

REGULATORY DISCLOSURE REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

BRD - GROUPE SOCIÉTÉ GÉNÉRALE

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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 CRR 2, 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 295⁴³, which modifies Law 312/2015, transposing in local legislation the Bank Recovery and Resolution Directive (BRRD1, Directive 2014/59) and BRRD 2 (Directive 2019/879), BRD shall disclose at least annually the information regarding the minimum requirement for own funds and eligible liabilities (MREL).

The information disclosed throughout this report for the period ended September 30, 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).

For the full year end requirements please refer to the *Regulatory Transparency Report for the year ended 31 December 2023*.

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 application of CRR 2 requirements is at sub-consolidated level and for this purpose the prudential consolidation perimeter of BRD Group includes the parent company BRD - Groupe Société Générale S.A and two fully consolidated subsidiaries: BRD Sogelease IFN S.A. and BRD Finance IFN S.A.

As of December 31, 2023 BRD Finance IFN SA was 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 with the intention to cease the activity. From this perspective BRD Finance 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 BRD Group on this basis. Starting August 22, 2024 the entity was no longer registered as a non-banking financial institution in the National Registry.

Note:

Throughout this report, amounts are in RON thousand at September 30, 2024, unless otherwise stated.

2 - Capital requirements and own funds

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 takes into account the transactions' risk profile and is computed 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 1: EU OV1 - Overview of total risk exposure amounts

	Total risk exposure amounts (TREA)		Total own funds requirements
	30.09.2024	30.06.2024	30.09.2024
1 Credit risk (excluding CCR)	33,002,555	33,293,560	2,640,204
2 Of which the standardised approach	33,002,555	33,293,560	2,640,204
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	417,906	415,023	33,433
7 Of which the standardised approach	285,865	250,205	22,869
8 Of which internal model method (IMM)	-	-	-
EU 8a Of which exposures to a CCP	-	-	-
EU 8b Of which credit valuation adjustment - CVA	132,041	164,818	10,563
9 Of which other CCR	-	0	-
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)	399,466	367,211	31,957
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)	207,098	256,738	16,568
21 Of which the standardised approach	207,098	256,738	16,568
22 Of which IMA	-	-	-
EU 22a Large exposures	-	-	-
23 Operational risk	2,310,429	2,299,504	184,834
EU 23a Of which basic indicator approach	-	-	-
EU 23b Of which standardised approach	-	-	-
EU 23c Of which advanced measurement approach	2,310,429	2,299,504	184,834
24 Amounts below the thresholds for deduction (subject to 250% risk weight)	950,160	1,020,575	76,013
25 Not applicable	-	-	-
26 Not applicable	-	-	-
27 Not applicable	-	-	-
28 Not applicable	-	-	-
29 Total	36,337,455	36,632,036	2,906,996

As at September 30, 2024, RWA (RON 36.3 billion compared to RON 36.6 billion as of June 30, 2024) were distributed as follows:

- ✓ credit and counterparty credit risks accounted for 92.0% of RWA
- ✓ market risk accounted for 0.6% of RWA
- ✓ securitisation exposures in the non-trading book (after the cap) accounted for 1.1% of RWA
- ✓ operational risk accounted for 6.4% of RWA

The own funds requirements as at September 30, 2024 decreased slightly by 0.8% compared to June 30, 2024, mainly given lower capital requirements on credit risk driven by the application of the temporary treatments implemented through art 468 and art 500a of CRR3 in July 2024, counterbalanced by a dynamic lending activity.

TEMPORARY TREATMENT IN OWN FUNDS

As per Regulation (EU) 2024/1623, beginning with the third quarter of 2024, BRD adopted the transitional arrangements in relation to the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of CRR3. As mentioned in the regulation, art 468 (5), during the periods set out in paragraph 2 of this article, namely until 31 December 2025, in addition to disclosing the information required in Part Eight, institutions that have decided to apply the temporary treatment set out in paragraph 1 of this article shall disclose the amounts of own funds, Common Equity Tier 1 capital and Tier 1 capital, the total capital ratio, the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio, and the leverage ratio they would have in case they were not to apply that treatment.

As such, the table below discloses the comparison of BRD Group own funds, capital and leverage ratios with and without the application of the temporary treatment in accordance with Article 468 of the CRR.

