

BRD GROUP RESULTS

3rd quarter and 9 months 2022 | 07.11.2022

DISCLAIMER

The consolidated and separate financial position and income statement for the period ended September 30, 2022 were examined by the Board of Directors on November 3, 2022.

The financial information presented for the period ended September 30, 2022 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.

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INTRODUCTION



GRUPE SOCIETE GENERALE

HIGH PERFORMANCE ACROSS THE BOARD IN A CHALLENGING CONTEXT

Lending activity kept intense across the board

Robust performance on corporate segment, with Governmental programs also supporting the dynamic

Retail core lending increase building on dynamic housing

Important steps forward on the road to a fully digitalized customer journey

Accelerated growth of GOI building on higher volumes, positive rate effect and rigorous spending discipline

Sound credit risk indicators

NPL ratio remains at historically low level; coverage ratio further increased
Well contained cost of risk confirming stable portfolio evolution

High profitability

Portfolio growth **+12% y/y** at Sep 2022 end

Corporate loans **+29% y/y** at Sep 2022 end

962k You BRD active clients at Sep 2022 end

Instant payments available for PI customers

100% online credit card issuance flow

GOI, **+13% y/y** in 9M 2022

NPL ratio	Coverage ratio
2.6% at Sep 2022 end	78% at Sep 2022 end
NCR RON -37m vs. RON 42m in 9M 2021	

Net profit **RON 1,016m** vs RON 920m in 9M 2021

ROE close to 17% vs 13% in 9M 2021

CLIMATE CHANGE SUMMIT 2022



1st summit in Romania dedicated to **climate change**, initiated and supported by BRD as a founding partner

- ✓ first edition held on October 4-5th at Odeon Theatre in Bucharest, tackling solutions for a sustainable future
- ✓ **70 speakers** from **15 countries**, **462 in-person attendees** and almost **500 registered online** viewers from **19 countries**
- ✓ **audience of almost 1 million people across all channels** (event site and social media)

Climate Change Summit set to become the yearly CEE meeting place for global researchers, entrepreneurs, government officials and civil society leaders to exchange, identify solutions to climate challenges through debates on policies, sustainable finance and investments or tech innovation, creating the framework for implementing these solutions



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MACROECONOMIC ENVIRONMENT



STILL STRONG ECONOMIC GROWTH WHILE INFLATION SPREADS WINGS WIDE OPEN

Above expectations GDP growth in Q2 2022

...reaching +5.1% y/y (gross series), after +6.4% y/y in Q1 2021, printing second best among EU member states

GDP growth still driven by domestic demand (+5.6 ppts to GDP growth). A more modest contribution came from gross fixed capital formation (+0.7 ppts to GDP growth), while net exports were no longer a drag, adding 0.5 ppts to growth.

GDP growth for 2022 revised upwards to +3.9% (EC), +4.6% (World Bank).

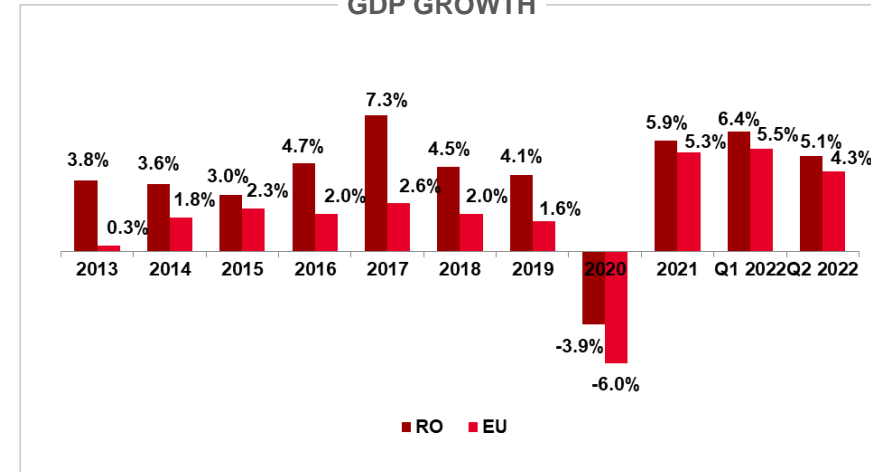
Surging inflation

Annual inflation at 15.9% in September 2022 (up from 15.1% in June and 10.2% in March), the highest level since autumn 2003, main leading drivers being the energy and food prices

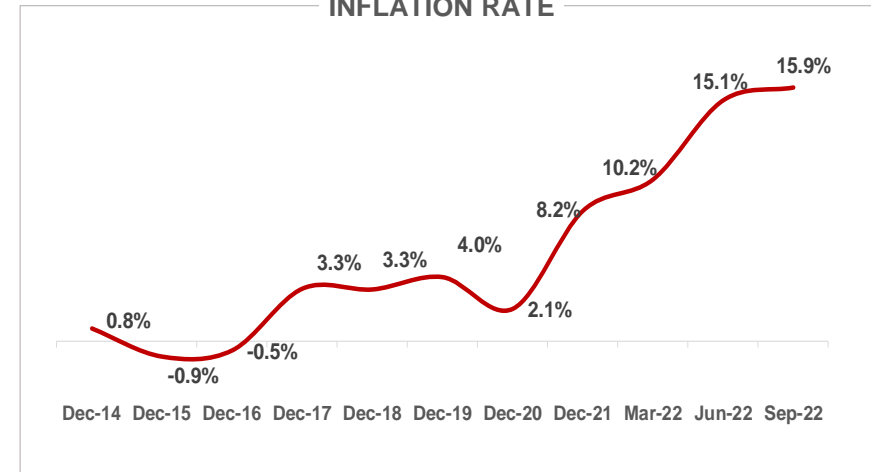
....far from the upper bound of the NBR target range (2.5% ± 1 ppt).

