

# BRD GROUP RESULTS

---

2<sup>nd</sup> quarter and 1<sup>st</sup> half 2024 | 01.08.2024

## DISCLAIMER

---

The preliminary consolidated and separate financial position and income statement for the period ended June 30, 2024 were examined by the Board of Directors on July 31, 2024.

The financial information presented for the period ended June 30, 2024 and comparative periods has been prepared according to IFRS as adopted by the European Union and applicable at this date.

This financial information is at group level, does not constitute a full set of financial statements and is not audited.

This presentation may contain forward-looking statements relating to the targets and strategies of BRD, based on a series of assumptions. These forward-looking statements would have been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. BRD may be unable to anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences, and to evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document.

Investors and analysts are advised to take into account factors of uncertainty and risk likely to impact the operations of BRD when considering the information contained in any such forward-looking statements. Other than as required by applicable law, BRD does not undertake any obligation to update or revise any forward-looking information or statements.

1

---

## INTRODUCTION



GRUPE SOCIETE GENERALE

# H1 2024: INTENSE BUSINESS RHYTHM ALL OVER THE BOARD

## Further supporting our customers' diverse projects

Excellent performance on corporate segment (net loans outstanding +22% y/y) underpinned by active participation in SMEs governmental supporting programs, strong partnerships and value recognition by large corporate clients

Retail loan origination taps record levels, +51% y/y

## Growing momentum in positive impact finance

## Steadily expanding deposit base

## Enriching and expanding e-channels offer

**Operating performance** led by dynamic volumes and rigorous cost monitoring

## Solid asset quality

NPL ratio around record low; comfortable NPL coverage

Risk costs' evolution reflecting a closer to "through the cycle" level

## High profitability with ROE of ~16%

Loan portfolio growth **+14% y/y** at Jun 24 end

**RON 3bn** approved financing under **IMM Plus**  
**+27%** large corporate loan portfolio growth

**RON 5.2bn** individuals' loan production in H1 24

**RON 0.7bn** new sustainable loans in H1  
**Landmark SRT transaction with IFC**

Deposits up **+12% y/y** at Jun 24 end

**Cashback** loyalty program

**100% online** APIA loans

**1.6m** users of YouBRD at Jun 24 end, **+20%** y/y

GOI, **+9.2% y/y** in H1 24, excl. new levy tax

NPL ratio

**2.2%** at Jun 24 end

Coverage ratio

**77.3%** at Jun 24 end

NCR **RON -91m** vs. RON 5m in H1 23

Net profit **RON 694m** vs RON 768m in H1 23

# 2

---

## MACROECONOMIC ENVIRONMENT



# SUBDUED ECONOMIC GROWTH, INFLATION ANCHORS ON DOWNSIDE

## Subdued growth across Europe, acceleration expected by 2024 end

Despite significant progress on reversing inflation dynamics and somewhat less restrictive policy rates, challenges remain

EU GDP growth at 0.5% YoY in Q1 2024

RO GDP lost momentum during Q1, increasing by 0.5% YoY (vs. 3% in Q4 2023), on lower investments and higher negative contribution of net exports, while household consumption continued to register a faster annual growth

2.8% estimated GDP growth in Romania in 2024 according to IMF, with further acceleration expected in 2025, at 3.6% YoY

## Easing inflation

Euro area inflation printed at 2.5% in June 2024

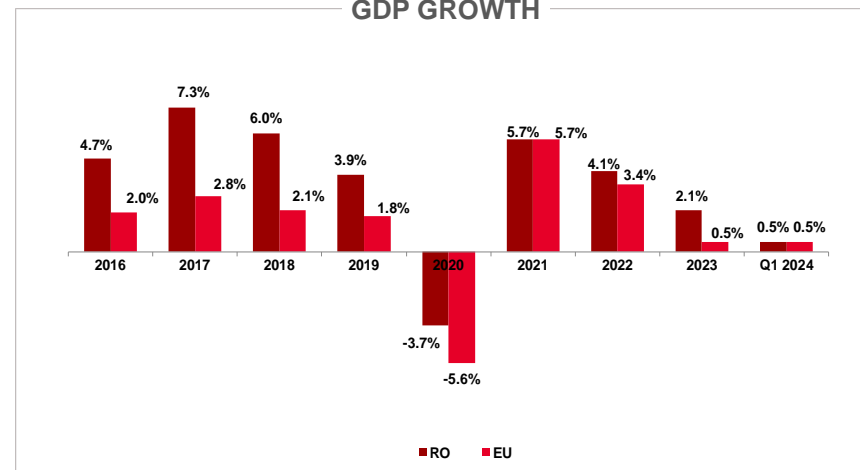
Domestic inflation continued its downward trend in H1 2024, reaching 4.9% as of Q2 2024 end vs. 6.6% as of Q1 2024 end, below the National Bank of Romania's ("NBR") target of 6% by Q2 2024

Inflationary pressures expected to continue to decrease over the course of 2024, likely paving the way for a less restrictive monetary policy

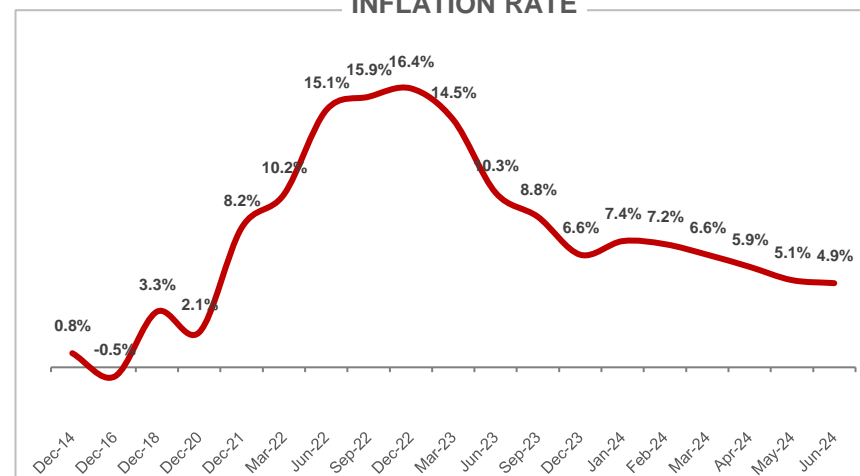
NBR estimates place inflation at 4.9% in Q4 2024 and at 3.5% by Q4 2025, converging towards the upper bound of the variation band of the target (2.5% ±1 pp)

