

**BRD – Groupe Société Générale S.A.**

**INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023**

**BRD – Groupe Société Générale S.A.**  
**CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION**  
**for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

	Note	Group		Bank	
		Unaudited (*) September 30, 2023	December 31, 2022	Unaudited (*) September 30, 2023	December 31, 2022
<b>ASSETS</b>					
Cash and due from Central Bank	4, 34	9,526,864	7,625,002	9,526,786	7,624,933
Due from banks	5	5,861,281	7,220,963	5,846,068	7,204,987
Derivatives and other financial instruments held for trading	6	1,705,971	2,343,377	1,684,935	2,337,311
Financial assets at fair value through profit and loss	7	12,863	14,262	11,398	8,132
Financial assets at fair value through other comprehensive income	8	13,204,542	13,439,596	13,204,542	13,439,596
Financial assets at amortised cost	9	44,908,944	39,019,048	44,223,968	38,272,985
Loans and advances to customers	9.1	39,673,660	36,288,342	38,988,684	35,542,279
Treasury bills at amortised cost	9.2	5,235,284	2,730,706	5,235,284	2,730,706
Finance lease receivables	10	1,650,627	1,407,394	-	-
Investments in subsidiaries, associates and joint ventures		86,345	113,670	115,744	129,964
Property, plant and equipment	11	1,040,932	1,063,863	1,017,927	1,046,443
Investment property	11	14,873	15,503	14,873	15,503
Goodwill	12	50,130	50,130	50,130	50,130
Intangible assets	13	456,244	407,487	454,424	405,667
Current tax asset	22	-	23,563	-	23,563
Deferred tax asset	22	382,613	496,034	375,132	478,893
Other assets	14	573,724	590,963	469,598	473,958
Non-current assets held for sale		8,633	10,912	8,633	10,912
<b>Total assets</b>		<b>79,484,586</b>	<b>73,841,767</b>	<b>77,004,158</b>	<b>71,522,977</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Due to banks	15	1,143,307	636,888	1,143,307	636,888
Derivatives and other financial instruments held for trading	6	774,104	1,443,546	774,104	1,443,546
Due to customers	16	60,584,823	56,660,841	60,812,603	56,915,740
Borrowed funds	17	5,768,832	5,625,488	3,587,227	3,567,262
Subordinated debts	18	1,245,495	1,238,651	1,245,495	1,238,651
Current tax liability	22	91,274	5,595	90,426	-
Provisions	19	345,976	393,452	332,853	380,172
Other liabilities	20	815,261	877,540	713,605	763,682
<b>Total liabilities</b>		<b>70,769,072</b>	<b>66,882,001</b>	<b>68,699,620</b>	<b>64,945,941</b>
Share capital	21	2,515,622	2,515,622	2,515,622	2,515,622
Other reserves		(1,517,882)	(2,054,109)	(1,517,882)	(2,054,109)
Retained earnings and capital reserves		7,653,537	6,439,441	7,306,798	6,115,523
Non-controlling interest		64,237	58,812	-	-
<b>Total equity</b>		<b>8,715,514</b>	<b>6,959,766</b>	<b>8,304,538</b>	<b>6,577,036</b>
<b>Total liabilities and equity</b>		<b>79,484,586</b>	<b>73,841,767</b>	<b>77,004,158</b>	<b>71,522,977</b>

The financial statements have been authorized by the Group's management on November 2, 2023 and are signed on the Group's behalf by:

\_\_\_\_\_  
Giovanni Luca Soma  
Chairman of the Board of  
Directors

\_\_\_\_\_  
Etienne Loulergue  
Deputy Chief Executive Officer

\_\_\_\_\_  
Simona Prodan  
Finance Executive Director

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 September 30, 2023**  
*(Amounts in thousands RON)*

	Note	Group		Bank	
		Unaudited (*)		Unaudited (*)	
		Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Interest and similar income	23	3,073,438	2,050,608	2,930,593	1,939,067
Interest and similar expense	24	(1,063,727)	(326,218)	(1,020,560)	(314,073)
<b>Net interest income</b>		<b>2,009,711</b>	<b>1,724,390</b>	<b>1,910,033</b>	<b>1,624,994</b>
Fees and commission income	25	872,843	834,690	844,176	801,960
Fees and commission expense	25	(309,662)	(259,347)	(303,792)	(252,571)
<b>Fees and commissions, net</b>		<b>563,181</b>	<b>575,343</b>	<b>540,384</b>	<b>549,389</b>
Gain on derivative, other financial instruments held for trading and foreign exchange	26	255,694	227,809	253,634	226,218
Gain from financial instruments at fair value through other comprehensive income		-	2,415	-	2,415
Gain from financial instruments at fair value through profit and loss		5,287	2,019	4,896	2,214
Net (loss)/Income from associates and joint ventures		9,142	(1,040)	17,040	(952)
Other income/(expense) from banking activities	27	(12,150)	10,110	2,395	44,647
<b>Net banking income</b>		<b>2,830,865</b>	<b>2,541,046</b>	<b>2,728,382</b>	<b>2,448,925</b>
Personnel expenses	29	(706,123)	(648,981)	(672,065)	(609,892)
Depreciation, amortization and impairment on tangible and intangible assets	30	(184,411)	(170,557)	(180,900)	(166,450)
Contribution to Guarantee Scheme and Resolution Fund	28	(68,094)	(69,171)	(68,094)	(69,171)
Other operating expenses	31	(431,508)	(387,218)	(411,152)	(361,980)
<b>Total operating expenses</b>		<b>(1,390,136)</b>	<b>(1,275,927)</b>	<b>(1,332,211)</b>	<b>(1,207,493)</b>
<b>Gross operating profit</b>		<b>1,440,729</b>	<b>1,265,119</b>	<b>1,396,171</b>	<b>1,241,432</b>
Cost of risk	32	35,487	(36,898)	27,889	(44,744)
<b>Operating profit</b>		<b>1,476,216</b>	<b>1,228,221</b>	<b>1,424,060</b>	<b>1,196,688</b>
<b>Profit before income tax</b>		<b>1,476,216</b>	<b>1,228,221</b>	<b>1,424,060</b>	<b>1,196,688</b>
Current tax expense	22	(238,023)	(210,529)	(231,162)	(197,402)
Deferred tax expense		(11,283)	(2,114)	(1,623)	(1,579)
<b>Total income tax</b>		<b>(249,306)</b>	<b>(212,643)</b>	<b>(232,785)</b>	<b>(198,981)</b>
<b>Profit for the period</b>		<b>1,226,910</b>	<b>1,015,578</b>	<b>1,191,275</b>	<b>997,707</b>
Profit attributable to equity holders of the parent		1,214,094	1,004,744	-	-
Profit attributable to non-controlling interests		12,816	10,834	-	-
<b>Basic earnings per share (in RON)</b>	33	<b>1.7421</b>	<b>1.4417</b>	<b>1.7094</b>	<b>1.4316</b>

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(\*) Unaudited / unreviewed by the financial auditor

**BRD – Groupe Société Générale S.A.**  
**CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME**  
**for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

	Group Unaudited (*)		Bank Unaudited (*)	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Profit for the period</b>	<b>1,226,910</b>	<b>1,015,578</b>	<b>1,191,275</b>	<b>997,707</b>
<b>Other comprehensive income</b>				
<b>Net comprehensive income that may be reclassified to profit and loss in subsequent periods</b>	<b>536,227</b>	<b>(1,998,008)</b>	<b>536,227</b>	<b>(1,998,008)</b>
Net gain/(loss) on financial assets at fair value through other comprehensive income	536,227	(1,998,008)	536,227	(1,998,008)
Reclassifications to profit and loss during the period	6	(2,971)	6	(2,971)
Revaluation differences	638,359	(2,375,501)	638,359	(2,375,501)
Income tax	(102,138)	380,464	(102,138)	380,464
<b>Other comprehensive income for the period, net of tax</b>	<b>536,227</b>	<b>(1,998,008)</b>	<b>536,227</b>	<b>(1,998,008)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>1,763,137</b>	<b>(982,430)</b>	<b>1,727,502</b>	<b>(1,000,301)</b>
Attributable to:				
Equity holders of the parent	1,750,321	(993,264)		
Non-controlling interest	12,816	10,834		

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**BRD – Groupe Société Générale S.A.**  
**CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**Group**

	Attributable to equity holders of the parent					Total equity
	Other reserves					
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves	Non-controlling interest	
<b>December 31, 2021</b>	2,515,622	(401,602)	16,222	7,690,955	57,708	9,878,905
Total comprehensive income	-	(1,998,008)	-	1,004,744	10,834	(982,430)
Net Profit for the period	-	-	-	1,004,744	10,834	1,015,578
Other comprehensive income	-	(1,998,008)	-	-	-	(1,998,008)
Equity dividends	-	-	-	(2,579,511)	(7,977)	(2,587,488)
<b>September 30, 2022</b>	2,515,622	(2,399,610)	16,222	6,116,182	60,566	6,308,982

	Attributable to equity holders of the parent					Total equity
	Other reserves					
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves	Non-controlling interest	
<b>December 31, 2022</b>	2,515,622	(2,084,244)	30,135	6,439,441	58,812	6,959,766
Total comprehensive income	-	536,227	-	1,214,094	12,816	1,763,137
Net Profit for the period	-	-	-	1,214,094	12,816	1,226,910
Other comprehensive income	-	536,227	-	-	-	536,227
Equity dividends	-	-	-	-	(7,391)	(7,391)
<b>September 30, 2023</b>	2,515,622	(1,548,017)	30,135	7,653,537	64,237	8,715,514

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**BRD – Groupe Société Générale S.A.**  
**CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**Bank**

	Other reserves				Total equity
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves	
<b>December 31, 2021</b>	<b>2,515,622</b>	<b>(401,602)</b>	<b>16,222</b>	<b>7,409,095</b>	<b>9,539,338</b>
Total comprehensive income	-	(1,998,008)	-	997,707	<b>(1,000,301)</b>
Net Profit for the period	-	-	-	997,707	<b>997,707</b>
Other comprehensive income	-	(1,998,008)	-	-	<b>(1,998,008)</b>
Equity dividends	-	-	-	(2,579,511)	<b>(2,579,511)</b>
<b>September 30, 2022</b>	<b>2,515,622</b>	<b>(2,399,610)</b>	<b>16,222</b>	<b>5,827,291</b>	<b>5,959,525</b>

