

# Quarterly Report

September 30, 2024

according to Financial Supervisory Authority Regulation  
no 5/2018

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## 1. THE COMPANY AND ITS SHAREHOLDERS

### BRD – GROUPE SOCIÉTÉ GÉNÉRALE PROFILE

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

In March 1999, Société Générale (“SG”) bought a stake representing 51% of the share capital, increasing its holding to 58.32% in 2004, through the acquisition of the residual stake from the Romanian State. As at September 30, 2024, SG was holding 60.17% of the share capital.

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

BRD identification data are the following:

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

### EXTERNAL RATING

As at September 30, 2024, the Bank had the following ratings:

<b>Fitch</b> (last rating update: September-2024*)	<b>Rating</b>
Foreign-Currency Short-Term Issuer Default Rating	F2
Foreign-Currency Long-Term Issuer Default Rating	BBB+

<b>Moody's</b> (last rating update: April-2024**)	<b>Rating</b>
Domestic Currency Short-Term Deposit	Prime-2
Domestic Currency Long-Term Deposit	Baa1
Foreign Currency Short-Term Deposit	Prime-2
Foreign Currency Long-Term Deposit	Baa1

\* Fitch reaffirmed LT IDR at 'BBB+' with stable outlook in September 2024

\*\* Moody's affirmed Bank's LT and ST foreign currency deposit rating to Baa1/Prime-2 in May 2023, with stable outlook. On the last periodic review, on April 2024, rating and outlook remained unchanged.

**BRD GROUP („GROUP”)** consolidates the following entities:

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

## **SOCIÉTÉ GÉNÉRALE PROFILE**

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

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

Active in the real economy for over 160 years, with a solid position in Europe and connected to the rest of the world, Société Générale has more than 126,000 members of staff in 65 countries and supports on a daily basis around 25 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions.

The Group runs three complementary sets of businesses, embedding ESG offerings for all its clients:

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

The latest credit ratings of Société Générale are available at

<https://investors.societegenerale.com/en/financial-and-non-financial-information/ratings/credit-ratings>

## **BRD POSITION WITHIN SOCIÉTÉ GÉNÉRALE**

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

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

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

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

## KEY FIGURES

		9 months to 30-Sep-2023	9 months to 30-Sep-2024	Change
	<b>The Group</b>			
<b>Financial results</b>	Net banking income (RONm)	2,831	2,984	+5.4%
	Operating expenses (RONm)	(1,390)	(1,512)	+8.8%
	Cost of risk (RONm)	35	(136)	n.a.
	Net profit (RONm)	1,227	1,094	-10.9%
	Cost / Income ratio	49.1%	50.7%	+1.6 pt
	ROE	20.9%	16.1%	-4.7 pt
	<b>RON bn</b>	<b>Sep-23</b>	<b>Sep-24</b>	<b>Change</b>
<b>Loans and deposits</b>	Total net loans (incl. leasing)	41.3	47.6	+15.1%
	Total deposits	60.6	65.4	+7.9%
	<b>The Bank</b>	<b>9 months to 30-Sep-2023</b>	<b>9 months to 30-Sep-2024</b>	<b>Change</b>
<b>Financial results</b>	Net banking income (RONm)	2,728	2,884	+5.7%
	Operating expenses (RONm)	(1,332)	(1,471)	+10.4%
	Cost of risk (RONm)	28	(113)	n.a.
	Net profit (RONm)	1,191	1,066	-10.5%
	Cost / Income ratio	48.8%	51.0%	+2.2 pt
	ROE	21.3%	16.5%	-4.9 pt
	<b>RON bn</b>	<b>Sep-23</b>	<b>Sep-24</b>	<b>Change</b>
<b>Loans and deposits</b>	Total net loans	39.0	45.2	+15.9%
	Total deposits	60.8	65.7	+8.0%
	<b>RON m</b>	<b>Sep-23</b>	<b>Sep-24</b>	<b>Change</b>
<b>Capital adequacy</b>	Own funds (RONm)	7,219	9,473	+31.2%
	RWA (RON bn)	35,581	34,406	-3.3%
	CAR*	20.3%	27.6%	+7.3 pt
<b>Franchise</b>	No of branches	432	388	(44)

Notes:

\* CAR for Sep'24 end is preliminary. CAR without the new regulatory temporary treatments (implemented through art 468 and art 500a of CRR3 in July 2024), is 22.9% as of Sep'24 end

As of December 31, 2023 BRD Finance IFN SA is in a run off process and entered into a process for selling its entire loan portfolio. As at September 30, 2024 BRD Finance IFN SA sold its entire loan portfolio, previously reclassified into held for sale, to a third party. The management intends to cease the activity and from this perspective it has assessed that the going concern basis for the preparation of its financial statements is not appropriate. Therefore, as of September 30, 2024 and December 31, 2023 the BRD Finance IFN SA financial statements were prepared in compliance with IFRS, but no longer as a going concern basis. The entity has been included in the consolidated financial statements of the Group on this basis. Starting August 22, 2024 the entity was no longer registered as a non-banking financial institution in the National Registry.

