-	-	-	-	0.00%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0.00%
14	Collective investment undertakings	-	-	-	-	-	0.00%
15	Equity	162,554	-	162,554	-	278,467	171.31%
16	Other items	4,488,358	-	4,488,358	-	1,962,335	43.72%
17	**TOTAL**	**78,188,733**	**24,705,523**	**78,002,246**	**6,743,235**	**34,115,665**	**40.26%**

6 - Countercyclical capital buffers

The countercyclical capital buffer (CCyB) is part of the macro prudential toolkit included in the CRD /CRR legislative framework. The European Systemic Risk Board (ESRB) recommends this instrument to be implemented to reduce and prevent excessive credit growth and leverage. The aim of the CCyB is to improve the banking sector's resilience to possible shocks. The decision to activate the countercyclical capital buffer is based on the deviation of the credit-to-GDP ratio from its long-term trend (the main indicator, as recommended by the ESRB), as well as the analysis of additional indicators capturing potential vulnerabilities in the development of credit and leverage. The release of the CCB should take place either as a result of the materialization of the risk or as a result of the successful mitigation of said risk.

The countercyclical capital buffer is aimed at monitoring the credit market developments at aggregate level. However, the structure of lending is also analyzed to identify any disproportionate build-up of risks (e.g. a concentration of foreign currency lending). Should this be the case, additional macro prudential tools, such as Loan To Value or Debt Service To Income ratios or sectoral limits, could be implemented (as set forth in the ESRB recommendations as well).

A Countercyclical Buffer may be imposed during periods of excessive credit growth when system-wide risk is building up and is capped at 2.5% of total RWA. According to NBR Order 12/2015 the level of countercyclical buffer was established at 0% for credit exposures in Romania. To be mentioned that NBR issued Order 6/ Nov 2021 amending the NBR Order 12/2015, according to which the level of countercyclical buffer for credit exposures in Romania is 0.5% (from 0% previously), applicable starting October 17, 2022. Further, according to NBR Order 7/ 2022 amending the NBR Order 12/2015, the level of countercyclical buffer for credit exposures in Romania is 1%, applicable starting October 23, 2023.

BRD Group maintained an overall countercyclical buffer rate of 0.8955327%of total risk weighted assets (336,786 million RON) at December 31, 2024, driven by relevant credit risk exposures on Romanian entities.

The geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer is presented in the table below.

Table 16: EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010	**Breakdown by country:**													
	Romania	48,120,666	-	-	-	-	48,120,666	2,612,104	-	-	2,612,104	32,651,295	97.91%	1.00%
	Netherlands	246,959	-	-	-	-	246,959	16,715	-	-	16,715	208,937	0.63%	2.00%
	Slovakia	196,798	-	-	-	-	196,798	15,727	-	-	15,727	196,590	0.59%	1.50%
	Czech Republic	196,328	-	-	-	-	196,328	15,697	-	-	15,697	196,217	0.59%	1.25%
	France	38,640	-	-	-	-	38,640	1,594	-	-	1,594	19,920	0.06%	1.00%
	Belgium	18,782	-	-	-	-	18,782	1,302	-	-	1,302	16,273	0.05%	1.00%
	Bulgaria	12,565	-	-	-	-	12,565	738	-	-	738	9,225	0.03%	2.00%
	Germany	10,591	-	-	-	-	10,591	617	-	-	617	7,709	0.02%	0.75%
	Hungary	6,738	-	-	-	-	6,738	360	-	-	360	4,498	0.01%	0.50%
	Denmark	2,223	-	-	-	-	2,223	157	-	-	157	1,957	0.01%	2.50%
	Other countries	2,928	-	-	-	-	2,928	101	-	-	101	1,258	0.00%	1.50%
020	**Total**	**48,853,218**	**-**	**-**	**-**	**-**	**48,853,218**	**2,665,110**	**-**	**-**	**2,665,110**	**33,313,877**	**100%**	

Table 17: EU CCyB2 - Amount of institution-specific countercyclical capital buffer

