

BRD GROUP RESULTS FOR H1 2023: DYNAMIC BUSINESS PERFORMANCE, EXCELLENT FINANCIAL RESULTS

Press release

Bucharest, August 3rd, 2023

Main commercial trends and financial indicators of BRD Groupe Société Générale at June 30, 2023 at consolidated level, according to the International Financial Reporting Standards (IFRS):

- **Strong lending growth supported by corporate dynamic and retail resilience**
 - corporate lending activity, printing high at +18% YoY, underpinned by both SME (+29% YoY) and large corporates (+12% YoY)
 - record production of consumer loans in H1 (+13% YoY) and Q2 (+20% YoY)
 - active SMEs financing under IMM Invest Plus, with RON 1.6 billion new approved loans in H1 2023
 - engaged in supporting sustainability transitions, with RON 1.2 billion new sustainable financing in H1 2023
 - strong performance in leasing financing (+18% YoY)
leading to +8% YoY increase in the stock of loans at June 2023 end
- **Deposits consolidate on the rise, +9% YoY**
- **Digital transformation and clients' adoption speeds up**
 - 1.3 million users of YouBRD mobile application, +45% YoY at June 2023 end
 - continuous enrichment of the user experience with new features
 - consistently increasing number of transactions
 - instant payments available for small business and corporate customers
- **Excellent financial performance**
 - strong revenues growth with NII +18.3% YoY and trading activity, as main drivers
 - opex dynamic (+10.7% YoY) influenced by labor market tightness and elevated inflation
 - solid asset quality: new historic low NPL ratio at 2.2% and comfortable NPL coverage
 - high net profit, RON 768m compared to RON 617m in H1 2022, + 24.4% YoY
 - ROE 20% vs 15.6% in H1 2022

“BRD delivered dynamic business performance and excellent financial results during the first semester of the year, despite a constantly challenging economic environment.

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BRD-GROUPE SOCIETE GENERALE

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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.

Lending activity was strong, with dynamic Corporate segment, posting a very solid performance of +18% YoY, built on both SMEs and large corporates. BRD continued to be an active financier of companies eligible under IMM INVEST Plus program, offering support for more than 1500 customers, with a total value of approved loans of RON 1.6 billion. In addition, supporting the sustainability transition remains a strong commitment, with new sustainable financing exceeding RON 1.2 billion. On individuals, lending was rather resilient, with contrasting effects of consumer and housing within the mix. Consumer loan production had a remarkable performance reaching record levels, while housing loans production reflected the declining market trend in the context of elevated interest rates.

Building on a solid commercial activity and excellent asset quality, BRD Group delivered over the first half of the year an excellent financial performance, with significant growth of revenues, while operating expenses' evolution was contained by a rigorous spending discipline. The positive jaws effect resulted into improved cost to income ratio during the analysed period. These vigorous business results, complemented by cost of risk in net release, contributed to a strong increase of net result, +24% YoY, and a high ROE of 20%.

Going forward, BRD is well positioned to continue its business growth and remains committed to provide financial and expertize support for its customers and the economy“, said François Bloch, CEO of BRD Groupe Société Générale.

Dynamic corporate lending and resilient expansion on retail

BRD Group net loans (including leasing receivables) growth reached +8% YoY at June 2023 end. The increase was sustained by a vigorous lending activity on corporate segment, while the dynamic on retail was softer, reflecting the impact of monetary policy tightening measures and the decline in purchasing power.

On retail, net loans outstanding was up +2.3% YoY as of June 2023 end (individuals +1.8% YoY and small business +16.0% YoY). The evolution was mainly supported by consumer loan production, increasing by +13% YoY in H1 2023 and reaching a quarterly record level in Q2 2023. Housing loans production was marked by a declining market trend in the context of elevated interest rates.

Corporate lending activity showed a strong dynamic, growing at a double-digit pace, +17.9% YoY as of June 2023 end, building on an excellent contribution from both SME segment (+29.1% YoY) and large companies (+12.2% YoY). Leasing activity performed also very well, posting an overall portfolio increase of +18.2% YoY.

BRD financed more than 1,500 customers under IMM Invest Plus program, with RON 1.6 billion approved loans in H1 2023. In addition, BRD co-financed 450 companies eligible for non-reimbursable subsidies from state or European Union budget, with a total value of loans of RON 195 million. BRD is highly committed to finance the sustainability transition with a total volume of new sustainable financing reaching RON 1.2 bn in H1 2023.