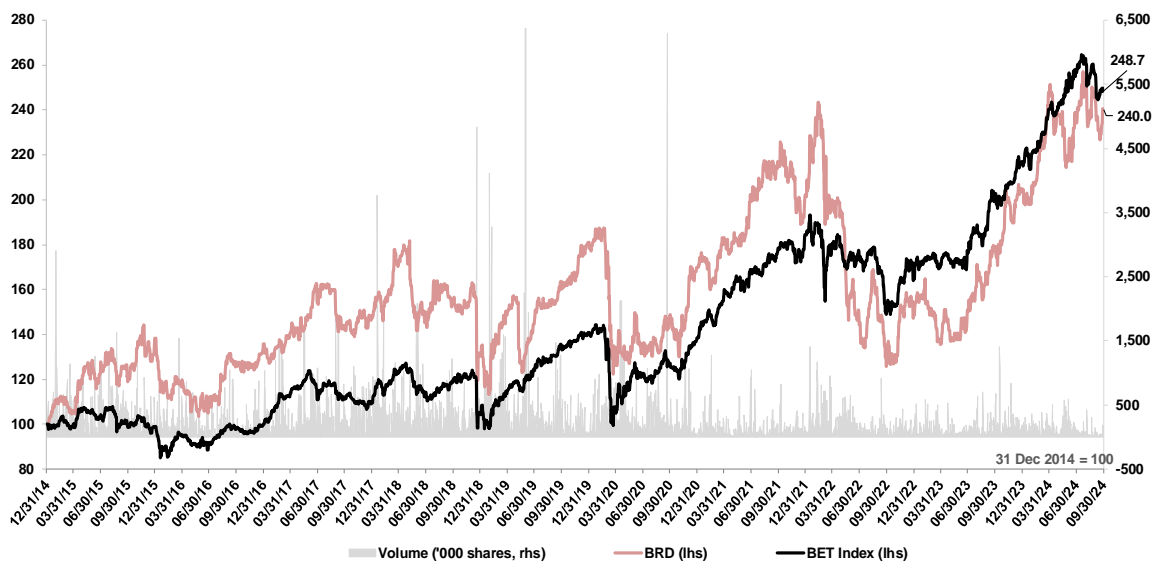
## BRD SHARE

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

The closing price for BRD share as at September 30, 2024, was of RON 21.00 /share (RON 17.92 /share at December 31, 2023 and RON 15.62 /share at September 30, 2023). On the same date, the market capitalization was RON 14,634.93 million (RON 12,488.48 million at December 31, 2023 and RON 10,885.60 million at September 30, 2023).

During January – September 2024, neither the Bank, nor its subsidiaries bought back own shares.

### Evolution of BRD's share price versus the BET Index and BRD's volume of shares for the period December 31, 2014 – September 30, 2024



Source: Bloomberg

## 2. ECONOMIC AND BANKING ENVIRONMENT

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The start of 2024 was optimistic, with growth prospects seemingly ready to take flight due to a more favorable macroeconomic environment, enhanced purchasing power, and inflows of EU funds. However, negative external conditions constrained economic advancement.

Romania's economy is experiencing a downturn, with GDP growth slowing to 0.7% in the first half of 2024, the lowest rate since 2013, stepping off the European podium to which it got acquainted. During Q2'24, GDP growth was limited to 0.9% with a positive contribution from increasing household consumption (+4.5% to GDP growth rate) and gross capital formation (+0.8% to GDP growth rate), while net exports contribution remained negative (-4.5% to GDP growth rate). Overall, limited export diversification and a high dependency on imports continue to exert pressure on the economy.

According to IMF's latest report (World Economic Outlook – October 2024), Romania's GDP growth is expected to reach 1.9% in 2024 (lowered from 2.8%, the previous estimate in April 2024) and to revigorate in 2025 to 3.3%.

As of end of 2023, Romania's National Recovery and Resilience Plan stands at EUR 28.5 bn (EUR 14.9 bn in loans, EUR 13.6 bn in grants) covering 66 reforms and 111 investments (177 measures), structured around 16 components. In December 2023, Romania sent the third payment request to the European Commission, worth EUR 2.7 bn (EUR 1.9 bn grants and EUR 0.8 bn loans), adding to the EUR 9.5 bn received so far. In October 2024, the European Commission has conducted a positive preliminary assessment of this third payment request confirming the satisfactory fulfilment of 39 out of 43 milestones for non-repayable support and 29 out of 31 milestones for loan support. This assessment included a review of a statistically significant sample of documentation, ensuring compliance with regulations. Key reforms highlighted in the assessment include improvements in the education system, electricity market, tax administration and public pension system. The Commission will request the Economic and Financial Committee's opinion on these findings. Following the assessment, the country will have six months to address the issues identified. If these conditions are not met, the corresponding pro-rated amount will not be disbursed.

While substantial progress has been made in the global fight against inflation, the challenge remains. Ongoing price increases in the service sector, labor shortages, and potential upward risks require caution in declaring victory. Euro area annual inflation declined to 1.7% in September 2024, down from 2.2% in August. Among the main components, services recorded the highest annual rate in September (3.9%), followed by food, alcohol, and tobacco (2.4%). Non-energy industrial goods remained stable at 0.4%, while energy decreased further to -6.1%.

Domestic inflation continued to decelerate in September 2024 (4.6% vs. a high rate of 8.8% in September 2023), though it counted the highest at EU level. The most significant price increases over the past year were in services (+7.9%) and food (+4.7%), whereas energy (-6.0%) and fuel (-1.3%) were key factors contributing to the overall deceleration. At its meeting from August, the National Bank of Romania has revised its inflation forecast for 2024 end, down from 4.9% to 4%, and to 3.4% (from 3.5% previously) by the end of 2025. Nevertheless, the new data and assessments would suggest that annual inflation rate would decline until end-2024 on a fluctuating and higher path than that shown in the August medium-term forecast, according to NBR. Similarly, inflation projections have been revised downward also by other institutions (i.e. according to IMF, Romania's inflation is expected to reach 4.2% at 2024 end and 3.4% at 2025 end).