Source: BRD Research, NBR reports

## GDP GROWTH



## INFLATION RATE



# PRUDENTLY EASING MONETARY POLICY, ELEVATED MARKET LIQUIDITY

## NBR started cautiously to loosen its monetary policy

Given the decrease of inflation on a significantly less steep path than previously estimated, on July 5<sup>th</sup> 2024, NBR reduced the monetary policy rate by 25bps to 6.75%

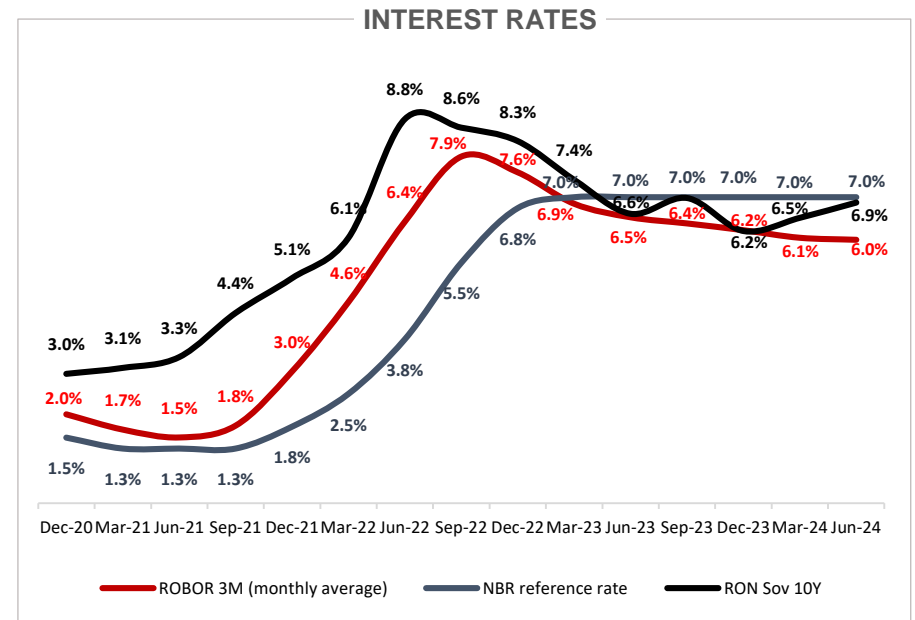
The decision, matching market expectations, was taken against a complex landscape, with external and internal tensions demanding a cautious approach going forward

## Shily down-heading money market rates

After its peak of 8.2% in October 2022, ROBOR 3M reduced gradually and stabilized around 6% level

## Liquidity remains elevated

Although decreasing from the record high of almost RON 61 bn (daily avg.) in January 2024, the highest level since 2012, interbank liquidity kept high, reaching aprox. RON 50 bn (daily avg.) in June 2024



Source: BRD Research, NBR Monthly reports

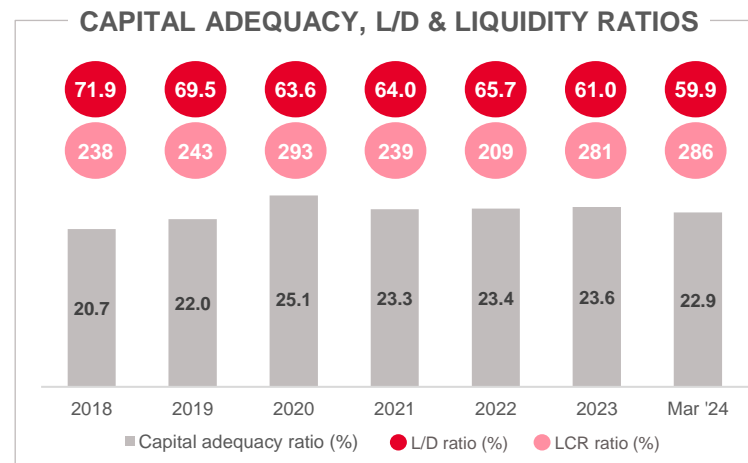
# ROMANIAN BANKING SECTOR – PRUDENTIAL INDICATORS REMAIN SOLID

## Comfortable solvency and liquidity

Solid capital adequacy, driven by strong capital generation, at 22.9% as at March 2024 end, c. 200bps higher than the EU average

Loan to deposit ratio (“L/D”) continued its downward trend since 2022 end, reaching 59.9% at March 2024 end, significantly lower than EU average (107.1% at December 2023 end)

Liquidity continued to improve, with LCR standing at 286% as at March 2024, significantly above both EU average (167% at 2023 end) and regulatory requirement (100%)



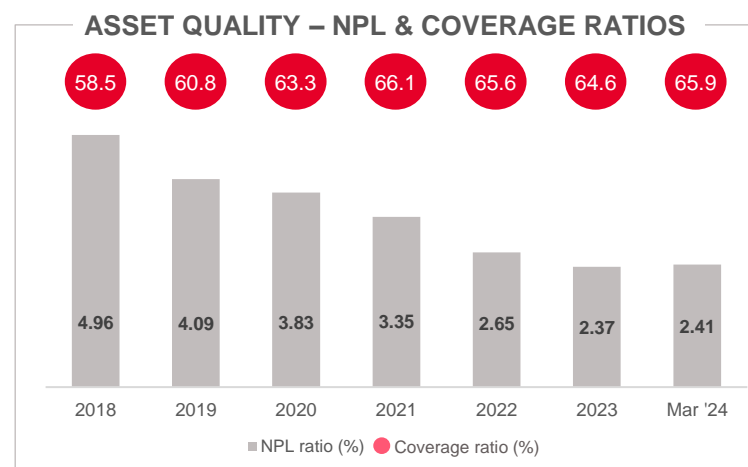
## Strong asset quality, solid provisioning & reducing NPLs