The cascade of supply-side shocks notably worsened inflation developments, also at regional level. Euro area inflation printed at 9.9% in September 2022.

GDP GROWTH



INFLATION RATE



STEEPLY UPWARDS INTEREST RATES

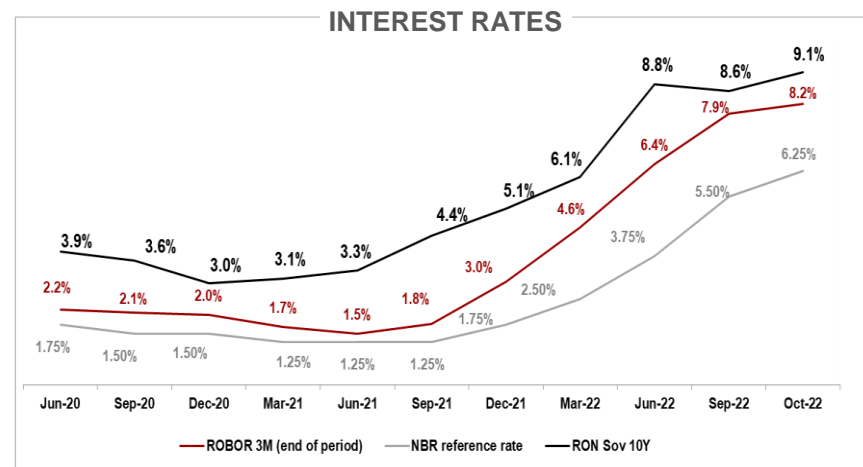
Rate hikes following regional trend

Amid larger and lengthier inflation pressures from global cost shocks, amplified by geopolitical context, NBR performed since September 2021, nine monetary policy rate hikes, 500 bps in total, to 6.25%.

Though the last hike was slightly over estimates, the key rate level is still under the one of CEE peers (HU, CZ or PL)

NBR supporting banks' liquidity

Lombard facility provided by NBR to the banking system starting March 2022, with a monthly peak in May (daily average of RON 12.7 bn), going down to significantly lower level in September.



Interbank rates continue to overpass Lombard rate

ROBOR 3M reached 7.9% at September 2022 end, from 3.0% at Dec-21, running above the Lombard facility rate amid the pricing-in of an anticipated rate hike that came in the beginning of October

9M 2022 on a strong upward trend, with average ROBOR 3M printing at 5.63%, +404 bps vs 9M 2021

SUPPORT FOR ECONOMY PROGRESSIVELY EXTENDED

The National Recovery and Resilience Plan, inflows for revitalizing the economy

- Main RRP objectives: achieve green and digital transitions, while strengthening healthcare, education, social cohesion and inclusion
- Allocated EU funds: EUR 29.2 bn (EUR 14.3 bn subsidies and EUR 14.9 bn loans)
 - Pre-financing: first tranche of grants (EUR 1.8 bn) received in December 2021, second tranche (EUR 1.9 bn) in January 2022
 - On October 20th, 2022, the European Commission authorized the payment for Romania's first financing request under the Recovery and Resilience Plan of EUR 1.8 bn in grants and EUR 800 million in loans.
 - The next payment request of funds allocated to Romania under RRP will have a total value of EUR 3.2 bn (EUR 2.1 bn in grants and EUR 1.1 bn in loans) and aims at meeting 51 milestones related to Q1 2022 and Q2 2022.

Approval of IMM INVEST PLUS

- As IMM Invest program and related state aid schemes ended on 30.06.2022, a new program was approved at June end and became operational in Oct 22 being valid until 2022 end.
- This new state aid scheme reunites under the same umbrella all existing programs (IMM INVEST ROMANIA, AGRO IMM INVEST, IMM PROD, GARANT CONSTRUCT, INNOVATION and RURAL INVEST), which will be governed by the same general legislation
- Total envelope: guarantees EUR 3.6 bn and grants EUR 390 million

Romanian state aid schemes approved by European Commission in September 2022

- EUR 1.5 bn scheme to compensate energy-intensive companies for indirect emission costs
- EUR 4 bn scheme to support companies in the context of Russia's invasion of Ukraine

“Support for Romania”, governmental measures package for individuals and companies proposed in April 2022

- RON 17.3 bn total envelope, out of which RON 9 bn EU funds and RON 8.3 bn national funds
- Legislative acts for the implementation of the measures are approved separately for each measure

VERY SOLID ROMANIAN BANKING SECTOR

Robust capital and liquidity positions

Loan to deposit ratio at 73% at Jun-2022 end, up from 69% as of 2021 end (vs 122% at 2008 end)

High average liquidity coverage ratio, 195% at Jun-2022 end vs. 239% at 2021 end, well above regulatory requirement (100%) and European average (165%)

Capital adequacy ratio at 21.4% at Jun-2022 end, compared to 23.3% at 2021 end (vs. 13.8% at 2007 end)