In terms of monetary policy, National Bank of Romania maintained the key rate at 7% during the first half of 2024 and reduced it to 6.5% after two consecutive cuts of 25 bps each, in July and August 2024, respectively. This decision was influenced by an improvement in the short-term inflation outlook compared to prior forecasts, while also acknowledging the persistent high uncertainties surrounding longer-term projections.

In terms of banking activity, the annual growth rate of gross loans outstanding reached +8.4%\* YoY at August 2024 end, with more than double annual growth rate vs. September 2023 end, largely sustained by corporates (+9.2%\* YoY). Loans to individuals picked up gradually, reversing the negative performance from June - September 2023 and entering into positive annual growth starting October 2023. This trend continued throughout 2024, achieving a YoY increase of +7.3%\* by August 2024 end. This growth was driven to a large extent by consumer lending, which sustained a positive and consistently increasing growth rate, reaching +14.6%\* YoY by the end of August 2024, compared to +1.7%\* YoY at the end of September 2023 and +4.2%\* YoY at the end of December 2023. Housing

loans showed a more modest, yet improving performance, rising to +2.6%\* YoY by August 2024, up from -1.2%\* YoY at the end of September 2023 and -0.5%\* YoY at the end of December 2023.

The annual deposits dynamic more than doubled as of August 2024 end compared to September 2023 end, reaching +11.2%\* YoY (vs +5.5%\* YoY at September 2023 end). Both individual and corporate savings registered a double-digit annual growth. After a year of contraction, the foreign exchange component returned to growth during Q3'24, mostly driven by higher inflows from corporate segment (+7.1%\* YoY at August 2024 end), while the collection in local currency kept stronger on individuals segment (+19.9%\* YoY at August 2024 end).

On asset quality, the Romanian banking sector remains classified into EBA's "low risk" bucket with a level of NPL (non-performing loans) ratio <3% and NPL coverage ratio > 55%. As at August 2024 end, NPL ratio increased marginally to the level of 2.56% (vs. 2.4% at December 2023 end). NPL coverage ratio stood high at 67% at June 2024 end (vs. 65% at December 2023 end).

The Romanian banking system remains well capitalized, as reflected by the solid capital adequacy ratio of 24.1% as of June 2024 end (vs. 23.6% as of December 2023 end), higher than EU average (20.1% at June 2024 end) and significantly above the overall capital requirements (17.2% as of March 2024 end). On the medium term, a potential negative factor on the capital position could be the implementation of the Basel IV directive (published as of May 2024 end), which may lead to an increase of capital requirements for Romanian banks of 3.6% of risk-weighted assets ("RWAs") on average by the time it is fully implemented in 2028 (as per NBR Financial Stability Report, June 2024).

The Romanian banking system also boasts a strong liquidity position, with a Liquidity Coverage Ratio of 241.6% as of August 2024 end (vs. 281% at December 2023 end), remaining well above the minimum regulatory requirement (100%) and the EU average (163.2% at June 2024 end).

*\* variation at constant exchange rate*

*Source: BRD Research, IMF, NBR, EBA Risk Dashboard Report Q2 2024*



### 3. COMMERCIAL ACTIVITY

BRD ensures the distribution of its products and services through a combination of physical and remote presence. As at September 30, 2024, there are 388 branches (December 31, 2023: 423 branches, September 30, 2023: 432 branches) and 222 self service areas (24/7).

BRD continued to advance on its digital roadmap, with the implementation of a new credential setup process to enhance customer security. Another important facility, soon to be launched, is represented by RoPay - an instant proximity and secured payment service via QR code, available 24/7/365. This service, simple and easy to use and free of charge, is a national alternative to cash and other existing payment methods. BRD is among the first banks in Romania to roll-out this service.

Clients' digital activity is further increasing, as evidenced by the growing number of YouBRD mobile application users to over 1.6 million (+24% YoY as of September 2024 end), higher number of transactions done through the application (+29% YoY) and 500k clients enrolled into the cashback loyalty program.

At June 30, 2024 BRD held a market share of 10% of total assets.

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

RON bln	Sep-23	Dec-23	Sep-24	vs. Dec-23	vs. Sep-23
<b>Retail</b>	<b>24.5</b>	<b>24.7</b>	<b>26.9</b>	<b>9.0%</b>	<b>10.0%</b>
Individuals	23.3	23.5	25.3	7.9%	8.5%
Small business	1.2	1.3	1.6	28.9%	40.0%
<b>Non-retail</b>	<b>15.2</b>	<b>15.9</b>	<b>18.7</b>	<b>17.4%</b>	<b>23.0%</b>
SMEs	5.7	5.7	7.1	23.4%	23.9%
Large corporate	9.5	10.2	11.6	14.0%	22.4%
<b>Total net loans</b>	<b>39.7</b>	<b>40.6</b>	<b>45.6</b>	<b>12.3%</b>	<b>14.9%</b>
Financial lease receivables	1.7	1.7	2.0	15.6%	18.5%
<b>Total net loans, including leasing</b>	<b>41.3</b>	<b>42.3</b>	<b>47.6</b>	<b>12.4%</b>	<b>15.1%</b>

Net loans outstanding (including leasing) reached RON 47.6 billion, increasing by +15.1% versus September 30, 2023, fueled by significant lending activity across all areas.