	Other reserves				Total equity
	Issued capital	Reserves from financial assets at fair value through other comprehensive income	Reserves from defined pension plan	Retained earnings and capital reserves	
<b>December 31, 2022</b>	<b>2,515,622</b>	<b>(2,084,244)</b>	<b>30,135</b>	<b>6,115,523</b>	<b>6,577,036</b>
Total comprehensive income	-	536,227	-	1,191,275	1,727,502
Net Profit for the period	-	-	-	1,191,275	1,191,275
Other comprehensive income	-	536,227	-	-	536,227
<b>September 30, 2023</b>	<b>2,515,622</b>	<b>(1,548,017)</b>	<b>30,135</b>	<b>7,306,798</b>	<b>8,304,538</b>

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**BRD – Groupe Société Générale S.A.**  
**CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS**  
**for the year ended September 30, 2023**  
*(Amounts in thousands RON)*

Note	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
<b>Cash flows from operating activities</b>				
Profit before tax	1,476,216	1,228,220	1,424,060	1,196,687
<i>Adjustments for:</i>				
Depreciation and amortization expense	184,411	170,557	180,900	166,450
Loss from revaluation of investment in associates and joint ventures	7,897	9,805	-	9,629
(Gain) from revaluation of assets at fair value through profit and loss	(3,654)	(649)	(3,266)	(844)
Net loss sale from associates	5,646	-	438	-
Impairment adjustments and provisions	90,348	161,653	78,341	154,071
<b>Adjusted profit</b>	<b>1,760,864</b>	<b>1,569,586</b>	<b>1,680,473</b>	<b>1,525,993</b>
<b>Changes in operating assets and liabilities</b>				
Due from Central Bank	537,836	279,562	537,845	279,595
Deposits with banks	(625,642)	(12,517)	(626,418)	(13,313)
Treasury bills at amortised cost	(2,504,578)	(1,398,025)	(2,504,578)	(1,398,025)
Sales of financial assets at fair value through profit and loss	5,053	-	-	-
Acquisition of financial assets at fair value through profit and loss	-	(6,143)	-	-
Financial assets at fair value through other comprehensive income	771,281	3,786,588	771,281	3,786,588
Loans and advances to customers	(3,435,022)	(3,409,489)	(3,486,437)	(3,440,246)
Lease receivables	(242,319)	(152,022)	-	-
Other assets including trading	731,274	24,645	737,741	72,149
Due to banks	506,419	578,643	506,419	578,643
Due to customers	3,923,982	2,474,674	3,896,863	2,398,658
Other liabilities	(758,864)	374,514	(741,315)	353,401
<b>Total changes in operating assets and liabilities</b>	<b>(1,090,580)</b>	<b>2,540,430</b>	<b>(908,599)</b>	<b>2,617,450</b>
Income tax paid	(128,780)	(233,379)	(117,172)	(220,169)
<b>Cash flow from operating activities</b>	<b>541,504</b>	<b>3,876,637</b>	<b>654,702</b>	<b>3,923,274</b>
<b>Investing activities</b>				
Sales of investments in associates	13,782	-	13,782	-
Acquisition of investments in associates and joint ventures	-	(9,886)	-	(9,800)
Acquisition of tangible and intangible assets	(193,270)	(78,719)	(192,447)	(78,021)
Proceeds from sale of tangible and intangible assets	10,849	868	10,849	868
<b>Cash flow from investing activities</b>	<b>(168,639)</b>	<b>(87,737)</b>	<b>(167,816)</b>	<b>(86,953)</b>
<b>Financing activities</b>				
Proceeds from borrowings	1,069,134	184,479,675	198,401	183,746,507
Repayment of borrowings	(918,950)	(182,115,142)	(171,592)	(181,440,506)
Repayment of principal lease liabilities	(61,287)	(65,546)	(59,333)	(62,450)
Dividends paid	(7,391)	(2,587,493)	-	(2,579,511)
<b>Net cash from financing activities</b>	<b>81,506</b>	<b>(288,506)</b>	<b>(32,524)</b>	<b>(335,960)</b>
<b>Net movements in cash and cash equivalents</b>	<b>454,371</b>	<b>3,500,394</b>	<b>454,362</b>	<b>3,500,361</b>
Cash and cash equivalents at beginning of the period	8,999,681	6,301,478	8,999,611	6,301,445
Cash and cash equivalents at the end of the period	9,454,052	9,801,872	9,453,973	9,801,806

Additional information on operational cash flows from interest and dividends:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Interests paid	854,269	275,568	909,128	264,399
Interests received	3,021,341	2,120,270	2,787,505	2,008,955
Dividends received	29,156	8,677	39,715	45,894

The accompanying notes are an integral part of this financial statements  
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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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**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 September 30, 2023 (the “Parent” or “SG”).

The Bank has as at September 30, 2023 432 units throughout the country (December 31, 2022: 460).

The average number of active employees of the Group during the first three quarters of 2023 was 6,067 (2022: 6,158), and the number of active employees of the Group as of the period-end was 6,050 (December 31, 2022: 6,126).

The average number of active employees of the Bank during the first three quarters of 2023 was 5,807 (2022: 5,846), and the number of active employees of the Bank as of the period-end was 5,823 (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:

	Unaudited (*)	
	September 30, 2023	December 31, 2022
Societe Generale	60.17%	60.17%
Fondul De Pensii Administrat Privat NN	5.56%	5.56%
Fondul de pensii administrat privat AZT Viitorul Tau	3.99%	3.98%
Infinity Capital Investments SA	3.95%	3.95%
Fondul de pensii administrat privat Metropolitan Life	3.32%	3.23%
Transilvania Investments Alliance S.A.	2.03%	2.19%
Legal entities	15.32%	15.43%
Individuals	5.65%	5.49%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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## **2. Basis of preparation**

### **a) Basis of preparation**

The separate interim financial statements as at September 30, 2023 are of the Bank BRD – Groupe Société Générale. The consolidated and separate interim financial statements as at September 30, 2023 and September 30, 2022 are not audited nor reviewed (references included in the financial statements and selected explanatory notes).

The interim financial statements for the nine months ended September 30, 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 have 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 interim financial statements comprise the financial statements of BRD - Groupe Société Générale and its subsidiaries as at September 30, 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%).

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**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.

<b>Group</b>	<b>Field of activity</b>	<b>Address</b>	<b>%</b>
<b><u>Associates</u></b>			
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%
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	26.95%
BRD Sogelease Asset Rental SRL	Operational leasing	1-7, Ion Mihalache Street, Bucharest	20.00%
<b><u>Joint ventures</u></b>			
CIT One SA	Protection and guard	319L Splaiul Independentei Street, Paris Building/A1, 1st floor, district 6, Bucharest,	33.33%
<b><u>Bank</u></b>			
	<b>Field of activity</b>	<b>Address</b>	<b>%</b>
<b><u>Associates</u></b>			
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%
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	26.95%
<b><u>Joint ventures</u></b>			
CIT One SA	Protection and guard	319L Splaiul Independentei Street, Paris Building/A1, 1st floor, district 6, Bucharest,	33.33%
<b><u>Subsidiaries</u></b>			
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 SAISA	Fund administration	2 Doctor Staicovici Street, district 5, floor 5, Bucharest	99.98%

In July 2023 the Bank sold the investment in associate Fondul de Garantare a Creditului Rural and as a condition precedent to the sale the dividends accumulated over the years and for the year 2022 were distributed to the shareholders. The sale of the participation was reflected also in the statement of cash flow and in Note 27.

Additionally, the Bank did not participate to the increase of the share capital of BRD Societate de Administrare a Fondurilor de Pensii Private from July 2023 and therefore the ownership percentage was reduced from 49% to 26.95% following the approval from ONRC in October 2023.

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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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 except for the following IFRS amendments which have been adopted by the Group/Bank as of 1 January 2023:

• **IFRS 17: Insurance Contracts**

The standard is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretionary participation contracts. The Bank/Group does not issue contracts in scope of IFRS 17; therefore its application does not have an impact on the bank's/group's financial performance, financial position or cash flows.

• **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.

• **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.

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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**2. Basis of preparation (continued)**

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

**• International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12**

In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments require an entity to disclose that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

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

**• 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.

**• 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. The amendments have not yet been endorsed by the EU.

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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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 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose as at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU.

• **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. The amendments have not yet been endorsed by the EU.

• **Amendments to IAS 21: Lack of exchangeability**

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. Issued in August 2023, the amendments specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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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.

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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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.).

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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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 1 million EUR and 50 million EUR and the aggregated exposure at group level higher than 0.3 million EUR);
- 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.

