



GROUPE SOCIETE GENERALE

BRD GROUP RESULTS FOR Q1 2023:

INTENSE LENDING, SUPPORTING CUSTOMERS AND THE ROMANIAN ECONOMY FINANCIAL PERFORMANCE STANDING HIGH

Press release

Bucharest, May 12th, 2023

Main commercial trends and financial indicators of BRD Groupe Société Générale at March 31, 2023 at consolidated level, according to the International Financial Reporting Standards (IFRS):

- **Strong growth of financing projects of our individuals and business customers**
 - impressive result on corporate outstanding loans (+28.8% YoY), underpinned by both SME (+30.4% YoY) and large corporate (+28.0% YoY)
 - active support for SMEs under IMM Invest Plus program, with the value of new loans granted reaching RON 825m in Q1 2023, four times higher vs Q1 2022
 - very robust performance in leasing financing (+15.8% YoY)
 - leading to a +11.2% YoY increase in the stock of loans at March 2023 end
- **Solid and diversified savings base**
 - large corporate deposits, +22.4% YoY at March 2023 end
 - retail deposits, +3.6% YoY at March 2023 end
- **Enhanced digital journey and further increasing digital adoption**
 - new features added to You BRD mobile application
 - 1.16 m users of You BRD, as of March 2023 end, up by +42% YoY
 - 65% of deposits and 90% of savings accounts, opened directly in YouBRD, in Q1 2023
- **Strong financial performance**
 - very dynamic revenues and below inflation costs' increase
 - high quality of the loan book with limited risk costs and sound level of risk indicators
 - net profit RON 342 million, up +30% YoY and ROE at 19%, in Q1 2023

“During the first three months of the year, BRD continued to be an active partner for its customers and the Romanian economy. Lending activity maintained its upward trend, with outstanding growth of financing volumes on corporate segments, both on SMEs and top corporates, building on a strong sectorial expertise, being also underpinned by the participation in IMM Invest program. On retail, lending activity was resilient, in an overall slowing down market, with a still high amount of new loans granted to individuals. BRD is highly committed to contribute materially to a greener economy, with a total volume

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

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.

of new transactions supporting sustainability transitions of RON 1.16 billion in the first quarter of the year. Moreover, BRD plays efficiently its role in financial intermediation by achieving significant distribution of Fidelis program, which contributes to the funding of Romanian state budget while offering individual clients the opportunity to extend their investment universe.

This dynamic commercial performance was accompanied by growing maturity of digital app, offering enhanced features for increasing number of users, contributing to customer satisfaction, as recognized through an improved store rating reaching 4.5.

First quarter financial results reflected the strong momentum, with high growth of revenues while operating expenses evolution was contained visibly below inflation level. Cost of risk was very limited, while risk indicators remained at sound levels, reflecting the high quality of assets. All of these translated into high profitability, with net result increasing by 30% and ROE reaching 19% in the first quarter of the year.

With its forceful profile, BRD further continues its journey as a reliable and relevant partner for its customers and for the Romanian economy“, said François Bloch, CEO of BRD Groupe Société Générale.

Dynamic commercial momentum

Net loans outstanding (including leasing) reached RON 38.7 billion, strongly increasing by 11.2% versus March 31, 2022, sustained by an intense lending activity on corporate segment, while on retail segment, production remained resilient despite a softer market dynamic.

On retail, net loans outstanding was up 2.8% YoY, underpinned by both individuals and small business. Individuals' loan production reached near RON 1.6 billion in Q1 2023, a resilient level despite reduced demand on housing amid elevated borrowing costs and uncertain environment, while consumer loans production was on an upward trend during the first three months of the year. Small business segment posted a strong growth of +19.8% YoY.

Lending activity to corporate segment delivered an impressive result (+28.8% YoY), building on an excellent momentum on both SME segment (+30.4% YoY) and large companies (+28.0% YoY). BRD continued to be actively engaged in governmental programs dedicated to SMEs and offered support for more than 750 SMEs under IMM Invest Plus program during the first quarter of the year, with the value of new loans granted reaching RON 825 million in Q1 2023, four times higher compared to the same period of last year.

Deposits to customers reached RON 55.6 billion, growing by 4.2% on an annual basis, mainly as a result of higher inflows in term deposits from individuals and increase of RON denominated resources from large corporates, in a context of elevated and competitive remuneration rates. Also, BRD continued to be a very active participant in the Fidelis government bonds issuance for individuals held in 2023, with a 42% average market share and a total value subscribed of around RON 1.3 billion.

The digital adoption further increased, as reflected by the higher number of users of the mobile application, You BRD, reaching 1.16 million as of March 31, 2023, up by 42% compared to the same period of last year. In addition, more and more clients choose the application for opening deposits or saving accounts, thus, 65% of deposits and 90% of saving accounts were opened directly in You BRD, during the first quarter. Regarding its functionalities, the mobile application is continuously enriched, with the in-app rating and simplified home screen being the latest features going live in the first quarter. Store ratings of the mobile application increased to 4.5 on average, as of March 2023 end, reflecting that our continued relentless efforts to enhance our customers' digital journey fit clients' needs and are highly appreciated.

Very good start of the year with a record Q1 revenues' performance

BRD Group total revenues reached RON 935 million compared to RON 810 million, increasing by +15.5% compared to Q1 2022. The performance was sustained by the higher net interest income and continued excellent momentum on financial markets. Building on growing volumes, with +11.2% YoY

expansion in outstanding loans, magnified also by elevated interest rates, net interest income recorded a strong increase, of +20.6% YoY. Net fees and commissions stepped back (-4.3% YoY), on lower fees from cards activity as a result of increasing penetration of packages (embedding more services for free) and Q1 2022 base effect linked to increased cash withdrawals for private individuals customers induced by concerns given the outbreak of the war in Ukraine. Other revenues marked +26% YoY advance with a large contribution from a favorable trading activity.

Operating expenses totaled RON 508 million compared to RON 460 million in Q1 2022. The pressure of double-digit inflation is high, but costs' increase (+10.5% YoY) was contained below inflation level, amid rigorous costs' management. Staff expenses' increase, of +9.1% YoY, reflects the price effect of higher wage and other benefits adjustments, in a competitive and tight labor market. Other expenses' advance incorporates a higher cumulated contribution to Deposit Guarantee and Resolution Funds (RON 75.8 million, booked in Q1 2023, compared to RON 69.2 million in 2022), higher expenses with external services providers and increase of IT&C related costs, supporting strategic projects delivery.

Overall operating performance printed high in the first three months of the year, with gross operating income increasing by +22.2% YoY to RON 427 million compared to RON 350 million in Q1 2022. The positive jaws effect translated into reduced cost to income ratio, to 46.2% in Q1 2023 from 48.3% in Q1 2022, if excluding the cumulated contributions to Deposit Guarantee and Resolution Funds.

Cost of risk was limited to a net charge of RON 9m vs. RON 32m in Q1 2022, on the back of stable portfolio evolution and good recovery performance. The NPL ratio shows a marginal increase compared with previous quarter reaching 2.6%, remaining below the March 2022 level of 2.7%. Coverage ratio continues to stand high (77.4% at March 2023 vs 76.5% at March 2022). These sound indicators' levels reflect a very good quality of the loan book.

All the above translated into a high level of profitability, with BRD Group net profit amounted RON 342 million in Q1 2023 compared to RON 263 million in Q1 2022, up by +30% on a yearly basis and ROE reached 19% during the first quarter of the year.

BRD total capital ratio stood at 21.9% (compared to 21.5% as of March 2022 end) and Tier 1 capital ratio at 18% as of March 2023 end, reflecting a strong capital position.

BRD financial results for three months ended March 31, 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. Q1 2022 (for income statement related items) or March 2022 end (for balance sheet related items) NPL and coverage ratio are at bank level

Total capital ratio is preliminary. Own funds include 2022 net profit and the full impact of negative OCI reserve (without the OCI quick fix adjustment). Starting 1st of Jan 2023 the quick-fix adjustment applied for the recognition of OCI reserve in own funds ceased its validity.

BRD - Groupe Société Générale operates a network of 451 units. Total assets of the bank reached RON 70.5bn at Mar 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
- Global Banking and Investor Solutions

www.brd.ro; [facebook](https://www.facebook.com/brd)

Contact media: Traian Traicu_021 301 61 50 traian.traicu@brd.ro

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BRD – Groupe Société Générale S.A.

INTERIM FINANCIAL STATEMENTS

MARCH 31, 2023

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
for the period ended March 31, 2023
(Amounts in thousands RON)

	Note	Group		Bank	
		Unaudited (*) March 31, 2023	December 31, 2022	Unaudited (*) March 31, 2023	December 31, 2022
ASSETS					
Cash and due from Central Bank	4, 34	7,455,414	7,625,002	7,455,347	7,624,933
Due from banks	5	5,867,141	7,220,963	5,851,012	7,204,987
Derivatives and other financial instruments held for trading	6	1,373,986	2,343,377	1,356,728	2,337,311
Financial assets at fair value through profit and loss	7	13,813	14,262	9,485	8,132
Financial assets at fair value through other comprehensive income	8	13,776,021	13,439,596	13,776,021	13,439,596
Financial assets at amortised cost	9	40,134,823	39,019,048	39,394,723	38,272,985
Loans and advances to customers	9.1	37,179,322	36,288,342	36,439,222	35,542,279
Treasury bills at amortised cost	9.2	2,955,501	2,730,706	2,955,501	2,730,706
Finance lease receivables	10	1,470,930	1,407,394	-	-
Investments in subsidiaries, associates and joint ventures		114,435	113,670	129,964	129,964
Property, plant and equipment	11	1,046,025	1,063,863	1,025,579	1,046,443
Investment property	11	15,213	15,503	15,213	15,503
Goodwill	12	50,130	50,130	50,130	50,130
Intangible assets	13	422,284	407,487	420,390	405,667
Current tax asset	22	-	23,563	-	23,563
Deferred tax asset	22	422,129	496,034	413,678	478,893
Other assets	14	665,372	590,963	563,340	473,958
Non-current assets held for sale		10,850	10,912	10,850	10,912
Total assets		72,838,566	73,841,767	70,472,460	71,522,977
LIABILITIES AND SHAREHOLDERS' EQUITY					
Due to banks	15	759,990	636,888	759,990	636,888
Derivatives and other financial instruments held for trading	6	696,092	1,443,546	696,092	1,443,546
Due to customers	16	55,574,160	56,660,841	55,793,184	56,915,740
Borrowed funds	17	5,633,743	5,625,488	3,568,748	3,567,262
Subordinated debts	18	1,239,330	1,238,651	1,239,330	1,238,651
Current tax liability	22	37,642	5,595	36,528	-
Provisions	19	384,522	393,452	364,083	380,172
Other liabilities	20	904,821	877,540	798,327	763,682
Total liabilities		65,230,300	66,882,001	63,256,282	64,945,941
Share capital	21	2,515,622	2,515,622	2,515,622	2,515,622
Other reserves		(1,747,714)	(2,054,109)	(1,747,714)	(2,054,109)
Retained earnings and capital reserves		6,776,679	6,439,441	6,448,270	6,115,523
Non-controlling interest		63,679	58,812	-	-
Total equity		7,608,266	6,959,766	7,216,178	6,577,036
Total liabilities and equity		72,838,566	73,841,767	70,472,460	71,522,977

The financial statements have been authorized by the Group's management on May 11, 2023 and are signed on the Group's behalf by:

Giovanni Luca Soma
Chairman of the Board of
Directors

François Bloch
Chief Executive Officer

Etienne Loulergue
Deputy Chief Executive Officer

The accompanying notes are an integral part of this financial statements
(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE PROFIT OR LOSS
for the period ended March 31, 2023
(Amounts in thousands RON)

	Note	Group Unaudited (*)		Bank Unaudited (*)	
		Three months ended March 31, 2023	Three months ended March 31, 2022	Three months ended March 31, 2023	Three months ended March 31, 2022
		Interest and similar income	23	972,837	608,480
Interest and similar expense	24	(302,299)	(52,317)	(291,134)	(48,510)
Net interest income		670,538	556,163	637,858	522,598
Fees and commission income	25	273,903	260,969	264,386	249,375
Fees and commission expense	25	(101,573)	(80,961)	(99,850)	(78,453)
Fees and commissions, net		172,330	180,008	164,536	170,922
Gain on derivative, other financial instruments held for trading and foreign exchange	26	90,534	77,770	89,868	77,377
Gain from financial instruments at fair value through other comprehensive income		-	2,453	-	2,453
Gain from financial instruments at fair value through profit and loss		1,538	259	1,353	261
Net (loss)/Income from associates and joint ventures		763	(9,269)	-	(9,629)
Other income/(expense) from banking activities	27	(364)	2,148	(254)	1,350
Net banking income		935,339	809,532	893,361	765,332
Personnel expenses	29	(223,879)	(205,122)	(212,469)	(192,535)
Depreciation, amortization and impairment on tangible and intangible assets	30	(59,929)	(56,794)	(58,854)	(55,032)
Contribution to Guarantee Scheme and Resolution Fund	28	(75,775)	(69,165)	(75,775)	(69,165)
Other operating expenses	31	(148,423)	(128,716)	(139,506)	(120,745)
Total operating expenses		(508,006)	(459,797)	(486,604)	(437,477)
Gross operating profit		427,333	349,735	406,757	327,855
Cost of risk	32	(9,448)	(32,002)	(7,060)	(31,053)
Operating profit		417,885	317,733	399,697	296,802
Profit before income tax		417,885	317,733	399,697	296,802
Current tax expense	22	(60,234)	(44,565)	(60,092)	(42,314)
Deferred tax income/(expense)		(15,548)	(9,946)	(6,858)	(8,825)
Total income tax		(75,782)	(54,511)	(66,950)	(51,139)
Profit for the period		342,103	263,222	332,747	245,663
Profit attributable to equity holders of the parent		337,236	260,022	-	-
Profit attributable to non-controlling interests		4,867	3,200	-	-
Basic earnings per share (in RON)	33	0.4839	0.3731	0.4775	0.3525

The accompanying notes are an integral part of this financial statements
(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME
for the period ended March 31, 2023
(Amounts in thousands RON)

	Group Unaudited (*)		Bank Unaudited (*)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Profit for the period	342,103	263,222	332,747	245,663
Other comprehensive income				
Net comprehensive income that may be reclassified to profit and loss in subsequent periods	306,395	(664,532)	306,395	(664,532)
Net gain/(loss) on financial assets at fair value through other comprehensive income	306,395	(664,532)	306,395	(664,532)
Reclassifications to profit and loss during the period	(21)	2,578	(21)	2,578
Revaluation differences	364,773	(793,661)	364,773	(793,661)
Income tax	(58,357)	126,551	(58,357)	126,551
Other comprehensive income for the period, net of tax	306,395	(664,532)	306,395	(664,532)
Total comprehensive income for the period, net of tax	648,498	(401,310)	639,142	(418,869)
Attributable to:				
Equity holders of the parent	643,631	(404,510)		
Non-controlling interest	4,867	3,200		

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 (*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
for the period ended March 31, 2023
(Amounts in thousands RON)

Group

	Attributable to equity holders of the parent				Non-controlling interest	Total equity
	Other reserves			Retained earnings and capital reserves		
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan			
December 31, 2021	2,515,622	(401,602)	16,222	7,690,955	57,708	9,878,905
Total comprehensive income	-	(664,532)	-	260,022	3,200	(401,310)
Net Profit for the period	-	-	-	260,022	3,200	263,222
Other comprehensive income	-	(664,532)	-	-	-	(664,532)
Equity dividends	-	-	-	(1,683,991)	-	(1,683,991)
March 31, 2022	2,515,622	(1,066,134)	16,222	6,266,986	60,908	7,793,604

	Attributable to equity holders of the parent				Non-controlling interest	Total equity
	Other reserves			Retained earnings and capital reserves		
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan			
December 31, 2022	2,515,622	(2,084,244)	30,135	6,439,441	58,812	6,959,766
Total comprehensive income	-	306,395	-	337,236	4,867	648,498
Net Profit for the period	-	-	-	337,236	4,867	342,103
Other comprehensive income	-	306,395	-	-	-	306,395
March 31, 2023	2,515,622	(1,777,849)	30,135	6,776,679	63,679	7,608,266

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
for the period ended March 31, 2023
(Amounts in thousands RON)

Bank

	<u>Other reserves</u>			Retained earnings and capital reserves	Total equity
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan		
December 31, 2021	2,515,622	(401,602)	16,222	7,409,095	9,539,338
Total comprehensive income	-	(664,532)	-	245,663	(418,869)
Net Profit for the period	-	-	-	245,663	245,663
Other comprehensive income	-	(664,532)	-	-	(664,532)
Equity dividends	-	-	-	(1,683,991)	(1,683,991)
March 31, 2022	2,515,622	(1,066,134)	16,222	5,970,767	7,436,477

	<u>Other reserves</u>			Retained earnings and capital reserves	Total equity
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan		
December 31, 2022	2,515,622	(2,084,244)	30,135	6,115,523	6,577,036
Total comprehensive income	-	306,395	-	332,747	639,142
Net Profit for the period	-	-	-	332,747	332,747
Other comprehensive income	-	306,395	-	-	306,395
March 31, 2023	2,515,622	(1,777,849)	30,135	6,448,270	7,216,178

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
for the year ended March 31, 2023
(Amounts in thousands RON)

Note	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2023	Three months ended March 31, 2022	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash flows from operating activities				
Profit before tax	417,887	317,735	399,697	296,801
<i>Adjustments for:</i>				
Depreciation and amortization expense	59,929	56,794	58,854	55,032
Loss from investment in associates and joint ventures	(765)	9,267	-	9,629
Loss/ (Gain) from revaluation of assets at fair value through profit and loss	(1,538)	(261)	(1,353)	(261)
Impairment adjustments and provisions	44,538	78,296	34,203	75,374
Adjusted profit	520,051	461,831	491,401	436,575
Changes in operating assets and liabilities				
Due from Central Bank	723,647	(818,806)	723,645	(818,806)
Deposits with banks	122,185	9,237	122,338	9,396
Treasury bills at amortised cost	(224,795)	-	(224,795)	-
Sales of financial assets at fair value through profit and loss	1,987	-	-	-
Financial assets at fair value through other comprehensive income	(30,030)	407,808	(30,030)	407,808
Loans and advances to customers	(918,146)	(635,811)	(922,288)	(647,518)
Lease receivables	(62,579)	(48,641)	-	-
Other assets including trading	948,053	854,058	952,260	891,072
Due to banks	123,102	457,626	123,102	457,626
Due to customers	(1,086,681)	645,801	(1,122,556)	570,937
Other liabilities	(730,244)	154,059	(725,425)	153,850
Total changes in operating assets and liabilities	(1,133,501)	1,025,331	(1,103,749)	1,024,365
Income tax paid	(4,623)	(80,125)	-	(79,979)
Cash flow from operating activities	(618,073)	1,407,037	(612,348)	1,380,961
Investing activities				
Acquisition of tangible and intangible assets	(49,378)	(32,023)	(49,074)	(31,972)
Proceeds from sale of tangible and intangible assets	1,163	4	1,163	4
Cash flow from investing activities	(48,215)	(32,019)	(47,911)	(31,968)
Financing activities				
Proceeds from borrowings	287,646	36,203,019	50,488	36,005,854
Repayment of borrowings	(278,716)	(32,929,091)	(48,323)	(32,707,245)
Repayment of principal lease liabilities	(20,223)	(22,546)	(19,484)	(21,171)
Net cash from financing activities	(11,293)	3,251,382	(17,319)	3,277,438
Net movements in cash and cash equivalents	(677,581)	4,626,400	(677,578)	4,626,431
Cash and cash equivalents at beginning of the period	9,473,399	6,301,478	9,473,329	6,301,445
Cash and cash equivalents at the end of the period	8,795,819	10,927,877	8,795,752	10,927,876

Additional information on operational cash flows from interest and dividends:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2023	Three months ended March 31, 2022	Three months ended March 31, 2023	Three months ended March 31, 2022
Interest paid	218,871	52,226	150,827	47,242
Interest received	771,156	608,328	593,489	588,186

The accompanying notes are an integral part of this financial statements
 (*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2023
(Amounts in thousands RON)

1. Corporate information

BRD – Groupe Société Générale (the “Bank” or “BRD”) is a joint stock company incorporated in Romania. The Bank commenced business as a state owned credit institution in 1990 by acquiring assets and liabilities of the former Banca de Investitii. The Bank headquarters and registered office is 1-7 Ion Mihalache Blvd, Bucharest.

BRD together with its subsidiaries (the “Group”) offers a wide range of banking and financial services to corporates and individuals, as allowed by law. The Group accepts deposits from the public and grants loans and leases, carries out funds transfer in Romania and abroad, exchanges currencies and provides other financial services for its commercial and retail customers.

The ultimate parent is Société Générale S.A. as at March 31, 2023 (the “Parent” or “SG”).

The Bank has as at March 31, 2023 451 units throughout the country (December 31, 2022: 460).

The average number of active employees of the Group during first quarter of 2023 was 6,093 (2022: 6,158), and the number of active employees of the Group as of the period-end was 6,088 (December 31, 2022: 6,126).

The average number of active employees of the Bank during first quarter of 2023 was 5,804 (2022: 5,846), and the number of active employees of the Bank as of the period-end was 5,803 (December 31, 2022: 5,833).

The active employees are the full time employees (excluding maternity leave and long-term sick leave).

BRD – Groupe Société Générale has been quoted on Bucharest Stock Exchange (“BVB”) since January 15, 2001.