The corporate segment preserved its high contribution to lending performance, showing a growth of +23.0% compared to September 2023 end, while lending on retail segment significantly improved its dynamic, rising from +4.1% y/y at September 2023 end to +10.0% y/y at September 2024 end.

The first nine months of 2024 have been remarkable in terms of individuals' loan origination, with record-breaking volumes for each of the three quarters and a nine-month period. 9M 2024 individuals' loan production reached RON 8.4 billion, marking a +48.4% y/y increase with solid numbers both on consumer and housing loans. Consumer loans production recorded RON 5.4 billion during the analysed period (+40.4% y/y vs 9M 2023), while housing loans production surged by +65.7% y/y vs 9M 2023, approaching almost RON 3 billion. These achievements underscore BRD's strong commitment to prioritizing customer needs. Individuals' loans outstanding was up by +8.5% y/y as of September 2024 end. Furthermore, small businesses contributed to this positive dynamic, with net loans outstanding rising by 40.0% y/y as of September 2024 end, given improvements in lending processes and enhanced offerings of standard products, as well as effective participation in government programs.

Corporate financing demonstrated strong performance, with net loans outstanding increasing by +23.0% y/y as September 2024 end. The volume growth was led by large corporates, which experienced a +22.4% y/y increase in net loans outstanding as of September 2024, followed by SMEs, which recorded a +23.9% y/y rise in net loans outstanding at the end of September 2024, including through governmental programs. Thus, during 9M 2024, BRD continued to support the Romanian business environment also through its active participation in SMEs and mid-market capitalization financing programs, like IMM Plus, Rural Plus, Farmer's Credit, APIA, Construct Plus or Prod Plus programs, being present in sectors like agriculture, construction or manufacturing. Additionally, from the beneficiaries of the State Aid scheme funded from PNRR "Digitization of SMEs", more than 600 companies selected in the program have chosen so far BRD as the partner bank for the implementation of investment projects. BRD provides specialized services to the SMEs enrolled in the program, verifies compliance with the conditions imposed by the Program (as a result of the partnership concluded between BRD and Ministry of Investment and European Projects) alongside a competitive offer in terms of daily banking and loans granting.

Furthermore, leasing activity maintained a strong growth trajectory, with +18.5% y/y increase as of September 2024 end. Continuously committed to promoting green investments, BRD established a new partnership with the European Investment Fund (EIF) in August 2024 to implement a sustainability financial instrument. This instrument serves as a portfolio guarantee product that aligns with the financial instruments pillar of the National Recovery and Resilience Plan with the purpose to provide support for companies and business processes in adapting to climate change and facilitating the green transition, significantly impacting the quality of life and contributing to the European Union's goal of achieving climate neutrality by 2050.

BRD has continued to demonstrate its strong dedication to support sustainability transitions. By the end of September 2024, BRD cumulative production of sustainable financing, over the last 3 years, reached more than EUR 1.1 billion, already surpassing the EUR 1 billion target initially set for end of 2025. During 9M 2024, BRD sustainable financing reached almost RON 1 billion, emphasizing support for renewable energy and socially responsible projects. BRD is committed to expanding these initiatives to foster a greener and more sustainable future. As a reminder, Q1 2024 was marked by a landmark transaction on Romanian market, namely an innovative synthetic significant risk transfer (SRT) transaction closed between BRD and IFC (member of the World Bank Group) on a reference portfolio of EUR 700 million. This transaction enables to free up capital for BRD with the purpose to boost capabilities in financing of impactful sustainability-related projects in Romania (more than EUR 300m committed to finance climate-related initiatives and women-owned smaller businesses).

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

RON bln	Sep-23	Dec-23	Sep-24	vs. Dec-23	vs. Sep-23
<b>Retail</b>	<b>38.6</b>	<b>40.8</b>	<b>42.4</b>	<b>4.0%</b>	<b>9.9%</b>
Individuals	32.5	34.1	35.8	5.0%	10.1%
Small business	6.1	6.7	6.6	-1.0%	8.6%
<b>Non-retail</b>	<b>22.0</b>	<b>21.6</b>	<b>23.0</b>	<b>6.2%</b>	<b>4.5%</b>
SMEs	8.8	9.4	9.7	3.4%	10.2%
Large corporate	13.2	12.3	13.3	8.4%	0.7%
<b>Total deposits</b>	<b>60.6</b>	<b>62.4</b>	<b>65.4</b>	<b>4.8%</b>	<b>7.9%</b>

The deposit base continued to grow steadily during the first nine months of 2024, albeit reducing its pace compared to the first half of the year, reaching +7.9% y/y as of September 2024 end. Retail deposits, a stable and significant source of funding, advanced by +9.9% y/y, with a steady increase in individuals' term deposits (+28% y/y). Corporate deposits saw a +4.5% y/y growth, fueled by higher net inflows from SMEs clients (+10.2% y/y as of September 2024 end), while the large corporate segment exhibited slight growth compared to the previous year.

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

## **SUBSIDIARIES' ACTIVITY**

### **BRD SOGELEASE IFN SA**

As of September 30, 2024, net outstanding of leasing financing granted by BRD Sogelease increased by +18.5% y/y to RON 1,956 million. New leasing production increased to RON 974.9 million in 2024, +3% YoY, maintaining an upward trend during the analysed period. Financial leasing products continued to be predominantly accessed by SMEs from various sectors such as construction, transportation and logistics, as well as industrial production. The performances of BRD Sogelease reaffirms financial leasing as an accessible and efficient financing solution, completing the diverse range of products offered by BRD Group.