NPL ratios remained broadly flat vs 2023 end, reaching 2.41% in March 2024, and only slightly higher than the EU average (1.9% and 2023 end)

The challenging global macroeconomic context may lead to a reversal in NPL trends, with latest reported volumes marginally increasing the ratio to 2.48% (May 2024)

Coverage levels remain strong at c. 66% in March, more conservative than the average EU levels at 42.3% (2023 end)

FX loans maintained a broadly flat trend since June 2023, reaching c. 30% as at May '24, comparable to 2020 levels





3

---

**2<sup>ND</sup> QUARTER AND 1<sup>ST</sup> HALF 2024  
BRD GROUP RESULTS**



GRUPE SOCIETE GENERALE

# SPEEDING-UP ADOPTION OF A RELEVANT DIGITAL OFFER



## FURTHER INCREASED USAGE OF E-CHANNELS

~**1.6m** YouBRD users at June 2024 end, **+20% y/y**

**14.5m transactions** via YouBRD, **+30% y/y** vs H1 23

**97%** of large corporate clients' and **96%** of SMEs transactions performed via digital channels during H1 2024

**72%** of deposits & **92%** savings accounts opened directly in YouBRD, during H1 2024

**64%** of import L/Cs and **50%** LG processed through the trade finance client interface ("AllNet") during H1 2024

**5.3bn** RON factoring turnover during H1 2024, + 2.4% y/y

**139.6m** acquiring transactions during H1 2024, +23.5% y/y

## HIGH QUALITY CUSTOMER INTERACTION CENTER

**98%** of calls handled (vs. 94% in H1 2023)

**88%** calls answered in the first 30" (vs. 71% in H1 2023)

**13"** average time for taking a call (vs. 33" in H1 2023)

Intensified package sales ~ **2.4k** (vs. 900 in H1 2023)

**Best Internal Contact Center (Medium size)** - awarded at Customer Care Conference & Expo 2024

## ENHANCED DIGITAL JOURNEY

**100% online** APIA loans for small businesses

**Digital signature** in branch for PI lending application

Videocall feature for Espresso online lending

**Cashback** loyalty program



**>300k** users, in just one month after launch

FX capabilities between own accounts 24/7/365



## NETWORK OPTIMIZATION

**Reduced no of branches** **-52 y/y**, to **389** at Jun 24 end  
**-52%** versus 2016 end

**Expanded cashless approach**

**212** 24/7 banking points,  
**+25.4% y/y** at Jun 24 end  
**>50% of branches**

# STRONG LENDING GROWTH ACROSS ALL SEGMENTS

**Corporate lending maintained an excellent performance,** with double-digit growth on both SMEs and large companies

- ✓ outstanding loans, +14.3% YoY on SMEs and +26.9% YoY on large corporates as of June 2024 end
- ✓ active participation in governmental programs, with RON 3bn approved loans under IMM Plus during H1 2024
- ✓ consistent demand for leasing financing, with net outstanding increasing by +20.3% YoY as of June 2024 end

## Growing momentum in positive impact finance

RON 0.7bn new sustainable financing during H1 2024

Cumulated sustainable financing over the last 3 years of >EUR 1bn, exceeding initial target set for 2025

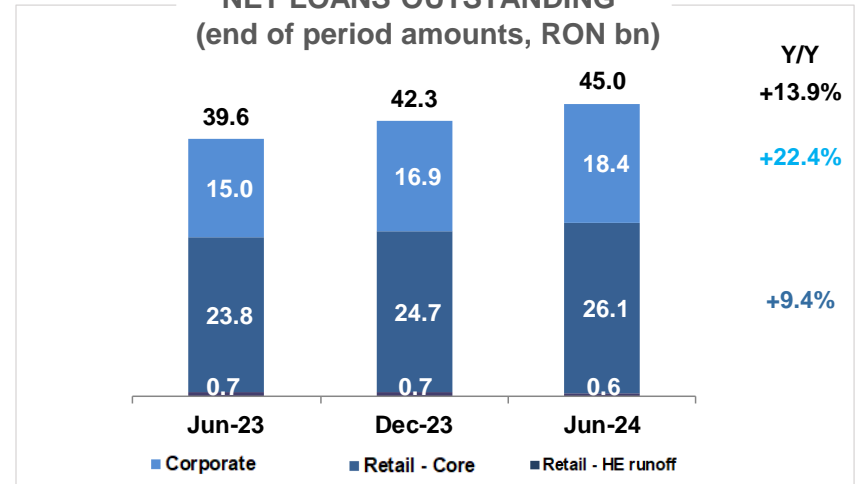
## Record new granted individual loans

Loan origination on individuals' segment taps new record levels, RON 5.2 bn in H1 2024, +51% YoY

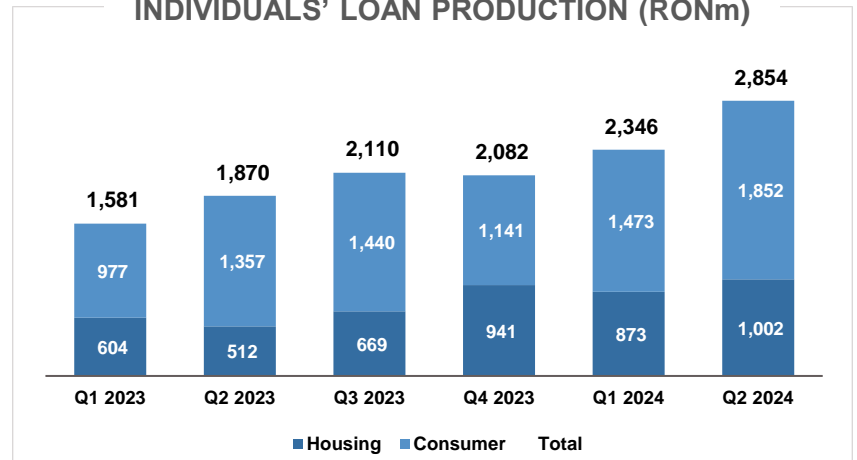
- ✓ new consumer loans consistently growing, +38% YoY in H1 2024
- ✓ new housing loans picking up pace both in value (+68% YoY) and in number (+14% YoY) in H1 2024