The shareholding structure of the Bank is as follows:

	March 31, 2023	December 31, 2022
Societe Generale	60.17%	60.17%
Fondul De Pensii Administrat Privat NN/NN Pensii S.A.F.P.A.P. S.A.	5.56%	5.56%
Fondul De Pensii Administrat Privat AZT Viitorul Tau	3.98%	3.98%
S.I.F. Oltenia	3.95%	3.95%
Fondul De Pensii Administrat Privat Metropolitan Life	3.30%	3.23%
TRANSILVANIA INVESTMENTS ALLIANCE S.A.	1.98%	2.19%
Legal entities	15.46%	15.43%
Individuals	5.59%	5.49%
Total	100.00%	100.00%

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2. Basis of preparation

a) Basis of preparation

The separate interim financial statements as at March 31, 2023 are of the Bank BRD – Groupe Société Générale. The consolidated and separate interim financial statements as at March 31, 2023 and March 31, 2022 are not audited nor reviewed (references included in the financial statements and selected explanatory notes).

The interim financial statements for the three months ended March 31, 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended December 31, 2022. In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, and Order of the National Bank of Romania Governor no. 27/2010, as amended, BRD prepared consolidated and separate financial statements for the year ended December 31, 2022 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (“EU”).

The consolidated financial statements include the consolidated statement of financial position, the consolidated profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders’ equity, the consolidated cash flow statement, and consolidated notes.

The separate financial statements include the separate statement of financial position, the separate profit or loss, the separate statement of comprehensive income, the separate statement of changes in shareholders’ equity, the separate cash flow statement, and separate notes.

The consolidated and separate financial statements are presented in Romanian lei (“RON”), which is the Group’s and its subsidiaries’ functional and presentation currency, rounded to the nearest thousand, except when otherwise indicated. The consolidated and separate financial statements has been prepared on a historical cost basis, except for financial assets at fair value through profit and loss, financial assets through other comprehensive income, derivative financial instruments, other financial assets and liabilities held for trading, which have all been measured at fair value.

The Bank’s management has made an assessment of the Bank’s ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank’s ability to continue as a going concern. Therefore, the consolidated and separate financial statements are prepared on the going concern basis.

b) Basis for consolidation

The consolidated financial statements comprise the financial statements of the credit institution and its subsidiaries as at March 31, 2023. The financial statements of the subsidiaries are prepared for the same reporting period, using consistent accounting policies.

A subsidiary is an entity over which the Bank exercises control. An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements include the financial statements of BRD – Groupe Société Générale S.A. and the following subsidiaries: BRD Sogelease IFN S.A. (99.98% ownership, 2022: 99.98%), BRD Finance IFN S.A (49% ownership, 2022: 49%) and BRD Asset Management SAI S.A. (99.98% ownership, 2022: 99.98%).

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2. Basis of preparation

b) Basis for consolidation (continued)

According to IFRS 12 9(b), the Group controls BRD Finance IFN S.A even though it holds less than half of the voting rights, through the power to govern the financial and operating policies of the entity under various agreements. All intercompany transactions, balances and unrealized gains and losses on transactions between consolidated entities are eliminated on consolidation.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date such control ceases.

Equity and net income attributable to non-controlling interest are shown separately in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of comprehensive income, respectively.

The Bank is accounting the investments in subsidiaries, associates and joint ventures in the separate financial statements at cost less impairment adjustment.

Group			
Associates			
	Field of activity	Address	%
ALD Automotive SRL	Operational leasing	1-7, Ion Mihalache Street, floor 3, district 1, Bucharest	20.00%
BRD Asigurari de Viata SA	Insurance	58-60 Gheorghe Polizu Street, Bucharest Corporate Center building, floor 8 (zone 3) and floor 9, district 1, Bucharest	49.00%
Fondul de Garantare a Creditului Rural IFN SA	Loans guarantee	5 Occidentului Street, district 1, Bucharest	33.33%
Biroul de Credit S.A.	Financial institution	29 Sfanta Vineri Street, floor 4, district 3, Bucharest	16.38%
BRD Societate de Administrare a Fondurilor de Pensii Private SA	Pension fund management	58-60 Gheorghe Polizu Street, floor 8 (zone 1, 2 and 4), district 1, Bucharest	49.00%
BRD Sogelease Asset Rental SRL	Operational leasing	1-7, Ion Mihalache Street, Bucharest	20.00%
Joint ventures			
CIT One SA	Protection and guard	319L Splaiul Independentei Street, Paris Building/A1, 1st floor, district 6, Bucharest,	33.33%
Bank			
	Field of activity	Address	%
Associates			
ALD Automotive SRL	Operational leasing	1-7, Ion Mihalache Street, floor 3, district 1, Bucharest	20.00%
BRD Asigurari de Viata SA	Insurance	58-60 Gheorghe Polizu Street, Bucharest Corporate Center building, floor 8 (zone 3) and floor 9, district 1, Bucharest	49.00%
Fondul de Garantare a Creditului Rural IFN SA	Loans guarantee	5 Occidentului Street, district 1, Bucharest	33.33%
Biroul de Credit S.A.	Financial institution	29 Sfanta Vineri Street, floor 4, district 3, Bucharest	16.38%
BRD Societate de Administrare a Fondurilor de Pensii Private SA	Pension fund management	58-60 Gheorghe Polizu Street, floor 8 (zone 1, 2 and 4), district 1, Bucharest	49.00%
Joint ventures			
CIT One SA	Protection and guard	319L Splaiul Independentei Street, Paris Building/A1, 1st floor, district 6, Bucharest,	33.33%
Subsidiaries			
BRD Sogelease IFN SA	Financial lease	1-7, Ion Mihalache Street, floor 12, district 1, Bucharest	99.98%
BRD Finance IFN SA	Financial institution	1-7, Ion Mihalache Street, floor 15, district 1, Bucharest	49.00%
BRD Asset Management SAI SA	Fund administration	2 Doctor Staicovici Street, district 5, floor 5, Bucharest	99.98%

The accompanying notes are an integral part of this financial statements
 (*) Unaudited / unreviewed by the financial auditor

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2. Basis of preparation (continued)

c) Changes in accounting policies and adoption of revised/amended IFRS

The accounting policies adopted are consistent with those of the previous financial year.

d) Standards and Interpretations that are issued but have not yet come into effect

• Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

• IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU.

• IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

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2. Basis of preparation (continued)

d) Standards and Interpretations that are issued but have not yet come into effect (continued)

• **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

• **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

• **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16.

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2. Basis of preparation (continued)

e) Significant accounting judgments and estimates

In the process of applying the Group and Bank's accounting policies, management is required to use its judgments and make estimates in determining the amounts recognized in the consolidated and separate financial statements. The most significant use of judgments and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 39.

Expected credit losses on financial assets at amortised cost and FVOCI

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank reviews its loans and advances to customers at each reporting date to assess whether there is any objective evidence of impairment. The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days, whether a severe alteration in the counterparty's financial standing is observed, entailing a high probability that the debtor will not be able to fully meet its credit obligations, whether concessions in the form of restructuring were consented under the circumstances of financial hardship experienced by the debtor, whether legal procedures were initiated or the debtor was transferred to specialized recovery structures (regardless of the number of days past due). The Bank's expected credit loss model (ECL) relies on several underlying assumptions regarding the choice of variable inputs and their interdependencies, which affect the level of allowances:

- The internal credit grading model, which assigns probabilities of default (PDs) to the individual grades
- The criteria defined (both in relative and absolute terms) for the assessment of significant increase in credit risk since initial recognition and consequently the computation of allowances based on life time expected credit loss (LTECL)
- The grouping of financial assets when their ECL is measured on a collective basis
- The development of ECL model, including the various formulas and the choice of inputs
- The macroeconomic scenarios and their probability weightings based on which ECL is derived
- The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, the Bank assesses the need/opportunity for additional amounts of provisions in the form of overlays, in order to address:
 - Sector of activity specific risks (adjustment of ECL on sectors that have a different default behavior from the whole calibration segment)
 - Visible macroeconomic threat impossible to be captured by the models (typically, when the predicted stress did not occur in the observed past serving as a base for models)
- For individually significant loans and advances, the Group and Bank identify and quantify the expected future cash flows to be used for a total or partial reimbursement of the obligations, based on the capacity of the client/business to generate revenues, proceeds resulting from sale of collaterals and other clearly identified sources of repayment. The individual assessment threshold is defined in between 500 - 1,500 thousands EUR, depending on the client type and customers' management departments.

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor

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2. Basis of preparation (continued)

e) Significant accounting judgments and estimates (continued)

Provisions for other risks and charges

The Bank operates in a regulatory and legal environment that, by nature has a heightened element of litigation risk inherent to its operations and, as a result it is involved in various litigations or is subject to various obligations arising from legislation in force.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case, as mentioned in this note. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Generally, the first step is to establish the existence of the present obligation followed by the estimation of the amount needed to settle that obligation taking into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

In case of litigations:

i. For a single individual litigation the Bank assess whether there is more likely than not to have an unfavourable court decision considering the factors mentioned above; then it estimates the amount at risk; in case there are several scenarios possible with different outcomes, the amount at risk is the weighted average of the amounts at risk for each scenario using the probability distribution for all scenarios (100% is allocated to the possible scenarios) and provisions 100% of the estimated amount;

ii. For multiple litigations, the assessment of “more likely than not” could be substantiated for the entire population using statistics and provision computation to be made at pool level.

In case of obligations arising from various legislation, the bank assesses first if there is no realistic alternative of settling that obligation, and if not, it estimates the amount needed to settle that obligation (using similar approach as above) and books provisions representing 100% of the estimated amount.

Please refer to note 19 and note 38 for more details.

f) Segment information

A segment is a component of the Group and Bank:

- That engages in business activity from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and;
- For which distinct financial information is available;

The Group and Bank’s segment reporting is based on the following segments: *Retail* including Individuals and Small Business, *Non-retail* including Small and Medium Enterprises (“SMEs”) and Large corporate and *Corporate Center* including: treasury activities, ALM and other categories unallocated to the business lines mentioned above (fixed assets, taxes, equity investments, etc.).

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3. Segment information

The segments used for management purposes are based on customer type and size, products and services offered as follows:

In Retail (Individuals & Small Business) category the following customer's segments are identified:

- Individuals – the Bank provides individual customers with a range of banking products such as: saving and deposits taking, consumer and housing loans, overdrafts, credit card facilities, funds transfer and payment facilities, etc.
- Small business – business entities with annual turnover lower than EUR 1 million and having an aggregated exposure at group level less than EUR 0.3 million. Standardised range of banking products is offered to small companies and professional: saving and deposits taking, loans and other credit facilities, etc.

Retail customers include clients with similar characteristics in terms of financing needs, complexity of the activity performed and size of business for which a range of banking products and services with medium to low complexity is provided.

In Non –Retail category the following customer's segments are identified:

- Small and medium enterprises (companies with annual turnover between EUR 1 million and EUR 50 million and the aggregated exposure at group level higher than EUR 0.3 million);
- Large corporate (corporate banking and companies with annual turnover higher than 50 million EUR, municipalities, public sector and other financial institutions).

The Bank provides these customers with a range of banking products and services, including saving and deposits taking, loans and other credit facilities, transfers and payment services, provides cash-management, investment advices, securities business, project and structured finance transaction, syndicated loans and asset backed transactions.

The Corporate Center includes: treasury activities, ALM and other categories unallocated to Retail and Non-Retail business lines.

The Executive Committee monitors the activity of each segment separately for the purpose of making decisions about resource allocation and performance assessment.

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3. Segment information (continued)

	Group							
	March 31, 2023 Unaudited (*)				December 31, 2022			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
Total assets	72,838,566	24,020,864	14,629,388	34,188,314	73,841,767	23,896,003	13,799,733	36,146,031
Loans and advances to customers, net & Finance lease receivables	38,650,252	24,020,864	14,629,388	-	37,695,736	23,896,003	13,799,733	-
Other assets	34,188,314	-	-	34,188,314	36,146,031	-	-	36,146,031
Total liabilities	72,838,566	36,634,281	18,939,879	17,264,406	73,841,767	37,096,720	19,564,121	17,180,926
Due to customers	55,574,160	36,634,281	18,939,879	-	56,660,841	37,096,720	19,564,121	-
Other liabilities	17,264,406	-	-	17,264,406	17,180,926	-	-	17,180,926

	Bank							
	March 31, 2023 Unaudited (*)				December 31, 2022			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
Total assets	70,472,460	22,925,398	13,513,824	34,033,238	71,522,977	22,780,047	12,762,232	35,980,698
Loans and advances to customers, net	36,439,222	22,925,398	13,513,824	-	35,542,279	22,780,047	12,762,232	-
Other assets	34,033,238	-	-	34,033,238	35,980,698	-	-	35,980,698
Total liabilities	70,472,460	36,634,281	19,158,903	14,679,276	71,522,977	37,096,720	19,819,020	14,607,237
Due to customers	55,793,184	36,634,281	19,158,903	-	56,915,740	37,096,720	19,819,020	-
Other liabilities	14,679,276	-	-	14,679,276	14,607,237	-	-	14,607,237

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(*) Unaudited / unreviewed by the financial auditor

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3. Segment information (continued)

	Group							
	Unaudited (*) Three months ended March 31, 2023				Unaudited (*) Three months ended March 31, 2022			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
Net interest income	670,538	409,765	191,905	68,868	556,163	370,012	145,285	40,867
Fees and commissions, net	172,330	116,641	56,705	(1,015)	180,008	123,546	58,384	(1,923)
Total non-interest income	92,471	26,305	23,004	43,162	73,361	35,025	24,845	13,490
Operating income	935,339	552,711	271,613	111,015	809,532	528,583	228,514	52,434
Total operating expenses	(508,006)	(343,337)	(143,799)	(20,870)	(459,797)	(331,260)	(117,745)	(10,791)
Cost of risk	(9,448)	(19,115)	17,183	(7,516)	(32,002)	(49,203)	18,252	(1,051)
Profit before income tax	417,885	190,260	144,997	82,628	317,733	148,120	129,021	40,592
Total income tax	(75,782)	(34,514)	(26,303)	(14,964)	(54,511)	(25,410)	(22,133)	(6,968)
Profit for the period	342,103	155,745	118,693	67,664	263,222	122,710	106,888	33,624
Cost Income Ratio	54.3%	62.1%	52.9%	18.8%	56.8%	62.7%	51.5%	20.6%

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3. Segment information (continued)

	Unaudited (*)				Bank	Unaudited (*)			
	Three months ended March 31, 2023					Three months ended March 31, 2022			
	Total	Retail	Non retail	Corporate Center		Total	Retail	Non retail	Corporate Center
Net interest income	637,858	391,830	173,605	72,423		522,598	350,657	129,261	42,679
Fees and commissions, net	164,536	111,166	55,671	(2,301)		170,922	116,582	56,885	(2,546)
Total non-interest income	90,967	26,318	23,587	41,062		71,812	34,985	23,438	13,389
Operating income	893,360	529,313	252,863	111,184		765,332	502,227	209,584	53,521
Total operating expenses	(486,604)	(331,605)	(134,135)	(20,865)		(437,477)	(315,768)	(110,825)	(10,884)
Cost of risk	(7,060)	(20,233)	20,690	(7,516)		(31,053)	(38,569)	20,139	(12,623)
Profit before income tax	399,697	177,475	139,418	82,802		296,802	147,890	118,898	30,014
Total income tax	(66,950)	(29,727)	(23,353)	(13,870)		(51,139)	(25,481)	(20,486)	(5,172)
Profit for the period	332,747	147,748	116,066	68,933		245,663	122,407	98,413	24,844
Cost Income Ratio	54.5%	62.6%	53.0%	18.8%		57.2%	62.9%	52.9%	20.3%

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4. Cash and due from Central Bank

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Cash in vaults	1,939,600	1,898,120	1,939,533	1,898,051
Cash in ATM	445,689	633,229	445,689	633,229
Current accounts with Central Bank	4,370,009	5,093,654	4,370,009	5,093,654
Total	7,455,414	7,625,002	7,455,347	7,624,933

5. Due from banks

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Deposits at Romanian banks	136,994	22,001	136,994	22,001
Deposits at foreign banks	1,310,858	622,972	1,294,729	606,997
Current accounts at foreign banks	327,603	652,038	327,603	652,038
Reverse repo	3,609,228	5,450,233	3,609,228	5,450,233
Bonds	482,458	473,718	482,458	473,718
Total	5,867,141	7,220,963	5,851,012	7,204,987

The Due from banks portfolio is classified as Stage 1. The Group and Bank registered an impairment allowance for Due from banks of 47 as at March 31, 2023 (December 31, 2022: 7).

6. Derivatives and other financial instruments held for trading

Group Unaudited (*)	March 31, 2023		
	Assets	Liabilities	Notional (total)
Interest rate swaps	34,878	321,075	2,283,713
Currency swaps	34,807	18,296	1,525,075
Forward foreign exchange contracts	20,070	32,723	2,079,433
Options	63,425	63,459	3,366,508
Total derivative financial instruments	153,180	435,553	9,254,729

	March 31, 2023	
	Assets	Liabilities
Treasury notes	920,688	63,126
Trading loans/deposits	-	161,860
Reverse repo/Repo	300,118	35,553
Total financial assets and liabilities held for trading	1,220,806	260,539

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6. Derivatives and other financial instruments held for trading (continued)

Group	December 31, 2022		
	Assets	Liabilities	Notional (total)
Interest rate swaps	33,419	341,983	2,320,369
Currency swaps	47,067	32,726	2,079,583
Forward foreign exchange contracts	34,004	62,621	4,237,999
Options	65,609	65,645	3,053,774
Total derivative financial instruments	180,099	502,975	11,691,725

	December 31, 2022	
	Assets	Liabilities
Treasury notes	426,524	294,199
Trading deposits	984,869	616,757
Repo/Reverse repo	751,885	29,615
Total financial assets and liabilities held for trading	2,163,278	940,571

Bank Unaudited (*)	March 31, 2023		
	Assets	Liabilities	Notional (total)
Interest rate swaps	34,878	321,075	2,283,713
Currency swaps	34,807	18,296	1,525,075
Forward foreign exchange contracts	20,076	32,723	2,084,382
Options	63,425	63,459	3,366,508
Total derivative financial instruments	153,186	435,553	9,259,678

	March 31, 2023	
	Assets	Liabilities
Treasury notes	903,424	63,126
Trading loans/deposits	-	161,860
Reverse repo/Repo	300,118	35,553
Total financial assets and liabilities held for trading	1,203,542	260,539

Bank	December 31, 2022		
	Assets	Liabilities	Notional (total)
Interest rate swaps	33,419	341,983	2,320,369
Currency swaps	47,067	32,726	2,079,583
Forward foreign exchange contracts	34,004	62,621	4,237,999
Options	65,609	65,645	3,053,774
Total derivative financial instruments	180,099	502,975	11,691,725

	December 31, 2022	
	Assets	Liabilities
Treasury notes	420,458	294,199
Trading deposits	984,869	616,757
Reverse repo	751,885	29,615
Total financial assets and liabilities held for trading	2,157,212	940,571

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor

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6. Derivatives and other financial instruments held for trading (continued)

The Group continue to apply hedge accounting (fair value hedge) as at March 31, 2023 and has 4 hedging relationships (4 hedging relationships as at December 31, 2022).

- On June 30, 2018, the Bank initiated two macro fair value hedges one in EUR and one in USD of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged items are represented by the portion of the current accounts portfolio equal to the swaps nominal values of:
 - 108 million EUR yearly with a fixed interest rate of 0.42%, the remaining period of 5.26 years.
 - 30 million EUR yearly with a fixed interest rate of 0.171%, the remaining period of 2.26 years.
 - 16 million EUR yearly with a fixed interest rate of -0.0125%, the remaining period of 0.25 years.
 - 14 million EUR yearly with a fixed interest rate of -0.0125%; the remaining period of 0.25 years.
 - 24 million USD yearly with a fixed interest rate of 2.813%; the remaining period of 5.26 years.
 - 6 million USD yearly with a fixed interest rate of 2.765%; the remaining period of 0.25 years.
- In October 30, 2020 the Bank initiated a macro fair value hedge of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged item is represented by the portion of the current accounts portfolio equal to the swaps nominal of 280 million EUR. The swap has a fixed interest rate of -0.403% and a remaining period of 7.59 years.
- On September 30, 2021 the Bank initiated a macro fair value hedge of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged item is represented by the portion of the current accounts portfolio equal to the swaps nominal of 120 million EUR. The swap has a fixed interest rate of -0.337% and a remaining period of 3.50 years.

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6. Derivatives and other financial instruments held for trading (continued)

All hedging relationships have quarterly settlement periods for both fixed and variable legs. The hedging relationships were effective throughout the reporting period.

Main source of hedge ineffectiveness that might be expected to affect the hedging relationships is the amortization model of current accounts. However, the amortization of the hedged item is based on a behavioral ALM model that is reviewed / back tested on a yearly basis. In order to avoid inefficiency generated by the underestimated amortization of the current accounts, maximum 70% of the current accounts portfolio per each time band is designated as hedged item.

The hedging relationship were designated on the date of the IRS origination. At that date, the theoretical derivative was built as to match the interest rate behavior of the current accounts, the hedged item (i.e. a spread was added to the variable leg so that the fair value of the theoretical swap on the designation date to be zero). Consequently no other major sources of ineffectiveness were identified.

As at March 31, 2023, the accumulated amount of fair value hedge adjustments on the current accounts hedged item are included in the carrying amount and presented in due to customer line in the statement of financial position and amounts to -277,832. The change in value of the hedged item during the period is explained by the cumulated effect of a gain from revaluation in amount of -22,189 and of the exchange rate evolution effect in amount of 18.