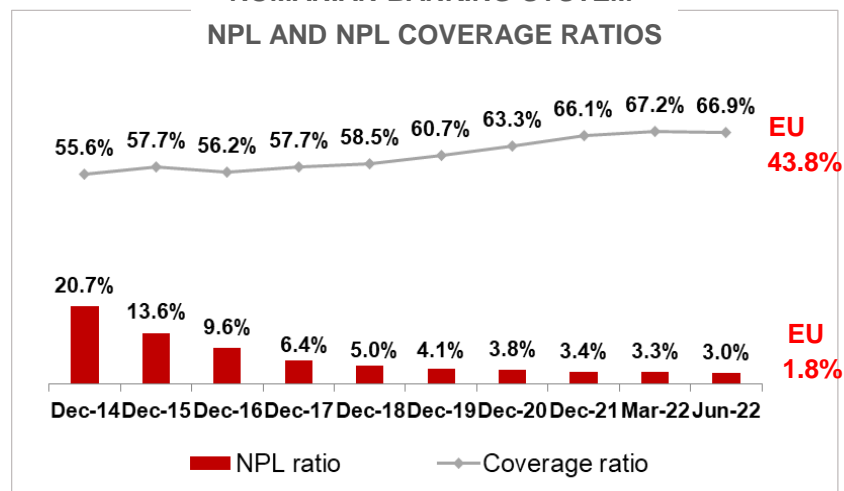
Sound risk profile

Low NPL ratio, 2.9% at Aug-2022 end, - 0.5 ppt vs 2021 end

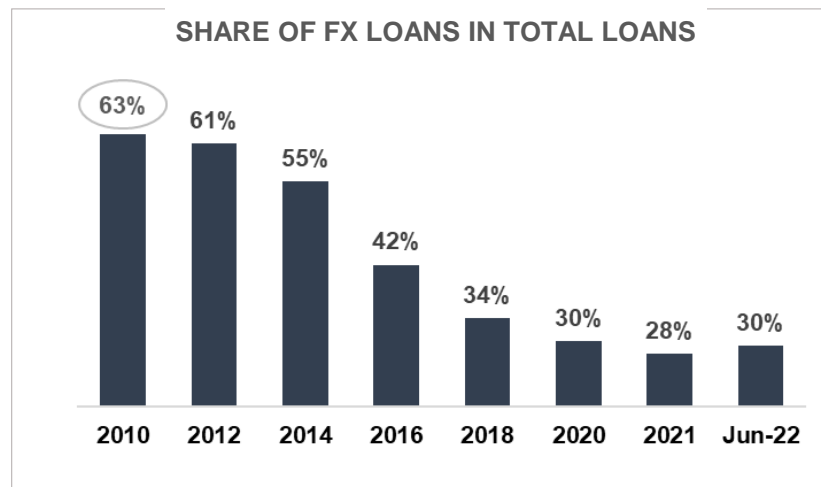
NPL coverage ratio standing high at 66.9% at Jun-2022 end (66.1% at 2021 end), well above the EU average of 43.8%

Significantly lower share of FX loans, 30% at Jun-2022 end compared to 63% at 2010 end, but slightly higher vs end 2021

ROMANIAN BANKING SYSTEM
NPL AND NPL COVERAGE RATIOS



ROMANIAN BANKING SYSTEM
SHARE OF FX LOANS IN TOTAL LOANS



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**3RD QUARTER AND 9 MONTHS
2022 BRD GROUP RESULTS**



GRUPE SOCIETE GENERALE

ENHANCE DIGITALIZATION, IMPROVE EFFICIENCY

ENHANCED REMOTE EXPERIENCE FOR OUR CLIENTS



100% online credit card issuance flow, accessible now on BRD website and via **YouBRD**

Instant payments, in YouBRD

Online consumer lending gaining traction with customers



Improved **Contact center's sales and operational capacity**

✓ **750** packages opened within a new sales flow available starting Mar 2022 via contact center

✓ **71%** calls answered in the first 30"



INCREASED USAGE OF E-CHANNELS

962k YouBRD active clients at Sep 2022 end (551k at Sep 2021 end)

+16% y/y nb of transactions on MyBRD & YouBRD vs 9M 2021

99% of large corporate clients' and **97%** of SMEs transactions performed via digital channels during 9M 2022

62% of import L/Cs and **57%** of LGs processed through the e-tools during 9M 2022

66% of FX trades processed through the e-tools in 9M 2022 (vs 59% in 9M 2021)