Table 2: IFRS 9/ Article 468 impact: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR

	30.09.2024	30.06.2024
Available capital (amounts)		
1 Common Equity Tier 1 (CET1) capital	8,556,008	7,085,233
2 Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8,556,008	7,085,233
2a CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	7,311,109	7,085,233
3 Tier 1 capital	8,556,008	7,085,233
4 Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8,556,008	7,085,233
4a Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	7,311,109	7,085,233
5 Total capital	9,799,908	8,329,508
6 Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,799,908	8,329,508
6a Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	8,555,009	8,329,508
Risk-weighted assets (amounts)		
7 Total risk-weighted assets	36,337,455	36,632,036
8 Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	36,337,455	36,632,036
8a Total risk-weighted assets as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	36,930,147	36,632,036
Capital ratios		
9 Common Equity Tier 1 (as a percentage of risk exposure amount)	23.55%	19.34%
10 Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	23.55%	19.34%
10a CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	19.80%	19.34%
11 Tier 1 (as a percentage of risk exposure amount)	23.55%	19.34%
12 Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	23.55%	19.34%
12a Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	19.80%	19.34%
13 Total capital (as a percentage of risk exposure amount)	26.97%	22.74%
14 Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	26.97%	22.74%
14a Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	23.17%	22.74%
Leverage ratio		
15 Leverage ratio total exposure measure	95,562,683	95,149,585
16 Leverage ratio	8.84%	7.45%
17 Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8.84%	7.45%
17a Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	7.65%	7.45%

3 - Liquidity requirements

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 September 30, 2024 the LCR stands at 259% in terms of monthly averages over the previous twelve months preceding the end of the quarter. The value of LCR as at September 30, 2024 end recorded no major change as compared to June 30, 2024 end, slightly decreasing by 4 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 third quarter of 2024, respectively the end of the third quarter of 2023, following conclusions are to be noted:

- LCR has increased from 257% to 259%;
- High Quality Liquid Assets (HQLA) averages marked an increase of 16%;
- Net Outflows Averages have observed an increase of 15%, having in view:
 - 10% increase in Outflows averages
 - -6% decrease in Inflows averages

Table 2: EU LIQ1 - Quantitative information of LCR

		Total unweighted value (average)				Total weighted value (average)			
		30.09.2024	30.06.2024	31.03.2024	31.12.2023	30.09.2024	30.06.2024	31.03.2024	31.12.2023
EU 1a	Quarter ending on								
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)					28,419,604	27,471,444	26,391,087	25,401,070
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	41,775,973	40,724,631	39,577,135	38,574,592	2,068,088	2,056,789	2,059,072	2,073,484
3	Stable deposits	23,616,436	23,430,550	23,374,936	23,470,750	1,180,822	1,171,527	1,168,747	1,173,538
4	Less stable deposits	18,159,538	17,294,081	16,202,199	15,103,842	887,267	885,261	890,325	899,946
5	Unsecured wholesale funding	21,933,957	21,249,102	20,358,998	20,011,171	11,095,931	10,804,212	10,266,601	10,033,463
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	21,933,957	21,249,102	20,358,998	20,011,171	11,095,931	10,804,212	10,266,601	10,033,463
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding	-	-	-	-	-	-	-	-
10	Additional requirements	6,869,788	6,765,019	6,993,941	6,842,105	574,893	592,424	628,867	601,136
11	Outflows related to derivative exposures and other collateral requirements	1,515.9	1,627.4	2,185.8	4,153.7	1,515.9	1,627.4	2,185.8	4,153.7
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	6,868,272	6,763,392	6,991,756	6,837,951	573,377	590,797	626,681	596,982
14	Other contractual funding obligations	4	4	34	18,311	4	4	34	18,311
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	TOTAL CASH OUTFLOWS					13,738,917	13,453,429	12,954,573	12,726,394
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	1,878,644	1,747,869	1,611,375	1,595,679	-	-	-	-
18	Inflows from fully performing exposures	2,599,900	2,867,278	2,767,714	2,744,035	2,287,341	2,557,164	2,514,388	2,462,040
19	Other cash inflows	473,224	455,959	434,358	390,276	473,266	455,971	434,358	390,276
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	4,951,768	5,071,107	4,813,447	4,729,989	2,760,608	3,013,135	2,948,746	2,852,316
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	4,951,768	5,071,107	4,813,447	4,729,989	2,760,608	3,013,135	2,948,746	2,852,316
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					28,419,604	27,471,444	26,391,087	25,401,070
22	TOTAL NET CASH OUTFLOWS					10,978,309	10,440,294	10,005,827	9,874,077
23	LIQUIDITY COVERAGE RATIO					259%	263%	264%	257%