The fair value of hedging instrument for Group and Bank was the following:

	March 31, 2023		
	Assets	Liabilities	Notional (total)
Interest rate swaps	-	284,788	2,947,478

	December 31, 2022		
	Assets	Liabilities	Notional (total)
Interest rate swaps	-	305,027	2,949,161

Forwards

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts concluded by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other. In a currency swap, the Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross-settled.

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6. Derivatives and other financial instruments held for trading (continued)

Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period. The Bank purchases and sells options in the over-the-counter markets.

Options purchased by the Bank provide the Bank with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option.

The Bank is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. Options written by the Bank provide the purchaser the opportunity to purchase from or sell to the Bank the underlying asset at an agreed-upon value either on or before the expiration of the option. The options are kept in order to neutralize the customer deals.

Trading treasury notes are treasury discount notes and coupon bonds held for trading purposes. All the treasury notes in Bank's portfolio are issued by the Romanian Government in RON, EUR and USD.

Trading loans/deposits (including reverse repo/repo) are financial instruments originated by clients or interbank flow and the associated risk management, those resulting from Bank obligations as primary dealer and from Bank position al liquidity provider.

7. Financial assets at fair value through profit or loss

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Equity investments	9,485	8,133	9,485	8,132
Other securities	4,329	6,130	-	-
Total	13,813	14,262	9,485	8,132

Equity investments

Other equity investments represent shares in Romanian Commodities Exchange (Bursa de Valori Bucuresti), Romanian Credit Guarantee Fund for Private Investors (Fondul Roman de Garantare a Creditorilor pentru Intreprinzatorii Privati SA), National Society for Transfer of Funds and Settlements-TransFonD (Societatea Nationala de Transfer de Fonduri si Decontari), SWIFT, Shareholders' Register for the National Securities Commission (Depozitarul Central S.A.), Bucharest Stock Exchange (Bursa Romana de Marfuri SA).

Other securities

The Group participation in BRD Asset Management funds as at March 31, 2023 is the following:

March 31, 2023	Unit value RON	No of units	Market value
BRD Oportunitati clasa A	105	8,400	885
BRD Oportunitati clasa E	130	2,000	260
BRD Orizont 2035 clasa A	102	13,100	1,334
BRD Orizont 2035 clasa E	126	2,000	252
BRD Orizont 2045 clasa A	102	13,150	1,345
BRD Orizont 2045 clasa E	126	2,000	253
Total			4,329

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8. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include treasury notes, respectively treasury discount notes and coupon bonds issued by the Ministry of Public Finance, in amount of 11,272,382 (December 31, 2022: 10,982,029) rated as very good according to internal rating, bonds issued by French State in amount of 1,979,353 (December 31, 2022: 1,939,772) and bonds issued by the Belgian State in amount of 524,286 (December 31, 2022: 517,795) rated as very good according to internal rating.

As at March 31, 2023, these financial assets at fair value through other comprehensive income are classified as Stage 1 and ECL impairment allowance amounts to 2,580 (December 31, 2022: 2,558).

9. Financial assets at amortised cost

9.1. Loans and advances to customers

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Loans, gross	38,967,132	38,053,311	38,161,863	37,242,399
Loans impairment	(1,787,810)	(1,764,969)	(1,722,641)	(1,700,120)
Total	37,179,322	36,288,342	36,439,222	35,542,279

The structure of loans is the following:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Working capital loans	8,407,105	7,158,039	8,407,105	7,158,039
Loans for equipment	3,825,829	3,650,998	3,418,545	3,275,108
Trade activities financing	1,094,980	1,385,051	1,094,980	1,385,051
Acquisition of real estate, including mortgage for individuals	14,594,257	14,476,288	14,594,257	14,476,288
Consumer loans	9,047,883	9,014,881	8,649,898	8,579,859
Other	1,997,078	2,368,053	1,997,078	2,368,053
Total	38,967,132	38,053,311	38,161,863	37,242,399

During 2023 the gross loan portfolio increased by 919 million RON as compared with 31 December 2022.

As at 31 March 2023 the Bank's gross loan portfolio and movements were distributed as follows:

- Stage 1: 28,648 million RON, with a 1,470 million increase compared to 31 December 2022
- Stage 2: 8,431 million RON, with a 571 million RON decrease compared to 31 December 2022
- Stage 3: 1,031 million RON, with 21 million RON increase compared to 31 December 2022
- POCI: 52 million RON, with 1 million decrease compared to 31 December 2022.

As of March 31, 2023 the amortized cost of loans granted to the 20 largest corporate clients (groups of connected borrowers) amounts to 5,216,444 (December 31, 2022: 4,748,797), while the value of letters of guarantee and letters of credit issued in favour of these clients amounts for the Group and Bank to 4,765,560 (December 31, 2022: 5,148,297).

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9.1 Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance

Group Unaudited (*) %	March 31, 2023									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	53.3%	33.1%	84.2%	84.5%	72.0%	73.8%	52.4%	14.1%	60.7%	67.3%
Agriculture, forestry and fishing	3.8%	6.4%	3.1%	3.9%	4.2%	4.9%	0.0%	0.0%	3.6%	4.8%
Mining and quarrying	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Manufacturing	7.5%	11.3%	3.0%	2.8%	2.3%	2.6%	1.5%	0.9%	6.4%	4.5%
Electricity, gas, steam and air conditioning supply	5.4%	5.5%	1.8%	0.2%	1.9%	0.6%	0.0%	0.0%	4.5%	1.6%
Water supply	0.2%	0.4%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Construction	2.6%	4.8%	0.5%	1.5%	4.6%	5.0%	0.0%	0.0%	2.2%	3.8%
Wholesale and retail trade	12.2%	19.5%	2.2%	2.1%	2.1%	1.3%	2.6%	2.4%	9.7%	5.6%
Transport and storage	1.9%	3.5%	0.5%	0.5%	4.2%	2.8%	0.0%	0.0%	1.7%	2.2%
Accommodation and food service activities	0.9%	1.5%	0.3%	0.5%	2.8%	3.3%	0.0%	0.0%	0.8%	2.0%
Information and communication	1.5%	1.3%	0.0%	0.0%	0.3%	0.2%	0.0%	0.0%	1.2%	0.4%
Financial institutions	3.4%	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	1.0%
Real estate activities	1.1%	2.1%	2.4%	1.7%	3.1%	3.8%	42.8%	81.2%	1.5%	3.9%
Professional, scientific and technical activities	0.3%	0.4%	0.2%	0.2%	0.6%	0.7%	0.0%	0.0%	0.3%	0.5%
Administrative and support service activities	0.4%	0.6%	0.1%	0.1%	0.0%	0.0%	0.7%	1.4%	0.3%	0.2%
Public administration and defence, compulsory social security	3.5%	2.5%	0.3%	0.2%	1.5%	0.8%	0.0%	0.0%	2.8%	1.0%
Education	0.0%	0.0%	0.3%	0.5%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Human health services and social work activities	1.3%	2.2%	0.6%	1.0%	0.2%	0.1%	0.0%	0.0%	1.1%	0.8%
Arts, entertainment and recreation	0.2%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.2%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

The accompanying notes are an integral part of this financial statements
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9.1 Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance (continued)

Bank Unaudited (*) %	March 31, 2023									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	53.1%	31.6%	86.0%	85.8%	71.7%	73.2%	52.4%	14.1%	60.8%	67.0%
Agriculture, forestry and fishing	3.5%	6.5%	1.5%	2.5%	3.7%	4.7%	0.0%	0.0%	3.1%	4.3%
Mining and quarrying	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Manufacturing	7.7%	11.6%	3.1%	2.8%	2.4%	2.7%	1.5%	0.9%	6.5%	4.7%
Electricity, gas, steam and air conditioning supply	5.5%	5.6%	1.9%	0.2%	2.0%	0.7%	0.0%	0.0%	4.6%	1.6%
Water supply	0.2%	0.4%	0.3%	0.1%	0.0%	0.1%	0.0%	0.0%	0.2%	0.1%
Construction	2.7%	4.9%	0.5%	1.6%	4.9%	5.3%	0.0%	0.0%	2.3%	4.0%
Wholesale and retail trade	12.4%	19.9%	2.2%	2.2%	2.1%	1.3%	2.6%	2.4%	9.8%	5.8%
Transport and storage	1.6%	3.5%	0.2%	0.3%	4.1%	2.7%	0.0%	0.0%	1.4%	2.1%
Accommodation and food service activities	0.9%	1.5%	0.2%	0.5%	3.0%	3.4%	0.0%	0.0%	0.8%	2.0%
Information and communication	1.6%	1.4%	0.0%	0.0%	0.4%	0.3%	0.0%	0.0%	1.2%	0.4%
Financial institutions	3.6%	4.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	1.0%
Real estate activities	1.2%	2.2%	2.5%	1.8%	3.3%	4.0%	42.8%	81.2%	1.6%	4.0%
Professional, scientific and technical activities	0.3%	0.4%	0.2%	0.2%	0.6%	0.8%	0.0%	0.0%	0.3%	0.5%
Administrative and support service activities	0.4%	0.6%	0.1%	0.1%	0.0%	0.0%	0.7%	1.4%	0.3%	0.2%
Public administration and defence, compulsory social security	3.6%	2.5%	0.3%	0.2%	1.6%	0.8%	0.0%	0.0%	2.8%	1.0%
Education	0.0%	0.1%	0.3%	0.5%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Human health services and social work activities	1.4%	2.2%	0.6%	1.0%	0.2%	0.1%	0.0%	0.0%	1.2%	0.9%
Arts, entertainment and recreation	0.2%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.2%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

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9.1 Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance (continued)

Group %	December 31, 2022									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	54.7%	35.1%	82.3%	83.1%	70.7%	72.3%	52.8%	12.9%	61.8%	67.3%
Agriculture, forestry and fishing	3.8%	6.3%	2.8%	3.6%	4.2%	4.6%	0.0%	0.0%	3.5%	4.6%
Mining and quarrying	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	7.5%	11.1%	2.7%	2.5%	3.0%	3.2%	1.6%	0.7%	6.2%	4.6%
Electricity, gas, steam and air conditioning supply	5.3%	5.2%	1.8%	0.3%	2.6%	0.9%	0.0%	0.0%	4.3%	1.6%
Water supply	0.3%	0.5%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.1%
Construction	2.3%	4.4%	0.3%	0.3%	7.0%	7.5%	0.0%	0.0%	1.9%	4.3%
Wholesale and retail trade	11.8%	18.2%	1.9%	1.6%	1.9%	1.3%	2.6%	2.3%	9.1%	4.9%
Transport and storage	2.1%	3.8%	0.9%	2.0%	0.5%	0.5%	0.0%	0.0%	1.8%	1.7%
Accommodation and food service activities	0.9%	1.6%	0.1%	0.2%	3.9%	3.6%	0.0%	0.0%	0.8%	2.0%
Information and communication	1.7%	1.7%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	1.2%	0.4%
Financial institutions	2.3%	3.2%	2.9%	2.1%	0.0%	0.0%	0.0%	0.0%	2.4%	1.4%
Real estate activities	1.2%	2.4%	2.7%	2.0%	1.1%	1.5%	42.4%	82.9%	1.6%	3.0%
Professional, scientific and technical activities	0.4%	0.3%	0.1%	0.2%	2.8%	3.5%	0.0%	0.0%	0.4%	1.7%
Administrative and support service activities	0.4%	0.7%	0.1%	0.2%	0.1%	0.1%	0.6%	1.3%	0.3%	0.3%
Public administration and defence, compulsory social security	3.7%	2.7%	0.3%	0.3%	2.0%	0.9%	0.0%	0.0%	2.9%	1.0%
Education	0.0%	0.1%	0.3%	0.5%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Human health services and social work activities	1.2%	2.0%	0.5%	0.8%	0.2%	0.2%	0.0%	0.0%	1.0%	0.8%
Arts, entertainment and recreation	0.2%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

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9.1 Loans and advances to customers (continued)

Sector analysis of loans granted and impairment allowance (continued)

Bank %	December 31, 2022									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance	Gross carrying amount	Impairment allowance
Individuals	54.3%	33.2%	83.8%	84.3%	70.2%	71.5%	52.8%	12.9%	61.8%	67.0%
Agriculture, forestry and fishing	3.6%	6.5%	1.4%	2.5%	3.8%	4.5%	0.0%	0.0%	3.1%	4.1%
Mining and quarrying	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	7.6%	11.5%	2.8%	2.6%	3.2%	3.3%	1.6%	0.7%	6.3%	4.7%
Electricity, gas, steam and air conditioning supply	5.4%	5.3%	1.8%	0.3%	2.7%	0.9%	0.0%	0.0%	4.4%	1.6%
Water supply	0.3%	0.5%	0.2%	0.1%	0.0%	0.1%	0.0%	0.0%	0.3%	0.2%
Construction	2.3%	4.5%	0.3%	0.3%	7.3%	7.9%	0.0%	0.0%	2.0%	4.5%
Wholesale and retail trade	12.0%	18.8%	1.7%	1.5%	1.9%	1.3%	2.6%	2.3%	9.2%	5.0%
Transport and storage	1.8%	3.8%	0.6%	1.8%	0.2%	0.3%	0.0%	0.0%	1.4%	1.5%
Accommodation and food service activities	0.9%	1.7%	0.1%	0.1%	4.1%	3.8%	0.0%	0.0%	0.8%	2.0%
Information and communication	1.7%	1.8%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	1.3%	0.4%
Financial institutions	2.5%	3.3%	3.0%	2.1%	0.0%	0.0%	0.0%	0.0%	2.6%	1.4%
Real estate activities	1.3%	2.5%	2.8%	2.1%	1.1%	1.5%	42.4%	82.9%	1.7%	3.1%
Professional, scientific and technical activities	0.4%	0.3%	0.1%	0.2%	3.0%	3.7%	0.0%	0.0%	0.4%	1.8%
Administrative and support service activities	0.4%	0.7%	0.2%	0.2%	0.1%	0.1%	0.6%	1.3%	0.3%	0.3%
Public administration and defence, compulsory social security	3.8%	2.8%	0.3%	0.3%	2.1%	0.9%	0.0%	0.0%	2.9%	1.1%
Education	0.0%	0.1%	0.3%	0.5%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Human health services and social work activities	1.2%	2.0%	0.5%	0.8%	0.2%	0.3%	0.0%	0.0%	1.0%	0.8%
Arts, entertainment and recreation	0.2%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Loans to individuals include mortgage loans, consumer loans and overdrafts.

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9.1 Loans and advances to customers (continued)

Rating analysis of loans

Considering the internal rating quality, the exposures of the counterparties not impaired are split in 4 categories which are defined below:

Very good – The counterparty is considered to be very reliable. The capacity to service its debt is very strong.

Good – The counterparty is judged to be of good quality. The capacity to service its debt is strong but counterparty is somewhat more sensitive to adverse changes in circumstances and economic conditions.

Standard grade – The counterparty has an average solvency. The ability to service its debt is still sufficient, but more likely to be undermined by unfavorable economic conditions and changes in circumstances.

Sub-standard grade - The counterparty reflected credit behavior or financial deterioration implying increased credit risk. Timely debt service repayment is uncertain and depends on favorable economic and financial conditions. Close and more frequent monitoring of the client's capacity to service the bank debt is needed, in order to be able to react to a potential deterioration via implementation of corrective measures.

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9.1 Loans and advances to customers (continued)

Rating analysis of loans (continued)

Group Unaudited (*)	Retail lending				
	March 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	9,009,491	6,270	-	-	9,015,761
Good grade	5,789,642	4,960,957	-	-	10,750,599
Standard grade	1,163,753	1,626,612	-	-	2,790,365
Sub-standard grade	-	764,100	-	18,749	782,849
Non- performing	-	-	762,520	8,729	771,248
(out of which) Individual assessment	-	-	16,404	158	16,561
Not rated internally	442,749	121,472	53,603	-	617,825
Total	16,405,636	7,479,411	816,122	27,477	24,728,647
Provision allowance					
Internal rating grade					
Very good grade	(48,469)	(91)	-	-	(48,560)
Good grade	(46,825)	(111,835)	-	-	(158,660)
Standard grade	(32,809)	(170,724)	-	-	(203,533)
Sub-standard grade	-	(193,771)	-	(102)	(193,872)
Non- performing	-	-	(577,614)	(3,473)	(581,086)
(out of which) Individual assessment	-	-	(15,869)	(121)	(15,991)
Not rated internally	(9,680)	(10,484)	(40,851)	-	(61,016)
Total	(137,784)	(486,905)	(618,465)	(3,574)	(1,246,728)
Net Carrying amount	16,267,852	6,992,506	197,658	23,903	23,481,920

	Non-Retail lending				
	March 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Good grade	8,745,486	580,015	-	-	9,325,501
Standard grade	4,065,603	237,618	-	-	4,303,222
Sub-standard grade	-	315,807	-	720	316,528
Non- performing	-	-	268,973	24,261	293,235
(out of which) Individual assessment	-	-	245,687	24,261	269,948
Total	12,811,089	1,133,441	268,973	24,982	14,238,485
Provision allowance					
Internal rating grade					
Good grade	(146,650)	(20,453)	-	-	(167,103)
Standard grade	(111,670)	(16,832)	-	-	(128,502)
Sub-standard grade	-	(34,817)	-	(20)	(34,837)
Non- performing	-	-	(188,931)	(21,709)	(210,641)
(out of which) Individual assessment	-	-	(172,788)	(21,714)	(194,502)
Total	(258,320)	(72,102)	(188,931)	(21,730)	(541,083)
Net Carrying amount	12,552,769	1,061,340	80,042	3,252	13,697,402

	Total				
	March 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	9,009,491	6,270	-	-	9,015,761
Good grade	14,535,128	5,540,972	-	-	20,076,100
Standard grade	5,229,357	1,864,230	-	-	7,093,587
Sub-standard grade	-	1,079,907	-	19,469	1,099,376
Non- performing	-	-	1,031,493	32,990	1,064,483
(out of which) Individual assessment	-	-	262,090	24,419	286,510
Not rated internally	442,749	121,472	53,603	-	617,825
Total	29,216,725	8,612,852	1,085,096	52,459	38,967,132
Provision allowance					
Internal rating grade					
Very good grade	(48,469)	(91)	-	-	(48,560)
Good grade	(193,476)	(132,288)	-	-	(325,763)
Standard grade	(144,479)	(187,556)	-	-	(332,035)
Sub-standard grade	-	(228,587)	-	(122)	(228,710)
Non- performing	-	-	(766,545)	(25,182)	(791,727)
(out of which) Individual assessment	-	-	(188,657)	(21,835)	(210,492)
Not rated internally	(9,680)	(10,484)	(40,851)	-	(61,016)
Total	(396,104)	(559,007)	(807,396)	(25,304)	(1,787,810)
Net Carrying amount	28,820,621	8,053,845	277,700	27,155	37,179,322

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9.1 Loans and advances to customers (continued)

Rating analysis of loans (continued)

Bank Unaudited (*)	Retail lending March 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	9,009,491	6,270	-	-	9,015,761
Good grade	5,789,642	4,960,957	-	-	10,750,599
Standard grade	1,163,753	1,626,612	-	-	2,790,365
Sub-standard grade	-	764,100	-	18,749	782,849
Non- performing	-	-	762,520	8,729	771,248
(out of which) Individual assessment	-	-	16,404	158	16,561
Not rated internally	289	-	-	-	289
Total	15,963,175	7,357,938	762,520	27,477	24,111,111
Provision allowance					
Internal rating grade					
Very good grade	(48,469)	(91)	-	-	(48,560)
Good grade	(46,825)	(111,835)	-	-	(158,660)
Standard grade	(32,809)	(170,724)	-	-	(203,533)
Sub-standard grade	-	(193,771)	-	(102)	(193,872)
Non- performing	-	-	(577,614)	(3,473)	(581,086)
(out of which) Individual assessment	-	-	(15,869)	(121)	(15,991)
Total	(128,103)	(476,421)	(577,614)	(3,574)	(1,185,712)
Net Carrying amount	15,835,072	6,881,517	184,906	23,903	22,925,398

	Non-Retail lending March 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Good grade	8,727,493	576,659	-	-	9,304,152
Standard grade	3,956,920	207,423	-	-	4,164,343
Sub-standard grade	-	289,053	-	720	289,773
Non- performing	-	-	268,222	24,261	292,484
(out of which) Individual assessment	-	-	245,687	24,261	269,948
Total	12,684,413	1,073,135	268,222	24,982	14,050,752
Provision allowance					
Internal rating grade					
Good grade	(146,476)	(20,285)	-	-	(166,761)
Standard grade	(111,227)	(15,321)	-	-	(126,548)
Sub-standard grade	-	(33,536)	-	(20)	(33,557)
Non- performing	-	-	(188,353)	(21,709)	(210,063)
(out of which) Individual assessment	-	-	(172,788)	(21,714)	(194,502)
Total	(257,704)	(69,142)	(188,353)	(21,730)	(536,929)
Net Carrying amount	12,426,709	1,003,993	79,869	3,252	13,513,824