144.5 million acquiring transactions during 9M 2022, **+17% y/y**



CONTINUED NETWORK OPTIMIZATION

Reduce no of branches

-55 y/y, to **470** at Sep 2022 end
-42% versus 2016 end

Expand cashless approach

143 24/7 banking points, **+14% y/y**

DYNAMIC ALL OVER THE BOARD LENDING ACTIVITY

Strong corporate lending

Loans to SME up by +41% vs September 2021 end

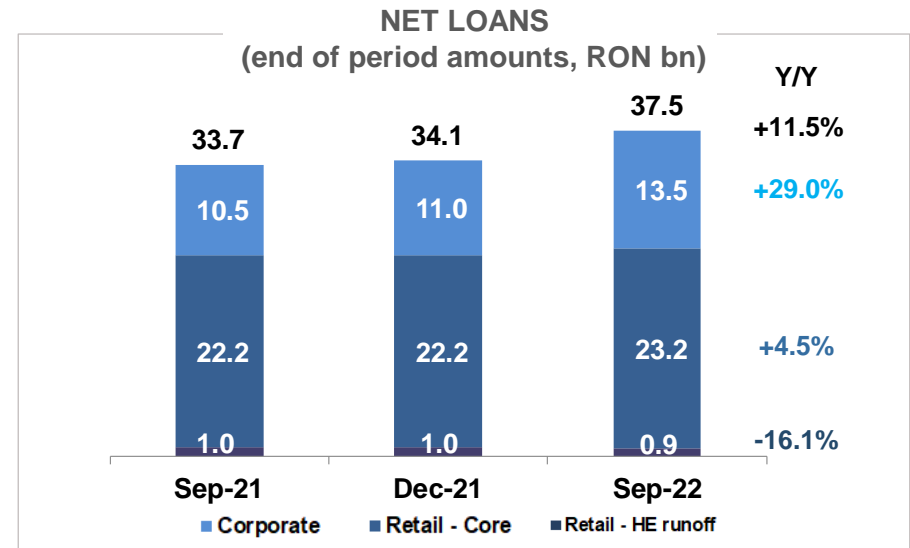
- ✓ Actively support SMEs eligible under Governmental programs, with RON 1.4 billion approved loans in H1 2022, out of which 33% for the agricultural sector.
- ✓ New IMM Invest Plus (sequel to IMM Invest program ended in June 2022) became operational for banks at the beginning of October 2022

Large corporate loan portfolio growing by +22.4%

Leasing portfolio increasing by +12% y/y

Retail core lending still printed high, but slowdown is looming

Housing loans production main driver of growth, +21% y/y (excluding renegotiation effect)



GROWING THE DIVERSIFIED DEPOSIT BASE

Savings remain elevated

Retail deposits up +3.3% y/y

Corporate deposits driven by collection of large corporate deposits (+6.0% y/y)

Solid liquidity profile

Net loan to deposit ratio at 68.1%

High liquidity buffer at 32% of total assets

BRD Asset Management

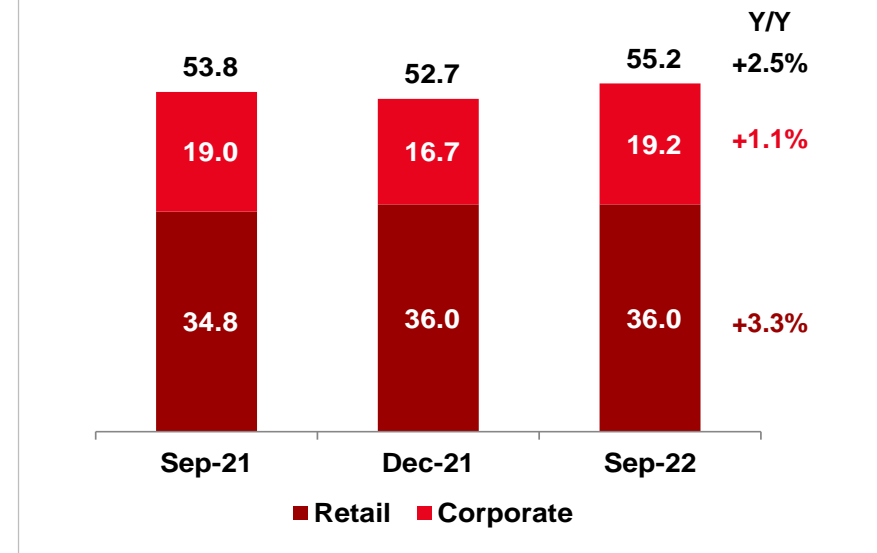
4th largest asset manager in Romania in terms of assets under management in open ended funds

4 new funds launched in August: BRD Orizont 2035, BRD Orizont 2045, BRD Oportunitati and BRD Euro Simplu, with the first two target date funds, a novelty on the local market

Active participation in Fidelis program

40% average market share on the three Romanian government bond issuances for individuals held in 9M 2022

DEPOSITS
(end of period amounts, RON bn)



GOOD PERFORMANCE ACROSS ALL REVENUE CATEGORIES

~10% growth of revenues in 9M 2022

NBI, up by +9.8% y/y in 9M 2022 and higher to +14.2% y/y in Q3 2022 reflecting a strong commercial momentum and favorable rates environment

Continued upward trend of NII over 9M and Q3 2022

Substantial growth in interest income built on volume and interest rate positive effects