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**3. Segment information (continued)**

	Group							
	September 30, 2023 Unaudited (*)				December 31, 2022			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
<b>Total assets</b>	<b>79,484,586</b>	<b>25,091,886</b>	<b>16,232,401</b>	<b>38,160,299</b>	<b>73,841,767</b>	<b>23,896,003</b>	<b>13,799,733</b>	<b>36,146,031</b>
Loans and advances to customers, net & Finance lease receivables	41,324,287	25,091,886	16,232,401	-	37,695,736	23,896,003	13,799,733	-
Other assets	38,160,299	-	-	38,160,299	36,146,031	-	-	36,146,031
<b>Total liabilities</b>	<b>79,484,586</b>	<b>38,584,275</b>	<b>22,000,548</b>	<b>18,899,763</b>	<b>73,841,767</b>	<b>37,096,720</b>	<b>19,564,121</b>	<b>17,180,926</b>
Due to customers	60,584,823	38,584,275	22,000,548	-	56,660,841	37,096,720	19,564,121	-
Other liabilities	18,899,763	-	-	18,899,763	17,180,926	-	-	17,180,926

	Bank							
	September 30, 2023 Unaudited (*)				December 31, 2022			
	Total	Retail	Non retail	Corporate Center	Total	Retail	Non retail	Corporate Center
<b>Total assets</b>	<b>77,004,158</b>	<b>24,033,753</b>	<b>14,954,931</b>	<b>38,015,474</b>	<b>71,522,977</b>	<b>22,780,047</b>	<b>12,762,232</b>	<b>35,980,698</b>
Loans and advances to customers, net Other assets	38,988,684	24,033,753	14,954,931	-	35,542,279	22,780,047	12,762,232	-
	38,015,474	-	-	38,015,474	35,980,698	-	-	35,980,698
<b>Total liabilities</b>	<b>77,004,158</b>	<b>38,584,275</b>	<b>22,228,328</b>	<b>16,191,555</b>	<b>71,522,977</b>	<b>37,096,720</b>	<b>19,819,020</b>	<b>14,607,237</b>
Due to customers	60,812,603	38,584,275	22,228,328	-	56,915,740	37,096,720	19,819,020	-
Other liabilities	16,191,555	-	-	16,191,555	14,607,237	-	-	14,607,237

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**3. Segment information (continued)**

	Unaudited (*)				Group	Unaudited (*)			
	Nine months ended September 30, 2023					Nine months ended September 30, 2022			
	Total	Retail	Non retail	Corporate Center		Total	Retail	Non retail	Corporate Center
Net interest income	2,009,711	1,221,009	561,595	227,107		1,724,390	1,162,218	465,552	96,620
Fees and commissions, net	563,181	373,219	204,432	(14,470)		575,343	397,622	188,788	(11,068)
Total non-interest income	257,973	83,458	77,148	97,366		241,313	94,069	73,266	73,977
<b>Operating income</b>	<b>2,830,865</b>	<b>1,677,687</b>	<b>843,175</b>	<b>310,004</b>		<b>2,541,046</b>	<b>1,653,910</b>	<b>727,606</b>	<b>159,530</b>
<b>Total operating expenses</b>	<b>(1,390,136)</b>	<b>(1,000,791)</b>	<b>(373,398)</b>	<b>(15,948)</b>		<b>(1,275,927)</b>	<b>(944,808)</b>	<b>(325,428)</b>	<b>(5,691)</b>
Cost of risk	35,487	(26,152)	149,654	(88,015)		(36,898)	(99,358)	66,373	(3,912)
<b>Profit before income tax</b>	<b>1,476,216</b>	<b>650,744</b>	<b>619,431</b>	<b>206,041</b>		<b>1,228,221</b>	<b>609,743</b>	<b>468,551</b>	<b>149,927</b>
Total income tax	(249,306)	(109,912)	(104,624)	(34,770)		(212,643)	(105,565)	(81,120)	(25,958)
<b>Profit for the period</b>	<b>1,226,910</b>	<b>540,831</b>	<b>514,808</b>	<b>171,271</b>		<b>1,015,578</b>	<b>504,179</b>	<b>387,431</b>	<b>123,969</b>
<b>Cost Income Ratio</b>	<b>49.1%</b>	<b>59.7%</b>	<b>44.3%</b>			<b>50.2%</b>	<b>57.1%</b>	<b>44.7%</b>	

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**3. Segment information (continued)**

	Unaudited (*)				Bank	Unaudited (*)			
	Nine months ended September 30, 2023					Nine months ended September 30, 2022			
	Total	Retail	Non retail	Corporate Center		Total	Retail	Non retail	Corporate Center
Net interest income	1,910,033	1,170,696	503,234	236,103		1,624,994	1,106,760	415,696	102,539
Fees and commissions, net	540,384	357,707	200,594	(17,918)		549,389	378,143	184,651	(13,405)
Total non-interest income	277,965	82,898	74,981	120,086		274,542	93,794	69,317	111,431
<b>Operating income</b>	<b>2,728,381</b>	<b>1,611,300</b>	<b>778,810</b>	<b>338,271</b>		<b>2,448,925</b>	<b>1,578,699</b>	<b>669,663</b>	<b>200,564</b>
<b>Total operating expenses</b>	<b>(1,332,211)</b>	<b>(971,284)</b>	<b>(344,795)</b>	<b>(16,132)</b>		<b>(1,207,493)</b>	<b>(898,148)</b>	<b>(303,520)</b>	<b>(5,825)</b>
Cost of risk	27,889	(39,119)	155,024	(88,016)		(44,744)	(108,325)	67,493	(3,912)
<b>Profit before income tax</b>	<b>1,424,060</b>	<b>600,897</b>	<b>589,039</b>	<b>234,123</b>		<b>1,196,688</b>	<b>572,226</b>	<b>433,636</b>	<b>190,826</b>
Total income tax	(232,785)	(98,226)	(96,288)	(38,271)		(198,981)	(95,148)	(72,104)	(31,730)
<b>Profit for the period</b>	<b>1,191,275</b>	<b>502,671</b>	<b>492,752</b>	<b>195,851</b>		<b>997,707</b>	<b>477,076</b>	<b>361,533</b>	<b>159,098</b>
<b>Cost Income Ratio</b>	<b>48.8%</b>	<b>60.3%</b>	<b>44.3%</b>			<b>49.3%</b>	<b>56.9%</b>	<b>45.3%</b>	

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**4. Cash and due from Central Bank**

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Cash in vaults	2,020,431	1,898,120	2,020,353	1,898,051
Cash in ATM	449,790	633,229	449,790	633,229
Current accounts with Central Bank	4,555,809	5,093,654	4,555,809	5,093,654
Deposits with Central Bank	2,500,833	-	2,500,833	-
<b>Total</b>	<b>9,526,864</b>	<b>7,625,002</b>	<b>9,526,786</b>	<b>7,624,933</b>

**5. Due from banks**

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Deposits at Romanian banks	1,250	22,001	1,250	22,001
Deposits at foreign banks	3,071,552	622,972	3,056,339	606,997
Current accounts at Romanian banks	90,494	26,622	90,494	26,621
Current accounts at foreign banks	380,160	625,417	380,160	625,417
Reverse repo	1,819,903	5,450,233	1,819,903	5,450,233
Bonds	497,922	473,718	497,922	473,718
<b>Total</b>	<b>5,861,281</b>	<b>7,220,963</b>	<b>5,846,068</b>	<b>7,204,987</b>

The Due from banks portfolio is classified as Stage 1. The Group and Bank registered an impairment allowance for Due from banks of 18 as at September 30, 2023 (December 31, 2022: 7).

**6. Derivatives and other financial instruments held for trading**

	Group		September 30, 2023		
	Unaudited (*)		Assets	Liabilities	Notional (total)
	Interest rate swaps			37,982	311,215
Currency swaps			14,639	10,495	2,194,355
Forward foreign exchange contracts			10,279	13,762	1,256,190
Options			67,688	67,723	4,614,892
<b>Total derivative financial instruments</b>			<b>130,588</b>	<b>403,195</b>	<b>11,573,754</b>
			September 30, 2023		
			Assets	Liabilities	
Treasury notes			1,059,894	328,790	
Trading loans/deposits			-	28,878	
Reverse repo/Repo			515,489	13,241	
<b>Total financial assets and liabilities held for trading</b>			<b>1,575,383</b>	<b>370,909</b>	

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 September 30, 2023**  
*(Amounts in thousands RON)*

**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
<b>Total derivative financial instruments</b>	<b>180,099</b>	<b>502,975</b>	<b>11,691,725</b>

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

Bank Unaudited (*)	September 30, 2023		
	Assets	Liabilities	Notional (total)
Interest rate swaps	37,982	311,215	3,508,317
Currency swaps	14,639	10,495	2,194,355
Forward foreign exchange contracts	10,300	13,762	1,268,626
Options	67,688	67,723	4,614,892
<b>Total derivative financial instruments</b>	<b>130,609</b>	<b>403,195</b>	<b>11,586,190</b>

	September 30, 2023	
	Assets	Liabilities
Treasury notes	1,038,837	328,790
Trading loans/deposits	-	28,878
Reverse repo/Repo	515,489	13,241
<b>Total financial assets and liabilities held for trading</b>	<b>1,554,326</b>	<b>370,909</b>

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
<b>Total derivative financial instruments</b>	<b>180,099</b>	<b>502,975</b>	<b>11,691,725</b>

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

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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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 September 30, 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:
  - 90 million EUR yearly with a fixed interest rate of 0.42%, the remaining period of 4.75 years.
  - 20 million EUR yearly with a fixed interest rate of 0.171%, the remaining period of 1.75 years.
  - 20 million USD yearly with a fixed interest rate of 2.813%; the remaining period of 4.75 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 7.09 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 90 million EUR. The swap has a fixed interest rate of -0.337% and a remaining period of 3 years.

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 September 30, 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 -258,744. The change in value of the hedged item during the period is explained by the cumulated effect of a loss from revaluation in amount of 42,548 and of the exchange rate evolution effect in amount of 1,288. During 2023, the difference between the fair value of the hedging instrument and the hedged item represents an inefficiency in amount of 71, recognized in profit or loss in note 26.

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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

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

	September 30, 2023		
	Assets	Liabilities	Notional (total)
Interest rate swaps	-	268,852	2,481,536

  

	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.

*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.