Core retail net loans outstanding up +9.4% YoY, underpinned by both individuals and small businesses

**NET LOANS OUTSTANDING**  
(end of period amounts, RON bn)



**INDIVIDUALS' LOAN PRODUCTION (RONm)**



# EXPANDING, ROBUST AND DIVERSIFIED DEPOSIT BASE

## Consistent growth in deposit volumes

Retail deposits, +10.8% y/y at June 2024 end, with strong dynamic on term deposits, on rates context change

Corporate deposits increase by +14.3% y/y at June 2024 end, driven by higher net inflows from both:

- ✓ large corporate clients, +13.8% y/y
- ✓ SMEs clients, +15.2% y/y

## Robust liquidity

L/D at 68.8% at June 2024 end (vs 67.7% at June 2023 end)

High liquidity buffer (33% of total assets, mainly composed of government bonds)

## Diversified saving products portfolio

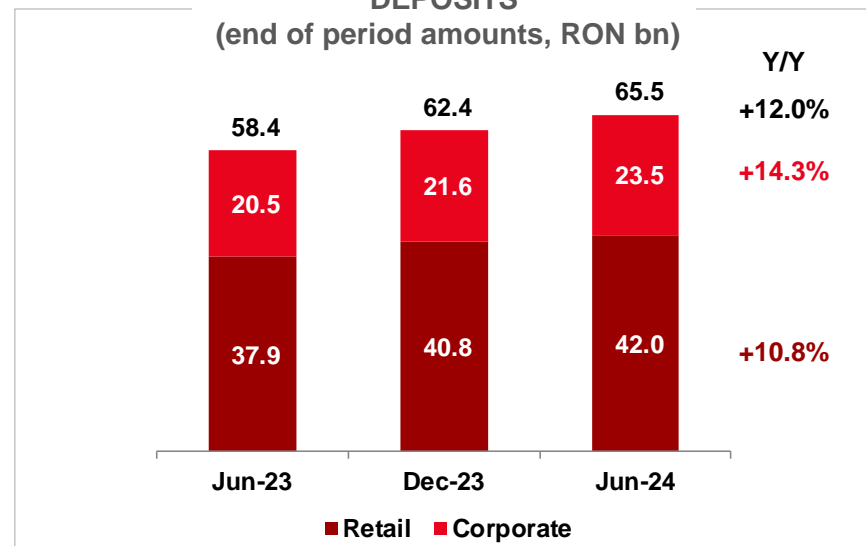
BRD Asset Management

- ✓ 1<sup>st</sup> position on UCITS market, for the first time in its history, with RON 5.1 bn AuM (+46% y/y) and ~21% market share (“ms”) at June 2024 end
- ✓ offers investment solutions to more than 150 thousand clients across 12 investment funds

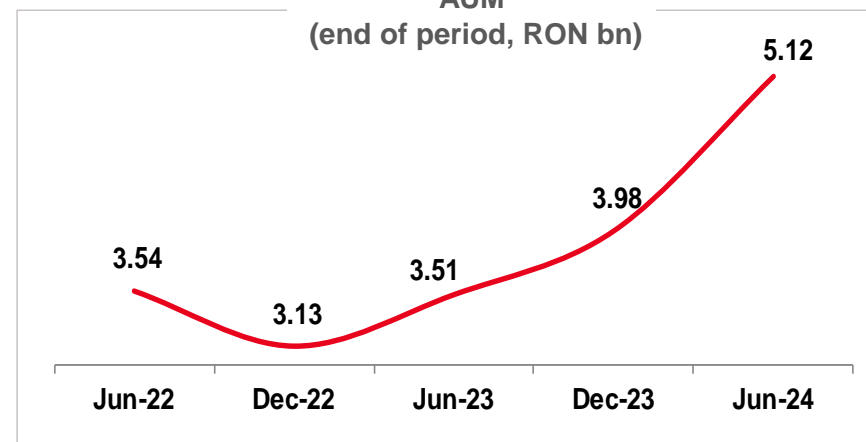
Active participation in Fidelis program, 29% average MS on the Romanian government bond issuance for individuals held in H1 24

BRD Asigurari de Viata in top 4 life insurers, ~12% MS at Q1 24 end

DEPOSITS  
(end of period amounts, RON bn)



AUM  
(end of period, RON bn)



## DYNAMIC VOLUMES, LEADING DRIVER OF REVENUES GROWTH

**Steady NII growth**, above +7% y/y in both H1 2024 and Q2 2024, on dynamic lending activity across the board

- ✓ corporate loans outstanding, + 22.4% y/y at Jun 24 end
- ✓ core retail loans outstanding, +9.4% y/y at Jun 24 end