	Total March 31, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount					
Internal rating grade					
Very good grade	9,009,491	6,270	-	-	9,015,761
Good grade	14,517,135	5,537,616	-	-	20,054,751
Standard grade	5,120,674	1,834,034	-	-	6,954,708
Sub-standard grade	-	1,053,153	-	19,469	1,072,622
Non- performing	-	-	1,030,742	32,990	1,063,732
(out of which) Individual assessment	-	-	262,090	24,419	286,510
Not rated internally	289	-	-	-	289
Total	28,647,588	8,431,073	1,030,742	52,459	38,161,863
Provision allowance					
Internal rating grade					
Very good grade	(48,469)	(91)	-	-	(48,560)
Good grade	(193,302)	(132,120)	-	-	(325,421)
Standard grade	(144,037)	(186,045)	-	-	(330,081)
Sub-standard grade	-	(227,307)	-	(122)	(227,429)
Non- performing	-	-	(765,967)	(25,182)	(791,149)
(out of which) Individual assessment	-	-	(188,657)	(21,835)	(210,492)
Total	(385,807)	(545,563)	(765,967)	(25,304)	(1,722,641)
Net Carrying amount	28,261,781	7,885,510	264,775	27,155	36,439,221

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9.1. Loans and advances to customers (continued)

Impairment allowance movement

Group Unaudited (*)	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2023	135,308	505,549	584,804	3,219	1,228,880
New assets originated or purchased	23,647	6,817	1,595	1	32,060
Assets derecognised or repaid (excluding write offs)	(3,569)	(8,924)	(10,979)	(15)	(23,488)
Net provision movement for assets that did not change classification	(13,903)	(13,993)	633	488	(26,775)
Movements due to change in classification	(3,705)	(2,588)	54,519	69	48,295
Amounts written off	-	-	(12,115)	(187)	(12,302)
Other adjustments	6	45	7	0	58
Impairment allowance as at 31 March 2023	137,784	486,905	618,464	3,575	1,246,728

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2023	232,210	86,326	195,865	21,687	536,088
New assets originated or purchased	34,808	7,013	757	-	42,578
Assets derecognised or repaid (excluding write offs)	(22,596)	(3,899)	(14,627)	(0)	(41,122)
Net provision movement for assets that did not change classification	5,232	(1,453)	6,967	36	10,782
Movements due to change in classification	8,646	(15,899)	334	-	(6,920)
Amounts written off	-	-	(1)	(0)	(1)
Other adjustments	21	14	(363)	7	(322)
Impairment allowance as at 31 March 2023	258,320	72,101	188,931	21,730	541,082

	Total				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2023	367,518	591,875	780,670	24,906	1,764,970
New assets originated or purchased	58,455	13,830	2,352	1	74,638
Assets derecognised or repaid (excluding write offs)	(26,166)	(12,823)	(25,606)	(15)	(64,610)
Net provision movement for assets that did not change classification	(8,671)	(15,445)	7,600	524	(15,993)
Movements due to change in classification	4,941	(18,488)	54,853	69	41,375
Amounts written off	-	-	(12,116)	(187)	(12,304)
Other adjustments	26	59	(358)	6	(266)
Impairment allowance as at 31 March 2023	396,104	559,008	807,395	25,303	1,787,810

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9.1. Loans and advances to customers (continued)

Impairment allowance movement (continued)

Bank Unaudited (*)	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2023	123,834	495,526	546,491	3,219	1,169,070
New assets originated or purchased	23,515	4,763	368	1	28,647
Assets derecognised or repaid (excluding write offs)	(3,555)	(8,658)	(10,976)	(15)	(23,205)
Net provision movement for assets that did not change classification	(13,868)	(13,503)	(573)	488	(27,456)
Movements due to change in classification	(1,828)	(1,750)	54,414	69	50,905
Amounts written off	-	-	(12,115)	(187)	(12,302)
Other adjustments	5	43	6	0	54
Impairment allowance as at 31 March 2023	128,104	476,421	577,614	3,575	1,185,712

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2023	231,675	82,792	194,896	21,687	531,050
New assets originated or purchased	34,700	6,456	768	-	41,924
Assets derecognised or repaid (excluding write offs)	(22,595)	(3,898)	(14,618)	(0)	(41,110)
Net provision movement for assets that did not change classification	6,396	(1,017)	6,895	36	12,310
Movements due to change in classification	7,506	(15,204)	777	-	(6,920)
Amounts written off	-	-	(1)	(0)	(1)
Other adjustments	20	13	(363)	7	(323)
Impairment allowance as at 31 March 2023	257,703	69,142	188,353	21,730	536,929

	Total				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2023	355,510	578,318	741,386	24,906	1,700,120
New assets originated or purchased	58,215	11,219	1,135	1	70,571
Assets derecognised or repaid (excluding write offs)	(26,149)	(12,556)	(25,594)	(15)	(64,315)
Net provision movement for assets that did not change classification	(7,472)	(14,520)	6,322	524	(15,147)
Movements due to change in classification	5,678	(16,954)	55,191	69	43,984
Amounts written off	-	-	(12,116)	(187)	(12,304)
Other adjustments	26	56	(358)	7	(269)
Impairment allowance as at 31 March 2023	385,807	545,563	765,967	25,304	1,722,641

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9.1 Loans and advances to customers (continued)

Impairment allowance movement (continued)

Group	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2022	133,801	457,954	602,990	3,875	1,198,619
New assets originated or purchased	88,882	22,940	10,229	9	122,060
Assets derecognised or repaid (excluding write offs)	(15,373)	(30,293)	(105,813)	(467)	(151,945)
Net provision movement for assets that did not change classification	(49,371)	(17,293)	(357)	1,528	(65,494)
Movements due to change in classification	(22,631)	72,287	174,935	(20)	224,571
Amounts written off	-	-	(97,064)	(1,695)	(98,759)
Other adjustments	1	(46)	(116)	(10)	(171)
Impairment allowance as at 31 December 2022	135,308	505,549	584,804	3,219	1,228,880

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2022	175,458	100,573	255,406	24,742	556,180
New assets originated or purchased	151,155	46,900	22,406	-	220,461
Assets derecognised or repaid (excluding write offs)	(97,119)	(27,058)	(57,544)	(367)	(182,088)
Net provision movement for assets that did not change classification	6,025	(27,730)	(15,779)	(2,685)	(40,168)
Movements due to change in classification	(3,306)	(6,373)	11,077	-	1,398
Amounts written off	-	-	(19,601)	(0)	(19,601)
Other adjustments	(4)	14	(101)	(3)	(94)
Impairment allowance as at 31 December 2022	232,210	86,326	195,865	21,687	536,088

	Total				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2022	309,259	558,527	858,398	28,617	1,754,801
New assets originated or purchased	240,037	69,840	32,635	9	342,521
Assets derecognised or repaid (excluding write offs)	(112,492)	(57,351)	(163,357)	(834)	(334,033)
Net provision movement for assets that did not change classification	(43,346)	(45,023)	(16,136)	(1,157)	(105,662)
Movements due to change in classification	(25,937)	65,915	186,012	(20)	225,969
Amounts written off	-	-	(116,665)	(1,695)	(118,360)
Other adjustments	(3)	(31)	(219)	(14)	(267)
Impairment allowance as at 31 December 2022	367,518	591,876	780,668	24,905	1,764,968

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9.1 Loans and advances to customers (continued)

Impairment allowance movement (continued)

Bank	Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2022	118,917	451,772	544,071	3,875	1,118,635
New assets originated or purchased	88,678	17,592	2,359	9	108,637
Assets derecognised or repaid (excluding write offs)	(15,357)	(30,269)	(105,481)	(467)	(151,573)
Net provision movement for assets that did not change classification	(49,332)	(18,027)	(1,055)	1,528	(66,886)
Movements due to change in classification	(19,059)	74,491	176,608	(20)	232,019
Amounts written off	-	-	(69,895)	(1,695)	(71,590)
Other adjustments	(12)	(33)	(116)	(10)	(171)
Impairment allowance as at 31 December 2022	123,834	495,526	546,491	3,219	1,169,070

	Non-Retail lending				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2022	175,057	97,758	252,985	24,742	550,542
New assets originated or purchased	150,889	44,715	22,406	-	218,011
Assets derecognised or repaid (excluding write offs)	(97,091)	(26,804)	(57,143)	(367)	(181,406)
Net provision movement for assets that did not change classification	7,184	(27,607)	(14,692)	(2,685)	(37,800)
Movements due to change in classification	(4,360)	(5,284)	11,042	-	1,398
Amounts written off	-	-	(19,601)	(0)	(19,601)
Other adjustments	(4)	14	(100)	(3)	(93)
Impairment allowance as at 31 December 2022	231,675	82,792	194,896	21,687	531,050

	Total				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment allowance as at 1 st January 2022	293,973	549,531	797,056	28,617	1,669,176
New assets originated or purchased	239,567	62,307	24,765	9	326,648
Assets derecognised or repaid (excluding write offs)	(112,448)	(57,073)	(162,624)	(834)	(332,979)
Net provision movement for assets that did not change classification	(42,148)	(45,634)	(15,747)	(1,157)	(104,687)
Movements due to change in classification	(23,419)	69,207	187,650	(20)	233,417
Amounts written off	-	-	(89,496)	(1,695)	(91,191)
Other adjustments	(16)	(19)	(216)	(12)	(263)
Impairment allowance as at 31 December 2022	355,510	578,318	741,386	24,907	1,700,121

9.2 Treasury bills at amortised cost

Treasury bills at amortised cost income include bonds classified as being Hold To Collect (HTC), measured at amortised cost and rated as very good according to internal rating. These bonds are issued by: French State (in amount of 2,010,122), United States Government (in amount of 620,244) and by Romanian Ministry of Public Finances (in amount of 325,135).

As at March 31, 2023, these treasury bills at amortised cost are classified as Stage 1 and the ECL impairment allowance amounts to 44.

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10. Finance lease receivables

The Group acts as a lessor through the subsidiary BRD Soglease IFN SA, having in the portfolio vehicles, equipment (industrial, agricultural) and real estate leases. The leases are denominated mainly in EUR and RON, with transfer of ownership of the leased asset at the end of the lease term. The receivables are secured by the underlying assets and by other collateral. The payment timing analysis of lease receivables is as follows:

	Group	
	Unaudited (*) March 31, 2023	December 31, 2022
Gross investment in finance lease:		
Under 1 year	671,572	651,209
Between 1 and 5 years	1,003,669	963,284
Higher than 5 years	3,096	8,046
	1,678,337	1,622,539
Unearned finance income	(115,757)	(121,160)
Net investment in finance lease	1,562,580	1,501,379
Net investment in finance lease:		
Under 1 year	614,966	593,826
Between 1 and 5 years	944,591	899,704
Higher than 5 years	3,024	7,849
	1,562,581	1,501,379
	March 31, 2023	December 31, 2022
Net investment in the lease	1,562,581	1,501,379
Accumulated allowance for uncollectible minimum lease payments receivable	(91,651)	(93,985)
Total	1,470,930	1,407,394

As at March 31, 2023 and December 31, 2022, the future minimum lease receipts regarding operating leases (rents) concluded by the Group and Bank as a lessor are:

	Group		Bank	
	Unaudited (*) March 31, 2023	December 31, 2022	Unaudited (*) March 31, 2023	December 31, 2022
Less than one year	2,328	499	2,328	499
Between one and five years	7,667	559	7,667	559
More than five years	6,017	113	6,017	113
Total	16,012	1,171	16,012	1,171

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11. Property, plant and equipment

	Group						Total
	Land & Buildings	Investment properties	Office equipments	Materials and other assets	Construction in progress	Right of use	
Cost:							
as of December 31, 2021	1,264,443	38,243	279,636	485,547	55,171	521,396	2,644,436
Additions	-	-	66	7	128,781	42,012	170,866
Transfers	36,282	(293)	26,567	27,440	(89,995)	-	1
Disposals	(21,293)	(937)	(16,832)	(53,334)	5,530	(77,390)	(164,256)
as of December 31, 2022	1,279,432	37,013	289,437	459,660	99,487	486,018	2,651,047
Additions	-	-	39	4	17,995	7,437	25,475
Transfers	7,632	(439)	20,018	23,615	(50,826)	-	-
Disposals	(1,842)	-	(3,369)	(16,425)	(9,062)	(5,151)	(35,849)
as of March 31, 2023 Unaudited	1,285,222	36,574	306,125	466,854	57,594	488,304	2,640,673
Depreciation and impairment:							
as of December 31, 2021	(784,378)	(21,931)	(214,717)	(392,369)	(1,954)	(140,676)	(1,556,025)
Depreciation	(33,958)	(481)	(29,780)	(26,668)	-	(86,283)	(177,170)
Impairment	1,617	-	-	(56)	-	-	1,561
Disposals	14,903	697	16,824	50,608	-	76,921	159,953
Transfers	127	207	-	(334)	-	-	-
as of December 31, 2022	(801,689)	(21,508)	(227,673)	(368,819)	(1,954)	(150,038)	(1,571,681)
Depreciation	(8,735)	(112)	(8,039)	(8,065)	-	(19,223)	(44,174)
Impairment	(374)	-	-	-	-	-	(374)
Disposals	1,781	-	3,358	15,483	-	16,172	36,794
Transfers	(262)	262	-	-	-	-	-
as of March 31, 2023 Unaudited	(809,279)	(21,358)	(232,354)	(361,401)	(1,954)	(153,089)	(1,579,435)
Net book value:							
as of December 31, 2021	480,065	16,312	64,919	93,178	53,217	380,720	1,088,411
as of December 31, 2022	477,743	15,505	61,764	90,841	97,533	335,980	1,079,366
as of March 31, 2023 Unaudited	475,943	15,216	73,771	105,453	55,640	335,215	1,061,238

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11. Property, plant and equipment (continued)

	Bank					Right of use	Total
	Land & Buildings	Investment properties	Office equipments	Materials and other assets	Construction in progress		
Cost:							
as of December 31, 2021	1,254,332	38,243	270,494	485,258	55,169	495,250	2,598,745
Additions	-	-	-	7	128,781	41,563	170,351
Transfers	36,282	(293)	26,566	27,440	(89,995)	-	-
Disposals	(21,181)	(937)	(16,520)	(53,311)	5,530	(68,595)	(155,014)
as of December 31, 2022	1,269,433	37,013	280,540	459,394	99,485	468,218	2,614,082
Additions	-	-	-	-	17,995	5,495	23,490
Transfers	7,632	(439)	20,018	23,615	(50,826)	-	-
Disposals	(1,842)	-	(3,291)	(16,425)	(9,062)	(3,935)	(34,555)
as of March 31, 2023 Unaudited	1,275,223	36,574	297,267	466,584	57,592	469,778	2,603,017
Depreciation and impairment:							
as of December 31, 2021	(778,905)	(21,930)	(207,464)	(392,182)	(1,954)	(128,744)	(1,531,179)
Depreciation	(33,706)	(481)	(28,937)	(26,640)	-	(82,779)	(172,543)
Impairment	1,617	-	-	(56)	-	-	1,561
Disposals	14,789	697	16,518	50,587	-	67,434	150,025
Transfers	127	207	-	(334)	-	-	-
as of December 31, 2022	(796,078)	(21,507)	(219,883)	(368,625)	(1,954)	(144,089)	(1,552,136)
Depreciation	(8,672)	(112)	(7,846)	(8,061)	-	(18,595)	(43,286)
Impairment	(374)	-	-	-	-	-	(374)
Disposals	1,778	-	3,287	15,483	-	13,023	33,571
Transfers	(262)	262	-	-	-	-	-
as of March 31, 2023 Unaudited	(803,608)	(21,357)	(224,442)	(361,203)	(1,954)	(149,661)	(1,562,225)
Net book value:							
as of December 31, 2021	475,427	16,313	63,030	93,076	53,215	366,506	1,067,566
as of December 31, 2022	473,355	15,506	60,657	90,769	97,531	324,129	1,061,946
as of March 31, 2023 Unaudited	471,615	15,217	72,825	105,381	55,638	320,117	1,040,792

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11. Property, plant and equipment (continued)

Group	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
Unaudited (*)				
as of January 1, 2023	316,560	11,031	8,389	335,980
Additions	2,054	3,178	2,106	7,338
Depreciation expense	(17,027)	(762)	(1,434)	(19,223)
Disposals and other decreases	(846)	-	42	(804)
Contractual changes	11,607	317	-	11,924
as of March 31, 2023	312,348	13,764	9,103	335,215
	Lease liabilities			
as of January 1, 2023	339,746			
Additions	5,813			
Disposals and other decreases	2,178			
Other movements (FX, other contractual changes)	15,619			
Interest expense	1,258			
Payments	(21,478)			
as of March 31, 2023	343,136			
	Right-of-use assets			
Unaudited (*)	Land & Buildings	IT Office equipments	Cars and other assets	Total
as of January 1, 2023	305,781	9,498	8,850	324,129
Additions	530	3,178	1,788	5,496
Depreciation expense	(16,634)	(762)	(1,199)	(18,595)
Disposals and other decreases	(846)	-	-	(846)
Contractual changes	9,933	-	-	9,933
as of March 31, 2023	298,764	11,914	9,439	320,117
	Lease liabilities			
as of January 1, 2023	327,522			
Additions	5,495			
Disposals and other decreases	(730)			
Other movements (FX, other contractual changes)	14,948			
Interest expense	1,253			
Payments	(20,736)			
as of March 31, 2023	327,752			

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11. Property, plant and equipment (continued)

Group	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
as of January 1, 2022	366,047	4,220	10,453	380,720
Additions	26,415	11,904	3,409	41,728
Depreciation expense	(77,269)	(3,531)	(5,483)	(86,283)
Disposals and other decreases	(18,761)	(1,815)	(19)	(20,595)
Contractual changes	20,128	253	29	20,410
as of December 31, 2022	316,560	11,031	8,389	335,980
	Lease liabilities			
as of January 1, 2022	392,275			
Additions	41,725			
Disposals and other decreases	(32,025)			
Other movements (FX, other contractual changes)	22,435			
Interest expense	5,042			
Payments	(89,706)			
as of December 31, 2022	339,746			
	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
as of January 1, 2022	353,107	3,187	10,212	366,506
Additions	26,418	11,904	3,241	41,563
Depreciation expense	(74,661)	(3,531)	(4,587)	(82,779)
Disposals and other decreases	(18,761)	(1,815)	-	(20,576)
Contractual changes	19,678	(247)	(16)	19,415
as of December 31, 2022	305,781	9,498	8,850	324,129
	Lease liabilities			
as of January 1, 2022	377,699			
Additions	41,563			
Disposals and other decreases	(29,506)			
Other movements (FX, other contractual changes)	19,084			
Interest expense	4,920			
Payments	(86,238)			
as of December 31, 2022	327,522			

The Group and Bank holds investment property as a consequence of the ongoing rationalization of its retail branch network. Investment properties comprise a number of commercial properties that are leased to third parties. The investment properties have a fair value of 12,529 as at March 31, 2023 (December 31, 2022: 12,529). The fair value has been determined based on a valuation by an independent valuer in 2023. Rental income from investment property of 597 (December 31, 2022: 2,427) has been recognized in other income.

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12. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net identifiable assets transferred from Société Générale Bucharest to the Group in 1999.

Following the acquisition, the branch became the actual Sucursala Mari Clienti Corporativi (“SMCC”) – the branch dedicated to large significant clients, most of them taken over from the former Société Générale Bucharest.

As at March 31, 2023, the branch had a number of 3,821 active customers (2022: 3,737), with loans representing approximately 17% from total loans managed by the network (2022: 17%) and with deposits representing about 15% of networks’ deposits (2022: 15%). Most of the SMCC non-retail clients are large multinational and national customers.

Taking into account the stable base of clients and the contribution to the bank’s net banking income, the branch which generated the goodwill is considered profitable, without any need of impairment.

13. Intangible assets

The balance of the intangible assets as of March 31, 2023 and December 31, 2022 represents mainly software.

	Group	Bank
Cost:		
as of December 31, 2021	848,457	821,933
Additions	140,411	139,072
Disposals	(529)	45
as of December 31, 2022	988,339	961,050
Additions	30,355	30,041
Disposals	(33,442)	-
as of March 31, 2023 Unaudited	985,252	991,091
 Amortization:		
as of December 31, 2021	(527,394)	(502,278)
Amortization expense	(53,852)	(53,105)
Disposals	395	-
as of December 31, 2022	(580,851)	(555,383)
Amortization expense	(15,507)	(15,318)
Disposals	33,390	-
as of March 31, 2023 Unaudited	(562,968)	(570,701)
 Net book value:		
as of December 31, 2021	321,063	319,655
as of December 31, 2022	407,488	405,667
as of March 31, 2023 Unaudited	422,284	420,390

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14. Other assets

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Advances to suppliers	72,512	77,413	-	-
Sundry receivable	498,188	422,867	482,138	414,235
Prepaid expenses	79,908	73,545	77,849	56,755
Repossessed assets	4,023	4,536	924	924
Other assets	10,741	12,602	2,429	2,044
Total	665,372	590,963	563,340	473,958

As of March 31, 2023 the carrying value of repossessed assets for Group is 4,023 (December 31, 2022: 4,536). As of December 31, 2022 the carrying value of repossessed assets for Bank is 924 (December 31, 2022: 924), representing 4 residential buildings (December 31, 2022: 3 residential buildings).

The sundry receivables balances includes various commissions, sundry debtors and are net of impairment allowance.