		31.12.2024	31.12.2023
1	Total risk exposure amount	37,607,364	33,888,369
2	Institution specific countercyclical capital buffer rate	0.8955327%	0.4412130%
3	Institution specific countercyclical capital buffer requirement	336,786	149,520

7 - Remuneration policy

BRD's remuneration principles provide a strong alignment between the achievement of long-term strategic objectives, values, long-term interests of the Bank and delivery of value to shareholders, align the interest of the Bank and of its clients, employees and shareholders and prevent inadequate risk appetite and imprudent conduct. The Remuneration Policy is an integral part of the Bank's overall business strategy.

BRD's Remuneration Committee is a permanent consultative committee that supports the Board of Directors in performing its responsibilities regarding the elaboration and supervision of the implementation of the Remuneration Policy.

The Committee consists of 3 members: Mrs. Liliana Ionescu-Feleaga (Chairman), Mrs. Delphine Mireille Garcin - Meunier (Member) and Mr. Jean Pierre Vigroux (Independent member).

The Remuneration Committee meets annually, or whenever necessary. In 2024, 9 meetings of the Remuneration Committee took place. The 3 meetings in March – April 2024 were attended by the 2 members of the Committee from that period (Mrs. Ionescu-Feleaga and Mr. Vigroux) and the other 6 meetings were attended by all 3 members.

The Remuneration Committee analyses the Bank's Remuneration Policy which it submits to the Board of Directors for approval; it submits proposals regarding the individual remuneration of non-executive directors and the additional individual compensation of the directors entrusted with specific functions within the Board as well as the remuneration of the officers; it supervises directly the remuneration of the coordinators of the risks management and compliance functions; and it supervises the application of the principles of the staff remuneration policy and informs the Board of Directors in this respect.

During 2024, the Remuneration Committee did not use external consultants, basing their decisions on their expertise and that of the Human Resources Department.

The Bank ensures a correct and competitive remuneration, by strictly complying with competences and performances, with 2 components correctly proportioned:

- fixed component
- variable component.

The Bank respects the principle of equal treatment, i.e. equal remuneration for male staff members and female staff members, for performing the same work or work of equal value.

Fixed remuneration - reflects the relevant professional experience and organisational responsibility, according to the employee's job description as part of the employment terms. Fixed remuneration represents a sufficiently high proportion of the total remuneration to allow the application of a fully flexible policy on the components of variable remuneration, including the possibility of not paying any of its components.

Variable remuneration – reflects sustainable and risk-adjusted performance as well as the performance that exceeds the necessary performance to fulfil the duties provided for in the employee's job description as part of the employment terms.

Variable remuneration:

- It is not guaranteed or carried forward automatically from one year to another. The variable component distribution mechanisms do not guarantee the granting of sums over several years. Thus, the variable remuneration is subject to a fair annual review process;
- Guaranteed bonuses are granted only in exceptional circumstances related to the time of employment and can only be granted in the first year of employment and when the Bank has a sound and solid capital base. BRD personnel is not overly dependent on bonuses;
- It does not limit the Bank's ability to strengthen its capital base;
- It is not paid through means or methods that facilitate the circumvention of the regulations in force;

- It does not encourage taking risks which influence the Bank's risk profile;
- It also takes into consideration all current or future risks;
- Payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct.

Since it is correlated to performance, variable remuneration is based on a combination of the general results of the Bank and performance of the structure in cause, in which the activity is developed, as well as of evaluation of individual performance.

The remuneration of the control functions personnel shall not be linked to the performance of the activities that the control function monitors and controls, but to achieving the objectives of those functions.

Performance evaluation of employees is accomplished in a multiannual frame, to ensure that the evaluation process is based on the long-term performance and that the effective payment of the remuneration components based on performance is stretched on a period considering the business cycle of the Bank and the risks specific to its activities.

The performance evaluation must integrate in particular the criteria of:

- sound and prudent risk management;
- quality of services provided to clients;
- respect for clients' interests and their fair treatment;
- sustainability risks.