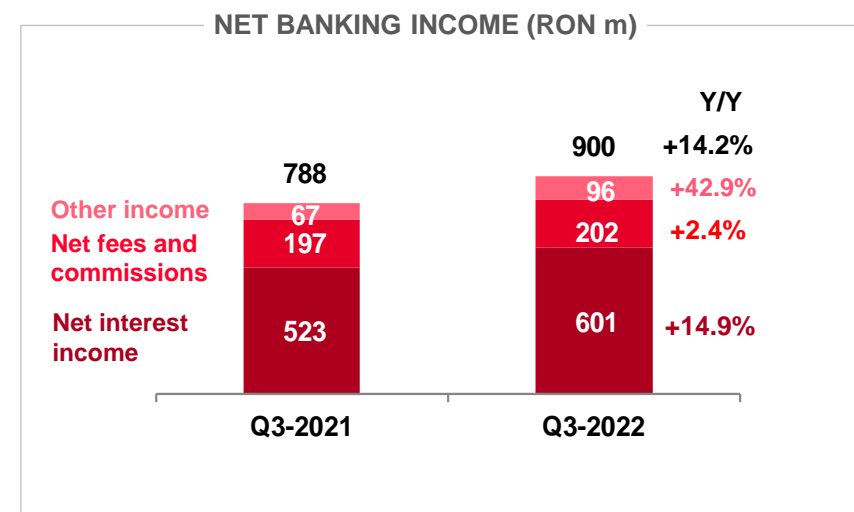
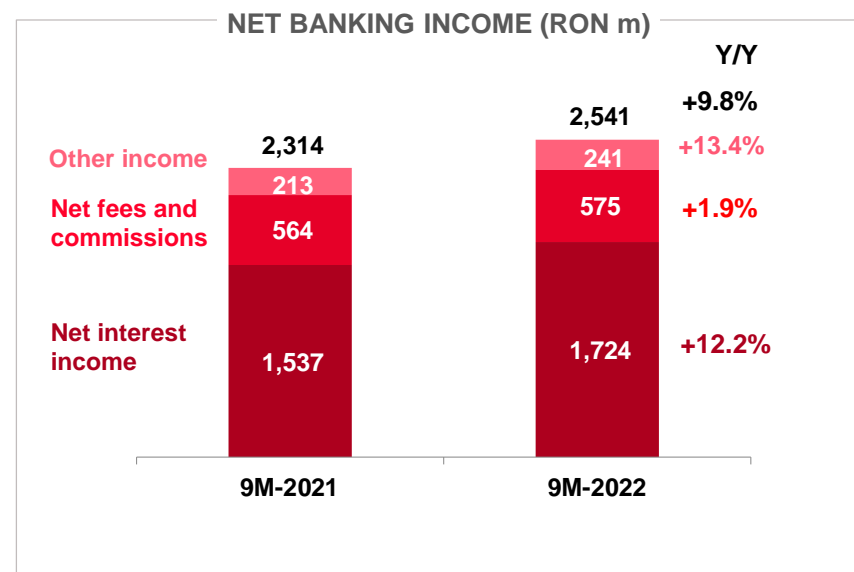
- ROBOR 3M average of 5.63% in 9M 2022, +404 bps y/y
- ROBOR 3M average of 7.69% in Q3 2022, +613 bps y/y

...partially counterbalanced by increasing funding costs

NFC performance integrating dynamic service fees

- ✓ mainly linked to cards activity and growing penetration on insurance products
- ✓ tempered by lower revenues from e-banking services given the migration of retail clients to the new free of charge mobile application, You BRD

Other income positive evolution due to consistent increase in both trading and sales activities on all products



RIGOROUS SPENDING DISCIPLINE

OPEX increase integrating inflationary pressures

+5.0% y/y in 9M 2022, excluding contributions to FGDB&RF (fully booked in Q1 2022)

Staff costs evolution, +5.2% y/y in 9M 2022 and +11.7% y/y in Q3 2022, reflecting:

- ✓ price effect through wage increase and other benefits, especially meal tickets
- ✓ partially balanced by the declining trend in FTEs linked to network footprint optimization (-447 FTE vs September 2021 end)

Other expenses advance mainly related to external services providers and IT&C

Accelerated growth in GOI, benefitting from increasing volumes and close management of cost base

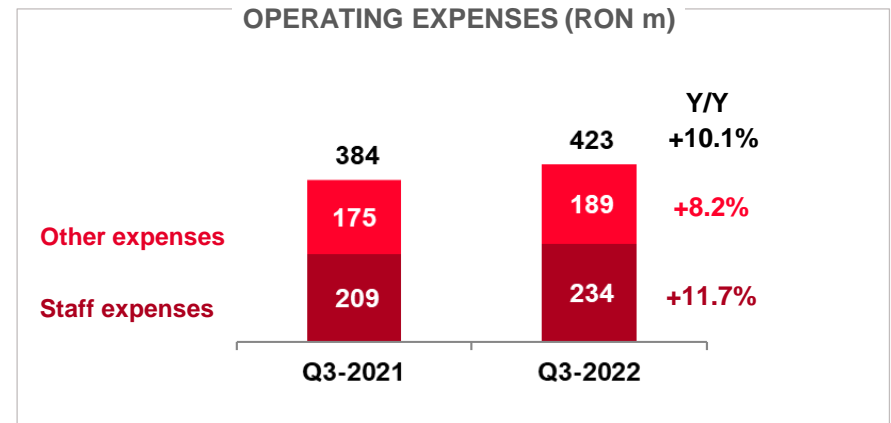
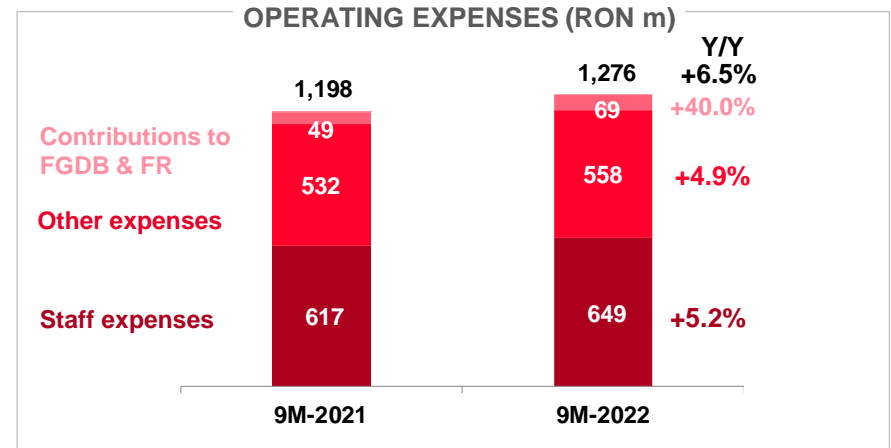
+13.4% y/y in 9M 2022