...tempered by higher cost of funding

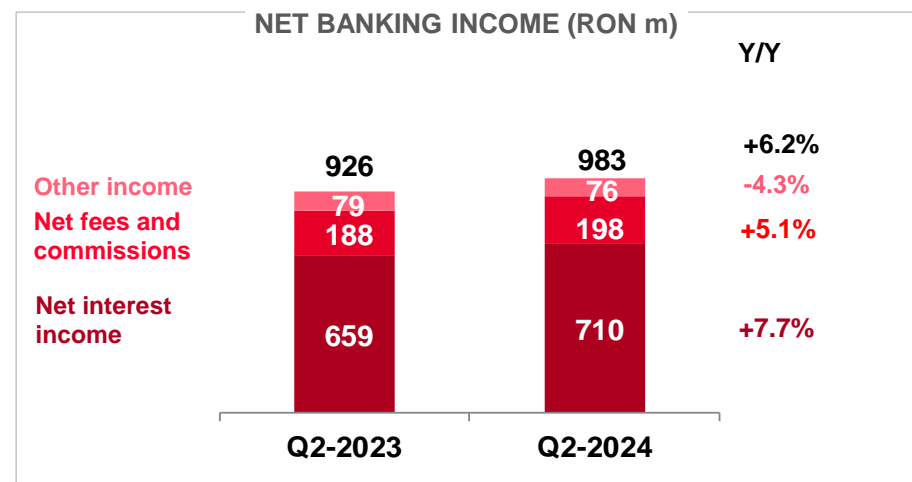
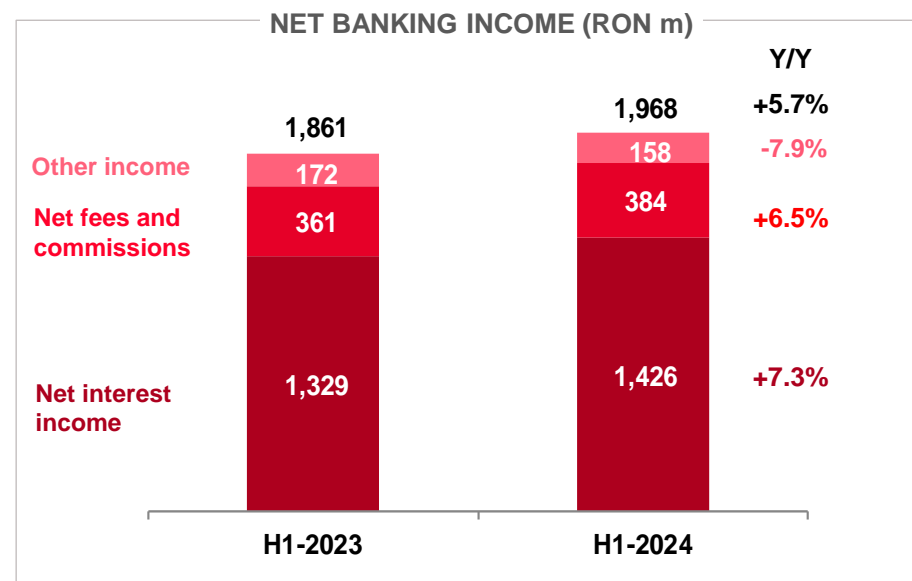
**NFC performing well**, +6.5% y/y in H1 2024 and +5.1% y/y in Q2 2024, on:

- ✓ higher revenues on cards, transfers and growing no of packages
- ✓ increased contribution from custody and brokerage services given the active participation in Fidelis campaigns

...with the flipside of revenues from cash transactions continuing to trend lower given increasing digital penetration and contraction in fees on current accounts outside packages

**Other income** impacted by one-off limited provision booked in Q1 2024 and change to fair value accounting during Q2 2024 of BRD Finance loan portfolio (which is "held for sale")

...while net income from financial operations preserved a positive dynamic



# NEW LEVY TAX WEIGHS ON COSTS, INFLATION PRESSURE PERSISTS ALBEIT REDUCED

**OPEX** controlled at +5% y/y in H1 '24 and Q2 '24, excluding new levy tax and cumulated contributions to FGDB&RF

**Staff expenses** +7% y/y in H1'24 and +4.8% in Q2'24, related to price effect and increased benefits, given a highly competitive talent market

**Savings on lower FGDB&RF contributions far exceeded by the new tax on turnover in H1 2024**

FGDB&RF contributions, RON 44m in 2024 vs RON 68m in 2023  
New levy tax, RON 61.8m in H1 2024

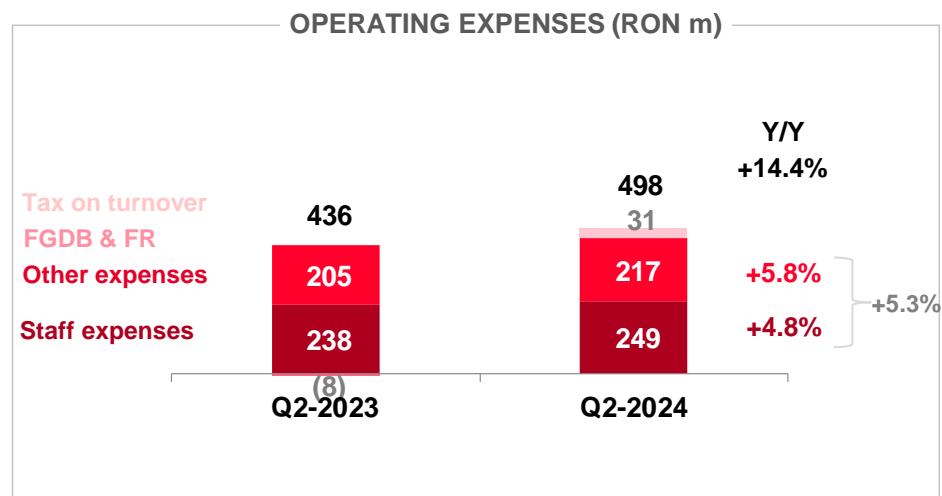
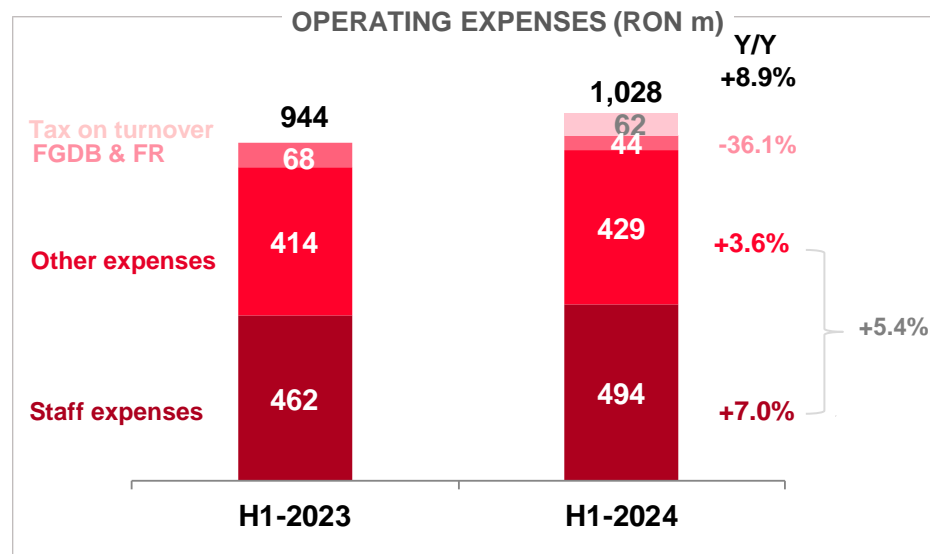
**Other costs evolution**, mainly linked to external services and increased IT&C related expenses supporting further achievements on our digital roadmap