The Bank may decide to reduce partially of completely the granting of variable remuneration if it cannot be supported in accordance with the overall financial situation of the Bank and if it cannot be justified by the performance of the structure in which the activity is carried out and by that of the employee concerned.

The variable remuneration is considerably reduced if the Bank records a poor or negative financial performance, considering both the current remuneration as well as the reductions in payments related to the sums due, as previously determined, including malus or clawback agreements signed. Up to 100% of the variable remuneration is subject to malus or clawback signed agreements.

For different types of jobs, it is possible to use different schemes for granting the variable remuneration. There is a maximum limit defined for the variable component, which may not exceed 100% of the fixed component of the total remuneration.

For sales staff, commercial objectives are set to take into account the rights and interests of the clients, so:

- Sales process is in the client's interest;
- Do not promote the provision of a specific product/ service or a category of products/ services over other products/ services such as products/ services which are more profitable for the institution or for an employee, to the detriment of the client.

The special principles applicable to the categories of identified staff are:

- The variable remuneration may decrease or not even be paid at all.
- The personnel members are paid, or receive the rights related to the variable remuneration, including the deferred part thereof only if the variable remuneration can be supported in accordance with the Bank's overall financial situation and if it can be justified in accordance with the performance of the Bank, the structure in which the activity is carried out and the individual concerned.
- The personnel members receive the rights of the deferred part of the variable remuneration, subject of the fulfillment of the minimum performance requirements.
- A major part, which, in all cases, accounts for at least 40% of the variable remuneration component, is deferred for a period of at least 4 years. For identified staff, at least 50% of any variable remuneration shall consist of shares equivalent, which are subject to an appropriate retention policy, designed to harmonize the incentives with the Bank's long-term interests.

- The personal strategies for risk hedging or insurance policies related to remuneration and liability to counteract the risk alignment effects stipulated in the personnel remuneration agreements are prohibited. One may insure against the currency risk using derivatives.

For Executive Committee members, 60% of the variable remuneration is deferred for a period of 5 years.

For Identified Staff not members of the Executive Committee, between 40 and 60% of the variable remuneration is deferred for a period of 4 years.

The ratio between fix and variable remuneration in BRD is maximum 1:1, in line with NBR's Regulation no 5/2013.

Aggregate financial information regarding remuneration for 2024 is presented below. Amounts are expressed in EUR.

Table 18: EU REM1 - Remuneration awarded for the financial year

			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1		Number of identified staff	8	6	3	43
2		**Total fixed remuneration**	**241,051**	**2,157,292**	**435,064**	**4,789,463**
3		Of which: cash-based	241,051	2,157,292	435,064	4,789,463
4		(Not applicable in the EU)	-	-	-	-
EU-4a	Fixed remuneration	Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)	-	-	-	-
7		Of which: other forms	-	-	-	-
8		(Not applicable in the EU)	-	-	-	-
9		Number of identified staff	8	6	3	43
10		**Total variable remuneration**	**-**	**1,283,621**	**37,985**	**1,090,650**
11		Of which: cash-based	-	704,749	37,985	910,229
12		Of which: deferred	-	248,088	-	72,168
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a	Variable remuneration	Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	578,872	-	180,419
EU-14b		Of which: deferred	-	372,132	-	72,168
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	**Total remuneration (2 + 10)**		**241,051**	**3,440,913**	**473,049**	**5,880,113**

Table 19: EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
2	Guaranteed variable remuneration awards -Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	1	-	-
7	Severance payments awarded during the financial year - Total amount	-	249,980	-	-
8	Of which paid during the financial year	-	249,980	-	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	249,980	-	-
11	Of which highest payment that has been awarded to a single person	-	249,980	-	-

