



GROUPE SOCIETE GENERALE

## BRD GROUP RESULTS FOR Q1 2024:

# DYNAMIC PERFORMANCE ACROSS THE BOARD AND STRONG ENGAGEMENT TO ACCELERATE POSITIVE IMPACT FINANCING

## Press release

Bucharest, May 2nd, 2024

Main commercial trends and financial indicators of BRD Groupe Société Générale at March 31, 2024 at consolidated level, according to the International Financial Reporting Standards (IFRS):

### ➤ **Dynamic quarter for the commercial activity**

- remarkable corporate financing activity (+20.2% YoY), driven by sustained advance on SMEs (+27% YoY) and large corporates (+17% YoY)
- record level of new loans granted to individuals, RON 2.35 billion in Q1 2024, +43% YoY
- solid and broadly increasing deposit base, +13.3% YoY at March 2024 end
- BRD AM in top 3 asset managers as of March 2024 end, with consistent growth of assets under management, +32% YoY, at RON 4.5 billion
- increased adoption of e-banking application, with YouBRD reaching ~1.5 million users at March 2024 end, +28% YoY

### ➤ **Strong commitment for building a sustainable economy**

- innovative synthetic securitization transaction with IFC (member of the World Bank Group), enabling the acceleration of sustainable financing
- cumulated production of sustainable financing over the last 3 years reached EUR 976m at March 2024 end, very close to EUR 1bn target initially set for end of 2025

### ➤ **Higher operating performance** (RON 455 million, +7% YoY) pushed by volumes' expansion and controlled costs' increase

#### Contact media:

Traian Traicu\_021 301 61 50\_traian.traicu@brd.ro

BRD-GROUPE SOCIETE GENERALE

Bd. Ion Mihalache nr. 1-7, 011171 București, România; [www.brd.ro](http://www.brd.ro)

CAPITAL SOCIAL IN RON: 696.901.518 lei; R.C. J40/608/19.02.1991; RB - PJR - 40 - 007 /18.02.1999; C.U.I./C.I.F.:RO 361579.

- **Low level of NPL ratio** (2.1%) and **comfortable NPL coverage** (76%)
- **Risk costs' evolution reflecting a closer to “through the cycle” level**
- **Net profit of RON 326 million** (vs. RON 342 million in Q1 2023), **ROE 14.5%**

*“The first quarter of the year confirms BRD solidity and capacity to deliver value, marking a strong performance, in terms of both commercial activity and financial results.*

*Our loan portfolio grew by +12% on a yearly basis, with a strong contribution from all business segments. Individuals new loan production taps record level, RON 2.3bn in Q1 2024, proving that our offer is flexible and very responsive to customers' needs. Lending on corporates preserves a steady growth, +20% YoY, building on long-term relationships and sound market reputation.*

*BRD acted further on its strong commitment to support sustainability transitions, progressing on its agenda with new milestones achieved this quarter. As of March 2024 end, BRD cumulated production of sustainable transactions over the last 3 years reached EUR 976m, very close to EUR 1bn target initially set for end of 2025. Moreover, Q1 2024 is marked by a landmark transaction on Romanian market, namely an innovative synthetic significant risk transfer (SRT) transaction closed with IFC (member of the World Bank Group) on a reference portfolio of EUR 700 million, transaction that enables us to free up capital 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 small businesses).*

*To further complete the picture of the quarter, on the digital front we continue to enhance our customers experience bringing new functionalities, both on the mobile application, as well as on the web platform. YOU BRD, the e-banking application, continues to grow and attract new users, reaching nearly 1.5 million customers.*

*All the above translated into a solid financial performance for Q1 2024, with high net result of RON 326 million and ROE of 14.5%, including the impact of the new levy tax on turnover for the quarter and the estimated cumulated contributions to Deposit Guarantee and Resolution Funds for the full year.*

*Further on, we restate our strong commitment towards financing the Romanian economy, to remain a trustworthy partner for all our clients, firmly and responsibly fulfilling our role as a leading bank in Romania”, said Maria Rousseva, CEO of BRD Groupe Société Générale.*

### **Strong commercial performance across the board**

BRD Group net loans outstanding, including leasing receivables, recorded double-digit growth, of +12.3% YoY compared to March 2023 end, driven by vigorous financing operations on corporate segment, while lending activity on retail segment exhibited resilience to the effects stemming from tightened financial conditions, elevated interest rates and escalating uncertainties regarding future prospects.

On retail segment, the outstanding grew by +7.2% YoY at March 2024 end, with a solid contribution from both individuals and small business customers, proving that BRD offer is flexible and responsive to customers' needs. BRD individuals' loan production touched a new record level, RON 2.35 billion in Q1 2024, +43% YoY, building on consumer loans' best

quarter ever, with an impressive growth of +51% YoY, and also on new housing loans which returned to growth, both in value (+45% YoY) and in number (+32% YoY). Net loans outstanding on small business segment also recorded a substantial dynamic of +56.1% YoY at March 2024 end, following an improved lending offer and optimized internal processes by increased digitalization and intensive usage of external public databases.

Corporate loans portfolio continued to deliver a strong performance (net loans outstanding +20.2% YoY at March 2024 end) building on dedicated sectorial coverage, long-term relationships and sound market reputation. Consequently, both segments, SMEs and large companies, preserved a healthy growth pace during the analyzed period (net loans outstanding up, +26.9% YoY on SMEs and +16.9% YoY on large companies, as of March 2024 end). Additionally, benefiting on a consistent demand, net outstanding of leasing financing increased by +20.3% YoY.