+18.0% y/y in Q3 2022

C/I improved on positive jaws effect

50.2% vs 51.8% in 9M 2021

47.0% vs 48.8% in Q3 2021



STABLE CREDIT QUALITY INDICATORS

Q3 net cost of risk at -8 bps

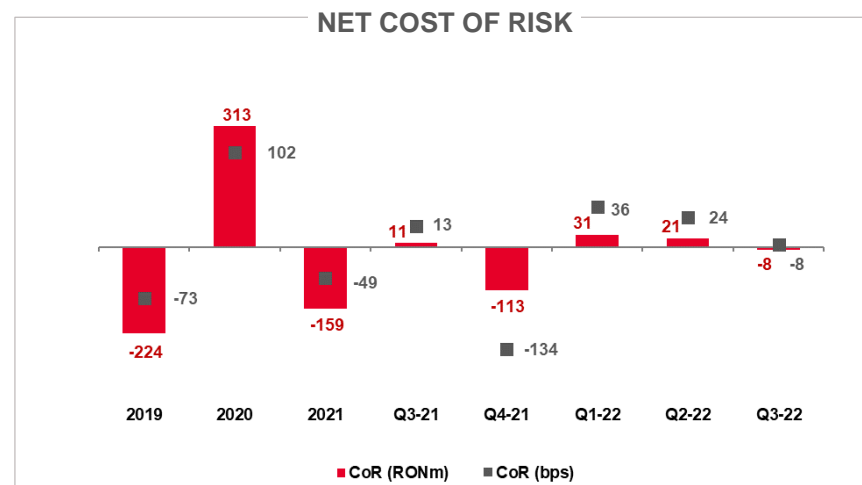
Q3 NCR close to 0, confirming stable portfolio quality QoQ

No sign of portfolio deterioration, both Retail and Non Retail.

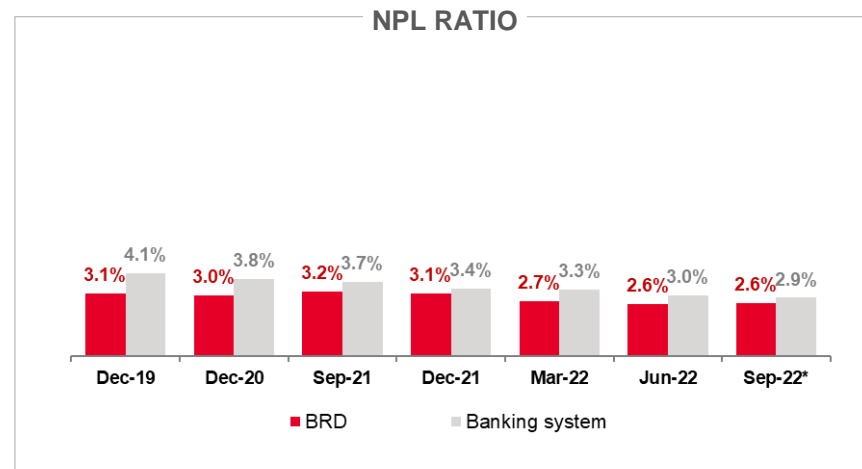
NPL ratio and Outlook

- Decreasing NPL volumes shows portfolio resilience
- NPL ratio at historically low level, expected to remain below 3% at the end of 2022
- Comfortable NPL coverage of 78%

All figures at individual level



*Note: CoR (bps) in quarter is annualized



* NPL for Banking System as of August 2022

Note: NPL computed acc. to EBA risk indicator AQT_3.2

CAPITAL POSITION

CAR of 21.9% at September 2022 end

Regulatory own funds composed of Tier 1 and Tier 2 capital

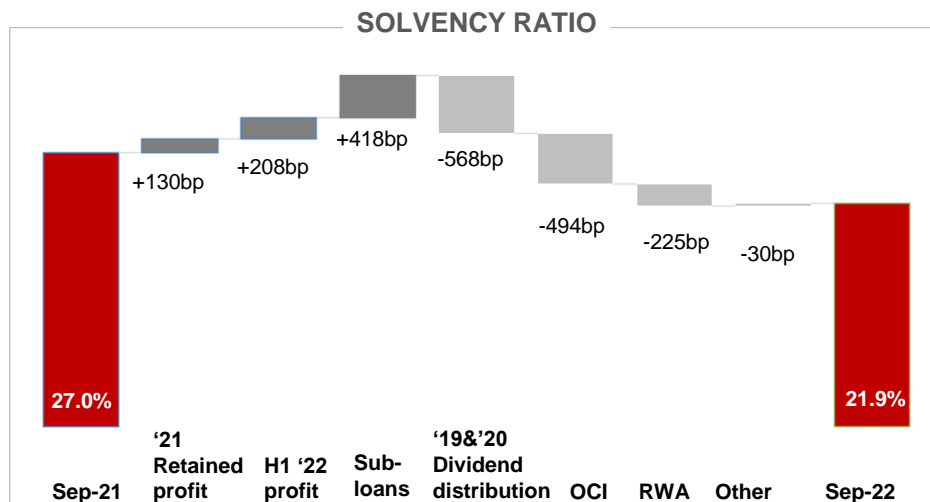
Tier 2 capital consisting of two subordinated loans in total amount of EUR 250m (EUR 100 million drawn in December 2021, respectively EUR 150 million drawn in June 2022)

