BRD GROUP

Budget 2025

General Shareholders Assembly

CONSOLIDATED DATA, ACCORDING TO IFRS

APRIL 2025

TU EŞTI VIITORUL

BRD
GROUPE SOCIETE GENERALE

Budget based on assumptions prepared in September 2024

MACROECONOMIC ENVIRONMENT

based on assumptions prepared in September 2024

Note: All macroeconomic assumptions for 2025 were prepared in September 2024

- Romania's economy experienced a **significant slowdown in 2024, with GDP growing by just 0.9%**, primarily due to weak external trade, declining industrial activity, and a slowdown in the IT&C sector.
- **Cautious yet dynamic global economic environment heading into 2025**.
- In 2025, **growth is expected to accelerate to 2.8%**, driven by higher real incomes, stronger EU-funded investments, and a slight recovery in external demand. However, risks remain, including political uncertainty, fiscal consolidation efforts, and weak Eurozone growth.
- Inflation rose higher than expected over last quarter of 2024, up to 5.1% in Dec'24, highest level in EU, on renewed growth in food prices, inertia in services inflation and base effects. The short-term outlook remains uncertain, with inflationary pressures likely to fluctuate due to global trade tensions, fiscal adjustments, and shifting energy prices. Still, CPI is expected to anchor on the downside heading for low single digit next years.
- ROBOR 3M started to gradually decline over last 2 years, with a slight increase towards the end of 2024, with ROBOR 3M printing at 5.9%. In the coming years, interest rates are expected to continue the downward trend, however at a moderate rate.
- EUR/RON exchange rate is projected to gradually, but mildly depreciate.
- Market growth of loans and deposits is expected around mid single digit for 2025.

TRANSFORMING OUR BUSINESS MODEL | RETAIL

	2027 AMBITIONS	2024 ACHIEVEMENTS
Provide excellent **CLIENT** experience leading to growing the business across all segments	▪ Personalized customer value proposition, omnichannel journeys, targeted communication, leveraging on advanced data analytics and segmentation ▪ Best-in-class PI mobile app & digital SB solutions ▪ Winning daily banking proposition ▪ Grow MS outstanding lending PI and increase SB lending penetration	▪ Implementation of new packages for PI clients, with focus on payroll & synergies with large corporates ▪ Implementation of a new scoring for consumer loans and improved lending parameters ▪ Constant pricing adjustments on lending & deposits products to keep the balance competitivity / profitability ▪ Delivering recurrent campaigns based on Machine Learning models to boost x-sell and retention ▪ Client acquisition and pre-scored loans campaigns on SB
Achieve higher **EFFICIENCY** through process optimization and digitalization, leveraging technology and optimal channel mix	▪ Increase digital adoption ▪ Omnichannel orchestration and smooth transitions between digital & branch interactions to support seamless and paperless customer journeys ▪ Network Sales Efficiency, Performance Management & Footprint optimization ▪ PI and SB lending core products flow enhancement through digitalization & automation	▪ Enhanced functionalities in YOU app: Loyalty Dateio cashback module, 24/7 foreign exchange, RoPay QR Code payments, investment products' subscription ▪ New PI QR Code onboarding flow for assisted digital sales ▪ New online mortgage flow for brokers ▪ New PI data update flows in OCP ▪ Further optimized Retail network of branches ▪ Launch of online channel for the first SB lending product (APIA loans) ▪ Extension of the Omnichannel Portal to SB ▪ Simplified periodical review flow for SB clients
Act as a **RESPONSIBLE** bank at the forefront of client sustainability transition (ESG)	▪ Building a better and sustainable future together with our clients through responsible and innovative financial solutions ▪ Development of environmental and social (E&S) products through partnerships with financial institutions ▪ Develop e-accessibility solutions	▪ Maintaining a comprehensive and competitive offer for both Green consumer loans and Green mortgage loans ▪ Launch of the EIF sustainability program for SB loans and continuation of the production on the other Eunat sustainable products for SB (APIA, SUN, FAN)

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TRANSFORMING OUR BUSINESS MODEL | CORPORATE

	2027 AMBITIONS	2024 ACHIEVEMENTS
CLIENTS	▪ Be the preferred bank of our clients ▪ Grow market shares ▪ Simplify product portfolio and optimize processes ▪ Enhance synergies across Business Lines, with subsidiaries and the Group	✓ Increased Market Share to 8.1% (from 7% in 2023) ✓ Excellent 77 NPS score, TOP 1 as preferred bank ✓ Double digit growth of corporate loan portfolio, surpassing the annual objective ✓ New strategic cash management products implemented: High-Capacity Machines and Soft POS
EFFICIENCY	▪ Comprehensive online offer and seamless processing by increasing digitalization and leveraging on technology to improve client and people experience ▪ Enhance productivity ▪ Commit to a healthy risk and compliance profile	✓ CRM new developments: first Next Best Offer delivered for loans based on AI ✓ Optimization of KYC processes, supported by the onboarding tool features upgrade and reliability, attaining 60% digitalization of KYC processes ✓ Optimus (lending tool) MMP launched, approaching 30% digitalization of credit process ✓ 55% digitalization of Trade Finance services and 52% of Factoring services ✓ Electronic signature flow on eSign platform launched
RESPONSIBLE	▪ A go-to bank for sustainable financing thanks to recognized expertise and execution capabilities ▪ Develop partnerships with financial institutions ▪ Promoting ESG engagement within and beyond our organization	✓ IFC advisory contract ✓ Important sustainable financing production achieving the set targets ✓ First Reverse Factoring SLL program at BRD level ✓ Recognition awards: Best Sustainable finance solutions provider; ESG Loan House of the Year CEE, CIS & Türkiye jointly with SG

2025 BUDGET - PROFITABILITY

based on assumptions prepared in September 2024

RON m		A 2023	A 2024	Evolution 24/23
FINANCIAL RESULTS	NET BANKING INCOME	3,834	4,032	+5.2%
	OPERATING EXPENSES	(1,895)	(2,024)	+6.8%
	GROSS OPERATING INCOME	1,939	2,009	3.6%
	NET COST OF RISK	57	(145)	na
	NET RESULT	1,656	1,524	-8%
RATIOS	COST/INCOME RATIO	49.4%	50.2%	*+0.8 pts*
	ROE	20.9%	16.6%	*-4.3 pts*

Perspectives for 2025

Moderate NBI increase
driven by Net interest Income growth

***OPEX** to be influenced by still high inflationary pressure, IT investments, and mitigated by efficiency gains*

*Normalizing **NCR**:*
Net cost of risk ≈ 50 bps

***ROE** impacted by new tax on turnover and normalized cost of risk*

PROFITABILITY EVOLUTION

based on assumptions prepared in September 2024

Net banking income

Net Interest Income growth on:

- positive volume effect, driven by both average loans and average deposits growth
- negative interest rate effect, with decreasing interest rates in H2 and continuously high competitive pressure on margins

Fee and commission income increase driven by:

- higher volumes of transactions
- growing number of clients

Operating expenses

Costs to be influenced by:

- still high inflationary pressure
- necessity to continue important investments in IT in order to expand bank’s transformation
- further structural optimizations (automation, continuation of network resizing) to deliver efficiency gains

Cost of Risk

- Normalizing NCR
- ≈ 50 bps Net Cost of Risk guidance

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