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**7. Financial assets at fair value through profit or loss**

	Group		Bank	
	Unaudited (*)	December 31, 2022	Unaudited (*)	December 31, 2022
	September 30, 2023		September 30, 2023	
Equity investments	11,398	8,133	11,398	8,132
Other securities	1,464	6,130	-	-
<b>Total</b>	<b>12,863</b>	<b>14,262</b>	<b>11,398</b>	<b>8,132</b>

**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 September 30, 2023 is the following:

September 30, 2023	Unit value RON	No of units	Market value
BRD Orizont 2045 clasa A	111	13,150	1,464
<b>Total</b>			<b>1,464</b>

As at December 31, 2022 the Group participation in BRD Asset Management funds was:

December 31, 2022	Unit value RON	No of units	Market value
BRD Oportunitati clasa A	102	18,000	1,841
BRD Oportunitati clasa E	126	2,000	253
BRD Orizont 2035 clasa A	99	18,000	1,779
BRD Orizont 2035 clasa E	122	2,000	244
BRD Orizont 2045 clasa A	98	18,000	1,770
BRD Orizont 2045 clasa E	121	2,000	243
<b>Total</b>			<b>6,130</b>

**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:

	Group		Bank	
	Unaudited (*)	December 31, 2022	Unaudited (*)	December 31, 2022
	September 30, 2023		September 30, 2023	
Ministry of Public Finance	10,749,591	10,982,029	10,749,591	10,982,029
French State	1,949,495	1,939,772	1,949,495	1,939,772
Belgian State	505,455	517,795	505,455	517,795
<b>Total market value</b>	<b>13,204,542</b>	<b>13,439,596</b>	<b>13,204,542</b>	<b>13,439,596</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**8. Financial assets at fair value through other comprehensive income (continued)**

These financial assets at fair value through other comprehensive income are rated as very good according to internal rating. As at September 30, 2023, they are classified as Stage 1 and ECL impairment allowance amounts to 2,564 (December 31, 2022: 2,558).

**9. Financial assets at amortised cost**

**9.1. Loans and advances to customers**

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Loans, gross	41,473,797	38,053,311	40,746,530	37,242,399
Loans impairment	(1,800,137)	(1,764,969)	(1,757,846)	(1,700,120)
<b>Total</b>	<b>39,673,660</b>	<b>36,288,342</b>	<b>38,988,684</b>	<b>35,542,279</b>

The structure of loans is the following:

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Working capital loans	10,004,503	7,158,039	10,004,503	7,158,039
Loans for equipment	4,187,091	3,650,998	3,719,197	3,275,108
Trade activities financing	923,219	1,385,051	923,219	1,385,051
Acquisition of real estate, including mortgage for individuals	14,731,510	14,476,288	14,731,510	14,476,288
Consumer loans	9,509,685	9,014,881	9,250,312	8,579,859
Other	2,117,789	2,368,053	2,117,789	2,368,053
<b>Total</b>	<b>41,473,797</b>	<b>38,053,311</b>	<b>40,746,530</b>	<b>37,242,399</b>

During 2023 the gross loan portfolio increased by 3,504 million RON as compared with December 31, 2022.

As of September 30, 2023 the Bank's gross loan portfolio and movements were distributed as follows:

- Stage 1: 32,127 million RON, with a 4,949 million increase compared to December 31, 2022
- Stage 2: 7,544 million RON, with a 1,458 million RON decrease compared to December 31, 2022
- Stage 3: 1,016 million RON, with 6 million RON increase compared to December 31, 2022
- POCI: 60 million RON, with 7 million increase compared to December 31, 2022.

As of September 30, 2023 the amortized cost of loans granted to the 20 largest corporate clients (groups of connected borrowers) amounts to 4,640,924 (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 5,329,764 (December 31, 2022: 5,148,297).

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**9.1 Loans and advances to customers (continued)**

**Sector analysis of loans granted and impairment allowance**

Group Unaudited (*) %	September 30, 2023									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance								
Individuals	51.6%	31.9%	86.2%	84.4%	76.3%	78.1%	43.3%	16.3%	58.7%	68.1%
Agriculture, forestry and fishing	4.5%	7.3%	4.1%	5.5%	1.2%	1.0%	0.0%	0.0%	4.3%	3.8%
Mining and quarrying	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	7.9%	10.9%	2.2%	1.6%	2.6%	2.8%	1.0%	1.1%	6.7%	4.3%
Electricity, gas, steam and air conditioning supply	4.1%	5.2%	0.5%	0.0%	0.7%	0.2%	0.0%	0.0%	3.3%	1.4%
Water supply	0.3%	0.5%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.2%
Construction	3.1%	5.2%	0.7%	1.5%	5.2%	5.5%	0.0%	0.0%	2.7%	4.1%
Wholesale and retail trade	13.8%	19.8%	3.2%	3.8%	0.8%	0.9%	16.3%	2.7%	11.5%	6.3%
Transport and storage	2.3%	4.1%	0.6%	0.6%	4.7%	3.0%	0.0%	0.0%	2.1%	2.5%
Accommodation and food service activities	1.0%	1.5%	0.3%	0.4%	3.6%	3.4%	0.0%	0.0%	0.9%	2.0%
Information and communication	1.4%	1.3%	0.0%	0.0%	0.4%	0.3%	0.0%	0.0%	1.1%	0.4%
Financial institutions	2.5%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.8%
Real estate activities	1.4%	2.4%	1.0%	0.8%	3.4%	3.9%	36.9%	78.3%	1.4%	3.7%
Professional, scientific and technical activities	0.4%	0.4%	0.2%	0.3%	0.3%	0.3%	0.0%	0.0%	0.4%	0.3%
Administrative and support service activities	0.5%	0.6%	0.2%	0.1%	0.1%	0.1%	2.5%	1.7%	0.4%	0.3%
Public administration and defence, compulsory social security	3.3%	2.2%	0.2%	0.1%	0.5%	0.5%	0.0%	0.0%	2.7%	0.8%
Education	0.1%	0.1%	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Human health services and social work activities	1.4%	2.8%	0.3%	0.4%	0.1%	0.1%	0.0%	0.0%	1.2%	0.8%
Arts, entertainment and recreation	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>								

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

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**9.1 Loans and advances to customers (continued)**

**Sector analysis of loans granted and impairment allowance (continued)**

Bank Unaudited (*) %	September 30, 2023									
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Impairment allowance								
Individuals	51.6%	31.1%	88.4%	86.1%	76.8%	78.4%	43.3%	16.3%	59.0%	68.4%
Agriculture, forestry and fishing	4.2%	7.3%	2.1%	3.9%	0.4%	0.4%	0.0%	0.0%	3.7%	3.1%
Mining and quarrying	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Manufacturing	8.0%	11.1%	2.2%	1.7%	2.6%	2.8%	1.0%	1.1%	6.8%	4.4%
Electricity, gas, steam and air conditioning supply	4.1%	5.3%	0.5%	0.0%	0.7%	0.2%	0.0%	0.0%	3.4%	1.4%
Water supply	0.3%	0.5%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.2%
Construction	3.2%	5.2%	0.7%	1.5%	5.3%	5.6%	0.0%	0.0%	2.7%	4.2%
Wholesale and retail trade	14.0%	20.1%	3.2%	3.8%	0.8%	0.9%	16.3%	2.7%	11.6%	6.4%
Transport and storage	2.0%	4.0%	0.4%	0.4%	4.5%	2.7%	0.0%	0.0%	1.8%	2.3%
Accommodation and food service activities	1.0%	1.6%	0.3%	0.4%	3.7%	3.5%	0.0%	0.0%	0.9%	2.0%
Information and communication	1.4%	1.3%	0.0%	0.0%	0.4%	0.3%	0.0%	0.0%	1.1%	0.5%
Financial institutions	2.6%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	0.8%
Real estate activities	1.4%	2.4%	1.1%	0.8%	3.5%	4.0%	36.9%	78.3%	1.5%	3.8%
Professional, scientific and technical activities	0.4%	0.4%	0.2%	0.3%	0.3%	0.3%	0.0%	0.0%	0.4%	0.3%
Administrative and support service activities	0.5%	0.7%	0.2%	0.1%	0.1%	0.1%	2.5%	1.7%	0.4%	0.3%
Public administration and defence, compulsory social security	3.4%	2.3%	0.2%	0.1%	0.6%	0.5%	0.0%	0.0%	2.7%	0.8%
Education	0.1%	0.1%	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Human health services and social work activities	1.4%	2.9%	0.3%	0.4%	0.1%	0.1%	0.0%	0.0%	1.2%	0.9%
Arts, entertainment and recreation	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Other services	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>								

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

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**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								
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%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>								

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

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 September 30, 2023**  
*(Amounts in thousands RON)*

**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								
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%	0.0%	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%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>								

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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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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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.

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**9.1 Loans and advances to customers (continued)**

**Rating analysis of loans (continued)**

Group Unaudited (*)	Retail lending				
	September 30, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>					
Internal rating grade					
Very good grade	9,994,361	7,630	-	-	10,001,991
Good grade	6,329,986	4,451,849	-	-	10,781,834
Standard grade	1,309,756	1,539,455	-	-	2,849,211
Sub-standard grade	-	808,867	-	17,166	826,033
Non- performing	-	-	807,291	8,967	816,258
(out of which) Individual assessment	-	-	14,992	235	15,226
Not rated internally	329,319	135,744	28,796	-	493,859
<b>Total</b>	<b>17,963,422</b>	<b>6,943,544</b>	<b>836,087</b>	<b>26,133</b>	<b>25,769,186</b>
<b>Provision allowance</b>					
Internal rating grade					
Very good grade	(52,518)	(105)	-	-	(52,623)
Good grade	(49,708)	(99,293)	-	-	(149,001)
Standard grade	(38,030)	(164,909)	-	-	(202,940)
Sub-standard grade	-	(207,987)	-	(101)	(208,088)
Non- performing	-	-	(625,092)	(4,171)	(629,263)
(out of which) Individual assessment	-	-	(14,233)	(190)	(14,424)
Not rated internally	(5,852)	(11,302)	(19,667)	-	(36,822)
<b>Total</b>	<b>(146,109)</b>	<b>(483,595)</b>	<b>(644,759)</b>	<b>(4,272)</b>	<b>(1,278,736)</b>
<b>Net Carrying amount</b>	<b>17,817,313</b>	<b>6,459,948</b>	<b>191,328</b>	<b>21,861</b>	<b>24,490,450</b>