Own funds year on year variation mainly driven by:

- ✓ exceptional dividend distribution of RON 1.68 bn from 2019 and 2020 retained profits,
- ✓ lower revaluation reserves of debt instruments accounted at fair value through other comprehensive income, in the context of rising yields
- ✓ partially offset by 2021 retained profit, incorporation of H1 2022 profit and drawn Tier 2 instruments

Starting 2021 end, BRD applies the temporary treatment* of unrealized gains and losses measured at fair value through other comprehensive income.

Total risk exposure amount increased driven by a very dynamic lending activity



Bank only	Sep-21	Dec-21	Sep-22
Common Equity Tier 1 (RONm)	7,984	6,646	5,935
Tier 1 (RONm)	7,984	6,646	5,935
Tier 2 (RONm)	-	495	1,237
Total own funds (RONm)	7,984	7,141	7,172
Total risk exposure amount (RONm)	29,622	29,596	32,718
Tier 1 Ratio	27.0%	22.5%	18.1%
Total Capital Ratio	27.0%	24.1%	21.9%

Note: CAR at BRD stand alone level, CAR at September 2022 end is preliminary and includes interim (H1 2022) profit

*According to art. 468 of Regulation (EU) 575/2013 as amended by Regulation (EU) 873/2020 as regards certain adjustments in response to the COVID-19 pandemic

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CONCLUSIONS



CONCLUSIONS

- **Solid performance of Romanian economy in Q2 2022, growth printing second best among EU member states**
- **BRD showed a robust commercial activity across the board**
 - **corporate lending activity consolidating its already strong growth pace**
 - **retail financing still driven by housing loans**
- **Digital customer journey upgraded**
 - **100% online credit card issuance flow now accessible on BRD website and via YOU**
 - **instant payments, 24/7, for individuals, possible with YOU**
- **Strong financial performance**
 - **revenues growth driven mainly by a double-digit advance in interest income, building on both positive volume effect and higher market rates**
 - **OPEX growth under inflation pressure, tempered by rigorous spending discipline**
- **Good quality of loan portfolio**
 - **Very sound levels of risk indicators**
 - **Cost of risk driven by charges on performing portfolio in response to macroeconomic trends, while non-performing portfolio remains a driver of steady recoveries**
- **High profitability, ROE close to 17% in 9M 2022**

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Q&A SESSION



GRUPE SOCIETE GENERALE

APPENDIX

BRD GROUP – KEY FIGURES

BRD STANDALONE - KEY FIGURES

BRD STOCK PRICE PERFORMANCE

GLOSSARY – CLIENT SEGMENTATION



GRUPE SOCIETE GENERALE

BRD GROUP | KEY FIGURES

RON m		Q3-2022	Q3-2021	Change	9M-2022	9M-2021	Change
Financial results	Net banking income	900	788	14.2%	2,541	2,314	+9.8%
	Operating expenses	(423)	(384)	+10.1%	(1,276)	(1,198)	+6.5%
	Gross operating income	476	404	+18.0%	1,265	1,116	+13.4%
	Net cost of risk	9	3	3.3x	(37)	42	n.a.
	Net profit	399	295	+35.4%	1,016	920	+10.3%
	Cost/Income	47.0%	48.8%	-1.7 pt	50.2%	51.8%	-1.6 pt
	ROE	26.0%	11.8%	+14.2 pt	16.7%	12.5%	+4.3 pt