Table 20: EU REM3 - Deferred remuneration

	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	2,529,509	608,644	1,920,865	126,101	-	126,101	941,306	471,246
8	Cash-based	685,063	263,499	421,564	-	-	-	263,499	-
9	Shares or equivalent ownership interests	12,000	-	12,000	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	1,832,446	345,145	1,487,301	126,101	-	126,101	677,807	471,246
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	55,352	5,339	57,613	-	-	-	27,948	-
14	Cash-based	22,176	5,339	16,837	-	-	-	5,339	-
15	Shares or equivalent ownership interests	11,000	-	18,600	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	22,176	-	22,176	-	-	-	22,609	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	670,525	153,641	536,884	14,289	-	14,289	385,279	25,350
20	Cash-based	190,697	61,780	128,917	-	-	-	61,780	-
21	Shares or equivalent ownership interests	262,500	74,500	208,000	6,300	-	6,300	74,500	-
22	Share-linked instruments or equivalent non-cash instruments	217,328	17,361	199,967	7,989	-	7,989	248,999	25,350
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	Total amount	3,255,386	767,624	2,515,362	140,390	-	140,390	1,354,533	496,596

There were no cases of remunerations of more than 1 million EUR in 2024 among the identified staff, as required to be disclosed in template **EU REM4**.

Table 21: EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institution's risk profile (identified staff)

		Management body remuneration			Business areas					
		MB Supervisory function	MB Management function	Total MB	Investment banking & Asset management	Retail banking	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff	8	6	14	2	11	19	6	7	60
2	Of which: members of the MB	8	6	14	-	-	-	-	4	18
3	Of which: other senior management	-	-	-	-	-	-	-	3	3
4	Of which: other identified staff	-	-	-	2	11	19	6	-	39
5	Total remuneration of identified staff	241,051	3,440,913	3,681,964	343,940	1,478,220	2,975,967	926,792	486,718	10,035,126
6	Of which: variable remuneration	-	1,283,621	1,283,621	92,620	323,569	489,020	140,638	37,985	2,412,256
7	Of which: fixed remuneration	241,051	2,157,292	2,398,343	251,320	1,154,651	2,486,947	786,154	448,733	7,622,870

8 - Leverage ratio

BRD computes and reports leverage ratio which is designed specifically to limit the risk of excessive leverage in credit institutions, in accordance with CRR2 provisions applicable since end June 2021.

The leverage ratio of BRD Group is well above the 3% minimum requirement, level enforced based on Regulation 2019/876 amending CRR starting with June 2021. It stands at 9.41% as at December 31, 2024, considering a Tier 1 capital amount of RON 9,346 million and a leverage exposure of RON 99,360 million (versus 7.73% as of December 31, 2023 considering a Tier 1 capital amount of RON 7,186 million and a leverage exposure of RON 92,950 million).

The consistent level of leverage ratio results from the strong capital base, namely high level of Common Equity Tier 1 capital and a balance-sheet structure specific to the universal bank business model with core focus on retail activities.

Table 22: EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		Applicable amount
1	Total assets as per published financial statements	88,479,703
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	40,042
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	523,523
9	Adjustment for securities financing transactions (SFTs)	152,363
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	9,206,832
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	957,229
13	**Total exposure measure**	**99,359,731**

Table 23: EU LR2 - LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		31.12.2024	31.12.2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	81,164,676	78,276,623
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	957,229	(515,049)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	82,121,905	77,761,573
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	200,002	123,230
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	466,379	343,177
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivatives exposures	666,381	466,407
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	7,212,249	5,479,751
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	152,363	26,632
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	Total securities financing transaction exposures	7,364,613	5,506,383
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	26,900,707	25,452,711
20	(Adjustments for conversion to credit equivalent amounts)	(17,693,875)	(16,237,287)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	-	-
22	Off-balance sheet exposures	9,206,832	9,215,424
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Total exempted exposures)	-	-
Capital and total exposure measure			
23	**Tier 1 capital**	**9,346,405**	**7,186,074**
24	**Total exposure measure**	**99,359,731**	**92,949,787**
Leverage ratio			
25	Leverage ratio (%)	9.41%	7.73%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.41%	7.73%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.41%	7.73%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	-	-
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	5,201,948	3,144,887
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	7,212,249	5,479,751
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	97,349,429	90,614,923
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	97,349,429	90,614,923
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.60%	7.93%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.60%	7.93%