BRD further acted on its strong commitment to support sustainability transitions. As of March 2024 end, BRD cumulated production of sustainable transactions over the last 3 years reached EUR 976m, very close to EUR 1bn target initially set for end of 2025. Moreover, Q1 2024 is 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 small businesses).

BRD Group relies on a solid and diversified deposit base, consistently growing by +13.3% YoY as of March 2024 end. Retail deposits (+12.0% YoY), a stable and significant source of funding, registered solid net inflows in term deposits from individuals customers, as interest rates maintained elevated. Corporate deposits sturdily advanced by +15.8% YoY as of March 2024 end, driven primarily by increased net inflows from large corporates (+17.9% YoY), followed by SMEs (+12.8% YoY).

### **Enhanced digital impact and presence**

BRD digital evolution keeps pace, with new functionalities added, both on the mobile application, as well as on the web platform. Users can now initiate transactions for buying and selling investment funds directly from YOU web platform, and the facility to visualize the investment funds, already embedded in the mobile application, is now also available on the web platform. YOU BRD continues to grow and attract new users, reaching nearly 1.5 million customers, up by +28% YoY as of March 2024 end.

### **Good financial performance and solid balance sheet**

In Q1 2024, BRD Group net banking income reached a 5.3% increase compared to the same period in 2023, amounting to RON 985 million. It was primarily fueled by the 6.8% YoY growth in net interest income, propelled by positive volume effect, while the impact of interest rates reversed, given lower interest rates as compared to Q1 2023 (average ROBOR 3M decreasing from 7.10% in 3M 2023 to 6.11% in 3M 2024). Net fees and commissions accelerated to 8.0% year-on-year, driven by higher revenues from transfers, cards, and capital market activities, and increased contribution from off balance commitments, partially tempered by lower revenues from OTC withdrawals linked to increasing digital penetration and contraction in fees on current accounts outside packages. Other revenues were rather stable (vs a particularly dynamic Q1 2023) excluding one-off limited provision.

After the step-up in the first two months of 2024 due to new indirect taxes and charges, annual inflation decelerated in March 2024, back to the level of 6.6%. Still, the average inflation rate over the last 12 months remained high, at 8.5%, exerting further pressure on costs. However, disciplined spending kept overall expenses limited to +4.2% YoY increase vs Q1 2023. Staff expenses increase of +9.3% YoY in Q1 2024 was driven by price effect and enhanced benefits amidst the inflationary backdrop and intensely competitive talent market. The estimated cumulated contributions to Deposit Guarantee Fund and Resolution Fund reduced to RON 43.1m in 2024 from RON 75.8m expense booked in Q1 2023. The positive impact of this cost reduction was almost offset in Q1 2024 by the enforcement starting 2024 of the new levy tax of 2% on turnover (computed and paid quarterly based on actual results, in amount of RON 30.4 million for Q1 2024). The increase of other costs mainly reflects continuous IT effort supporting the advancement on our digital roadmap.

BRD Group gross operating income reached RON 455 million in Q1 2024 (+6.5% compared to Q1 2023) and cost to income ratio was improved on positive jaws effect (53.8% in Q1 2024 vs 54.3% in Q1 2023).

The quality of the loan book remained solid, with NPL ratio around record low level, reaching 2.1% at March 2024 (1.9% at 2023 end), while NPL coverage stands comfortable (76.4% at March 2024 vs 75.9% at 2023 end, Bank level). Net cost of risk registered RON 54.3m provision allocation during Q1 2024, compared to RON 9.4m net provision allocation in Q1 2023, reflecting a closer to “through the cycle” level.

All the above translated into a high level of profitability in Q1 2024, with the net result of BRD Group amounting to RON 326 million (vs RON 342 million in Q1 2023) and high ROE, of 14.5%, in Q1 2024.

Reflecting a strong capital position, BRD total capital ratio stood at 24.1% as of March 2024 end (own funds including 50% of 2023 net profit, as voted by GSM), compared to 21.9% as of March 2023 end.

*BRD financial results for three months ended March 31, 2024 are available to the public and investors on the website of the bank, [www.brd.ro](http://www.brd.ro), beginning with 18h30. Copies of the documents can also be obtained upon request, free of charge, at the head office of BRD-Groupe Société Générale, located at 1-7, Ion Mihalache Bd., 1st district, Bucharest.*

Notes:

<sup>1</sup> NPL ratio, Coverage ratio, at Bank level

If not stated otherwise, all variations are vs. T1 2023 (for income statement related items) or March 2023 end (for balance sheet related items).

BRD - Groupe Société Générale operates a network of 391 units. Total assets of the bank at March 2024 end amounted to RON 81.7 billion.

BRD is part of the Société Générale Group, one of Europe's leading financial services groups and a major player in the economy for over 160 years. The group has 126,000 employees in 65 countries and 25 million customers worldwide and is built on three complementary business lines:

- French Retail Banking
- Global Banking and Investor Solutions
- International Retail, Mobility & Leasing Services

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**Contact media:** Traian Traicu\_021 301 61 50\_traian.traicu@brd.ro

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