**C/I evolution reflecting new tax enforcement**

49.1%\* in H1 24 from 50.7% in H1 23

47.5%\* in Q2 24 from 47% in Q2 23, marginal increase given a base effect associated to FDGB&RF downward adjustment

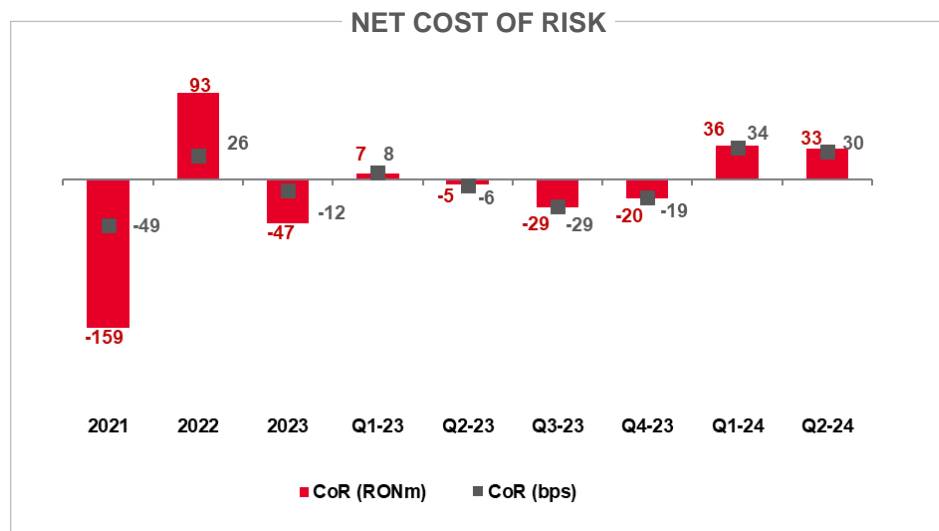
\* C/I excluding new tax on turnover



# STABLE PORTFOLIO EVOLUTION IN THE SECOND QUARTER

## Net cost of risk at +30 bps in Q2 2024

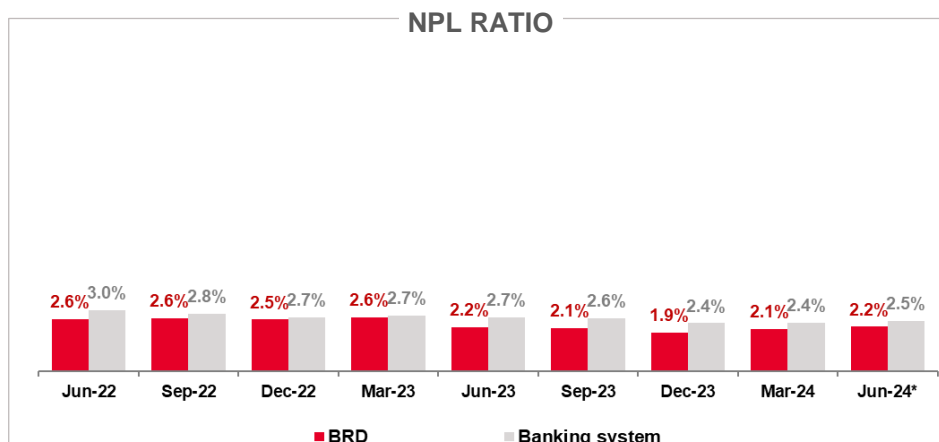
Stable cost of risk amid continuous portfolio growth and solid asset base



\*Note: CoR (bps) in quarter is annualized

## NPL ratio and Outlook

Stable NPL ratio, mirroring banking system evolution  
 NPL ratio expected to remain below 2.5% throughout 2024  
 NPL coverage ratio comfortably at 77%



\* NPL for Banking System as of May 2024

Notes: NPL computed acc. to EBA risk indicator AQT\_3.2

NPL coverage computed acc. to EBA risk indicator AQT\_41.2

All figures at individual level



# STRONG CAPITAL POSITION, MREL COMPLIANCE ENSURED

## Solid high quality capital base

CAR of 23.1% at June 2024 end

Regulatory own funds composed of Tier 1 and Tier 2 capital

Tier 2 capital consists of EUR 250m subordinated loans

The year-on-year variation of own funds driven by:

- ✓ incorporation of 50% of 2023 net profit
- ✓ positive influence of lower negative revaluation reserves of debt instruments accounted at fair value through other comprehensive income

...partially reduced by dividend distribution (50% of 2022 net profit, approved by GSM in Dec 23)

Total risk exposure amount variation explained by:

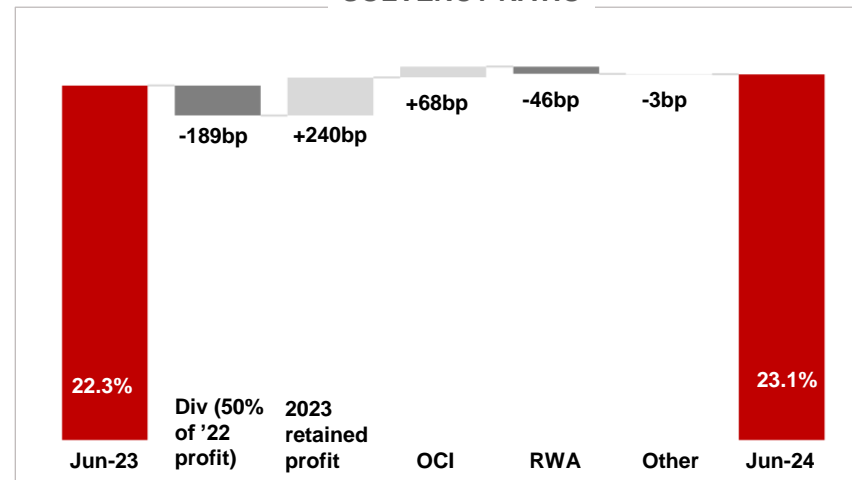
- ✓ increasing exposure on both retail and corporate
- ✓ RWA relief given innovative synthetic securitization transaction with IFC (member of the World Bank Group) on a reference corporate portfolio of EUR 700 m