	Non-Retail lending				
	September 30, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>					
Internal rating grade					
Good grade	9,831,567	264,298	-	-	10,095,865
Standard grade	4,830,232	128,470	-	-	4,958,702
Sub-standard grade	-	405,186	-	6,653	411,840
Non- performing	-	-	211,057	27,147	238,204
(out of which) Individual assessment	-	-	191,900	27,147	219,047
<b>Total</b>	<b>14,661,798</b>	<b>797,955</b>	<b>211,057</b>	<b>33,801</b>	<b>15,704,611</b>
<b>Provision allowance</b>					
Internal rating grade					
Good grade	(158,282)	(9,848)	-	-	(168,130)
Standard grade	(126,734)	(7,167)	-	-	(133,901)
Sub-standard grade	-	(50,154)	-	(8)	(50,162)
Non- performing	-	-	(147,283)	(21,925)	(169,209)
(out of which) Individual assessment	-	-	(135,394)	(21,925)	(157,319)
<b>Total</b>	<b>(285,016)</b>	<b>(67,169)</b>	<b>(147,283)</b>	<b>(21,933)</b>	<b>(521,401)</b>
<b>Net Carrying amount</b>	<b>14,376,782</b>	<b>730,787</b>	<b>63,774</b>	<b>11,867</b>	<b>15,183,209</b>

	Total				
	September 30, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>					
Internal rating grade					
Very good grade	9,994,361	7,630	-	-	10,001,991
Good grade	16,161,552	4,716,147	-	-	20,877,699
Standard grade	6,139,988	1,667,925	-	-	7,807,914
Sub-standard grade	-	1,214,053	-	23,819	1,237,872
Non- performing	-	-	1,018,348	36,114	1,054,462
(out of which) Individual assessment	-	-	206,891	27,382	234,273
Not rated internally	329,319	135,744	28,796	-	493,859
<b>Total</b>	<b>32,625,221</b>	<b>7,741,499</b>	<b>1,047,144</b>	<b>59,933</b>	<b>41,473,797</b>
<b>Provision allowance</b>					
Internal rating grade					
Very good grade	(52,518)	(105)	-	-	(52,623)
Good grade	(207,990)	(109,141)	-	-	(317,131)
Standard grade	(164,764)	(172,076)	-	-	(336,841)
Sub-standard grade	-	(258,140)	-	(109)	(258,249)
Non- performing	-	-	(772,375)	(26,097)	(798,472)
(out of which) Individual assessment	-	-	(149,627)	(22,116)	(171,743)
Not rated internally	(5,852)	(11,302)	(19,667)	-	(36,822)
<b>Total</b>	<b>(431,125)</b>	<b>(550,764)</b>	<b>(792,043)</b>	<b>(26,205)</b>	<b>(1,800,137)</b>
<b>Net Carrying amount</b>	<b>32,194,096</b>	<b>7,190,735</b>	<b>255,101</b>	<b>33,728</b>	<b>39,673,660</b>

The accompanying notes are an integral part of this financial statements

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**9.1 Loans and advances to customers (continued)**

**Rating analysis of loans (continued)**

Group	Retail lending December 31, 2022				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Gross carrying amount</b>					
Internal rating grade					
Very good grade	8,682,463	6,044	-	-	8,688,507
Good grade	5,771,318	5,205,882	-	-	10,977,199
Standard grade	1,086,252	1,647,851	-	-	2,734,102
Sub-standard grade	-	791,378	-	18,885	810,262
Non- performing	-	-	729,609	8,880	738,489
(out of which) Individual assessment	-	-	19,698	113	19,811
Not rated internally	496,465	107,354	48,997	-	652,817
<b>Total</b>	<b>16,036,497</b>	<b>7,758,509</b>	<b>778,606</b>	<b>27,765</b>	<b>24,601,377</b>
<b>Provision allowance</b>					
Internal rating grade					
Very good grade	(46,987)	(90)	-	-	(47,077)
Good grade	(47,240)	(117,360)	-	-	(164,600)
Standard grade	(29,607)	(174,635)	-	-	(204,243)
Sub-standard grade	-	(203,440)	-	(92)	(203,533)
Non- performing	-	-	(546,491)	(3,127)	(549,617)
(out of which) Individual assessment	-	-	(18,993)	(87)	(19,080)
Not rated internally	(11,475)	(10,023)	(38,313)	-	(59,811)
<b>Total</b>	<b>(135,309)</b>	<b>(505,549)</b>	<b>(584,804)</b>	<b>(3,219)</b>	<b>(1,228,881)</b>
<b>Net Carrying amount</b>	<b>15,901,189</b>	<b>7,252,959</b>	<b>193,802</b>	<b>24,546</b>	<b>23,372,496</b>

Group	Non-Retail lending December 31, 2022				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Gross carrying amount</b>					
Internal rating grade					
Good grade	8,095,047	865,172	-	-	8,960,218
Standard grade	3,628,529	231,841	-	-	3,860,370
Sub-standard grade	-	324,606	-	814	325,420
Non- performing	-	-	281,901	24,025	305,926
(out of which) Individual assessment	-	-	254,369	24,025	278,394
<b>Total</b>	<b>11,723,576</b>	<b>1,421,619</b>	<b>281,901</b>	<b>24,838</b>	<b>13,451,935</b>
<b>Provision allowance</b>					
Internal rating grade					
Good grade	(136,420)	(34,204)	-	-	(170,624)
Standard grade	(95,791)	(15,845)	-	-	(111,636)
Sub-standard grade	-	(36,277)	-	(64)	(36,341)
Non- performing	-	-	(195,865)	(21,623)	(217,488)
(out of which) Individual assessment	-	-	(178,010)	(21,625)	(199,634)
<b>Total</b>	<b>(232,210)</b>	<b>(86,326)</b>	<b>(195,865)</b>	<b>(21,687)</b>	<b>(536,088)</b>
<b>Net Carrying amount</b>	<b>11,491,365</b>	<b>1,335,293</b>	<b>86,037</b>	<b>3,151</b>	<b>12,915,846</b>

Group	Total December 31, 2022				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Gross carrying amount</b>					
Internal rating grade					
Very good grade	8,682,463	6,044	-	-	8,688,507
Good grade	13,866,364	6,071,054	-	-	19,937,418
Standard grade	4,714,780	1,879,692	-	-	6,594,472
Sub-standard grade	-	1,115,984	-	19,698	1,135,683
Non- performing	-	-	1,011,510	32,905	1,044,415
(out of which) Individual assessment	-	-	274,067	24,137	298,205
Not rated internally	496,465	107,354	48,997	-	652,817
<b>Total</b>	<b>27,760,073</b>	<b>9,180,128</b>	<b>1,060,507</b>	<b>52,603</b>	<b>38,053,312</b>
<b>Provision allowance</b>					
Internal rating grade					
Very good grade	(46,987)	(90)	-	-	(47,077)
Good grade	(183,659)	(151,564)	-	-	(335,224)
Standard grade	(125,398)	(190,481)	-	-	(315,879)
Sub-standard grade	-	(239,717)	-	(156)	(239,873)
Non- performing	-	-	(742,355)	(24,750)	(767,105)
(out of which) Individual assessment	-	-	(197,003)	(21,711)	(218,714)
Not rated internally	(11,475)	(10,023)	(38,313)	-	(59,811)
<b>Total</b>	<b>(367,519)</b>	<b>(591,876)</b>	<b>(780,668)</b>	<b>(24,906)</b>	<b>(1,764,969)</b>
<b>Net Carrying amount</b>	<b>27,392,554</b>	<b>8,588,252</b>	<b>279,839</b>	<b>27,697</b>	<b>36,288,342</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**9.1 Loans and advances to customers (continued)**

**Rating analysis of loans (continued)**

Bank	Retail lending December 31, 2022				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Gross carrying amount</b>					
Internal rating grade					
Very good grade	8,682,463	6,044	-	-	8,688,507
Good grade	5,771,318	5,205,882	-	-	10,977,199
Standard grade	1,086,252	1,647,851	-	-	2,734,102
Sub-standard grade	-	791,378	-	18,885	810,262
Non- performing	-	-	729,609	8,880	738,489
(out of which) Individual assessment	-	-	19,698	113	19,811
Not rated internally	556	-	-	-	556
<b>Total</b>	<b>15,540,588</b>	<b>7,651,154</b>	<b>729,609</b>	<b>27,765</b>	<b>23,949,116</b>
<b>Provision allowance</b>					
Internal rating grade					
Very good grade	(46,987)	(90)	-	-	(47,077)
Good grade	(47,240)	(117,360)	-	-	(164,600)
Standard grade	(29,607)	(174,635)	-	-	(204,243)
Sub-standard grade	-	(203,440)	-	(92)	(203,533)
Non- performing	-	-	(546,491)	(3,127)	(549,617)
(out of which) Individual assessment	-	-	(18,993)	(87)	(19,080)
<b>Total</b>	<b>(123,834)</b>	<b>(495,526)</b>	<b>(546,491)</b>	<b>(3,219)</b>	<b>(1,169,070)</b>
<b>Net Carrying amount</b>	<b>15,416,754</b>	<b>7,155,628</b>	<b>183,118</b>	<b>24,546</b>	<b>22,780,047</b>
	Non-Retail lending December 31, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>					
Internal rating grade					
Good grade	8,095,605	864,840	-	-	8,960,445
Standard grade	3,541,813	202,648	-	-	3,744,461
Sub-standard grade	-	283,507	-	814	284,320
Past due but not impaired	-	-	-	-	-
Non- performing	-	-	280,031	24,025	304,056
(out of which) Individual assessment	-	-	254,369	24,025	278,394
<b>Total</b>	<b>11,637,418</b>	<b>1,350,995</b>	<b>280,031</b>	<b>24,838</b>	<b>13,293,282</b>
<b>Provision allowance</b>					
Internal rating grade					
Good grade	(136,238)	(34,187)	-	-	(170,425)
Standard grade	(95,438)	(14,384)	-	-	(109,822)
Sub-standard grade	-	(34,220)	-	(64)	(34,284)
Non- performing	-	-	(194,896)	(21,623)	(216,519)
(out of which) Individual assessment	-	-	(178,010)	(21,625)	(199,634)
<b>Total</b>	<b>(231,676)</b>	<b>(82,792)</b>	<b>(194,896)</b>	<b>(21,687)</b>	<b>(531,051)</b>
<b>Net Carrying amount</b>	<b>11,405,742</b>	<b>1,268,203</b>	<b>85,135</b>	<b>3,151</b>	<b>12,762,232</b>
	Total December 31, 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>					
Internal rating grade					
Very good grade	8,682,463	6,044	-	-	8,688,507
Good grade	13,866,922	6,070,722	-	-	19,937,644
Standard grade	4,628,065	1,850,499	-	-	6,478,563
Sub-standard grade	-	1,074,884	-	19,698	1,094,583
Non- performing	-	-	1,009,640	32,905	1,042,545
(out of which) Individual assessment	-	-	274,067	24,137	298,205
Not rated internally	556	-	-	-	556
<b>Total</b>	<b>27,178,006</b>	<b>9,002,150</b>	<b>1,009,640</b>	<b>52,603</b>	<b>37,242,399</b>
<b>Provision allowance</b>					
Internal rating grade					
Very good grade	(46,987)	(90)	-	-	(47,077)
Good grade	(183,477)	(151,548)	-	-	(335,025)
Standard grade	(125,045)	(189,020)	-	-	(314,065)
Sub-standard grade	-	(237,660)	-	(156)	(237,817)
Non- performing	-	-	(741,386)	(24,750)	(766,136)
(out of which) Individual assessment	-	-	(197,003)	(21,711)	(218,714)
<b>Total</b>	<b>(355,510)</b>	<b>(578,318)</b>	<b>(741,386)</b>	<b>(24,906)</b>	<b>(1,700,120)</b>
<b>Net Carrying amount</b>	<b>26,822,496</b>	<b>8,423,832</b>	<b>268,253</b>	<b>27,697</b>	<b>35,542,279</b>