Group Unaudited (*)

Sundry receivables

Impairment allowance as at January 1, 2023

Additional expenses

Reversals of provisions

Receivables written off

Foreign exchange adjustments

Impairment allowance as at March 31, 2023

Total (Stage3)

200,209

23,851

(3,339)

(95)

(81)

220,546

Total (Stage3)

165,641

Additional expenses

67,810

Reversals of provisions

(23,868)

Receivables written off

(9,469)

Foreign exchange adjustments

95

Impairment allowance as at December 31, 2022

200,209

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14. Other assets (continued)

Bank Unaudited (*)

	Total (Stage3)
Sundry receivables	
Impairment allowance as at January 1, 2023	190,512
Additional expenses	19,733
Reversals of provisions	(3,338)
Receivables written off	(57)
Foreign exchange adjustments	(28)
Impairment allowance as at March 31, 2023	206,822

	Total (Stage3)
Impairment allowance as at 1 st January 2022	156,860
Additional expenses	66,146
Reversals of provisions	(23,262)
Receivables written off	(9,328)
Foreign exchange adjustments	95
Impairment allowance as at December 31, 2022	190,512

15. Due to banks

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Demand deposits	744,950	591,058	744,950	591,058
Term deposits	15,040	45,830	15,040	45,830
Due to banks	759,990	636,888	759,990	636,888

16. Due to customers

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Demand deposits	38,133,266	40,921,389	38,208,672	41,037,420
Term deposits	17,440,894	15,739,452	17,584,512	15,878,320
Due to customers	55,574,160	56,660,841	55,793,184	56,915,740

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17. Borrowed funds

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Borrowings from related parties	5,327,499	5,295,703	3,567,545	3,565,843
Borrowings from international financial institutions	306,244	329,785	1,203	1,419
Total	5,633,743	5,625,488	3,568,748	3,567,262

Borrowings from related parties includes three senior non-preferred loans from Société Générale in amount of:

- 450 million EUR, with an interest rate of EURIBOR 3M+0.86% and an initial term of three years (received in December 2021)
- 150 million EUR, with an interest rate of EURIBOR 3M+1.98% and an initial term of three years (received in June 2022)
- 120 million EUR, with a fixed interest rate of 4.77% and an initial term of three years (received in December 2022).

Other funds borrowed from related parties are senior unsecured and are used in the normal course of business.

18. Subordinated debts

Two subordinated debts were received from Société Générale in amount of:

- 100 million EUR with an interest rate of EURIBOR 3M+1.98% and an initial term of ten years (in December 2021)
- 150 million EUR with an interest rate of EURIBOR 3M+4.31% and an initial term of ten years (in June 2022).

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19. Provisions

The line Provisions includes provisions for financial guarantee and loan commitments and other provisions.

Financial guarantees and loan commitments provisions movement

Group Unaudited (*)	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2023	4,594	4,059	3,281	11,934
New commitments originated or purchased	2,424	362	230	3,016
Commitments derecognised or transferred into assets	(221)	(316)	(452)	(989)
Net provision movement not resulting from changes in classification	(1,553)	(577)	(20)	(2,150)
Movements due to change in classification	5	155	446	606
Provision as at March 31, 2023	5,249	3,683	3,485	12,417
	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2023	128,239	50,188	147,471	325,898
New commitments originated or purchased	36,162	15,089	-	51,251
Commitments derecognised or transferred into assets	(23,833)	(10,200)	(178)	(34,211)
Net provision movement not resulting from changes in classification	(20,469)	(2,385)	(4,778)	(27,632)
Movements due to change in classification	6,741	(4,212)	(44)	2,485
Other adjustments	(90)	2	983	895
Provision as at March 31, 2023	126,750	48,482	143,454	318,686
	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2023	132,833	54,247	150,753	337,833
New commitments originated or purchased	38,586	15,451	230	54,267
Commitments derecognised or transferred into assets	(24,054)	(10,516)	(630)	(35,200)
Net provision movement not resulting from changes in classification	(22,022)	(2,962)	(4,798)	(29,782)
Movements due to change in classification	6,746	(4,057)	402	3,091
Other adjustments	(90)	2	983	894
Provision as at March 31, 2023	131,999	52,165	146,940	331,103

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19. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Bank	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Unaudited (*)				
Provision as at 1 st January 2023	4,562	3,925	3,282	11,769
New commitments originated or purchased	2,387	320	230	2,937
Commitments derecognised or transferred into assets	(203)	(282)	(452)	(937)
Net provision movement not resulting from changes in classification	(1,552)	(577)	(20)	(2,149)
Movements due to change in classification	5	155	446	606
Other adjustments	(1)	-	-	(1)
Provision as at March 31, 2023	5,198	3,541	3,486	12,225
	Non-Retail			
	Stage 1	Stage 2	Stage 3	Total
Provision as at 1 st January 2023	128,092	49,811	157,351	335,254
New commitments originated or purchased	36,054	14,547	-	50,601
Commitments derecognised or transferred into assets	(23,734)	(9,992)	(178)	(33,904)
Net provision movement not resulting from changes in classification	(20,447)	(2,385)	(5,226)	(28,058)
Movements due to change in classification	6,721	(4,184)	(52)	2,485
Other adjustments	(90)	2	(28)	(116)
Provision as at March 31, 2023	126,596	47,799	151,867	326,262
	Total			
	Stage 1	Stage 2	Stage 3	Total
Provision as at 1 st January 2023	132,654	53,736	160,633	347,023
New commitments originated or purchased	38,441	14,867	230	53,538
Commitments derecognised or transferred into assets	(23,937)	(10,274)	(630)	(34,841)
Net provision movement not resulting from changes in classification	(21,999)	(2,962)	(5,246)	(30,207)
Movements due to change in classification	6,726	(4,029)	394	3,091
Other adjustments	(91)	2	(28)	(117)
Provision as at March 31, 2023	131,794	51,340	155,353	338,487

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19. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Group	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	3,374	3,132	3,371	9,877
New commitments originated or purchased	10,460	1,929	902	13,291
Commitments derecognised or transferred into assets	(1,241)	(659)	(706)	(2,606)
Net provision movement not resulting from changes in classification	(7,307)	(672)	(1,613)	(9,592)
Movements due to change in classification	(692)	329	1,327	964
Provision as at December 31, 2022	4,594	4,059	3,281	11,934
	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	72,616	25,268	200,787	298,671
New commitments originated or purchased	99,008	35,196	1,386	135,590
Commitments derecognised or transferred into assets	(47,357)	(5,188)	(69,194)	(121,739)
Net provision movement not resulting from changes in classification	14,131	(10,007)	3,755	7,879
Movements due to change in classification	(10,064)	4,931	8,602	3,469
Other adjustments	(95)	(12)	2,135	2,028
Provision as at December 31, 2022	128,239	50,188	147,471	325,898
	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	75,990	28,400	204,159	308,549
New commitments originated or purchased	109,468	37,125	2,288	148,881
Commitments derecognised or transferred into assets	(48,598)	(5,847)	(69,900)	(124,345)
Net provision movement not resulting from changes in classification	6,824	(10,679)	2,142	(1,713)
Movements due to change in classification	(10,756)	5,260	9,929	4,433
Other adjustments	(95)	(12)	2,135	2,028
Provision as at December 31, 2022	132,833	54,247	150,753	337,833

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19. Provisions (continued)

Financial guarantees and loan commitments provisions movement (continued)

Bank	Retail lending			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	3,365	3,125	3,371	9,861
New commitments originated or purchased	10,430	1,793	902	13,125
Commitments derecognised or transferred into assets	(1,234)	(650)	(706)	(2,590)
Net provision movement not resulting from changes in classification	(7,306)	(672)	(1,613)	(9,591)
Movements due to change in classification	(692)	329	1,328	965
Other adjustments	(1)	-	-	(1)
Provision as at December 31, 2022	4,562	3,925	3,282	11,769

	Non-Retail			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	72,589	24,749	212,015	309,353
New commitments originated or purchased	98,864	34,849	1,386	135,099
Commitments derecognised or transferred into assets	(47,333)	(4,689)	(69,194)	(121,216)
Net provision movement not resulting from changes in classification	14,131	(10,006)	3,755	7,880
Movements due to change in classification	(10,064)	4,934	8,602	3,472
Other adjustments	(95)	(26)	787	666
Provision as at December 31, 2022	128,092	49,811	157,351	335,254

	Total			Total
	Stage 1	Stage 2	Stage 3	
Provision as at 1 st January 2022	75,954	27,874	215,386	319,214
New commitments originated or purchased	109,294	36,642	2,288	148,224
Commitments derecognised or transferred into assets	(48,567)	(5,339)	(69,900)	(123,806)
Net provision movement not resulting from changes in classification	6,825	(10,678)	2,142	(1,711)
Movements due to change in classification	(10,756)	5,263	9,930	4,437
Other adjustments	(96)	(26)	787	665
Provision as at December 31, 2022	132,654	53,736	160,633	347,023

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19. Provisions (continued)

The Bank includes in the line Provisions: provisions for litigation in amount of 14,892 as of March 31, 2023 (20,862 as of December 31, 2022), provisions for risks related to banking activity in amount of 2,459 as of March 31, 2023 (2,486 as of December 31, 2022) and other provisions for risks and charges in amount of 8,245 as of March 31, 2023 (9,801 as of December 31, 2022).

The Group includes in the line Provisions: provisions for litigation in amount of 42,715 as of March 31, 2023 (43,332 as of December 31, 2022), provisions for risks related to banking activity in amount of 2,459 as of March 31, 2023 (2,486 as of December 31, 2022) and other provisions for risks and charges in amount of 8,245 as of March 31, 2023 (9,801 as of December 31, 2022).

The movement in other provisions is as follows:

<u>Group</u>	<u>TOTAL</u>
Carrying value as of December 31, 2021	74,637
Additional expenses	19,000
Reversals of provisions	(30,466)
Usage	(7,553)
Carrying value as of December 31, 2022	55,618
Additional expenses	8,101
Reversals of provisions	(2,504)
Usage	(7,796)
Carrying value as of March 31, 2023 Unaudited	53,419
Bank	
Carrying value as of December 31, 2021	55,531
Additional expenses	15,354
Reversals of provisions	(30,184)
Usage	(7,552)
Carrying value as of December 31, 2022	33,149
Additional expenses	666
Reversals of provisions	(423)
Usage	(7,796)
Carrying value as of March 31, 2023 Unaudited	25,596

20. Other liabilities

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Sundry creditors	255,778	272,164	187,121	201,271
Other payables to State budget	137,226	59,038	135,095	56,716
Deferred income	55,991	40,772	55,987	40,772
Payables to employees	112,690	165,820	92,372	137,401
Creditors - Lease liabilities	343,136	339,746	327,752	327,522
Total	904,821	877,540	798,327	763,682

Sundry creditors are expected to be settled in no more than twelve months after the reporting period. Payables to employees include, among other, gross bonuses, amounting 49,279 as of March 31, 2023 (December 31, 2022: 93,153) and post-employment benefits amounting 20,344 as of March 31, 2023 (December 31, 2022: 19,576).

This is a defined benefit plan under which the amount of benefit that an employee is entitled to receive on retirement depends on years of service and salary. The plan covers substantially all the employees and the benefits are unfunded. A full actuarial valuation by a qualified independent actuary is carried out annually. During 2023, the movements in defined benefit obligation is generated by the service cost and benefits paid, resulting in a change of obligation carrying value 20,344 as of March 31, 2023, from 19,576 as of December 31, 2022.

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21. Share capital

The nominal share capital, as registered with the Registry of Commerce is 696,901 (2022: 696,901). Included in the share capital there is an amount of 1,818,721 (2022: 1,818,721) representing hyperinflation restatement surplus.

Share capital as of March 31, 2023 represents 696,901,518 (2022: 696,901,518) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2022: RON 1). During 2023 and 2022, the Bank did not buy back any of its own shares.

22. Taxation

Current income tax is calculated based on the taxable income as per the tax statement derived from the stand alone accounts of each consolidated entity. As of March 31, 2023 the Group has a current tax liability in total amount of 37,642 (December 31, 2022: 5,595) and 0 current tax asset (December 31, 2022: 23,563) and at Bank level a current tax liability in total amount of 36,528 (December 31, 2022: 0) and 0 current tax asset (December 31, 2022: 23,563).

The deferred tax liability/asset is reconciled as follows:

	Group March 31, 2023 Unaudited (*)			
	Temporary differences Asset / (Liability)	Consolidated Statement of Financial Position Asset / (Liability)	Consolidated Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
<i>Elements generating deferred tax</i>				
Defined benefit obligation	71,315	(11,410)	-	-
Financial assets at fair value through other comprehensive income	(2,119,558)	339,129	-	(58,356)
Tangible and intangible assets	(3,558)	569	(995)	-
Provisions and other liabilities	(603,314)	93,841	(14,553)	-
Taxable items	(2,655,115)			
Deferred tax		422,129	(15,548)	(58,355)

	Bank March 31, 2023 Unaudited (*)			
	Temporary differences Asset / (Liability)	Individual Statement of Financial Position Asset / (Liability)	Individual Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
<i>Elements generating deferred tax</i>				
Defined benefit obligation	71,315	(11,410)	-	-
Financial assets at fair value through other comprehensive income	(2,119,558)	339,129	-	(58,356)
Tangible and intangible assets	(3,558)	569	(995)	-
Provisions and other liabilities	(533,686)	85,391	(5,863)	-
Taxable items	(2,585,487)			
Deferred tax		413,678	(6,858)	(58,356)

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22. Taxation (continued)

	Group December 31, 2022			
	Temporary differences Asset / (Liability)	Consolidated Statement of Financial Position Asset / (Liability)	Consolidated Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
<i>Elements generating deferred tax</i>				
Defined benefit obligation	71,315	(11,410)	-	(2,650)
Financial assets at fair value through other comprehensive income	(2,484,289)	397,486	-	320,411
Tangible and intangible assets	(9,772)	1,564	(11,617)	-
Provisions and other liabilities	(677,465)	108,393	9,800	-
Taxable items	(3,100,211)			
Deferred tax		496,034	(1,817)	317,761
Bank December 31, 2022				
	Temporary differences Asset / (Liability)	Individual Statement of Financial Position Asset / (Liability)	Individual Income Statement (Expense) / Income	Consolidated OCI (Expense) / Income
<i>Elements generating deferred tax</i>				
Defined benefit obligation	71,315	(11,410)	-	(2,650)
Financial assets at fair value through other comprehensive income	(2,484,289)	397,486	-	320,410
Tangible and intangible assets	(9,772)	1,563	(11,648)	-
Provisions and other liabilities	(570,335)	91,254	6,607	-
Taxable items	(2,993,081)			
Deferred tax		478,893	(5,041)	317,760

Movement in deferred tax is as follows:

	Group	Bank
Deferred tax asset, net as of December 31, 2021	180,089	166,173
Deferred tax recognized in other comprehensive income	317,761	317,761
Deferred tax recognized in profit and loss	(1,817)	(5,041)
Deferred tax asset, net as of December 31, 2022	496,034	478,893
Deferred tax recognized in other comprehensive income	(58,356)	(58,356)
Deferred tax recognized in profit and loss	(15,548)	(6,858)
Deferred tax asset, net as of March 31, 2023	422,129	413,678

Reconciliation of total tax charge

	Group		Bank	
	Unaudited (*) Three months ended March 31, 2023	Unaudited (*) Three months ended March 31, 2022	Unaudited (*) Three months ended March 31, 2023	Unaudited (*) Three months ended March 31, 2022
Profit before income tax	417,885	327,362	399,697	306,431
Income tax (16%)	66,862	52,378	63,952	49,029
Fiscal credit	(1,147)	(488)	(1,235)	(786)
Non-deductible elements	5,901	5,283	6,021	3,943
Non-taxable elements	4,166	(2,662)	(1,788)	(1,046)
Expense from income tax at effective tax rate	75,782	54,511	66,950	51,139
Effective tax rate	18.1%	17.2%	16.8%	17.2%

Recognition of deferred tax asset is based on the management's profit forecasts, which indicates that it is probable that future taxable profits will be available against which the deferred tax assets can be utilized.

At the Bank level, as at March 31, 2023, permanent non-deductible elements include the impact of provisions for overdue commissions 2,809 (December 31, 2022: 9,777), sponsorship expenses with an impact of 198 (December 31, 2022: 1,276) and debt sales and other operations with limited deductibility in amount of 868 (December 31, 2022: 8,225); permanent non-taxable elements are mainly a result of releases for provisions for overdue commissions in amount of 426 (December 31, 2022: 1,722), provisions for risks and charges/litigations 114 (December 31, 2022: 1,184) and dividends income with an impact of 0 (December 31, 2022: 7,574).

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23. Interest and similar income

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended March 31, 2023	Three months ended March 31, 2022	Three months ended March 31, 2023	Three months ended March 31, 2022
	Interest on loans	752,239	449,247	729,281
Interest on finance lease	20,734	14,273	-	-
Interest on deposit with banks	52,631	7,517	52,478	7,357
Interest on financial assets	147,233	132,938	147,233	132,938
Interest income from hedging instruments	-	4,505	-	4,505
Total	972,837	608,480	928,992	571,108

The interest income on loans includes the accrued interest on net (after impairment allowance) impaired loans in amount of 17,331 for Group (2022: 12,806) and 16,824 for Bank (2022: 12,075).

24. Interest and similar expense

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended March 31, 2023	Three months ended March 31, 2022	Three months ended March 31, 2023	Three months ended March 31, 2022
	Interest on term deposits	180,465	20,740	180,599
Interest on demand deposits	41,338	22,590	43,560	23,144
Interest on borrowings	61,914	7,830	48,464	3,356
Interest expense on lease liabilities	1,324	1,157	1,253	1,122
Interest expense from hedging instruments	17,258	-	17,258	-
Total	302,299	52,317	291,134	48,510

25. Fees and commissions, net

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended March 31, 2023	Three months ended March 31, 2022	Three months ended March 31, 2023	Three months ended March 31, 2022
	Services	136,220	143,940	137,080
Management fees	28,829	25,503	28,829	25,503
Packages	19,632	15,952	19,632	15,952
Transfers	17,095	18,983	17,095	18,983
OTC withdrawal	12,687	16,948	12,687	16,948
Cards	38,249	44,975	38,249	44,975
Brokerage and custody	10,772	12,068	10,772	12,069
Other	8,956	9,512	9,816	8,139
Loan activity	22,393	24,345	13,739	16,631
Off balance sheet	13,717	11,722	13,717	11,722
Total	172,330	180,008	164,536	170,922

26. Gain on derivative and other financial instruments held for trading and foreign exchange

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended March 31, 2023	Three months ended March 31, 2022	Three months ended March 31, 2023	Three months ended March 31, 2022
	FX position revaluation	40,960	4,373	40,960
FX Spot	55,513	58,443	54,847	58,050
Gain on instruments held for trading	27,860	9,142	27,860	9,142
Derivative financial instruments	(33,799)	5,813	(33,799)	5,813
Gain/ (loss) on interest rate derivatives	364	(795)	364	(795)
Gain/ (loss) on currency and interest swap	959	1,292	959	1,292
Gain on forward foreign exchange contracts	(37,636)	3,645	(37,636)	3,645
Gain on currency options	1,950	1,351	1,950	1,351
Other	564	319	564	319
Gain on derivative, other financial instruments held for trading and foreign exchange	90,534	77,770	89,868	77,377

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27. Other income/expense from banking activities

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Provision for litigations	(266)	2,712	(266)	2,712
Held for sale fixed assets expenses	(542)	(781)	-	-
Other income/(expenses)	444	217	12	(1,362)
Total income / (expense) from banking activity	(364)	2,148	(254)	1,350

For the Bank, other income includes income from banking activities offered to the clients and income from non-banking activities, such as income from rentals. The income from rental of investment properties, for the Bank, is 597 (2022: 666).

28. Contribution to Guarantee Scheme and Resolution Fund

According to the Romanian legislation (Law no. 311/2015 on Deposit Guarantee Schemes and the Bank Deposit Guarantee Fund), the deposits of individuals and certain entities, including small and medium enterprises and large companies are covered up to EUR 100,000 by the Bank Deposit Guarantee Fund (“Fund”). Each credit institution participating to deposit guarantee scheme shall pay the annual contribution as determined and notified by the Fund. The amount of the contribution refers to the total covered deposits at the end of the previous year and reflects also the degree of risk associated to each credit institution in the scheme.

The degree of risk is determined based on the financial and prudential indicators reported by the credit institutions to the National Bank of Romania. For this purpose, the Bank Deposits Guarantee Fund uses a methodology approved by the National Bank of Romania considering also the guidelines issued by the European Banking Authority.

According to Law no. 312/2015 on recovery and resolution of credit institution and investment firms, each credit institution shall pay an annual contribution to Bank Resolution Fund as determined and notified by the National Bank of Romania.

The National Bank of Romania as the local resolution authority establish the credit institutions annual contributions to Bank Resolution Fund, in compliance with Commission Delegated Regulation EU 2015/63, supplementing Directive 2014/59 of the European Parliament and of the Council with regard to ex ante contributions to resolution financing arrangements.

For the year 2023 the total estimated expense related to Deposit Guarantee Fund and Bank Resolution Fund amounts to 75,903 (2022: 69,265).

Both contributions to the Bank Deposit Guarantee Fund and Bank Resolution Fund meet the criteria for recognition as taxes and accounted in accordance with IFRIC 21 “Levies” requirements. The liability is recognized at the date when the obligating event occurs and the contribution is recognized as an expense in full on 1st of January of the year in which the payment is made.

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29. Personnel expenses

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Salaries	203,115	186,167	191,617	174,387
Social security	5,326	5,091	5,173	4,788
Bonuses	15,900	15,050	15,900	14,392
Post-employment benefits	1,066	1,274	1,066	1,274
Capitalisation of internal projects	(8,722)	(7,071)	(8,722)	(7,071)
Other	7,195	4,610	7,435	4,765
Total	223,879	205,122	212,469	192,535

In 2023, the expense related to the Bank defined benefit contribution plan was 602 (2022: 667).

30. Depreciation, amortization and impairment on tangible and intangible assets

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Depreciation and impairment	44,423	45,616	43,536	43,955
Amortization	15,506	11,179	15,318	11,077
Total	59,929	56,794	58,854	55,032

The difference as at March 31, 2023 between the amount presented in note 11 and the amount presented in note 30 represents depreciation of investment property in total amount of 112 (March 31, 2022: 121).