Further consolidation of deposit base

Deposits to customers reached RON 58.4 bn as of June 2023 end, higher by +8.9% on an annual basis, with +6.6% YoY advance on retail segment and +13.3% YoY on non-retail. In the context of elevated rates and, thus, competitive remuneration, individuals' term deposits continue to grow steeply. On corporate segment, higher net inflows were registered from large corporate customers (+21.8% YoY) and to a smaller extent from SMEs (+2.5% YoY).

Accelerating digital transformation, extended usage of mobile banking application

During the first half of the year, BRD continued to further expand and enhance the digital functionalities of its e-channels. More than 1.3 million users of You BRD, +45% YoY at June 2023 end, are enjoying the latest developments of the application, like the additional security features, or the visualisation of BRD AM funds and capital market accounts directly from the application. Small business and corporate

customers can make interbank transfers within few seconds, 24/7, day or night, bank holiday or weekend, by using the instant payments service.

Excellent financial results

BRD Group revenues' growth was solid during the 1st half of the year, reaching RON 1,861 million, up by 13.4% compared to H1 2022. Net interest income had a strong contribution to this dynamic, increasing by +18.3% YoY in H1 2023, on favorable volume effect and higher interest rates on assets portfolio. The elevated rates environment left its mark also on liabilities side through rising funding costs primarily associated with term deposits. Net fees and commissions reduced on a yearly basis, by 3.4% YoY, influenced in principal by lower services fees from cards activity and lower volume of cash transactions mainly on a base effect (last year reaction induced by Russia-Ukraine war which generated massive withdrawals from individual customers). These were partially compensated by higher commissions from packages which benefited from rising number. Other income, up by +18.4% YoY in H1 2023, was underpinned by trading activity given improved results both on foreign exchange and fixed income.

Operating expenses totalled RON 944 million in H1 2023 (vs RON 853 million in H1 2022), increasing by +10.7% YoY. Staff expenses (+11.2% YoY) remained influenced by a price effect amid fixed salaries increases and other benefits adjustments (following new labour agreement signed in June 2022), given the persisting labour market tightness and still elevated inflation. For the other costs categories the dynamic is explained to a large extent by higher expenses on external services and IT&C to support the delivery of digital transformation, while run-the-bank costs remain under a very good control, being kept well below inflation.

Overall operating performance was very solid, with gross operating income increasing by +16.4% to RON 918 million compared to RON 789 million in H1 2022. BRD Group cost to income ratio improved by 1.3 ppt to 50.7% in H1 2023, from 51.9% in the same period of the previous year.

During the analysed period, asset quality remained strong, with NPL ratio* (non-performing loans, according to EBA definition) reaching new historic low level of 2.2% at June 2023 end, further improving from 2.6% at June 2022 end, and provision coverage remaining well above 70% (74% at June 23 end vs 77% at June 22 end). The net cost of risk represented RON 5.2m net release in H1 2023, compared to RON 46.1m net charge in H1 2022, mainly given sustained recoveries on defaulted exposures.

As a result of all the above, BRD Group recorded a net profit of RON 768 million in H1 2023 (+24.4% YoY, from RON 617 million in H1 2022) and ROE printed higher to 20.1% for the first half of the year vs 15.6% in H1 2022.

BRD total capital ratio stood at 22.4% as of June 2023 end, reflecting a solid capital position.

BRD financial results for six months ended June 30, 2023 are available to the public and investors on the website of the bank: www.brd.ro beginning with 09h00. 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.

*Note: If not stated otherwise, all variations are vs. H1 2022 (for income statement related items) or June 2022 end (for balance sheet related items). Consumer loans production excludes BRD Finance, as a result of limiting the subscription of new products
NPL and coverage ratio, at bank level*

BRD - Groupe Société Générale operates a network of 441 units. Total assets of the bank reached RON 74.5bn at June 2023 end.

BRD is part of the Société Générale Group, one of the largest European financial services groups. The group has 117,000 employees in 66 countries and 25 million customers worldwide in its three key activities:

- French retail banking
- International Retail Banking, Insurance and Financial Services to Corporates
- Banking and Investor Solutions
- Global banking and

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