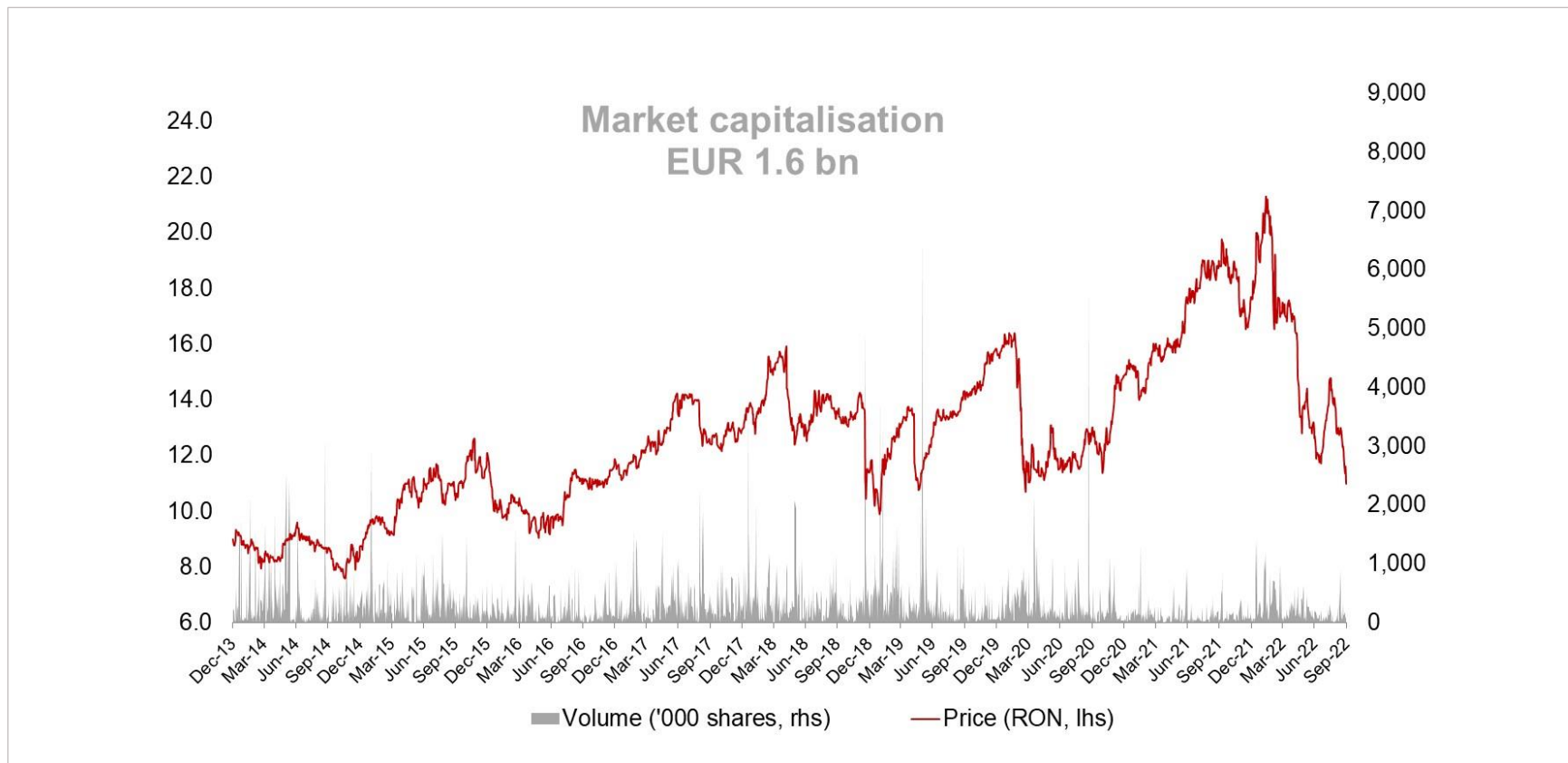
RON bn		Sep-22	Dec-21	Sep-21	vs. Dec-21	vs. Sep-21
Loans and deposits	Net loans including leasing (RON bn)	37.5	34.1	33.7	+10.0%	+11.5%
	Retail	24.1	23.2	23.2	+3.8%	+3.6%
	Corporate	13.5	11.0	10.5	+23.2%	+29.0%
	Total deposits (RON bn)	55.2	52.7	53.8	+4.7%	+2.5%
	Retail	36.0	36.0	34.8	0.0%	+3.3%
	Corporate	19.2	16.7	19.0	+14.8%	1.1%
	Loan to deposit ratio	68.1%	64.8%	62.6%	+3.3 pt	+5.5 pt

BRD STANDALONE | KEY FIGURES

	RON m	Q3-2022	Q3-2021	Change	9M-2022	9M-2021	Change
Financial results	Net banking income	857	743	+15.4%	2,449	2,194	+11.6%
	Operating expenses	(401)	(368)	+9.1%	(1,207)	(1,125)	+7.3%
	Gross operating income	456	375	+21.6%	1,241	1,069	+16.2%
	Net cost of risk	8	(11)	n.a.	(45)	46	n.a.
	Net profit	381	258	+47.9%	998	886	+12.6%
	Cost/Income	46.8%	49.5%	-2.7 pt	49.3%	51.3%	-2.0 pt
	ROE	19.7%	10.6%	+9.0 pt	17.2%	12.4%	+4.8 pt
Loans and deposits	RON bn	Sep-22	Dec-21	Sep-21	vs. Dec-21	vs. Sep-21	
	Net loans (RON bn)	35.5	32.2	31.7	+10.2%	+11.9%	
	Retail	22.9	22.1	22.1	+3.8%	+3.5%	
	Corporate	12.5	10.1	9.6	+24.6%	+31.3%	
	Total deposits (RON bn)	55.3	52.9	54.0	+4.5%	+2.5%	
	Retail	36.0	36.0	34.8	0.0%	+3.3%	
	Corporate	19.3	16.9	19.2	+14.2%	+0.9%	
	Loan to deposit ratio	64.1%	60.8%	58.7%	+3.3 pt	+5.4 pt	
Capital adequacy	CAR	21.9%	24.1%	27.0%	-2.2 pt	-5.0 pt	
Franchise	No of branches	470	499	525	(29)	(55)	

CAR at September 2022 end is preliminary and includes H1 2022 net profit

BRD | STOCK PRICE PERFORMANCE



- BRD is part of the main market indices on the Bucharest Stock Exchange
- BRD is in Top 5 largest domestic companies listed on the local stock exchange
- BRD's share price reached RON 11.10 as of September 2022 end, -41% y/y and -37.3% ytd

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 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

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