Table 24: EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**81,164,676**
EU-2	Trading book exposures	1,002,566
EU-3	Banking book exposures, of which:	80,162,111
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	25,344,439
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	1,376,362
EU-7	Institutions	732,565
EU-8	Secured by mortgages of immovable properties	13,102,001
EU-9	Retail exposures	15,871,852
EU-10	Corporates	18,066,869
EU-11	Exposures in default	365,787
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	5,302,236

9 - Liquidity requirements

Liquidity risk is defined as the risk that the Bank cannot meet its financial obligations. It is measured across different time horizons, under various assumptions (normal conditions and stressed scenarios). Funding risk is defined as the risk that the Bank cannot maintain over time the appropriate amount of funding to support its assets and at a reasonable cost.

Objectives and guiding principles

The liquidity and funding management set up at BRD aims at ensuring that the Bank can (i) fulfil its payment obligations at any moment in time, during normal course of business or under lasting financial stress conditions (management of liquidity risks); (ii) raise funding resources in a sustainable manner, at a reasonable cost (management of funding risks). Doing so, the liquidity and funding management set up ensures that both regulatory requirements and the risk appetite set by the Bank are met.

To achieve these objectives, the Bank adopted a comprehensive liquidity risk management framework designed to ensure that BRD is able to fuel the assets' growth, meet its payment obligations and withstand a period of liquidity stress.

The liquidity risk management framework defines the liquidity risk governance and the liquidity risk management, measurement and control practices.

The liquidity risk management approach starts at the intraday level managing the daily payment flows, forecasting and managing cash flows, and factoring in the access to central bank monetary policy operations and standing facilities. It then covers a longer-term perspective, comprising the maturity profile of all assets and liabilities and the funding strategy. BRD aims to maintain a liquidity buffer of unencumbered, high-quality assets as an insurance against a range of liquidity stress scenarios.

Within the liquidity risk management framework, a contingency funding plan (CFP) is designed to protect the stakeholders' interests and to ensure positive outcome in the event of a liquidity crisis, the target being to ensure the survival in case of a severe liquidity crisis without registering major losses.

The purpose of the contingency funding plan is to ensure sufficient liquidity and funding during stressed liquidity conditions, by establishing a comprehensive remediation framework for identifying and governing contingency actions in case BRD encounters a liquidity crisis.

More specifically, the objectives of the CFP are to:

- identify and recognize early warning indicators of a liquidity crisis;
- define appropriate orientations and mitigation actions to be taken in case of liquidity crisis, including business orientations and communication;
- describe the organization to be put in place and the role of each member in case of liquidity crisis;
- ensure that information flows remain timely and uninterrupted to facilitate quick and effective decision-making.

Qualitative view

BRD quantifies its liquidity risk tolerance by assessing regulatory metrics such as the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), additionally internally defined metrics such as liquidity gaps under business-as-usual scenarios and concentration of top depositors. Liquidity stress tests and liquidity reverse stress tests are considered for assessing the Bank's resilience to liquidity stress scenarios under idiosyncratic, systemic and combined views.

Quantitative view

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

- short term - Liquidity Coverage Ratio (LCR)

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

- medium term - Net Stable Funding Ratio (NSFR)

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

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

LCR indicator remains well above the 100% minimum required. As at December 31, 2024 the LCR stands at 251% in terms of monthly averages over the previous twelve months preceding the end of the quarter. The value of LCR as at December 31, 2024 end recorded no significant evolution compared to to September 30, 2024 end (-8 p.p., the same methodology of previous 12 months average being applied).