## Balance sheet meeting MREL requirement

MREL at ~36% (% of TREA) at Jun 2024 end

*MREL at sub-consolidated level, preliminary data as of June 2024 end  
TREA = Total risk exposure amount*

## SOLVENCY RATIO



Bank only	Jun-23	Dec-23	Jun-24
Common Equity Tier 1 (RONm)	6,364	6,859	6,757
Tier 1 (RONm)	6,364	6,859	6,757
Tier 2 (RONm)	1,241	1,244	1,244
Total own funds (RONm)	7,605	8,103	8,002
Total risk exposure amount (RONm)	34,032	35,291	34,714
Tier 1 Ratio	18.7%	19.4%	19.5%
Total Capital Ratio	22.3%	23.0%	23.1%

*Note:  
CAR as of Jun 2024 end is preliminary  
Own funds at Mar 24 end include 50% of 2023 net profit*



# 4

---

## CONCLUSIONS



GRUPE SOCIETE GENERALE

# H1 2024: COMMERCIAL ACTIVITY MAINTAINED STRONG ADVANCE

---

- **1<sup>ST</sup> half 2024 results reflecting BRD's strength and capacity to deliver value**
  - ✓ **Net loans outstanding, up +14% y/y, benefitting from across-the-board business growth**
    - Corporate loans maintained a dynamic track, building on strong partnerships and value recognition on the market
    - Loan origination on individuals reached new record levels, marking excellent growth on both housing and consumer
  - ✓ **Positive impact financing early-touched 2025 target: EUR 1.1bn of cumulative sustainable financing**
  - ✓ **Landmark synthetic SRT transaction with IFC, during Q1 2024, to support BRD's commitment on boosting the financing of impactful sustainability-related projects in Romania**
  - ✓ **Diversified and steadily increasing deposit base, +12% y/y**
  - ✓ **Intensified usage of digital channels, 1.6 m users of YouBRD mobile application, +20% y/y at June 24 end and enriched offering: cashback loyalty program, 100% online APIA loans**
- **Solid financial results**
  - ✓ **Volume driven growing revenues and controlled opex increase**
  - ✓ **Asset quality ratios managed at sound level; cost of risk reflecting a closer to "through the cycle" level**
  - ✓ **RON 694m net profit and solid ~16% ROE in H1 24**
- **Comfortable capital and liquidity standing, solid fundamentals to support lending capacity, further enforced by innovative partnership with IFC**

# 5

---

## Q&A SESSION



GRUPE SOCIETE GENERALE

# 6

---

## APPENDIX

BRD GROUP – KEY FIGURES  
BRD STANDALONE - KEY FIGURES  
BRD STOCK PRICE PERFORMANCE  
FINANCIAL CALENDAR FOR 2024  
GLOSSARY – CLIENT SEGMENTATION



GRUPE SOCIETE GENERALE

## BRD GROUP | KEY FIGURES

RON m	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
<b>Net banking income</b>	<b>983.4</b>	<b>926</b>	<b>+6.2%</b>	<b>1,968</b>	<b>1,861</b>	<b>+5.7%</b>
Operating expenses	(498.5)	(436)	+14.4%	(1,028)	(944)	+8.9%
Gross operating income	485	491	-1.2%	940	918	+2.4%
Net cost of risk	(37)	15	n.a.	(91)	5	n.a.
<b>Net profit</b>	<b>367</b>	<b>425</b>	<b>-13.7%</b>	<b>694</b>	<b>768</b>	<b>-9.6%</b>
Cost/Income	50.7%	47.0%	+3.7 pt	52.2%	50.7%	+1.5 pt
ROE	16.5%	21.4%	-4.9 pt	15.9%	20.1%	-4.3 pt

RON bn	Jun-24	Jun-23	vs. Jun 23
<b>Net loans including leasing (RON bn)</b>	<b>45.0</b>	<b>39.6</b>	<b>+13.9%</b>
Retail	26.7	24.6	+8.6%
Corporate	18.4	15.0	+22.4%
<b>Total deposits (RON bn)</b>	<b>65.5</b>	<b>58.4</b>	<b>+12.0%</b>
Retail	42.0	37.9	+10.8%
Corporate	23.5	20.5	+14.3%
<b>Loan to deposit ratio</b>	<b>68.8%</b>	<b>67.7%</b>	<b>+1.1 pt</b>

## BRD STANDALONE | KEY FIGURES

RON m	Q2-2024	Q2-2023	Change	H1-2024	H1-2023	Change
<b>Net banking income</b>	<b>950</b>	<b>911</b>	<b>+4.3%</b>	<b>1,891</b>	<b>1,804</b>	<b>+4.8%</b>
Operating expenses	(487)	(418)	+16.5%	(998)	(905)	+10.3%
Gross operating income	463	493	-6.0%	893	899	-0.7%
Net cost of risk	(33)	5	n.a.	(69)	(2)	43.9x
<b>Net profit</b>	<b>353</b>	<b>419</b>	<b>-15.8%</b>	<b>675</b>	<b>752</b>	<b>-10.2%</b>
Cost/Income	51.3%	45.9%	+5.4 pt	52.8%	50.2%	+2.6 pt
ROE	16.6%	22.2%	-5.6 pt	16.2%	20.8%	-4.6 pt