The accompanying notes are an integral part of this financial statements  
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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**9.1. Loans and advances to customers (continued)**

**Impairment allowance movement**

**Group**  
**Unaudited (\*)**

	<b>Retail lending</b>				<b>Total</b>
	Stage 1	Stage 2	Stage 3	POCI	
<b>Impairment allowance as at 1st January 2023</b>	135,308	505,549	584,804	3,219	<b>1,228,880</b>
New assets originated or purchased	87,843	24,563	6,288	7	<b>118,701</b>
Assets derecognised or repaid (excluding write offs)	(13,735)	(30,286)	(27,147)	(168)	<b>(71,336)</b>
Net provision movement for assets that did not change classification	(50,766)	(15,717)	(7,756)	1,358	<b>(72,881)</b>
Movements due to change in classification	(12,678)	(1,252)	134,733	238	<b>121,042</b>
Amounts written off	-	-	(46,803)	(383)	<b>(47,186)</b>
Other adjustments	135	738	641	2	<b>1,516</b>
<b>Impairment allowance as at September 30, 2023</b>	<b>146,109</b>	<b>483,595</b>	<b>644,759</b>	<b>4,273</b>	<b>1,278,736</b>

	<b>Non-Retail lending</b>				<b>Total</b>
	Stage 1	Stage 2	Stage 3	POCI	
<b>Impairment allowance as at 1st January 2023</b>	232,210	86,326	195,865	21,687	<b>536,088</b>
New assets originated or purchased	111,490	22,138	4,556	-	<b>138,184</b>
Assets derecognised or repaid (excluding write offs)	(65,685)	(14,631)	(17,080)	(0)	<b>(97,395)</b>
Net provision movement for assets that did not change classification	(13,329)	(4,090)	(1,064)	164	<b>(18,318)</b>
Movements due to change in classification	19,453	(22,906)	(34,762)	(36)	<b>(38,252)</b>
Amounts written off	-	-	(574)	(0)	<b>(575)</b>
Other adjustments	877	331	344	119	<b>1,670</b>
<b>Impairment allowance as at September 30, 2023</b>	<b>285,016</b>	<b>67,169</b>	<b>147,283</b>	<b>21,933</b>	<b>521,401</b>

	<b>Total</b>				<b>Total</b>
	Stage 1	Stage 2	Stage 3	POCI	
<b>Impairment allowance as at 1st January 2023</b>	367,518	591,875	780,668	24,906	<b>1,764,968</b>
New assets originated or purchased	199,333	46,701	10,843	6	<b>256,884</b>
Assets derecognised or repaid (excluding write offs)	(79,419)	(44,917)	(44,227)	(168)	<b>(168,732)</b>
Net provision movement for assets that did not change classification	(64,095)	(19,806)	(8,820)	1,522	<b>(91,199)</b>
Movements due to change in classification	6,775	(24,158)	99,971	202	<b>82,789</b>
Amounts written off	-	-	(47,379)	(384)	<b>(47,763)</b>
Other adjustments	1,013	1,068	985	122	<b>3,189</b>
<b>Impairment allowance as at September 30, 2023</b>	<b>431,125</b>	<b>550,764</b>	<b>792,041</b>	<b>26,207</b>	<b>1,800,137</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**9.1. Loans and advances to customers (continued)**

**Impairment allowance movement (continued)**

Bank Unaudited (*)	Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Impairment allowance as at 1st January 2023</b>	123,834	495,526	546,491	3,219	<b>1,169,070</b>
New assets originated or purchased	87,691	20,331	1,238	6	<b>109,266</b>
Assets derecognised or repaid (excluding write offs)	(13,703)	(29,909)	(26,993)	(168)	<b>(70,773)</b>
Net provision movement for assets that did not change classification	(50,668)	(14,883)	(9,331)	1,358	<b>(73,524)</b>
Movements due to change in classification	(7,030)	520	159,835	238	<b>153,563</b>
Amounts written off	-	-	(46,768)	(383)	<b>(47,152)</b>
Other adjustments	133	709	620	2	<b>1,464</b>
<b>Impairment allowance as at September 30, 2023</b>	<b>140,257</b>	<b>472,293</b>	<b>625,092</b>	<b>4,272</b>	<b>1,241,915</b>
	Non-Retail lending				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Impairment allowance as at 1st January 2023</b>	231,675	82,792	194,896	21,687	<b>531,050</b>
New assets originated or purchased	111,108	20,413	4,556	-	<b>136,077</b>
Assets derecognised or repaid (excluding write offs)	(65,657)	(14,355)	(17,042)	(0)	<b>(97,055)</b>
Net provision movement for assets that did not change classification	(11,799)	(3,557)	(1,767)	164	<b>(16,958)</b>
Movements due to change in classification	18,039	(21,801)	(34,454)	(36)	<b>(38,252)</b>
Amounts written off	-	-	(574)	(0)	<b>(575)</b>
Other adjustments	867	319	340	119	<b>1,645</b>
<b>Impairment allowance as at September 30, 2023</b>	<b>284,233</b>	<b>63,811</b>	<b>145,953</b>	<b>21,933</b>	<b>515,932</b>
	Total				Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Impairment allowance as at 1st January 2023</b>	355,510	578,318	741,386	24,906	<b>1,700,120</b>
New assets originated or purchased	198,799	40,744	5,794	6	<b>245,343</b>
Assets derecognised or repaid (excluding write offs)	(79,361)	(44,264)	(44,035)	(168)	<b>(167,828)</b>
Net provision movement for assets that did not change classification	(62,467)	(18,440)	(11,098)	1,522	<b>(90,483)</b>
Movements due to change in classification	11,009	(21,281)	125,381	202	<b>115,311</b>
Amounts written off	-	-	(47,342)	(384)	<b>(47,726)</b>
Other adjustments	1,000	1,028	960	121	<b>3,109</b>
<b>Impairment allowance as at September 30, 2023</b>	<b>424,491</b>	<b>536,104</b>	<b>771,045</b>	<b>26,206</b>	<b>1,757,846</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**9.1 Loans and advances to customers (continued)**

**Impairment allowance movement (continued)**

Group

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

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

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

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**9.1 Loans and advances to customers (continued)**

**Impairment allowance movement (continued)**

**Bank**

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

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

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

**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.

	<b>Group</b>		<b>Bank</b>	
	<b>Unaudited (*)</b>	<b>December 31,</b>	<b>Unaudited (*)</b>	<b>December 31,</b>
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Ministry of Public Finance	2,559,962	299,719	2,559,962	299,719
French State	2,030,461	1,999,312	2,030,461	1,999,312
United State Government	645,152	431,715	645,152	431,715
<b>Total market value</b>	<b>5,235,575</b>	<b>2,730,746</b>	<b>5,235,575</b>	<b>2,730,746</b>
ECL impairment allowance	(291)	(40)	(291)	(40)
<b>Total</b>	<b>5,235,284</b>	<b>2,730,706</b>	<b>5,235,284</b>	<b>2,730,706</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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**10. Finance lease receivables**

The Group acts as a lessor through the subsidiary BRD Sogelease 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:

	<b>Group</b>	
	<b>Unaudited (*)</b>	
	<b>September 30, 2023</b>	<b>December 31, 2022</b>
<b>Gross investment in finance lease:</b>		
Under 1 year	850,960	651,209
Between 1 and 5 years	1,003,663	963,284
Higher than 5 years	3,096	8,046
	<b>1,857,719</b>	<b>1,622,539</b>
<b>Unearned finance income</b>	(115,222)	(121,160)
<b>Net investment in finance lease</b>	<b>1,742,497</b>	<b>1,501,379</b>
<b>Net investment in finance lease:</b>		
Under 1 year	794,526	593,826
Between 1 and 5 years	944,947	899,704
Higher than 5 years	3,025	7,849
	<b>1,742,498</b>	<b>1,501,379</b>
	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Net investment in the lease	1,742,498	1,501,379
Accumulated allowance for uncollectible minimum lease payments receivable	(91,871)	(93,985)
<b>Total</b>	<b>1,650,627</b>	<b>1,407,394</b>

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**10. Finance lease receivables (continued)**