31. Other operating expenses

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Administrative expenses	124,093	104,430	119,075	98,772
Publicity and sponsorships	3,816	3,860	3,740	3,815
Other expenses	20,514	20,426	16,691	18,158
Total	148,423	128,716	139,506	120,745

Administrative expenses include for the Bank maintenance expenses, various utilities such as energy and telecommunication, expenses related to short-term leases of 1,204 (March 31, 2022: 1,641) and to leases of low-value assets of 1,044 (March 31, 2022: 975).

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32. Cost of risk

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Net impairment allowance for loans	33,268	38,666	32,898	38,043
Net impairment allowance for sundry debtors	20,528	11,732	16,411	11,290
Net impairment allowance for finance lease	(957)	1,191	-	-
Income from recoveries of derecognized receivables & sales of bad debts	(37,289)	(50,636)	(34,696)	(49,342)
Write-offs	1,500	44,441	842	44,381
Financial guarantee and loan contracts provisions	(7,627)	(13,252)	(8,420)	(13,179)
Net impairment allowance for debt securities	25	(140)	25	(140)
Total	9,448	32,002	7,060	31,053

33. Earnings per share

Basic earnings per share are calculated by dividing net profit/loss for the reporting period attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. As of March 31, 2023 and March 31, 2022 there were no dilutive equity instruments issued by the Group and Bank.

	Group Unaudited (*)		Bank Unaudited (*)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Ordinary shares on market	696,901,518	696,901,518	696,901,518	696,901,518
Profit attributable to shareholders	337,236	260,022	332,747	245,663
Earnings per share (in RON)	0.4839	0.3731	0.4775	0.3525

34. Cash and cash equivalents details

Cash and cash equivalents:

For the purpose of the cash flow statements, cash and cash equivalents comprise cash in hand, current accounts and short term placements at other banks. The amounts in transit in amount of 140,599 (December 31, 2022: 262,937) and loans to banks, with more than 90 days maturity from the date of acquisition in amount of 16,129 (December 31, 2022: 15,975), for the Group, are excluded. The Group and Bank did not include in cash and cash equivalents the amounts representing minimum compulsory reserve held at National Bank of Romania.

	Group Unaudited (*)		Bank Unaudited (*)	
	March 31,	December 31,	March 31,	December 31,
	2023	2022	2023	2022
Cash in hand	3,085,405	2,531,348	3,085,338	2,531,279
Current accounts and deposits with banks	5,710,413	6,942,051	5,710,413	6,942,050
Total	8,795,819	9,473,399	8,795,752	9,473,329

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34. Cash and cash equivalents details (continued)

Impairment and provisions adjustment for non-cash items:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Three months ended March 31, 2023	Three months ended March 31, 2022	Three months ended March 31, 2023	Three months ended March 31, 2022
Net impairment allowance for loans	33,268	38,666	32,898	38,043
Net impairment allowance for sundry debtors	20,528	11,732	16,411	11,290
Net impairment allowance for financial leases	(957)	1,191	-	-
Write-offs	1,500	44,441	842	44,381
Financial guarantee and loan contracts provisions	(7,627)	(13,252)	(8,420)	(13,179)
Net movement in other provisions	(2,199)	(4,342)	(7,553)	(5,021)
Net impairment allowance for debt securities	25	(140)	25	(140)
Total	44,538	78,296	34,203	75,374

35. Guarantees and other credit commitments

Guarantees and letters of credit

The Group and Bank issues guarantees and letters of credit for its customers. The primary purpose of letters of credit is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group and Bank will make payments in the event that a customer cannot meet its obligations (delivery of goods, documents submitting, etc.) to third parties with which it entered previously into a contractual relationship, carry a similar credit risk as loans once they are executed.

The market and credit risks on these financial instruments, as well as the operational risk are similar to those arising from granting of loans. In the event of a claim on the Group and Bank as a result of a customer's default on a guarantee these instruments also present a degree of liquidity risk to the Group and Bank.

Credit related commitments

Financing commitments represent unused amounts of approved credit facilities.

The Group and Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The total outstanding contractual amount of commitments does not necessarily represent future cash requirements, since many of these commitments will expire or be terminated without being funded.

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Letters of guarantee granted	6,321,921	6,449,588	6,331,533	6,451,531
Financing commitments granted	6,615,931	6,183,371	6,107,394	5,740,595
Total commitments granted	12,937,852	12,632,959	12,438,927	12,192,126
Uncommitted facilities granted	9,956,068	9,454,516	10,010,756	9,509,016
Letters of guarantee received	25,579,359	23,730,601	25,579,359	23,730,601
Total commitments received	25,579,359	23,730,601	25,579,359	23,730,601

The accompanying notes are an integral part of this financial statements

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36. Other commitments

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Tangible non-current assets	9,637	13,470	9,637	13,470
Intangible non-current assets	69,220	81,086	69,220	81,086
Commitments relating to short-term and low value leases	24,204	24,547	24,204	24,547
Total	103,061	119,103	103,061	119,103

The other commitments presented above include short term and low value leases, software maintenance contracts and other IT services.

As at March 31, 2023 and December 31, 2022 the future minimum lease payments regarding rents concluded by the Group and Bank as a lessee are:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Less than one year	12,621	11,654	12,621	11,654
Between one and five years	10,050	9,855	10,050	9,855
More than five years	95	104	95	104
Total	22,766	21,613	22,766	21,613

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37. Related parties

The Group entered into related party transactions with its parent, other SG entities, subsidiaries, associates and joint venture and key management personnel. All related party transactions were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing for similar transactions with unrelated parties. The transactions/balances with subsidiaries were eliminated for consolidation purposes. The transactions/balances with related parties can be summarized as follows:

	Group							
	2023		2022		2023		2022	
	Parent	Other related parties	Associates & Joint ventures	Key management of the institution	Parent	Other related parties	Associates & Joint ventures	Key management of the institution
Assets	362,059	69,635	34,610	13,518	353,013	133,944	28,438	9,505
Nostro accounts	57,415	36,226	-	-	29,287	115,287	-	-
Deposits	209,191	-	-	-	220,963	-	-	-
Loans	-	32,679	31,405	13,518	-	18,462	25,866	9,505
Derivative financial instruments	92,695	-	-	-	100,173	-	-	-
Other assets	2,757	731	3,205	-	2,590	195	2,572	-
Liabilities	6,960,763	201,671	88,389	17,847	8,656,069	172,742	89,915	13,226
Loro accounts	13,360	2,009	-	-	-	1,031	-	-
Deposits	39,390	199,010	69,641	17,847	217,000	171,056	71,348	13,226
Borrowings	5,327,499	-	-	-	5,295,707	-	-	-
Subordinated borrowings	1,239,330	-	-	-	1,238,651	-	-	-
Derivative financial instruments	296,648	-	-	-	313,410	-	-	-
Other liabilities	44,537	652	18,748	-	1,591,301	655	18,567	-
Commitments	5,820,389	222,420	39,028	965	5,800,063	255,718	51,381	758
Total commitments granted	241,045	65,028	384	669	249,274	85,330	1,364	561
Total commitments received	125,512	147,895	28,181	296	129,358	163,376	28,137	197
Uncommitted facilities granted	12,969	9,497	10,463	-	12,968	7,012	21,879	-
Notional amount of foreign exchange transactions	1,939,783	-	-	-	2,095,028	-	-	-
Notional amount of interest rate derivatives	3,501,079	-	-	-	3,313,435	-	-	-
Income statement	(62,636)	(567)	(13,423)	258	(40,170)	(1,188)	(397)	47
Interest and commission revenues	13,717	2,210	8,444	312	5,761	1,120	3,978	61
Interest and commission expense	(61,483)	(1,279)	(6,019)	(40)	(7,935)	(500)	(1,153)	(9)
Net (loss) on interest rate derivatives	(597)	-	-	-	(28,375)	-	-	-
Net gain on foreign exchange derivatives	(3,971)	-	-	-	1,599	-	-	-
Other income	6	-	19	-	167	-	19	-
Other expenses	(10,308)	(1,497)	(15,867)	(14)	(11,387)	(1,808)	(3,241)	(5)

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37. Related parties (continued)

	2023					Bank					2022				
	Parent	Other related parties	Subsidiaries	Associates & Joint ventures	Key management of the institution	Parent	Other related parties	Subsidiaries	Associates & Joint ventures	Key management of the institution	Parent	Other related parties	Subsidiaries	Associates & Joint ventures	Key management of the institution
Assets	343,173	69,635	26,395	31,710	13,518	336,818	133,944	46,553	26,165	9,505					
Nostro accounts	57,415	36,226	-	-	-	29,287	115,287	-	-	-					
Deposits	193,062	-	-	-	-	204,988	-	-	-	-					
Loans	-	32,679	24,718	31,405	13,518	-	18,462	44,934	25,866	9,505					
Derivative financial instruments	92,695	-	-	-	-	100,173	-	-	-	-					
Other assets	-	731	1,677	304	-	2,370	195	1,619	300	-					
Liabilities	5,194,989	201,656	220,573	88,223	17,847	6,920,955	172,716	256,653	89,333	13,226					
Loro accounts	13,360	2,009	-	-	-	-	1,031	-	-	-					
Deposits	39,390	199,010	219,614	69,641	17,847	217,000	171,056	255,776	71,348	13,226					
Borrowings	3,566,620	-	-	-	-	3,564,997	-	-	-	-					
Subordinated borrowings	1,239,330	-	-	-	-	1,238,651	-	-	-	-					
Lease payable	-	-	925	-	-	-	-	847	-	-					
Derivative financial instruments	296,648	-	-	-	-	313,410	-	-	-	-					
Other liabilities	39,642	636	33	18,581	-	1,586,897	629	29	17,985	-					
Commitments	5,820,389	222,420	72,098	39,028	965	5,800,063	255,718	76,081	51,381	758					
Total commitments granted	241,045	65,028	17,410	384	669	249,274	85,330	21,580	1,364	561					
Total commitments received	125,512	147,895	-	28,181	296	129,358	163,376	-	28,137	197					
Uncommitted facilities granted	12,969	9,497	54,688	10,463	-	12,968	7,012	54,501	21,879	-					
Notional amount of foreign exchange transactions	1,939,783	-	-	-	-	2,095,028	-	-	-	-					
Notional amount of interest rate derivatives	3,501,079	-	-	-	-	3,313,435	-	-	-	-					
Income statement	(50,123)	(426)	3,907	(15,298)	258	(34,699)	(1,272)	5,243	(2,885)	47					
Interest and commission revenues	13,563	2,083	4,975	6,570	312	5,599	911	4,858	1,171	61					
Interest and commission expense	(49,098)	(1,279)	(2,357)	(6,019)	(40)	(2,441)	(500)	(507)	(1,152)	(9)					
Net (loss) on interest rate derivatives	(597)	-	-	-	-	(28,375)	-	-	-	-					
Net gain on foreign exchange derivatives	(3,971)	-	6	-	-	1,599	-	32	-	-					
Other income	6	-	58	-	-	167	-	(35)	-	-					
Other expenses	(10,026)	(1,230)	1,226	(15,848)	(14)	(11,248)	(1,683)	895	(2,904)	(5)					

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37. Related parties (continued)

Other liabilities and other expenses include mainly corporate and technical assistance with Société Générale Paris.

The Bank has collateral received from SG Paris regarding derivative instruments in total amount of 24,665 at March 31, 2023 (December 31, 2022: 23,868).

As of March 31, 2023 the Board of Directors and Managing Committee members own 48,858 shares (2022: 48,858).

38. Contingencies

As of March 31, 2023 the Bank is the defendant in a number of lawsuits arising in the course of business, amounting to approximately 697,267 (December 31, 2022: 670,213). The amounts disclosed represent the additional potential loss in the event of a negative court decision, the amounts not being provisioned. The management believes that the ultimate resolution of these matters will not have a material adverse effect on the Group's overall financial position and performance. The Bank already booked a provision of 14,892 (December 31, 2022: 20,862) and the Group 42,715 (December 31, 2022: 43,332) in relation with the litigations.

39. Fair value

Determination of fair value and fair value hierarchy

To determine and disclose the fair value hierarchy of the financial instruments, the Group follows the three-level classification of the inputs to valuation techniques used to measure fair value:

- **Level 1: quoted (unadjusted) prices** in active markets for identical assets or liabilities;
Level 1 instruments contain the government bonds, priced directly by external counterparties on various dealing platforms (Bloomberg, Reuters etc.);
- **Level 2: other inputs** than those quoted prices included within Level 1, **that are observable** for that particular asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
Level 2 instruments include in particular securities that cannot directly be quoted on the market (e.g. corporate bonds) and firm derivatives, with standard features and common maturities, whose value can be retrieved or derived from market data;
- **Level 3: inputs** that are not based on observable market data (**unobservable inputs**).
Level 3 instruments include options traded over-the-counter and other derivatives with specifically-tailored return profiles and/or maturities extended over the normal spectrum;

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

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39. Fair value (continued)

	Group				Bank			
	March 31, 2023 Unaudited (*)				March 31, 2023 Unaudited (*)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	34,878	-	34,878	-	34,878	-	34,878
Currency swaps	-	34,807	-	34,807	-	34,807	-	34,807
Forward foreign exchange contracts	-	20,070	-	20,070	-	20,076	-	20,076
Options	-	-	63,425	63,425	-	-	63,425	63,425
	-	89,755	63,425	153,180	-	89,761	63,425	153,186
Financial assets at fair value through other comprehensive income	13,776,021	-	-	13,776,021	13,776,021	-	-	13,776,021
Equity investments (listed)	5,365	-	-	5,365	5,365	-	-	5,365
Equity investments (not listed)	-	-	4,120	4,120	-	-	4,120	4,120
Other securities quoted	-	4,329	-	4,329	-	-	-	-
Total	13,781,386	4,329	4,120	13,789,834	13,781,386	-	4,120	13,785,506
Other financial instruments held for trading	920,688	300,118	-	1,220,806	903,424	300,118	-	1,203,542
Total	14,702,074	394,202	67,545	15,163,820	14,684,810	389,879	67,545	15,142,234
Assets for which fair value is disclosed								
Cash and due from Central Bank	7,455,414	-	-	7,455,414	7,455,347	-	-	7,455,347
Due from banks	-	5,867,141	-	5,867,141	-	5,851,012	-	5,851,012
Loans and advances to customers	-	-	37,153,473	37,153,473	-	-	36,451,790	36,451,790
Treasury bills at amortised cost	2,944,441	-	-	2,944,441	2,944,441	-	-	2,944,441
Financial lease receivables	-	-	1,453,388	1,453,388	-	-	-	-
Total	10,399,855	5,867,141	38,606,861	54,873,856	10,399,788	5,851,012	36,451,790	52,702,590

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39. Fair value (continued)

	Group				Bank			
	March 31, 2023 Unaudited (*)				March 31, 2023 Unaudited (*)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<u>Liabilities measured at fair value</u>								
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	321,075	-	321,075	-	321,075	-	321,075
Currency swaps	-	18,296	-	18,296	-	18,296	-	18,296
Forward foreign exchange contracts	-	32,723	-	32,723	-	32,723	-	32,723
Options	-	-	63,459	63,459	-	-	63,459	63,459
Total	-	372,094	63,459	435,553	-	372,094	63,459	435,553
Other financial instruments held for trading	63,126	197,413	-	260,539	63,126	197,413	-	260,539
Total	63,126	569,507	63,459	696,092	63,126	569,507	63,459	696,092
<u>Liabilities for which fair value is disclosed</u>								
Due to banks	-	759,990	-	759,990	-	759,990	-	759,990
Due to customers	-	55,557,518	-	55,557,518	-	55,776,476	-	55,776,476
Borrowed funds	-	5,633,743	-	5,633,743	-	3,568,748	-	3,568,748
Subordinated debts	-	1,239,330	-	1,239,330	-	1,239,330	-	1,239,330
Total	-	63,190,581	-	63,190,581	-	61,344,544	-	61,344,544

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39. Fair value (continued)

	Group				Bank			
	December 31, 2022				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	33,419	-	33,419	-	33,419	-	33,419
Currency swaps	-	47,067	-	47,067	-	47,067	-	47,067
Forward foreign exchange contracts	-	34,004	-	34,004	-	34,004	-	34,004
Options	-	-	65,609	65,609	-	-	65,609	65,609
	-	114,490	65,609	180,099	-	114,490	65,609	180,099
Financial assets at fair value through other comprehensive income	13,439,596	-	-	13,439,596	13,439,596	-	-	13,439,596
Equity investments (listed)	4,012	-	-	4,012	4,012	-	-	4,012
Equity investments (not listed)	-	-	4,120	4,120	-	-	4,120	4,120
Other securities quoted	-	6,130	-	6,130	-	-	-	-
Total	13,443,608	6,130	4,120	13,453,857	13,443,608	-	4,120	13,447,728
Other financial instruments held for trading	426,524	1,736,754	-	2,163,278	420,458	1,736,754	-	2,157,212
Total	13,870,132	1,857,374	69,729	15,797,234	13,864,066	1,851,244	69,729	15,785,039
Assets for which fair value is disclosed								
Cash and due from Central Bank	7,625,002	-	-	7,625,002	7,624,933	-	-	7,624,933
Due from banks	-	7,220,963	-	7,220,963	-	7,204,987	-	7,204,987
Loans and advances to customers	-	-	36,259,563	36,259,563	-	-	35,554,410	35,554,410
Treasury bills at amortised cost	2,675,354	-	-	2,675,354	2,675,354	-	-	2,675,354
Financial lease receivables	-	-	1,390,610	1,390,610	-	-	-	-
Total	10,300,356	7,220,963	37,650,172	55,171,491	10,300,287	7,204,987	35,554,410	53,059,684

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39. Fair value (continued)

	Group				Bank			
	December 31, 2022				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value								
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	341,983	-	341,983	-	341,983	-	341,983
Currency swaps	-	32,726	-	32,726	-	32,726	-	32,726
Forward foreign exchange contracts	-	62,621	-	62,621	-	62,621	-	62,621
Options	-	-	65,645	65,645	-	-	65,645	65,645
Total	-	437,330	65,645	502,975	-	437,330	65,645	502,975
Other financial instruments held for trading	294,199	646,372	-	940,571	294,199	646,372	-	940,571
Total	294,199	1,083,702	65,645	1,443,546	294,199	1,083,702	65,645	1,443,546
Liabilities for which fair value is disclosed								
Due to banks	-	636,888	-	636,888	-	636,888	-	636,888
Due to customers	-	56,645,790	-	56,645,790	-	56,900,621	-	56,900,621
Borrowed funds	-	5,625,488	-	5,625,488	-	3,567,262	-	3,567,262
Subordinated debts	-	1,238,651	-	1,238,651	-	1,238,651	-	1,238,651
Total	-	64,146,817	-	64,146,817	-	62,343,422	-	62,343,422

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39. Fair value (continued)

Financial instruments measured at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Treasury notes are represented by treasury bills and bonds, and are classified as financial assets at fair value through other comprehensive income or financial instruments held for trading measured at fair value through profit and loss, being measured using a valuation technique based on market quotes published by Bloomberg or by Reuters (market approach).

Derivatives

The fair value of the derivatives is determined using valuation techniques commonly known on the market, such as discounted cash flows for swaps or Black-Sholes formula for options.

Firm derivatives – interest rate swaps, currency swaps and forward foreign exchange contracts, are the main derivative products measured using as valuation technique the income approach (discounting cash flows) and incorporating observable inputs from market (foreign exchange spot rate, forward rates, interest rate rates, futures), both directly observable ones (explicit parameters) and indirectly observable ones.

The directly observable parameters are variables that come directly from the market and are presumed to be easily available, accessible to each market participant. The main explicit parameters used in valuation of firm financial instruments are interbank fixing FX rates published by NBR, interbank swap points, interbank bid/ask interest rates, futures quotes on EUR and USD. Implicit parameters are variables obtained through standard intermediary calculation, using market prices for relevant financial instruments. The yield curves designated at the level of each product and currency are fed with explicit parameters according to the pre-set configuration, facilitating the computation of implicit parameters used in computing the fair value such as Zero-coupons, Discount Factors and Forward Interest Rates.

Conditional derivatives - FX options, interest rate options and equity options, are valued daily, using the mark-to-model approach. The model is calibrated to derive the value of the option based on the current market conditions (spot rates) and the future values presumed to be attained by the underlying (forward exchange rates, FRAs etc.), integrating in the calculation the standard option-sensitivities (delta, gamma, vega, theta), along with information regarding the size of the positions and the liquidity of the instrument. The fair value is determined through SG's computation module, the values of the specific parameters being daily retrieved from the market and stored in the database, serving as direct input in the daily final formula or further used for the statistical calculation implied by the valuation process.

BRD manages the group of these financial assets and liabilities (options) on the basis of the entity's net exposure to a particular market risk (foreign exchange, interest rate, price risk) and, according to the trading book policy in place, BRD assumes no residual market risk induced by option-trading. Any bought option is perfectly matched on the same day with a sold option, identical in terms of option type, underlying, exercise prices, maturity. The perfect back-to-back system is subject to daily controls performed at back-office level, to ensure that no mismatch occurred and there is no residual open position on options. Therefore, the impact of a specific change on the estimated value on one non-observable parameter used on the valuation of an option classified/ accounted as financial asset is offset by same specific change on estimated value of the same non-observable parameter on the valuation of the mirror-replicated option classified/ accounted as financial liability.

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39. Fair value (continued)

Equities

These assets are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the financial performance of the investee.