### **BRD FINANCE IFN SA**

As of December 31, 2023 BRD Finance IFN SA is in a run off process and entered into a process for selling its entire loan portfolio. As at September 30, 2024 BRD Finance IFN SA sold its entire loan portfolio, previously reclassified into held for sale, to a third party. The management intends to cease the activity and from this perspective it has assessed that the going concern basis for the preparation of its financial statements is not appropriate. Therefore, as of September 30, 2024 and December 31, 2023 the BRD Finance IFN SA financial statements were prepared in compliance with IFRS, but no longer as a going concern basis. The entity has been included in the consolidated financial statements of the Group on this basis. Starting August 22, 2024 the entity was no longer registered as a non-banking financial institution in the National Registry.

### **BRD ASSET MANAGEMENT SA**

BRD Asset Management is the leader on the Romanian open-ended investment funds market, with a market share of 22.31%\* and RON 5.790 billion assets under management at the end of September 2024. BRD Asset Management offers investment solutions to more than 150 thousand clients across its 12 investment funds. BRD Asset Management had an increase of +59.4% y/y as of September 2024 end in assets under management, maintaining the first position in the open-ended investment funds market gained for the 1st time in its history in April 2024. The diversified products of BRD Asset Management offer multiple investment possibilities, suitable for diverse objectives of our clients.

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

## 4. FINANCIAL RESULTS AND RATIOS

### FINANCIAL POSITION ANALYSIS

The below financial position analysis is done based on the standalone (“The Bank”) and consolidated (“The Group”) financial statements prepared according to IFRS (“International Financial Reporting Standards”), for the period ended September 30, 2024 and comparable historical periods.

### FINANCIAL POSITION – ASSETS

In 9M 2024, the Group’s total assets increased by 8.9% YoY (versus September 30, 2023), and by 9.1% at Bank level. Compared to 2023 end, total assets were higher by 3.2% at both Group and Bank levels.

The asset structure is presented below:

#### THE GROUP

Assets (RONm)	Sep-23	Dec-23	Sep-24	% total	vs. Dec-23	vs. Sep-23
Cash and cash equivalents	9,527	12,462	9,391	10.9%	-24.6%	-1.4%
Due from banks	5,861	5,617	4,555	5.3%	-18.9%	-22.3%
Net loans and advances to customers	39,674	40,613	45,605	52.7%	12.3%	14.9%
Financial lease receivables	1,651	1,692	1,956	2.3%	15.6%	18.5%
Other financial instruments	20,245	20,824	22,326	25.8%	7.2%	10.3%
Tangible and intangible assets	1,562	1,645	1,693	2.0%	2.9%	8.4%
Other assets	965	996	1,002	1.2%	0.6%	3.9%
<b>Total assets</b>	<b>79,485</b>	<b>83,849</b>	<b>86,528</b>	<b>100.0%</b>	<b>3.2%</b>	<b>8.9%</b>

#### THE BANK

Assets (RONm)	Sep-23	Dec-23	Sep-24	% total	vs. Dec-23	vs. Sep-23
Cash and cash equivalents	9,527	12,462	9,391	11.2%	-24.6%	-1.4%
Due from banks	5,846	5,602	4,555	5.4%	-18.7%	-22.1%
Net loans and advances to customers	38,989	40,202	45,197	53.8%	12.4%	15.9%
Other financial instruments	20,252	20,838	22,314	26.6%	7.1%	10.2%
Tangible and intangible assets	1,537	1,620	1,681	2.0%	3.8%	9.4%
Other assets	853	658	873	1.0%	32.7%	2.3%
<b>Total assets</b>	<b>77,004</b>	<b>81,381</b>	<b>84,012</b>	<b>100.0%</b>	<b>3.2%</b>	<b>9.1%</b>

### LOANS AND ADVANCES TO CUSTOMERS

The first nine months of 2024 showcased a strong performance in net loans and advances to customers, with outstanding amounts reaching RON 47.6 billion as of September 2024 end (Group: +15.1% YoY at September 2024 end, o/w leasing +18.5%; Bank: +15.9%). Both corporate and individual segments contributed to this expansion, with the corporate segment having a more substantial influence, as detailed in Chapter 3.

### CASH, CASH EQUIVALENTS AND DUE FROM BANKS

Cash and cash equivalents and due from banks decreased by almost -9.3% YoY for the Bank and -9.4% YoY for the Group, versus September 2023 end. Compared to year end, the level decreased by -22.8% y/y for the Bank and -22.9% y/y for the Group. The year-on-year decline was primarily attributable to reduction in placements to credit institutions (i.e., reverse repos) while for the year to date, decrease of cash and cash equivalents also contributed to this dynamic. These items accounted for approximately 16.1% of the Bank’s total assets and 16.6% for the Group at the end of September 2024.

The minimum compulsory reserve held with the National Bank of Romania accounted for 35.5% of this aggregate at September 30, 2024 (25.4% at December 2023 end and 28.4% at September 2023 end) at Group level. It amounted to RON 4,953 million, up by 13.2% vs September 30, 2023, and +8.0% vs December 31, 2023, primarily fueled by an increase in customer deposits. The level of RON and FX minimum reserve requirements for liabilities with residual maturity of less than 2 years are at 8% and 5% respectively, unchanged from May 2015 for RON and from November 2020 for FX.