**Impairment allowance movement**

	<b>Retail</b>			<b>Total</b>
	Stage 1	Stage 2	Stage 3	
<b>Impairment allowance as at 1st January 2023</b>	1,873	7,010	22,726	<b>31,609</b>
New assets originated or purchased	962	3,218	490	<b>4,671</b>
Assets derecognised or fully repaid (excluding write offs)	(153)	(419)	(903)	<b>(1,475)</b>
Movements due to change in classification	248	(288)	40	<b>0</b>
Net movement for assets that did not change classification	(652)	(1,059)	3,012	<b>1,300</b>
Amounts written off	(1)	(43)	(1,597)	<b>(1,641)</b>
Other adjustments	11	34	106	<b>151</b>
<b>Impairment allowance as at September 30, 2023</b>	<b>2,287</b>	<b>8,453</b>	<b>23,875</b>	<b>34,615</b>

	<b>Non-retail</b>			<b>Total</b>
	Stage 1	Stage 2	Stage 3	
<b>Impairment allowance as at 1st January 2023</b>	2,616	12,269	47,491	<b>62,377</b>
New assets originated or purchased	1,423	3,924	601	<b>5,948</b>
Assets derecognised or fully repaid (excluding write offs)	(99)	(539)	(706)	<b>(1,345)</b>
Movements due to change in classification	3,365	(2,383)	(982)	<b>-</b>
Net movement for assets that did not change classification	(4,020)	(1,402)	(2,478)	<b>(7,900)</b>
Amounts written off	-	-	(876)	<b>(876)</b>
Other adjustments	32	50	(1,030)	<b>(948)</b>
<b>Impairment allowance as at September 30, 2023</b>	<b>3,317</b>	<b>11,919</b>	<b>42,021</b>	<b>57,256</b>

	<b>Total</b>			<b>Total</b>
	Stage 1	Stage 2	Stage 3	
<b>Impairment allowance as at 1st January 2023</b>	4,489	19,279	70,218	<b>93,986</b>
New assets originated or purchased	2,385	7,142	1,091	<b>10,618</b>
Assets derecognised or fully repaid (excluding write offs)	(252)	(958)	(1,610)	<b>(2,820)</b>
Movements due to change in classification	3,612	(2,671)	(941)	<b>-</b>
Net movement for assets that did not change classification	(4,672)	(2,461)	534	<b>(6,599)</b>
Amounts written off	(1)	(43)	(2,472)	<b>(2,516)</b>
Other adjustments	42	84	(924)	<b>(797)</b>
<b>Impairment allowance as at September 30, 2023</b>	<b>5,604</b>	<b>20,372</b>	<b>65,895</b>	<b>91,871</b>

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**10. Finance lease receivables (continued)**

**Impairment allowance movement (continued)**

	<b>Retail</b>			<b>Total</b>
	Stage 1	Stage 2	Stage 3	
<b>Impairment allowance as at 1st January 2022</b>	1,450	3,544	19,701	<b>24,695</b>
New assets originated or purchased	937	3,541	3,261	<b>7,739</b>
Assets derecognised or fully repaid (excluding write offs)	(142)	(375)	(1,549)	<b>(2,066)</b>
Movements due to change in classification	354	1,020	(1,374)	-
Net movement for assets that did not change classification	(725)	(680)	2,895	<b>1,489</b>
Amounts written off	(1)	(40)	(204)	<b>(245)</b>
Other adjustments	(0)	(1)	(2)	<b>(3)</b>
<b>Impairment allowance as at December 31, 2022</b>	<b>1,873</b>	<b>7,010</b>	<b>22,726</b>	<b>31,609</b>

	<b>Non-retail</b>			<b>Total</b>
	Stage 1	Stage 2	Stage 3	
<b>Impairment allowance as at 1st January 2022</b>	1,866	16,210	46,436	<b>64,512</b>
New assets originated or purchased	1,479	4,948	1,027	<b>7,453</b>
Assets derecognised or fully repaid (excluding write offs)	(117)	(2,508)	(1,975)	<b>(4,601)</b>
Movements due to change in classification	4,804	(5,002)	198	<b>0</b>
Net movement for assets that did not change classification	(5,414)	(1,364)	3,927	<b>(2,850)</b>
Amounts written off	-	-	(770)	<b>(770)</b>
Other adjustments	(1)	(15)	(1,351)	<b>(1,367)</b>
<b>Impairment allowance as at December 31, 2022</b>	<b>2,616</b>	<b>12,269</b>	<b>47,491</b>	<b>62,377</b>

	<b>Total</b>			<b>Total</b>
	Stage 1	Stage 2	Stage 3	
<b>Impairment allowance as at 1st January 2022</b>	3,316	19,754	66,137	<b>89,207</b>
New assets originated or purchased	2,415	8,489	4,287	<b>15,192</b>
Assets derecognised or fully repaid (excluding write offs)	(259)	(2,883)	(3,524)	<b>(6,666)</b>
Movements due to change in classification	5,158	(3,982)	(1,176)	<b>0</b>
Net movement for assets that did not change classification	(6,139)	(2,044)	6,822	<b>(1,361)</b>
Amounts written off	(1)	(40)	(975)	<b>(1,015)</b>
Other adjustments	(1)	(16)	(1,354)	<b>(1,370)</b>
<b>Impairment allowance as at December 31, 2022</b>	<b>4,489</b>	<b>19,279</b>	<b>70,218</b>	<b>93,986</b>

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 (\*) 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 September 30, 2023**  
*(Amounts in thousands RON)*

**11. Property, plant and equipment**

	Group						Total
	Land & Buildings	Investment properties	Office equipments	Materials and other assets	Construction in progress	Right of use	
<b>Cost:</b>							
<b>as of December 31, 2021</b>	<b>1,264,443</b>	<b>38,243</b>	<b>279,636</b>	<b>485,547</b>	<b>55,171</b>	<b>521,396</b>	<b>2,644,436</b>
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)
<b>as of December 31, 2022</b>	<b>1,279,432</b>	<b>37,013</b>	<b>289,437</b>	<b>459,660</b>	<b>99,487</b>	<b>486,018</b>	<b>2,651,047</b>
Additions	-	-	214	4	78,347	27,775	106,340
Transfers	24,907	(438)	36,973	36,499	(95,665)	-	2,276
Disposals	(15,920)	(391)	(10,985)	(52,819)	(8,372)	(42,350)	(130,837)
<b>as of September 30, 2023 Unaudited</b>	<b>1,288,419</b>	<b>36,184</b>	<b>315,639</b>	<b>443,344</b>	<b>73,797</b>	<b>471,443</b>	<b>2,628,826</b>
<b>Depreciation and impairment:</b>							
<b>as of December 31, 2021</b>	<b>(784,378)</b>	<b>(21,931)</b>	<b>(214,717)</b>	<b>(392,369)</b>	<b>(1,954)</b>	<b>(140,676)</b>	<b>(1,556,025)</b>
Depreciation	(33,956)	(483)	(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)	-	-	-
<b>as of December 31, 2022</b>	<b>(801,687)</b>	<b>(21,510)</b>	<b>(227,673)</b>	<b>(368,819)</b>	<b>(1,954)</b>	<b>(150,038)</b>	<b>(1,571,681)</b>
Depreciation	(26,250)	(342)	(23,946)	(20,398)	-	(61,294)	(132,230)
Impairment	1,004	75	-	(437)	-	-	642
Disposals	11,915	204	10,908	49,713	-	57,508	130,248
Transfers	(245)	262	-	(17)	-	-	-
<b>as of September 30, 2023 Unaudited</b>	<b>(815,263)</b>	<b>(21,311)</b>	<b>(240,711)</b>	<b>(339,958)</b>	<b>(1,954)</b>	<b>(153,824)</b>	<b>(1,573,021)</b>
<b>Net book value:</b>							
<b>as of December 31, 2021</b>	<b>480,065</b>	<b>16,312</b>	<b>64,919</b>	<b>93,178</b>	<b>53,217</b>	<b>380,720</b>	<b>1,088,411</b>
<b>as of December 31, 2022</b>	<b>477,745</b>	<b>15,503</b>	<b>61,764</b>	<b>90,841</b>	<b>97,533</b>	<b>335,980</b>	<b>1,079,366</b>
<b>as of September 30, 2023 Unaudited</b>	<b>473,156</b>	<b>14,873</b>	<b>74,928</b>	<b>103,386</b>	<b>71,843</b>	<b>317,619</b>	<b>1,055,805</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**11. Property, plant and equipment (continued)**

	Land & Buildings	Investment properties	Office equipments	Bank Materials and other assets	Construction in progress	Right of use	Total
<b>Cost:</b>							
<b>as of December 31, 2021</b>	<b>1,254,332</b>	<b>38,243</b>	<b>270,494</b>	<b>485,258</b>	<b>55,169</b>	<b>495,250</b>	<b>2,598,745</b>
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)
<b>as of December 31, 2022</b>	<b>1,269,433</b>	<b>37,013</b>	<b>280,540</b>	<b>459,394</b>	<b>99,485</b>	<b>468,218</b>	<b>2,614,082</b>
Additions	-	-	-	-	78,347	19,019	97,366
Transfers	24,907	(439)	36,973	36,499	(95,665)	-	2,275
Disposals	(15,920)	(391)	(10,698)	(52,819)	(8,371)	(39,193)	(127,392)
<b>as of September 30, 2023 Unaudited</b>	<b>1,278,420</b>	<b>36,183</b>	<b>306,815</b>	<b>443,074</b>	<b>73,796</b>	<b>448,044</b>	<b>2,586,331</b>
<b>Depreciation and impairment:</b>							
<b>as of December 31, 2021</b>	<b>(778,905)</b>	<b>(21,930)</b>	<b>(207,464)</b>	<b>(392,182)</b>	<b>(1,954)</b>	<b>(128,744)</b>	<b>(1,531,179)</b>
Depreciation	(33,703)	(484)	(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)	-	-	-
<b>as of December 31, 2022</b>	<b>(796,075)</b>	<b>(21,510)</b>	<b>(219,883)</b>	<b>(368,625)</b>	<b>(1,954)</b>	<b>(144,089)</b>	<b>(1,552,136)</b>
Depreciation	(26,071)	(342)	(23,440)	(20,387)	-	(59,083)	(129,323)
Impairment	1,004	75	-	(437)	-	-	642
Disposals	11,914	205	10,690	49,713	-	54,764	127,286
Transfers	(245)	262	-	(17)	-	-	-
<b>as of September 30, 2023 Unaudited</b>	<b>(809,473)</b>	<b>(21,310)</b>	<b>(232,633)</b>	<b>(339,753)</b>	<b>(1,954)</b>	<b>(148,408)</b>	<b>(1,553,531)</b>
<b>Net book value:</b>							
<b>as of December 31, 2021</b>	<b>475,427</b>	<b>16,313</b>	<b>63,030</b>	<b>93,076</b>	<b>53,215</b>	<b>366,506</b>	<b>1,067,566</b>
<b>as of December 31, 2022</b>	<b>473,358</b>	<b>15,503</b>	<b>60,657</b>	<b>90,769</b>	<b>97,531</b>	<b>324,129</b>	<b>1,061,946</b>
<b>as of September 30, 2023 Unaudited</b>	<b>468,947</b>	<b>14,873</b>	<b>74,182</b>	<b>103,321</b>	<b>71,842</b>	<b>299,636</b>	<b>1,032,800</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**11. Property, plant and equipment (continued)**