The fair value of equity instruments not listed classified as at fair value through profit and loss and consisting of ordinary shares of other entities is determined by using the net assets of the entities as at the end of the last closed reporting period. The entities net assets represent the best estimation of the current replacement cost that would be paid in order to replace the holding as it consists of the initial capital investment adjusted by the financial performance of the entity.

In the case of Visa share, following the acquisition of VISA Europe by VISA Inc, transaction which was closed in June 2016, the Bank, as principal member, received a share of the sale proceeds, having both a cash component and a share in VISA Inc component. Following the SG approach, in order to determine the fair value of the share, the Bank adjusted the sale proceeds using some prudential haircuts (liquidity, litigation risks etc.).

Fair value of financial assets and liabilities not carried at fair value

Financial assets

Deposits with banks, loans originated by the Group and leases are measured at amortized cost using the effective interest rate method less any impairment allowance.

For deposits with banks, amortized cost is estimated to approximate fair value due to their short-term nature, interest rates reflecting current market conditions and no significant transaction costs.

For loans and lease receivables the fair value is determined by using discounted cash-flows based on interest rate offered to similar products and similar time horizons.

Financial liabilities

The amortized cost of deposits from banks is considered to approximate their respective fair values, since these items have predominantly short maturities, carry interest rates reflecting current market conditions and are settled without significant transaction costs.

For due to customers and borrowings amounts the fair value is determined by using discounted cash-flows based on interest rate offered to similar products and customers and with similar time horizons.

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39. Fair value (continued)

The following table presents the fair value and the carrying amount per type of financial instrument.

	Group				Bank			
	March 31, 2023 Unaudited (*)		December 31, 2022		March 31, 2023 Unaudited (*)		December 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets								
Cash and due from Central Bank	7,455,414	7,455,414	7,625,002	7,625,002	7,455,347	7,455,347	7,624,933	7,624,933
Due from banks	5,867,141	5,867,141	7,220,963	7,220,963	5,851,012	5,851,012	7,204,987	7,204,987
Loans and advances to customers	37,179,322	37,153,473	36,288,342	36,259,563	36,439,222	36,451,790	35,542,279	35,554,410
Treasury bills at amortised cost	2,955,501	2,944,441	2,730,706	2,675,354	2,955,501	2,944,441	2,730,706	2,675,354
Financial lease receivables	1,470,930	1,453,388	1,407,394	1,390,610	-	-	-	-
	54,928,308	54,873,856	55,272,407	55,171,491	52,701,082	52,702,590	53,102,905	53,059,684
Financial liabilities								
Due to banks	759,990	759,990	636,888	636,888	759,990	759,990	636,888	636,888
Due to customers	55,574,160	55,557,518	56,660,841	56,645,790	55,793,184	55,776,476	56,915,740	56,900,621
Borrowed funds	5,633,743	5,633,743	5,625,488	5,625,488	3,568,748	3,568,748	3,567,262	3,567,262
Subordinated debts	1,239,330	1,239,330	1,238,651	1,238,651	1,239,330	1,239,330	1,238,651	1,238,651
	63,207,223	63,190,581	64,161,868	64,146,817	61,361,252	61,344,544	62,358,541	62,343,422

The accompanying notes are an integral part of this financial statements

(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
as of and for the period ended March 31, 2023
(Amounts in thousands RON)

39. Fair value (continued)

The methods and significant assumptions applied in determining the fair value of the elements in the table above are listed below.

The fair value of fixed rate instruments is estimated by discounting the maturing cash flows with discount factors derived from the rates offered to similar clients, for similar products on similar maturities. The fair value of floating instruments is estimated by discounting from the next re-pricing date using as discount factors rates offered to similar clients, for similar products on similar time horizons.

Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of impairment is recognized separately by deducting the amount of the allowance for credit losses from both carrying and fair values.

For the purposes of the fair value disclosure, the interest accrued to date is included in the carrying value of the financial instruments.

The transfers between levels of fair value hierarchy are deemed to have occurred the date of the event or change in circumstances that caused the transfer, but not later than the end of the reporting period.

Movement in level 3:

Fair value of equity investments not listed is estimated based on net assets of the investments.

	Equity investments (not listed)	Options (A)	Options (L)
Closing balance as at December 31, 2021	4,049	35,214	35,258
Acquisitions	-	7,777	7,777
Sales	-	(1,579)	(1,579)
Reimbursements	-	(23,968)	(23,968)
Gain losses from change in fair value	71	48,165	48,157
Closing balance as at December 31, 2022	4,120	65,609	65,645
Acquisitions	-	4,947	4,947
Sales	-	(243)	(243)
Reimbursements	-	(3,127)	(3,127)
Gain losses from change in fair value	-	(3,761)	(3,763)
Closing balance as at March 31, 2023 Unaudited	4,120	63,425	63,459

40. Subsequent events

No subsequent event was identified after the reporting date.

Quarterly Report



March 31, 2023



according to Financial Supervisory Authority Regulation
no 5/2018

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1. THE COMPANY AND ITS SHAREHOLDERS

BRD – GROUPE SOCIÉTÉ GÉNÉRALE PROFILE

BRD - Groupe Société Générale ("BRD" or "the Bank") was set up on December 1st, 1990 as an independent bank with the legal status of a joint-stock company and with the share capital mainly held by the Romanian State, by taking over the assets and liabilities of Banca de Investitii (the Investment Bank).

In March 1999, Société Générale ("SG") bought a stake representing 51% of the share capital, increasing its holding to 58.32% in 2004, through the acquisition of the residual stake from the Romanian State. As at March 31, 2023, SG was holding 60.17% of the share capital.

Starting 2001, BRD-Groupe Société Générale operates as an open joint-stock company, admitted to trading on a regulated market, according to the companies' legislation, banking legislation, capital market regulations, provisions of the Articles of Incorporation and other internal regulations.

BRD identification data are the following:

- **Head Office:** 1-7 Blvd. Ion Mihalache, sect. 1, Bucharest
- **Phone/Fax:** 021.3016100 / 021.3016800
- **Sole registration number with the Trade Registry:** 361579/10.12.1992
- **Fiscal Code:** RO 361579/10.12.1992
- **Order number with the Trade Registry:** J40-608-1991
- **Number and date of registration in the Credit Institutions Register:** RB - PJR - 40 – 007/18.02.1999
- **Share capital subscribed and paid:** 696,901,518 RON
- **Regulated market on which the issued securities are traded:** Bucharest Stock Exchange Premium Tier
- **The main characteristics of securities issued by the company:** ordinary shares with a nominal value of 1 RON

EXTERNAL RATING

As at March 31, 2023, the Bank had the following ratings:

Fitch (last rating update: March-2023*)	Rating
Foreign-Currency Short-Term Issuer Default Rating	F2
Foreign-Currency Long-Term Issuer Default Rating	BBB+

Moody's (last rating update: September-2022**)	Rating
Domestic Currency Short-Term Deposit	Prime-2
Domestic Currency Long-Term Deposit	Baa1
Foreign Currency Short-Term Deposit	Prime-2
Foreign Currency Long-Term Deposit	Baa1

* Fitch affirmed LT IDR at 'BBB+' and revised the outlook to stable from negative

** Moody's affirmed Bank's LT and ST foreign currency deposit rating to Baa1/Prime-2 in Oct. 2021 and revised the outlook to stable from negative. On the last update of credit analysis, as of Sep 2022 end, rating and outlook remained unchanged.

BRD GROUP („GROUP”) consolidates the following entities:

- BRD - Groupe Société Générale SA;
- BRD Sogelease IFN SA;
- BRD Finance IFN SA;
- BRD Asset Management SAI SA.

SOCIÉTÉ GÉNÉRALE PROFILE

Société Générale was set up in 1864 as a banking company, registered in France. Its registered office is located on 29 Boulevard Haussmann, 75009, Paris, France, and its shares are listed on the Paris Stock Exchange.

Société Générale is one of the largest European financial services groups. Based on a diversified integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth, and aims to be the trusted partner for its clients, committed to the positive transformations of the world.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 117,000 members of staff in 66 countries and supports on a daily basis 25 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- *French Retail Banking* which encompasses the Societe Generale, Crédit du Nord and Boursorama brands, each offering a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- *International Retail Banking, Insurance and Financial Services* with a presence in emerging economies and leading specialised businesses;
- *Global Banking and Investors Solutions*, which offers recognised expertise, key international locations and integrated solutions.

The latest credit ratings of Société Générale are available at

<https://investors.societegenerale.com/en/financial-and-non-financial-information/ratings/credit-ratings>

BRD POSITION WITHIN SOCIÉTÉ GÉNÉRALE

SG has been present in Romania since 1980, being the only significant bank from Western Europe that was present in Romania during the communist era.

In 1999, it takes part in the process of privatization of Banca Romana pentru Dezvoltare and acquires 51% of the Bank's share capital.

Starting with this period, BRD lined up its operational procedures and business practices to those of the parent company.

BRD is part of the international network of Société Générale, managed by the International Retail Banking and Financial Services division (IBFS) that aims to offer a broad range of products and services to individuals, professionals and corporates. International Retail Banking operations, Insurance and Financial Services are building their networks in Africa, Central and Eastern Europe. The specialized equipment finance and vehicle leasing and fleet management businesses are leaders in Europe and worldwide in their markets.

KEY FIGURES

		3 months to 31-Mar-2022	3 months to 31-Mar-2023	Change
	The Group			
Financial results	Net banking income (RONm)	810	935	+15.5%
	Operating expenses (RONm)	(460)	(508)	+10.5%
	Cost of risk (RONm)	(32)	(9)	-70.5%
	Net profit (RONm)	263	342	+30.0%
	Cost / income ratio	56.8%	54.3%	-2.5 pt
	ROE	11.9%	18.8%	+6.9 pt
	RON bn	Mar-22	Mar-23	Change
Loans and deposits	Total net loans (incl. leasing)	34.8	38.7	+11.2%
	Total deposits	53.3	55.6	+4.2%
	The Bank			
Financial results	Net banking income (RONm)	765	893	+16.7%
	Operating expenses (RONm)	(437)	(487)	+11.2%
	Cost of risk (RONm)	(31)	(7)	-77.3%
	Net profit (RONm)	246	333	+35.4%
	Cost / income ratio	57.2%	54.5%	-2.7 pt
	ROE	11.6%	18.4%	+6.9 pt
	RON bn	Mar-22	Mar-23	Change
Loans and deposits	Total net loans	32.8	36.4	+11.2%
	Total deposits	53.5	55.8	+4.3%
	RON m	Mar-22	Mar-23	Change
Capital adequacy	Own funds (RONm)	6,591	7,346	+11.5%
	RWA (RON bn)	30,709	33,559	+9.3%
	CAR*	21.5%	21.9%	+0.4 pt
Franchise	No of branches	499	451	(48)

* CAR for Mar-23 is preliminary. Own funds include the full 2022 year net profit. Starting 1st January 2023, OCI quick fix adjustment no longer applies.

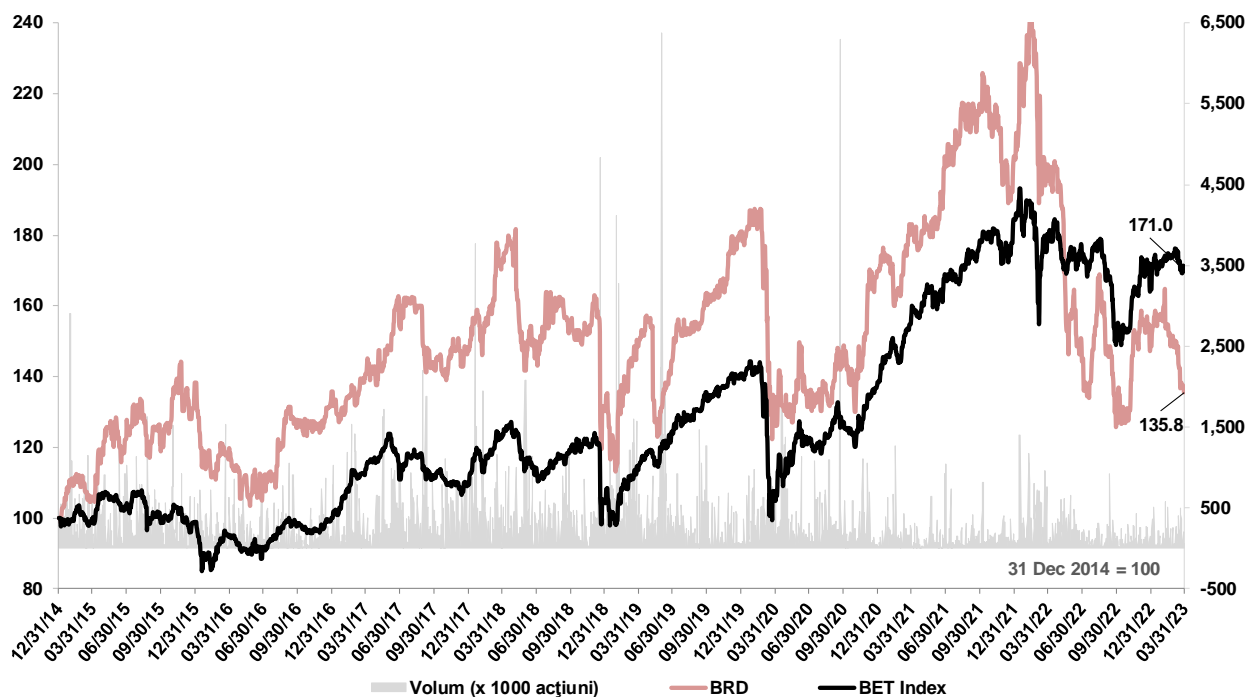
BRD SHARE

Starting with January 15th, 2001, the Bank's shares are listed in the Premium category of the Bucharest Stock Exchange. The shares are included in the BET, BET Plus, BET-XT, BET-XT-TR, BET-BK, BET-TR and ROTX indexes. The Bank's shares are ordinary, nominative, dematerialized and indivisible. According to the Articles of Incorporation, article 17, letter k, the shares of the Bank are traded freely on those capital markets set by General Assembly of Shareholders („AGA”), while complying with the legislation on the trade of shares issued by bank institutions.

The closing price for BRD share as at March 31, 2023, was of RON 11.88 /share (RON 13.00 /share at December 31, 2022 and RON 17.48 /share at March 31, 2022). On the same date, the market capitalization was RON 8,279.19 million (RON 9,059.72 million at December 31, 2022 and RON 12,181.84 million at March 31, 2022).

During January – March 2023, neither the Bank, nor its subsidiaries bought back own shares.

Evolution of BRD's share price versus the BET Index and BRD's volume of shares for the period December 31, 2014 – March 31, 2023



Source: Bloomberg

2. ECONOMIC AND BANKING ENVIRONMENT

In spite of the exceptionally strong challenges, economic growth remained robust, although nuanced across economic sectors. Romanian economy continued to accelerate in Q4 2022 (+4.5% y/y vs. +3.7% y/y in Q3' 2022, gross series), with +5.1% y/y increase in households consumption and +11.8% y/y growth of gross fixed capital formation. 2022 GDP growth reached +4.7% y/y (vs +5.8% y/y in 2021), repeatedly counting among best performing EU member states over past years. In comparison, GDP expanded by +3.5% both in the EU27 and in the Euro area.

In Q1'2023, private consumption was likely the main driver of annual GDP advance, with a positive, yet milder, contribution coming also from gross fixed capital formation (on account of construction). A key catalyst for the economic growth remain the funds allocated under National Recovery and Resilience Plan, although reduced (as confirmed in April, by EUR 2.1 bn, or 14.9% of the total) as a result of GDP performance exceeding the estimates used for the Plan, for the 2020-2021 period.

On 31st of January 2023, the European Commission approved, under EU State aid rules, a EUR 1.6 bn Romanian measure to set-up the Romanian Investment and Development Bank ('the Bank'). The Bank aims at supporting economic and social development, competitiveness, innovation and growth across Romania's economy. The Bank will be established as a fully State-owned entity, with the Ministry of Finance as its shareholder, and will act under the supervision of the National Bank of Romania. The aid will take the form of: (i) a capital injection of up to EUR 608 million, out of which EUR 10 million are estimated to be received in 2024 under the Recovery and Resilience Facility, (ii) a EUR 1.4 million grant, and (iii) State guarantees worth EUR 992 million.

In February 2023, the European Commission approved, under EU State aid rules, a EUR 259 million Romanian scheme, made available in part through the Recovery and Resilience Plan, to support investments in the production, assembly and recycling of batteries, of photovoltaic cells and of panels. The scheme aims at supporting Romania's regional development and fostering the EU's strategic objectives relating to the green transition. The measure aims to: (i) contribute to regional development by targeting sectors with growing demand, which will support the creation of new jobs that require a skilled workforce, as well as a more sustainable and competitive economy, and (ii) foster Romania's and the EU's green transition.

In February 2023, the Romanian Government, through the Ministry of Investment and European Projects, announced that in 2023 will continue to implement measures to support people in vulnerable categories, for which the total budget allocated will reach the threshold of EUR 1.8 bn.

Regarding inflation rate, its annual growth pace decelerated, printing at +14.5% in March 2023 compared to +16.4% in December 2022, given the energy price capping schemes and fuel price increase which crossed into negative territory (-2.8% y/y vs. +4.7% y/y in February 2023), while food prices and market services further accelerated. The inflation rate remains far from the upper bound of the NBR target range (2.5% \pm 1 ppt).

The two main worldwide shocks, the COVID-19 outbreak and the war in Ukraine, and their overlapping consequences, as well as the difficult structural transformations they have sparked, aggravated existing policymakers' trade-offs, such as fighting inflation and ensuring economic recovery/employment. Following these events, in order to support the economy, NBR made extensive use of the policy toolkit to tame inflationary pressures, carefully calibrating the dosage in order to smoothen the macro-financial impact of the changing rate environment. Amid larger and lengthier inflation pressures from global cost shocks, amplified by geopolitical context, NBR performed ten monetary policy rate hikes, 575 bps in total, since the start of the tightening cycle in October 2021. The increase of 25 bps to 7%, in January 2023, in line with market expectations, indicated the end of the rate hiking cycle as was also suggested by the maintaining of the key rate level at 7%, at the subsequent meetings from February and April 2023.

In terms of banking activity, the annual growth rate of gross loans outstanding registered a milder deceleration in the first two months of the year compared to last quarter of 2022, reaching +11.8%* YoY at February 2023 end (vs. +11.9%* YoY at December 2022 end and +15.7%* at November 2022 end), primarily due to the slower decline of the local currency component and a relatively stable but still elevated pace of increase of FX component. Nevertheless, the lending was dynamic and presented a good performance, mostly by strong corporate financing (+19.8% YoY at February 2023 vs +18.8% YoY at December 2022 end) and, to a smaller degree, by households (+2.9% YoY at February 2023 vs +4.1% YoY at December 2022 end). The decelerating rate of growth of loans to individuals was visible for both housing (+3.5%* YoY at February 2023 end vs +5.4%* YoY at December 2022 end) and consumer loans (+1.9%* YoY at February 2023 end vs +2.0%* YoY at December 2022 end).

Deposits' growth rate increased compared to end of last year, reaching +10.5% at February 2023 end (+9.1 YoY at December 2022 end), mainly driven by RON denominated corporate deposits. Overall, individuals deposits were up +7.4%* YoY at February 2023 end vs +5.7%* YoY at December 2022 end and on corporate increased by +14%* YoY at February 2023 end vs +13%* YoY at 2022 end.

Regarding asset quality, the non-performing loans and coverage ratios place the Romanian banking sector into EBA defined low risk bucket (NPL <3%, coverage ratio > 55%), with NPL at 2.66% at February 2023 end (2.65% at December 2022 end) and NPL coverage ratio at 65.4% at December 2022 end (66.1% at 2021 end).

The Romanian banking system is well capitalized, as reflected by the capital adequacy ratio of 21.8% as of December 2022 end (23.3% as of December 2021 end), above EU average (19.4% at December 2022 end). As regards liquidity, the banking system has also a solid position, with a Liquidity Coverage Ratio of 209% as of December 2022 end (239% at December 2021 end), improving to 216% at February 2023 end, and remaining well above regulatory requirement (100%) and EU average (165% at December 2022 end).

** variation at constant FX rate*

3. COMMERCIAL ACTIVITY

As at March 31, 2023, the Bank had 451 branches (March 31, 2022: 499 branches, December 31, 2022: 460 branches), ensuring the distribution of its products and services throughout the whole country.

The equipment rate for individuals continued to increase, reaching 4.69 at March 31, 2023, compared to 4.59 at March 31, 2022 or 4.62 at December 31, 2022.

The digital adoption keeps growing, as reflected by the higher number of users of the mobile application, You BRD, which reached over 1.1 million as of March 31, 2023, up by 42% compared to the same period last year. In addition, more and more clients choose to open deposits or saving accounts directly from the mobile application, thus, 65% of deposits and 90% of saving accounts were opened directly in You BRD, during the analysed period.

During Q1 2023, BRD continued to further build on digital features by implementing in-app rating functionality, through which customers can give feedback about You BRD directly from the application. In addition, the Home screen of You BRD application was standardised and simplified offering customers an easier understanding of their financial situation.

BRD held a market share of 10.2% of total assets at December 31, 2022.

	Mar-22	Dec-22	Feb-23
TOTAL ASSETS	11.1%	10.2%	n.a.
LOANS	9.7%	9.5%	9.7%
Individuals	13.6%	13.5%	13.6%
Companies	6.3%	6.5%	6.6%
DEPOSITS	10.3%	10.0%	10.0%
Individuals	11.0%	10.9%	10.7%
Companies	9.4%	9.0%	9.2%

Note: Market shares according to Bank's internal calculations.