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

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

- LCR has decreased from 257% to 251%;
- High Quality Liquid Assets averages have observed an increase of 13%;
- Net Outflows Averages have observed an increase of 15%, having in view:
  - 9% increase in Outflows averages
  - 12% decrease in Inflows averages

Table 25: EU LIQ1 - Quantitative information of LCR

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	12/31/2024	9/30/2024	6/30/2024	3/31/2024	12/31/2024	9/30/2024	6/30/2024	3/31/2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					28,598,959	28,419,604	27,471,444	26,391,087
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	42,691,973	41,775,973	40,724,631	39,577,135	2,093,600	2,068,088	2,056,789	2,059,072
3	*Stable deposits*	24,019,436	23,616,436	23,430,550	23,374,936	1,200,972	1,180,822	1,171,527	1,168,747
4	*Less stable deposits*	18,672,537	18,159,538	17,294,081	16,202,199	892,629	887,267	885,261	890,325
5	Unsecured wholesale funding	22,260,370	21,933,957	21,249,102	20,358,998	11,231,865	11,095,931	10,804,212	10,266,601
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all counterparties)*	22,260,370	21,933,957	21,249,102	20,358,998	11,231,865	11,095,931	10,804,212	10,266,601
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	*Secured wholesale funding*					-	-	-	-
10	Additional requirements	6,789,040	6,869,788	6,765,019	6,993,941	557,838	574,893	592,424	628,867
11	*Outflows related to derivative exposures and other collateral requirements*	1,464.4	1,515.9	1,627.4	2,185.8	1,464.4	1,515.9	1,627.4	2,185.8
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	6,787,576	6,868,272	6,763,392	6,991,756	556,374	573,377	590,797	626,681
14	Other contractual funding obligations	7,187	4	4	34	7,187	4	4	34
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	TOTAL CASH OUTFLOWS					13,890,491	13,738,917	13,453,429	12,954,573
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	2,132,305	1,878,644	1,747,869	1,611,375	-	-	-	-
18	Inflows from fully performing exposures	2,339,422	2,599,900	2,867,278	2,767,714	2,022,282	2,287,341	2,557,164	2,514,388
19	Other cash inflows	473,901	473,224	455,959	434,358	474,230	473,266	455,971	434,358
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	4,945,628	4,951,768	5,071,107	4,813,447	2,496,511	2,760,608	3,013,135	2,948,746
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	4,945,628	4,951,768	5,071,107	4,813,447	2,496,511	2,760,608	3,013,135	2,948,746
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					28,598,959	28,419,604	27,471,444	26,391,087
22	TOTAL NET CASH OUTFLOWS					11,393,980	10,978,309	10,440,294	10,005,827
23	LIQUIDITY COVERAGE RATIO					251%	259%	263%	264%

Table 26: EU LIQ2: Net Stable Funding Ratio

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments		1,933	-	10,560,577	10,560,577
2	*Own funds*		1,933	-	10,560,577	10,560,577
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		40,765,526	3,752,287	478,888	42,256,757
5	*Stable deposits*		31,279,235	2,957,498	313,286	32,838,182
6	*Less stable deposits*		9,486,292	794,789	165,602	9,418,575
7	Wholesale funding:		23,782,096	3,692,225	3,651,399	15,084,541
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		23,782,096	3,692,225	3,651,399	15,084,541
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		1,718,122	877	-	438
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		1,718,122	877	-	438
14	**Total available stable funding (ASF)**					**67,902,313**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)		-	-	-	-
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		17,815,215	6,307,037	34,861,524	34,499,178
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		7,195,432	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		2,999,277	410,290	502,067	974,790
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		7,603,558	5,880,950	21,961,280	33,484,530
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	8,075,188
22	*Performing residential mortgages, of which:*		16,948	15,798	12,398,177	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		16,948	15,798	12,398,177	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		1,353	27,183	30,106	39,858
25	Interdependent assets		-	-	-	-
26	Other assets:		1,659,958	42,739	2,004,464	2,868,148
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*				-	-
29	*NSFR derivative assets*				-	-
30	*NSFR derivative liabilities before deduction of variation margin posted*				123,066.6	6,153.3
31	*All other assets not included in the above categories*		1,536,891	42,739	2,004,464	2,861,994
32	Off-balance sheet items		4,494,466	1,493,917	5,255,652	716,218
33	**Total RSF**					**38,083,544**
34	**Net Stable Funding Ratio (%)**					**178%**