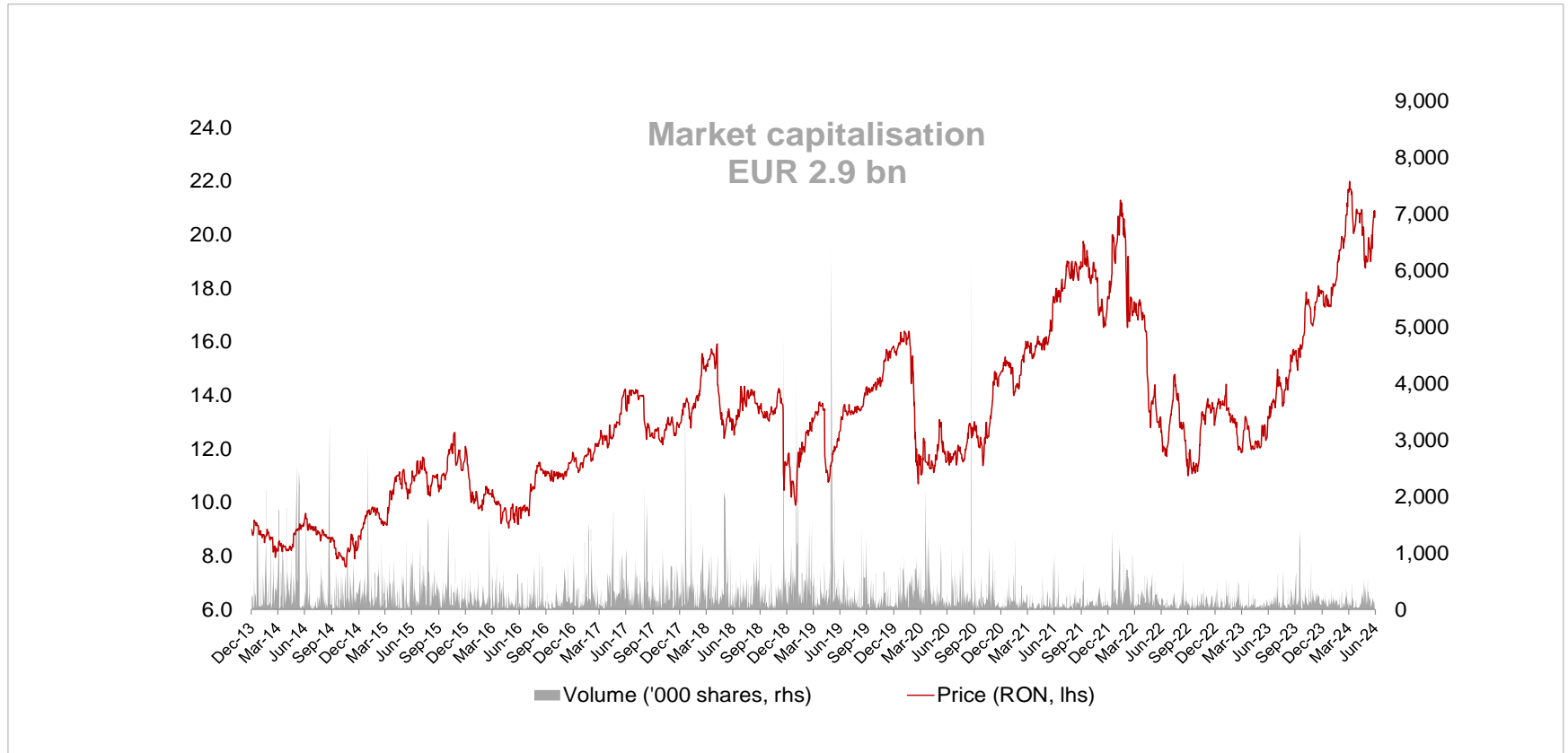
RON bn	Jun-24	Jun-23	vs. Jun 23
<b>Net loans (RON bn)</b>	<b>42.7</b>	<b>37.3</b>	<b>+14.7%</b>
Retail	25.9	23.4	+10.3%
Corporate	16.9	13.8	+22.2%
<b>Total deposits (RON bn)</b>	<b>65.7</b>	<b>58.6</b>	<b>+12.0%</b>
Retail	42.0	37.9	+10.8%
Corporate	23.7	20.7	+14.2%
<b>Loan to deposit ratio</b>	<b>65.1%</b>	<b>63.6%</b>	<b>+1.5 pt</b>

<b>CAR</b>	<b>23.1%</b>	<b>22.3%</b>	<b>+0.7 pt</b>
------------	--------------	--------------	----------------

<b>No of branches</b>	<b>389</b>	<b>441</b>	<b>-52</b>
-----------------------	------------	------------	------------

CAR at Jun 2024 end is preliminary. Own funds at Jun 2024 end include 50% of 2023 net profit

# BRD | STOCK PRICE PERFORMANCE



- BRD is part of the main market indices on the Bucharest Stock Exchange
- BRD's share price reached RON 20.9 as of June 2024 end, up by +58% y/y

# FINANCIAL CALENDAR FOR 2024

---

8<sup>th</sup> February: Preliminary 2023 financial results

25<sup>th</sup> April: General Shareholders Meeting for approving the 2023 annual financial results

2<sup>nd</sup> May: Presentation of 1<sup>st</sup> quarter 2024 financial results

1<sup>st</sup> August: Presentation of 2<sup>nd</sup> quarter and 1<sup>st</sup> half 2024 financial results

**31<sup>st</sup> October: Presentation of 3<sup>rd</sup> quarter and 9 months 2024 financial results**



## GLOSSARY – CLIENT SEGMENTATION

---

- The **Retail** category is comprised of the following customer segments:
  - **Individuals** – BRD provides individual customers with a range of banking products such as: savings and deposits taking, consumer and housing loans, overdrafts, credit card facilities, funds transfer and payment facilities.
  - **Small business** – business entities with annual turnover lower than EUR 1m and having an aggregated exposure at group level less than EUR 0.3m. Standardized range of banking products is offered to small companies and professionals: savings and deposits taking, loans, transfers and payment services.
- The **Corporate** category is comprised of the following customer segments:
  - **Small and medium-sized enterprises** - companies with annual turnover between EUR 1m and EUR 50m and the aggregated exposure at group level higher than EUR 0.3m. The Bank provides SMEs with a range of banking products such as: savings and deposits taking, loans and other credit facilities, transfers and payment services.
  - **Large corporate** - within corporate banking BRD provides customers with a range of banking products and services, including lending and deposit taking, provides cash-management, investment advices, securities business, project and structured finance transaction, syndicated loans and asset backed transactions. The large corporate customers include companies with annual turnover higher than EUR 50m, municipalities, public sector and other financial institutions.



BRD GROUPE SOCIETE GENERALE - INVESTOR RELATIONS

+4 021 380 47 62 | [investor@brd.ro](mailto:investor@brd.ro); [www.brd.ro](http://www.brd.ro)