The structure of the customers' **net loans** at Group level evolved as follows:

RON bln	Mar-22	Dec-22	Mar-23	vs. Dec-22	vs. Mar-22
Retail	22.8	23.4	23.5	0.5%	2.8%
Individuals	22.1	22.5	22.6	0.5%	2.2%
Small business	0.7	0.9	0.9	-1.9%	19.8%
Non-retail	10.6	12.9	13.7	6.1%	28.8%
SMEs	3.5	4.8	4.6	-5.1%	30.4%
Large corporate	7.1	8.1	9.1	12.8%	28.0%
Total net loans	33.5	36.3	37.2	2.5%	11.0%
Financial lease receivables	1.3	1.4	1.5	4.5%	15.8%
Total net loans, including leasing	34.8	37.7	38.7	2.5%	11.2%

Net loans outstanding (including leasing) reached RON 38.7 bn, strongly increasing by 11.2% versus March 31, 2022 and moderately compared to year end (up by 2.5% vs December 31, 2022), sustained by an intense lending activity on corporate segment, while on retail segment, the dynamic was softer.

On retail segment, net loans outstanding was up 2.8% YoY, underpinned by both individuals and small business. Individuals' loan production reached near RON 1.6 bn in Q1 2023, slightly lower YoY, given the decrease in housing loans production amid the elevated borrowing costs and still uncertain environment, while consumer loans production was on an upward trend during the first three months of the year. Small business segment posted a strong growth of +19.8% YoY.

Lending activity to corporate segment delivered an impressive result (+28.8% YoY), building on an excellent momentum on both SME segment (+30.4% YoY) and large companies (+28.0% YoY).

BRD continues to be a reliable partner and engaged Bank in governmental programs dedicated to SMEs and MidCaps dealing with financial difficulties generated by the war in Ukraine, offering support to over 750 eligible SMEs. These programs bring important advantages for subscribers, namely the full subvention of the interest amount for a 12 month period and state guarantee for 90% of the loans value. The total value of new loans approved under IMM Invest Plus program reached RON 825 million in Q1 2023, increasing by +305% compared to Q1 2022.

Leasing activity marked a very robust performance posting an overall portfolio increase of +15.8% YoY.

The customers' deposits structure at Group level evolved as follows:

RON bln	Mar-22	Dec-22	Mar-23	vs. Dec-22	vs. Mar-22
Retail	35.4	37.1	36.6	-1.2%	3.6%
Individuals	29.4	31.0	31.0	-0.1%	5.3%
Small business	6.0	6.1	5.7	-7.0%	-4.9%
Non-retail	18.0	19.6	18.9	-3.2%	5.4%
SMEs	9.0	8.2	8.0	-1.8%	-11.5%
Large corporate	8.9	11.4	10.9	-4.2%	22.4%
Total deposits	53.3	56.7	55.6	-1.9%	4.2%

Deposits to customers reached RON 55.6 bn, higher by 4.2% on an annual basis, mainly as a result of higher inflows in term deposits from individuals and increase of RON denominated resources from large corporates, in a context of elevated and competitive remuneration rates. Compared to year end, deposits to customers decreased slightly mainly on lower deposits from small business and large corporates customers.

For the evolution of the main components of the net banking income please refer to "Financial results" section.

SUBSIDIARIES' ACTIVITY

BRD SOGELEASE IFN SA

As of March 31, 2023, net outstanding of leasing financing granted by BRD Sogelease increased by +15.8% year-on-year to RON 1,471 million. New leasing production increased to RON 284 million in 2023, +29% YoY. BRD Sogelease delivered consistent volumes in first quarter of 2023, maintaining the favorable dynamic of the previous year. Demand was driven by SMEs' and large corporates active in sectors as construction, logistics and transportation, agriculture, manufacturing and healthcare who appreciate financial leasing offered by BRD Group as an efficient and accessible financing solution.

BRD FINANCE IFN SA

At the end of March 2023, the value of the net loan portfolio was of RON 374 million vs. RON 484 million at March 2022 end, the new production continuing on a downward trend as a result of limiting the subscription of new products. The strategy was focused on efficient management of the existing portfolio, on the limitation of operating expenses and a stepwise reduction in cost of risk. Therefore, the pretax result was +25% vs last year despite the drop in NBI (-17% for the same period).

BRD ASSET MANAGEMENT SA

BRD Asset Management is one of the most important actors on the Romanian UCITS market, with a market share of 19.45%* and RON 3.4 billion assets under management at the end of March 2023. BRD Asset Management offers investment solutions to more than 124 thousand clients across its 12 investment funds. In 2022, 4 new funds have been launched: BRD Orizont 2035, BRD Orizont 2045, BRD Oportunitati and BRD Euro Simplu. The first two, known as TDF's (target date funds), are a novelty on the local market.

** market share computation based on total open-end funds assets under management*

4. FINANCIAL RESULTS AND RATIOS

FINANCIAL POSITION ANALYSIS

The below financial position analysis is done based on the separate and consolidated financial statements prepared according to the International Financial Reporting Standards, for the period ended March 31, 2023 and the comparative periods.

FINANCIAL POSITION – ASSETS

Total assets decreased slightly versus March 31, 2022, both for the Group and the Bank (by 0.4% for the Group and by 0.8% for the Bank). Compared to 2022 end, total assets were lower by 1.4% for the Group and by 1.5% for the Bank.

The asset structure is presented below:

THE GROUP

Assets (RONm)	Mar-22	Dec-22	Mar-23	% total	vs. Dec-22	vs. Mar-22
Cash and current accounts with Central Bank	8,461	7,625	7,455	10.2%	-2.2%	-11.9%
Loans and advances to credit institutions	7,719	7,221	5,867	8.1%	-18.7%	-24.0%
Net loans and advances to customers	33,480	36,288	37,179	51.0%	2.5%	11.0%
Financial lease receivables	1,270	1,407	1,471	2.0%	4.5%	15.8%
Other financial instruments	20,020	18,642	18,234	25.0%	-2.2%	-8.9%
Tangible and intangible assets	1,449	1,537	1,534	2.1%	-0.2%	5.9%
Other assets	732	1,121	1,098	1.5%	-2.1%	1.5x
Total assets	73,131	73,842	72,839	100.0%	-1.4%	-0.4%

THE BANK

Assets (RONm)	Mar-22	Dec-22	Mar-23	% total	vs. Dec-22	vs. Mar-22
Cash and current accounts with Central Bank	8,461	7,625	7,455	10.6%	-2.2%	-11.9%
Loans and advances to credit institutions	7,702	7,205	5,851	8.3%	-18.8%	-24.0%
Net loans and advances to customers	32,762	35,542	36,439	51.7%	2.5%	11.2%
Other financial instruments	20,042	18,646	18,228	25.9%	-2.2%	-9.1%
Tangible and intangible assets	1,428	1,518	1,511	2.1%	-0.4%	5.8%
Other assets	618	987	988	1.4%	0.1%	1.6x
Total assets	71,014	71,523	70,472	100.0%	-1.5%	-0.8%

LOANS AND ADVANCES TO CUSTOMERS

The net loans' outstanding amount to customers registered a strong performance year-on-year (Group: +11.2% YoY at March 2023 end, o/w leasing +15.8%; Bank: +11.2%) particularly driven by corporates, as detailed above in Chapter 3.

CASH, CURRENT ACCOUNTS WITH THE CENTRAL BANK AND LOANS AND ADVANCES TO CREDIT INSTITUTIONS

Cash and current accounts with the central bank and loans and advances to credit institutions decreased by -17.7% versus March 31, 2022 and by -10.3% versus December 2022 end, for both the Bank and the Group, with liquidity directed towards lending. These items represented approximately 18.3% of total assets for the Group and 18.9% for the Bank at end of March 2023.

The minimum compulsory reserve held with the National Bank of Romania accounted for 32% of this aggregate at March 31, 2023 (28% at December 2022 end) at Group level. It amounted to RON 4,271 million, up by 11.4% YoY and by 3.7% vs December 31, 2022, mainly linked to increasing customers deposits, on average outstanding, during the analysed period. The level of RON and FX minimum reserve requirements for liabilities with residual maturity of less than 2 years are at 8% and 5% respectively, unchanged from May 2015 for RON and from November 2020 for FX.

OTHER FINANCIAL INSTRUMENTS

Other financial instruments include financial assets at fair value through other comprehensive income, treasury bills at amortised cost, financial assets at fair value through profit and loss, derivatives and other financial instruments held for trading, investments in associates and subsidiaries.

These items amounted to RON 18.2 bn at March 2023 end for both Group and Bank and represented 25% of Group assets and almost 26% of Bank assets. They decreased by almost 9.0% compared to

March 2022 end and by 2.2% versus December 2022 end, driven by the decrease in government bonds portfolio, partly on lowering market value in a context of surging yields, and lower derivatives and other financial instruments held for trading.

TANGIBLE AND INTANGIBLE ASSETS

The tangible and intangible assets increased by almost 5.9% compared to March 2022 end for both the Group and the Bank and accounted for 2.1% of the total assets with land and buildings representing the largest part of the item.

The total value of investments during the first 3 months of 2023 was RON 48 million for both the Group and the Bank, compared to RON 32 million in the same period in 2022 for both the Group and the Bank. There is no capitalized research and development expenditure.

FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities is as follows:

THE GROUP

Liabilities and shareholders equity (RONm)	Mar-22	Dec-22	Mar-23	% total	vs. Dec-22	vs. Mar-22
Amounts owed to credit institutions	8,440	7,501	7,633	10.5%	1.8%	-9.6%
Amounts owed to customers	53,329	56,661	55,574	76.3%	-1.9%	4.2%
Other liabilities	3,568	2,720	2,023	2.8%	-25.6%	-43.3%
Shareholders equity	7,794	6,960	7,608	10.4%	9.3%	-2.4%
Total liabilities and shareholders equity	73,131	73,842	72,839	100.0%	-1.4%	-0.4%

THE BANK

Liabilities and shareholders equity (RONm)	Mar-22	Dec-22	Mar-23	% total	vs. Dec-22	vs. Mar-22
Amounts owed to credit institutions	6,639	5,443	5,568	7.9%	2.3%	-16.1%
Amounts owed to customers	53,489	56,916	55,793	79.2%	-2.0%	4.3%
Other liabilities	3,450	2,587	1,895	2.7%	-26.8%	-45.1%
Shareholders equity	7,436	6,577	7,216	10.2%	9.7%	-3.0%
Total liabilities and shareholders equity	71,014	71,523	70,472	100.0%	-1.5%	-0.8%

AMOUNTS OWED TO CUSTOMERS

The Group, as well as the Bank, further consolidated and diversified its already solid savings base. At March 2023 end, amounts owed to customers increased by near 4.2% for both the Group and the Bank and accounted for 76.3% of the total liabilities and shareholders' equity at Group level and for 79.2% at Bank level. The increase was mainly driven by significant corporate deposits advance on extensive deposit collection of large corporate customers while resources from retail were influenced by a tight liquidity and competitive context, however, still printing a growth of 3.6%.

AMOUNTS OWED TO THE CREDIT INSTITUTIONS

Amounts owed to credit institutions represent borrowings from the parent and International Financial Institutions and interbank deposits, and stood at 11.7% of the total liabilities for the Group and 8.8% for the Bank at March 31, 2023.

BRD Group's borrowings from Société Générale totalled RON 6.6 bn (10.1% of liabilities) at March 2023 end. Among these, are included 3 senior non-preferred loans in amount of EUR 720 million (EUR 450 million received in December 2021, EUR 150 million in June 2022, respectively EUR 120 million in December 2022, all with an initial term of 3 years and a call option at 2 years) and 2 subordinated loans in amount of EUR 250 million (EUR 100 million drawn in December 2021, respectively EUR 150 million in June 2022, both with an initial term of 10 years and a call option at 5 years).

SHAREHOLDERS' EQUITY

Shareholders' equity decreased by 2.4% for the Group and by 3.0% for the Bank compared to March 31, 2022, mainly on lower revaluation reserves of debt instruments accounted at fair value through other comprehensive income, in the context of rising interest rates, partially offset by Q1 2023 net profit.

The structure of the shareholders' equity evolved as follows:

THE GROUP

Shareholders' equity (RONm)	Mar-22	Dec-22	Mar-23	vs. Dec-22	vs. Mar-22
Share capital	2,516	2,516	2,516	0.0%	0.0%
Other reserves	(1,050)	(2,054)	(1,748)	-14.9%	66.5%
Retained earnings and capital reserves	6,267	6,439	6,777	5.2%	8.1%
Non-controlling interest	61	59	64	8.3%	4.5%
Total shareholders' equity	7,794	6,960	7,608	9.3%	-2.4%

THE BANK

Shareholders' equity (RONm)	Mar-22	Dec-22	Mar-23	vs. Dec-22	vs. Mar-22
Share capital	2,516	2,516	2,516	0.0%	0.0%
Other reserves	(1,050)	(2,054)	(1,748)	-14.9%	66.5%
Retained earnings and capital reserves	5,971	6,116	6,448	5.4%	8.0%
Total shareholders' equity	7,436	6,577	7,216	9.7%	-3.0%

LIQUIDITY POSITION

Both the Bank and the Group maintained a balanced structure of resources and placements and a comfortable liquidity level over the analysed period.

The net loans to deposits ratio reached 65.3% at March 31, 2023 (from 62.4% at December 31, 2022 and 61.3% at March 31, 2022) for the Bank and 69.5% for the Group, including financial leasing receivables (66.5% at December 31, 2022 and 65.2% at March 31, 2022).

3M-2023 FINANCIAL RESULTS

The comparative income statement of the Group for the periods January – March 2023 and January – March 2022 is presented below:

RONm	Q1-2022	Q1-2023	23/'22
Net banking income	810	935	15.5%
- net interest income	556	671	20.6%
- net commissions	180	172	-4.3%
- other banking income	73	92	26.0%
Operating expenses	(460)	(508)	10.5%
- staff expenses	(205)	(224)	9.1%
- non-staff expenses	(255)	(284)	11.6%
Operating profit	350	427	22.2%
Net cost of risk	(32)	(9)	-70.5%
Gross result	318	418	31.5%
Net result	263	342	30.0%
Profit attributable to equity holders of the parent	260	337	29.7%

The comparative income statement of the Bank for the periods January – March 2023 and January – March 2022 is presented below:

RONm	Q1-2022	Q1-2023	23/'22
Net banking income	765	893	16.7%
- net interest income	523	638	22.1%
- net commissions	171	165	-3.7%
- other banking income	72	91	26.7%
Operating expenses	(437)	(487)	11.2%
- staff expenses	(193)	(212)	10.4%
- non-staff expenses	(245)	(274)	11.9%
Operating profit	328	407	24.1%
Net cost of risk	(31)	(7)	-77.3%
Gross result	297	400	34.7%
Net result	246	333	35.4%

BRD Group's revenues registered a strong increase in the first three months of the year, with net banking income higher by 15.5% versus the same period of 2022.

The evolution was primarily driven by the +20.6% increase in net interest income, building on both a favorable volume effect on both retail and corporate segments and higher rates (average ROBOR 3M at 7.10% in Q1 2023 versus 3.65% in Q1 2022), tempered by rising funding costs primarily associated with large corporates and individuals deposits.

Net fees and commissions stepped back by -4.3% YoY mainly influenced by lower services fees from cards activity, reduced cash transactions of individuals customers as compared to Q1 2022 pick induced by panic amid the Russia-Ukraine war and slight decrease in assets under management.

Other revenues categories increased by 26% YoY pushed by an intense trading activity.

The pressure of double digit inflation on operating expenses is high, but costs' increase was maintained below inflation level, amid a rigorous spending discipline. Overall operating expenses increased by +10.5% compared to Q1 2022. Staff expenses (+9.1% y/y) increased on the impact of price effect driven by increase of wages in a context of surging inflation and competitive labor market, and other benefits adjustments decided during Q2 2022 (mainly meal tickets). The evolution of other costs notably mirrors higher expenses on external services and increased IT&C related expenses supporting the execution of the digital roadmap. The cumulated contribution to Guarantee and Resolution Funds, booked in Q1 was 9.6% higher compared to Q1 2022 (RON 75.8 m vs RON 69.2 m in Q1 2022).

As a result of the above evolutions, the BRD Group cost/income ratio was reduced by 2.0 ppt (if we exclude the cumulated contributions to Guarantee and Resolution Funds), to 46.2% in the first quarter of 2023, on positive jaws effect.

BRD Group registered a solid operational performance, with gross operating income reaching RON 427 million in Q1 2023 (+22.2% YoY).

The quality of the loan portfolio is excellent, with NPL ratio* (non-performing loans, according to EBA definition) of 2.6% at March 2023 end, further improved from 2.7% at March 2022 end, and increased provision coverage (77.4% at Mar-23 end vs 76.5% at Mar-22 end, Bank level). The net cost of risk charge was reduced from RON 32m in Q1 2022 to RON 9m in Q1 2023 mainly reflecting a good recovery performance, offset by recurring charges from on balance portfolio.

As a result of all the above, BRD Group recorded in Q1 2023 a net profit of RON 342 million (+30.0% YoY, from RON 263 million in Q1 2022), a return on equity (ROE) of 18.8% (6.9 ppt higher compared to Q1 2022) and a return on assets (ROA) of 1.9% (0.4 ppt higher versus Q1 2022).

The Bank recorded similar trends, which led to a net result of RON 333 million versus RON 246 million in Q1 2022.

CAPITAL ADEQUACY (THE BANK)

Bank RONm	w/o OCI quick fix impact			
	Mar-22	Dec-22	Dec-22	Mar-23
Tier 1 capital	6,096	6,714	5,818	6,109
Tier 2 capital	495	1,237	1,237	1,237
TOTAL OWN FUNDS	6,591	7,951	7,055	7,346
Capital requirements	2,457	2,551	2,586	2,685
Credit risk (including counterparty risk)	28,196	29,150	29,577	30,685
Market risk	151	76	76	201
Operational risk	2,124	2,448	2,448	2,466
CVA risk	237	218	218	207
Total risk exposure amount	30,709	31,892	32,320	33,559
Regulatory CAR	21.5%	24.9%	21.8%	21.9%
Tier 1 ratio	19.9%	21.1%	18.0%	18.2%

* CAR for Mar-23 is preliminary

At Bank level, the capital adequacy ratio reached 21.9%* at March 31, 2023, compared to 21.8% at December 31, 2022 (with own funds, including 2022 net result and the full impact of negative OCI reserve, namely without the OCI quick fix adjustment) and 21.5% at March 31, 2022.

BRD's regulatory own funds as at March 31, 2023 are formed of common equity capital (CET1) and Tier 2 instruments.

The year on year increase in own funds is mainly explained by the increase of Tier 2 capital, to RON 1,237 million at March 31, 2023 compared to RON 495 million on March 31, 2022, including the new subordinated loan concluded with the parent, in amount of EUR 150 million in June 2022. The evolution compared to year end (considering the full impact of negative OCI reserve), is driven by the lower negative revaluation reserves of debt instruments accounted at fair value through other comprehensive income, in the context of decreasing yields.

The annual and year to date increase of capital requirements was mainly driven by the credit risk component in the context of a dynamic lending activity.

The Tier 1 ratio was 18.2%* at March 31, 2023 compared to 18% at December 31, 2022 and 19.9% at March 31, 2022.

5. CONCLUSIONS

Romanian economy has gradually learned to adapt, cope and respond, becoming increasingly resilient. Subsequently, in spite of the exceptionally strong challenges, economic growth remained robust, although nuanced across economic sectors, with 2022 economic growth rate printing at 4.7% (vs. 5.8% in 2021), repeatedly counting among best performing EU member states over past quarters.

In Q1 2023, private consumption was likely the main driver of annual GDP advance, with a positive, yet milder, contribution coming also from gross fixed capital formation (on account of construction). The funds allocated under National Recovery and Resilience Plan are expected to be a key catalyst for the economic growth.

Over the first three months of 2023, in a still challenging macroeconomic context, BRD remained a close partner for its customers and the Romanian economy, as highlighted by the robust commercial performance across the board.

Lending activity remained dynamic over the 1st quarter of the year, with BRD Group net loans, including leasing, recording a strong growth. The financing volume of corporate segment was outstanding, with +29% growth in the stock of loans versus March 31, 2022, supported by IMM INVEST Plus program (four time higher amount granted in Q1 2023 YoY) and top corporate customers with which BRD has a long-standing relationship building on strong sectorial expertise and understanding of clients' needs and expectations. On retail, the lending activity was softer, in an overall slowing down market given the elevated borrowing costs and uncertain environment. Nevertheless, new loans granted in Q1 2023 amounted a high 1.6 bn RON. BRD is highly committed to finance the sustainability transition with a total volume of new sustainable financing reaching RON 1.16 bn in Q1 2023.

The digital adoption further increased, as reflected by the higher number of users of the mobile application, You BRD, reaching 1.16 million as of March 31, 2023, up by 42% compared to the same period of last year. Reflecting the continued relentless efforts to enhance our customers' digital journey, the mobile application is enriched continuously with new features, such as in-app rating facility and a simplified Home screen.

Building on a dynamic commercial momentum, BRD Group delivered over the first three months of the year a solid financial performance, with high growth of revenues while operating expenses evolution was contained below inflation level. The positive jaws effect translated into reduced cost to income ratio. These vigorous business results, complemented by a very limited cost of risk reflecting the high quality of assets, contributed to a strong increase of net result.

The interim financial report as at March 31, 2023 has not been audited.

Giovanni Luca SOMA
Chairman of the Board of Directors

François BLOCH
Chief Executive Officer

Etienne LOULERGUE
Deputy Chief Executive Officer