Legal framework	Topic	Title
Regulation (EU) 2019/876, Art 437	Disclosure of own funds	EU CC1 - Composition of regulatory own funds
		EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements
		EU CCA- Main features of regulatory own funds instruments and eligible liabilities instruments
Regulation (EU) 2019/876, Art 437a Law 312/2015, Art 295^43	Disclosure of internal MREL	EU iLAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs
Regulation (EU) 2019/876, Art 438	Disclosureof own funds requirements and risk-weighted exposure amounts	EU OV1 – Overview of total risk exposure amounts
		EU KM1 - Key metrics template
Regulation (EU) 2019/876, Art 440	Disclosure of countercyclical capital buffers	EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer
		EU CCyB2 - Amount of institution-specific countercyclical capital buffer
Regulation (EU) 2019/876, Art 442	Disclosure of credit risk quality	EU CR1: Performing and non-performing exposures and related provisions
		EU CR1-A: Maturity of exposures
		EU CQ1: Credit quality of forborne exposures
		EU CQ3: Credit quality of performing and non-performing exposures by past due days
		EU CQ4: Quality of non-performing exposures by geography
		EU CQ5: Credit quality of loans and advances to non-financial corporations by industry
		EU CQ7: Collateral obtained by taking possession and execution processes
Regulation (EU) 2019/876, Art 450	Discolsure of remuneration policy	EU REM1 - Remuneration awarded for the financial year
		EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)
		EU REM3 - Deferred remuneration
		EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)
Regulation (EU) 2019/876, Art 451	Disclosure of leverage ratio	EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures
		EU LR2 - LRCom: Leverage ratio common disclosure
		EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)
Regulation (EU) 2019/876, Art 451a	Disclosure of liquidity requirements	EU LIQ1 - Quantitative information of LCR
		EU LIQ2: Net Stable Funding Ratio
Regulation (EU) 2019/876, Art 453	Disclosure of the use of credit risk mitigation techiniques	EU CR3: CRM techniques overview: Disclosure of the use of credit risk mitigation techniques
		EU CR4: Standardised approach – Credit risk exposure and CRM effects

Article 13, Regulation 2019/876

Large subsidiaries of EU parent institutions shall disclose the information specified in Articles 437, 438, 440, 442, 450, 451, 451a and 453 on an individual basis or, where applicable in accordance with this Regulation and Directive 2013/36/EU, on a sub-consolidated basis.

10 - Index of tables

Table 1: EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements 5

Table 2: EU CC1 - Composition of regulatory own funds 7

Table 3: EU ILAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs 9

Table 4: EU CCA - Main features of regulatory own funds instruments and eligible liabilities instruments 10

Table 5: EU KM1 – Key metrics 12

Table 6: EU OV1 - Overview of total risk exposure amounts 13

Table 7: EU CR1 - Performing and non-performing exposures and related provisions 18

Table 8: EU CR1 - A: Maturity of exposures 18

Table 9: EU CQ1 - Credit quality of forborne exposures 18

Table 10: EU CQ3: Credit quality of performing and non-performing exposures by past due days 19

Table 11: EU CQ4 - Quality of non-performing exposures by geography 19

Table 12: EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry 19

Table 13: EU CQ7 - Collateral obtained by taking possession and execution processes 20

Table 14: EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques 21

Table 15: EU CR4 - standardised approach – Credit risk exposure and CRM effects 22

Table 16: EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 23

Table 17: EU CCyB2 - Amount of institution-specific countercyclical capital buffer 23

Table 18: EU REM1 - Remuneration awarded for the financial year 26

Table 19: EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) 26

Table 20: EU REM3 - Deferred remuneration 27

Table 21: EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institution's risk profile (identified staff) 27

Table 22: EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures 28

Table 23: EU LR2 - LRCom: Leverage ratio common disclosure 29

Table 24: EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) 30

Table 25: EU LIQ1 - Quantitative information of LCR 32

Table 26: EU LIQ2: Net Stable Funding Ratio 33