### OTHER FINANCIAL INSTRUMENTS

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

As of September 2024, these items totalled RON 22.3 billion for both the Group and the Bank, accounting for 25.8% of Group assets and 26.6% of Bank assets. This represents an increase of approx. 10.3% compared to the end of September 2023 for both the Group and the Bank, primarily driven by the growth in the government bonds portfolio measured at amortized cost, which includes bonds issued by the Romanian government, the French State and the US Treasury.

In May 2024 the Business Transfer Agreement for the sale of investment in associate BRD Societate de Administrare a Fondurilor de Pensii Private SA for the entire perimeter of Pillar 2 and 3 to a third party was signed. Following this approval, BRD–Groupe Société Générale decided to reclassify the investment from Investments in associates into Assets held for sale.

## TANGIBLE AND INTANGIBLE ASSETS

The tangible and intangible assets increased by 8.4% compared to September 2023 end for the Group and by 9.4% for the Bank and accounted for 2.0% of the total assets for both the Group and the Bank, with land and buildings representing the largest part of the item.

The total value of investments during the first nine months of 2024 was almost RON 208 million for both the Group and the Bank, compared to almost RON 183 million in the same period in 2023 for both the Group and the Bank. There is no capitalized research and development expenditure.

## FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities is as follows:

### THE GROUP

Liabilities and shareholders equity (RONm)	Sep-23	Dec-23	Sep-24	% total	vs. Dec-23	vs. Sep-23
Amounts owed to credit institutions	8,158	9,396	9,776	11.3%	4.0%	19.8%
Amounts owed to customers	60,585	62,406	65,387	75.6%	4.8%	7.9%
Other liabilities	2,027	3,185	2,148	2.5%	-32.6%	6.0%
Shareholders equity	8,716	8,862	9,217	10.7%	4.0%	5.8%
<b>Total liabilities and shareholders equity</b>	<b>79,485</b>	<b>83,849</b>	<b>86,528</b>	<b>100.0%</b>	<b>3.2%</b>	<b>8.9%</b>

### THE BANK

Liabilities and shareholders equity (RONm)	Sep-23	Dec-23	Sep-24	% total	vs. Dec-23	vs. Sep-23
Amounts owed to credit institutions	5,976	7,226	7,487	8.9%	3.6%	25.3%
Amounts owed to customers	60,813	62,642	65,669	78.2%	4.8%	8.0%
Other liabilities	1,911	3,048	2,046	2.4%	-32.9%	7.0%
Shareholders equity	8,305	8,465	8,810	10.5%	4.1%	6.1%
<b>Total liabilities and shareholders equity</b>	<b>77,004</b>	<b>81,381</b>	<b>84,012</b>	<b>100.0%</b>	<b>3.2%</b>	<b>9.1%</b>

## AMOUNTS OWED TO CUSTOMERS

The Group, as well as the Bank, further consolidated and diversified its already solid savings base. At September 2024 end, amounts owed to customers increased by almost 8% both at Group and Bank levels and accounted for 75.6% of the total liabilities and shareholders' equity at Group level and for 78.2% at Bank level. The increase primarily resulted from higher inflows in term deposits from individual customers and notable advance in deposits from SME customers.

## AMOUNTS OWED TO THE CREDIT INSTITUTIONS

Amounts owed to credit institutions represent borrowings from the parent and International Financial Institutions and interbank deposits and stood at 12.6% of the total liabilities at Group level and 10% at Bank level as at September 30, 2024.

BRD Group's borrowings from Société Générale totalled RON 8.0 billion (10.3% of liabilities) at September 2024 end. These include 5 senior non-preferred loans in amount of EUR 970 million, namely: EUR 120 million drawn in December 2022 and EUR 450 million drawn in December 2023 (roll-over of a 2021 SNP), both 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, 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), and 2 subordinated loans in amount of EUR 250 million (EUR 100 million drawn in December 2021, respectively EUR 150 million in June 2022, both with an initial term of 10 years and a call option at 5 years).

## SHAREHOLDERS' EQUITY

Shareholders' equity increased by 5.8% YoY for the Group and by 6.1% YoY for the Bank compared to September 30, 2023, primarily attributed to a reduction in negative revaluation reserves of debt instruments measured at fair value through other comprehensive income, considering a slightly favorable shift in the bond yield curve compared to the same period last year.

The structure of the shareholders' equity evolved as follows:

### THE GROUP

Shareholders' equity (RONm)	Sep-23	Dec-23	Sep-24	vs. Dec-23	vs. Sep-23
Share capital	2,516	2,516	2,516	0.0%	0.0%
Other reserves	(1,518)	(1,157)	(1,061)	-8.4%	-30.1%
Retained earnings and capital reserves	7,654	7,436	7,713	3.7%	0.8%
Non-controlling interest	64	68	49	-27.9%	-24.1%
<b>Total shareholders' equity</b>	<b>8,716</b>	<b>8,862</b>	<b>9,217</b>	<b>4.0%</b>	<b>5.8%</b>

### THE BANK

Shareholders' equity (RONm)	Sep-23	Dec-23	Sep-24	vs. Dec-23	vs. Sep-23
Share capital	2,516	2,516	2,516	0.0%	0.0%
Other reserves	(1,518)	(1,157)	(1,061)	-8.4%	-30.1%
Retained earnings and capital reserves	7,307	7,107	7,356	3.5%	0.7%
<b>Total shareholders' equity</b>	<b>8,305</b>	<b>8,465</b>	<b>8,810</b>	<b>4.1%</b>	<b>6.1%</b>

## LIQUIDITY POSITION

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

The net loans to deposits ratio reached 68.8% at September 30, 2024 for the Bank (from 64.2% at December 31, 2023 and 64.1% at September 30, 2023) and 72.7% for the Group, including financial leasing receivables (from 67.8% at December 31, 2023 and 68.2% at September 30, 2023).

## 9M-2024 FINANCIAL RESULTS

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

RONm	9M-2023	9M-2024	9M 24/'23
<b>Net banking income</b>	<b>2,831</b>	<b>2,984</b>	<b>5.4%</b>
- net interest income	2,010	2,153	7.1%
- net commissions	563	599	6.4%
- other banking income	258	233	-9.9%
<b>Operating expenses</b>	<b>(1,390)</b>	<b>(1,512)</b>	<b>8.8%</b>
- staff expenses	(706)	(755)	6.9%
- non-staff expenses	(684)	(757)	10.7%
<b>Operating profit</b>	<b>1,441</b>	<b>1,472</b>	<b>2.2%</b>
Net cost of risk	35	(136)	n.a.
Gross result	1,476	1,336	-9.5%
<b>Net result</b>	<b>1,227</b>	<b>1,094</b>	<b>-10.9%</b>
Profit attributable to equity holders of the parent	1,214	1,096	-9.8%

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

RONm	9M-2023	9M-2024	9M 24/'23
<b>Net banking income</b>	<b>2,728</b>	<b>2,884</b>	<b>5.7%</b>
- net interest income	1,910	2,065	8.1%
- net commissions	540	572	5.8%
- other banking income	278	247	-11.2%
<b>Operating expenses</b>	<b>(1,332)</b>	<b>(1,471)</b>	<b>10.4%</b>
- staff expenses	(672)	(722)	7.4%
- non-staff expenses	(660)	(749)	13.5%
<b>Operating profit</b>	<b>1,396</b>	<b>1,413</b>	<b>1.2%</b>
Net cost of risk	28	(113)	-4.1x
Gross result	1,424	1,299	-8.8%
<b>Net result</b>	<b>1,191</b>	<b>1,066</b>	<b>-10.5%</b>

BRD Group total revenues advanced by +5.4% YoY during 9M 2024, driven by net interest income and net fees and commissions.

Being supported by an overall robust lending activity, net interest income advanced by +7.1% YoY during 9M 2024. The volumes induced growth effect was moderated to some extent by a negative interest rate effect reflected in increased funding costs.

Net fees and commissions were up by +6.4% YoY in 9M 2024, primarily driven by increasing clients' activity on transfers and cards, combined with higher penetration of package of services. Lending and insurance activities also brought a positive contribution to the yearly dynamic, while fees income on cash transactions reduced driven by lower volumetry on individuals and increasing costs of processing cash collected from corporates.

Other income mainly linked to a one-off limited provision (booked in Q1 2024) and the sale of BRD Finance loan portfolio, partially compensated by a positive contribution of trading activity.

Overall expenses rose by +8.8% YoY in 9M 2024, primarily driven by the new turnover tax and higher staff costs. While substantial progress has been made in taming inflation (CPI reduced from 8.8% YoY in September 2023 to 4.6% YoY in September 2024, but still one of the highest in the EU) challenges remain, with persisting price pressures in many service sectors. Despite of a strict cost management policy, these pressures are also reflecting into our cost base.



Staff expenses increased by +6.9% YoY, primarily due to higher wages and additional benefits amid a highly competitive labour market. The effective cumulated contributions to the Deposit Guarantee Fund and Resolution Fund decreased to 43.5 million RON in 2024, down from 68.1 million RON in 2023.

However, this cost reduction was far offset by the introduction of a new 2% turnover tax (calculated and paid quarterly based on actual results) which amounted to 94.8 million RON for 9M 2024.

The evolution of non-staff expenses (+0.5%, excl. contribution to the Deposit Guarantee Fund and Resolution Fund and the new tax on turnover) reflects mainly the combined effect of increased IT expenditures to support our digital initiatives, gains from sale of real estate and cost savings linked to the closure of BRD Finance activity.

Gross operating income reached RON 1,472 million in 9M 2024 (+2.2% compared to 9M 2023) while C/I ("cost to income ratio") increased fully as a result of the new turnover tax (50.7% in 9M 2024 vs 49.1% in 9M 2023). Excluding the impact of the tax, C/I improved to 47.5% in 9M 2024 from 49.1% in 9M 2023.

The quality of the loan book remained solid during 9M 2024, with NPL ratio reaching 2.37% at September 2024 end (increase from the historical low of 1.9% at 2023 end, mostly from the retail portfolio and still below the banking system average), while NPL coverage stands at a comfortable level (78.55% at September 2024 end vs 75.96% at 2023 end). Net cost of risk registered RON 136m net provision allocation during 9M 2024, compared to RON 35m net provision release in 9M 2023, reflecting a closer to "through the cycle" level.

The net result for BRD Group was RON 1,094 million in 9M 2024 from RON 1,227 million in the same period of 2023 (-10.9% YoY), supported by strong commercial activity over the board partly offset by the new turnover tax and risk costs. Return on Equity (ROE) stood at 16.1% in 9M 2024, compared to 20.9% in 9M 2023, while Return on Assets (ROA) was 1.7% in 9M 2024 (vs. 2.1% in 9M 2023).

The Bank's performance followed a similar trajectory to the one of the Group, with a net result of RON 1,066 million in 9M 2024 versus RON 1,191 million in 9M 2023.

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

Subsequent events identified after the reporting date:

No subsequent event was identified after the reporting date.

#### CAPITAL ADEQUACY (THE BANK)

RONm	Sep-23	Dec-23	Sep-24
Tier 1 capital	5,975	6,859	8,229
Tier 2 capital	1,244	1,244	1,244
<b>TOTAL OWN FUNDS</b>	<b>7,219</b>	<b>8,103</b>	<b>9,473</b>
<b>Capital requirements</b>	<b>2,846</b>	<b>2,823</b>	<b>2,750</b>
Credit risk (including counterparty risk)	32,604	32,769	31,755
Market risk	223	139	257
Operational risk	2,575	2,238	2,229
CVA risk	179	145	165
<b>Total risk exposure amount</b>	<b>35,581</b>	<b>35,291</b>	<b>34,406</b>
<b>Regulatory CAR</b>	<b>20.3%</b>	<b>23.0%</b>	<b>27.6%</b>
<b>Tier 1 ratio</b>	<b>16.8%</b>	<b>19.4%</b>	<b>23.9%</b>

\* CAR for Sep-24 is preliminary

At Bank level, the capital adequacy ratio reached 27.6%\* at September 30, 2024, compared to 23.0% at December 31, 2023 and 20.3% at September 30, 2023.

The Tier 1 ratio was 23.9%\* at September 30, 2024 compared to 19.4% at December 31, 2023 and 16.8% at September 30, 2023.

BRD's regulatory own funds as at September 30, 2024 are formed of common equity capital (CET1) and Tier 2 instruments.



The year on year increase in own funds is explained by the increase of Tier 1 capital, to RON 8,229 million at September 30, 2024 compared to RON 5,975 million on September 30, 2023, mainly on the application of art. 468 of CRR3 (OCI – quick fix, as per Regulation (EU) 2024/1623) regarding the temporary treatment of unrealized gains and losses resulting from the valuation of assets at fair value through OCI and integration of 2023 retained profit.

The year-on-year contraction in risk weighted assets (RWA) is mainly explained by the temporary relief measures on the RW applied to Romanian sovereign denominated in EUR, based on art. 500a of CRR3, and the SRT transaction concluded with IFC in Q1 2024. This contraction of RWA was offset by the effect of the dynamic lending activity across all business segments.

BRD standalone capital adequacy ratio, without the new regulatory temporary treatments (implemented through art 468 and art 500a of CRR3 in July 2024), stands just below 23%.

## 5. CONCLUSIONS

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In terms of economic growth, the start of 2024 appeared promising, with growth potential boosted by a favorable macroeconomic environment and increased purchasing power, alongside EU funds inflows. However, Romania's economy faced a downturn, slowing to 0.7% in the first half of the year, the lowest since 2013, stepping off the European podium to which it got acquainted.

In spite of a persisting challenging environment, BRD delivered a strong commercial performance and maintained its vital role as a trusted partner to its customers and the Romanian economy.

As of September 2024 end, net loans outstanding, including leasing financing, advanced by +15.1% YoY, being supported by all segments' contribution. Loan origination on individuals segment reached new record levels, benefitting from solid demand on both housing and consumer products. Non retail lending maintained a strong performance, of +23% YoY, with large corporates the top performers in terms of volumes growth followed by a strong dynamic of SMEs including through governmental programs.

BRD has continued to demonstrate its strong dedication to support sustainability transitions. By the end of September 2024, BRD cumulative production of sustainable financing, over the last 3 years, reached more than EUR 1.1 billion, already surpassing the EUR 1 billion target initially set for end of 2025. During 9M 2024, BRD new sustainable financing reached almost RON 1 billion, emphasizing support for renewable energy and socially responsible projects. BRD is committed to expanding these initiatives to foster a greener and more sustainable future.

The deposit base kept a steady increase, +8% YoY as of September 2024 end, fueled by higher inflows from both segments, retail and non-retail.

On digital front, BRD continued to advance on its roadmap, with the implementation of a new credential setup process to enhance customer security. Additionally, BRD is among the first banks to roll-out RoPay service, an instant mobile proximity and secured payment service via QR code, available 24/7/365. This service, free of charge, is a national alternative to the currently existing instant payments methods, simple and easy to use. Overall, clients' digital activity is further increasing, as evidenced by the growing number of YouBRD mobile application users to over 1.6 million (+24% YoY), higher number of transactions done through the application (+29% YoY) and 500k clients enrolled into the cashback loyalty program.

The strong commercial performance translated in good results recorded during 9M 2024, with increasing revenues, nevertheless in a less conducive interest rates environment. Operating expenses were impacted by the new imposed tax on turnover (2% of revenues, starting 2024), competitive labor market and inflation effects. The evolution of risk costs reflects a closer to "through the cycle" level while the asset quality indicators remain solid, with low NPL rate and comfortable coverage. Overall, ROE is elevated, at 16% during 9M 2024, despite risk costs' evolution and new turnover tax.

For the future, BRD remains committed in supporting the Romanian economy, create value for all its partners and playing a key role in fostering a better and sustainable future.

The interim financial report as at September 30, 2024 has not been audited.

**Delphine Mireille GARCIN - MEUNIER**

**Chairman of the Board of Directors**

**Maria ROUSSEVA**

**Chief Executive Officer**

**Simona PRODAN**

**Finance Executive Director**