<b>Group</b>	<b>Right-of-use assets</b>			
	<b>Land &amp; Buildings</b>	<b>IT Office equipments</b>	<b>Cars and other assets</b>	<b>Total</b>
<b>Unaudited (*)</b>				
<b>as of January 1, 2023</b>	<b>316,560</b>	<b>11,031</b>	<b>8,389</b>	<b>335,980</b>
Additions	15,668	3,394	8,713	27,775
Depreciation expense	(53,804)	(2,704)	(4,786)	(61,294)
Disposals and other decreases	(13,350)	-	(69)	(13,419)
Contractual changes	28,386	-	191	28,577
<b>as of September 30, 2023</b>	<b>293,460</b>	<b>11,721</b>	<b>12,438</b>	<b>317,619</b>
	<b>Lease liabilities</b>			
<b>as of January 1, 2023</b>	<b>339,746</b>			
Additions	27,775			
Disposals and other decreases	(11,522)			
Other movements (FX, other contractual changes)	33,375			
Interest expense	4,254			
Payments	(65,542)			
<b>as of September 30, 2023</b>	<b>328,086</b>			
<b>Bank</b>				
<b>Unaudited (*)</b>				
<b>as of January 1, 2023</b>	<b>305,781</b>	<b>9,498</b>	<b>8,850</b>	<b>324,129</b>
Additions	8,892	3,394	6,733	19,019
Depreciation expense	(52,357)	(2,704)	(4,022)	(59,083)
Disposals and other decreases	(13,350)	-	-	(13,350)
Contractual changes	28,921	-	-	28,921
<b>as of September 30, 2023</b>	<b>277,887</b>	<b>10,188</b>	<b>11,561</b>	<b>299,636</b>
	<b>Lease liabilities</b>			
<b>as of January 1, 2023</b>	<b>327,522</b>			
Additions	19,019			
Disposals and other decreases	(10,958)			
Other movements (FX, other contractual changes)	33,442			
Interest expense	4,134			
Payments	(63,467)			
<b>as of September 30, 2023</b>	<b>309,692</b>			

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**11. Property, plant and equipment (continued)**

Group	Right-of-use assets			
	Land & Buildings	IT Office equipments	Cars and other assets	Total
<b>as of January 1, 2022</b>	<b>366,047</b>	<b>4,220</b>	<b>10,453</b>	<b>380,720</b>
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
<b>as of December 31, 2022</b>	<b>316,560</b>	<b>11,031</b>	<b>8,389</b>	<b>335,980</b>
	<b>Lease liabilities</b>			
<b>as of January 1, 2022</b>	<b>392,275</b>			
Additions	41,725			
Disposals and other decreases	(32,025)			
Other movements (FX, other contractual changes)	22,435			
Interest expense	5,042			
Payments	(89,706)			
<b>as of December 31, 2022</b>	<b>339,746</b>			
	<b>Right-of-use assets</b>			
	<b>Land &amp; Buildings</b>	<b>IT Office equipments</b>	<b>Cars and other assets</b>	<b>Total</b>
<b>as of January 1, 2022</b>	<b>353,107</b>	<b>3,187</b>	<b>10,212</b>	<b>366,506</b>
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
<b>as of December 31, 2022</b>	<b>305,781</b>	<b>9,498</b>	<b>8,850</b>	<b>324,129</b>
	<b>Lease liabilities</b>			
<b>as of January 1, 2022</b>	<b>377,699</b>			
Additions	41,563			
Disposals and other decreases	(29,506)			
Other movements (FX, other contractual changes)	19,084			
Interest expense	4,920			
Payments	(86,238)			
<b>as of December 31, 2022</b>	<b>327,522</b>			

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 12,187 as at September 30, 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 1,954 (December 31, 2022: 2,427) has been recognized in other income.

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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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 become 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 of September 30, 2023 the branch had a number of 4,107 active customers (2022: 3,737), with loans representing approximately 16% from total loans managed by the network (2022: 17%) and with deposits representing about 14% 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 September 30, 2023 and December 31, 2022 represents mainly software.

	Group	Bank
<b>Cost:</b>		
<b>as of December 31, 2021</b>	<b>848,457</b>	<b>821,933</b>
Additions	140,411	139,072
Disposals	(529)	45
<b>as of December 31, 2022</b>	<b>988,339</b>	<b>961,050</b>
Additions	104,591	103,518
Disposals	(36,308)	(33,385)
Transfers	(2,275)	(2,275)
<b>as of September 30, 2023 Unaudited</b>	<b>1,054,347</b>	<b>1,028,907</b>
<b>Amortization:</b>		
<b>as of December 31, 2021</b>	<b>(527,394)</b>	<b>(502,278)</b>
Amortization expense	(53,852)	(53,105)
Disposals	395	-
<b>as of December 31, 2022</b>	<b>(580,852)</b>	<b>(555,383)</b>
Amortization expense	(53,089)	(52,485)
Disposals	35,838	33,385
<b>as of September 30, 2023 Unaudited</b>	<b>(598,103)</b>	<b>(574,484)</b>
<b>Net book value:</b>		
<b>as of December 31, 2021</b>	<b>321,063</b>	<b>319,655</b>
<b>as of December 31, 2022</b>	<b>407,487</b>	<b>405,667</b>
<b>as of September 30, 2023 Unaudited</b>	<b>456,244</b>	<b>454,424</b>

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**14. Other assets**

	Group		Bank	
	Unaudited (*) September 30, 2023	December 31, 2022	Unaudited (*) September 30, 2023	December 31, 2022
Advances to suppliers	76,131	77,413	-	-
Sundry receivables	427,196	422,867	411,515	414,235
Prepaid expenses	56,579	73,545	54,263	56,755
Repossessed assets	3,909	4,536	924	924
Other assets	9,908	12,602	2,896	2,044
<b>Total</b>	<b>573,724</b>	<b>590,963</b>	<b>469,598</b>	<b>473,958</b>

As of September 30, 2023 the carrying value of repossessed assets for Group is 3,909 (December 31, 2022: 4,536). As of September 30, 2023 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 (\*)**

	<b>Total (Stage3)</b>
<b>Sundry receivables</b>	
<b>Impairment allowance as at January 1, 2023</b>	200,209
Additional expenses	59,122
Reversals of provisions	(8,270)
Receivables written off	(170,174)
Foreign exchange adjustments	199
<b>Impairment allowance as at September 30, 2023</b>	<b>81,086</b>

	<b>Total (Stage3)</b>
<b>Impairment allowance as at 1 st January 2022</b>	165,641
Additional expenses	67,810
Reversals of provisions	(23,868)
Receivables written off	(9,469)
Foreign exchange adjustments	95
<b>Impairment allowance as at December 31, 2022</b>	<b>200,209</b>

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**14. Other assets (continued)**

**Bank Unaudited (\*)**

<b>Sundry receivables</b>	<b>Total (Stage3)</b>
<b>Impairment allowance as at January 1, 2023</b>	190,512
Additional expenses	54,538
Reversals of provisions	(7,487)
Receivables written off	(170,136)
Foreign exchange adjustments	199
<b>Impairment allowance as at September 30, 2023</b>	<b>67,626</b>

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

**15. Due to banks**

	<b>Group</b>		<b>Bank</b>	
	<b>Unaudited (*)</b>	<b>December 31,</b>	<b>Unaudited (*)</b>	<b>December 31,</b>
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Demand deposits	684,116	304,610	684,116	304,610
Repo	427,776	286,448	427,776	286,448
Term deposits	31,415	45,830	31,415	45,830
<b>Due to banks</b>	<b>1,143,307</b>	<b>636,888</b>	<b>1,143,307</b>	<b>636,888</b>

**16. Due to customers**

	<b>Group</b>		<b>Bank</b>	
	<b>Unaudited (*)</b>	<b>December 31,</b>	<b>Unaudited (*)</b>	<b>December 31,</b>
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Demand deposits	39,807,210	40,921,389	39,929,364	41,037,420
Term deposits	20,777,613	15,739,452	20,883,239	15,878,320
<b>Due to customers</b>	<b>60,584,823</b>	<b>56,660,841</b>	<b>60,812,603</b>	<b>56,915,740</b>

**17. Borrowed funds**

	<b>Group</b>		<b>Bank</b>	
	<b>Unaudited (*)</b>	<b>December 31,</b>	<b>Unaudited (*)</b>	<b>December 31,</b>
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Borrowings from related parties	5,382,740	5,295,703	3,586,346	3,565,843
Borrowings from international financial institutions	386,092	329,785	881	1,419
<b>Total</b>	<b>5,768,832</b>	<b>5,625,488</b>	<b>3,587,227</b>	<b>3,567,262</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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**17. Borrowed funds (continued)**

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).

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**19. Provisions**

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

**Financial guarantees and loan commitments provisions movement**

<b>Group</b> <b>Unaudited (*)</b>	<b>Retail lending</b>			<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
<b>Provision as at 1 st January 2023</b>	4,594	4,059	3,281	<b>11,934</b>
New commitments originated or purchased	7,759	1,767	528	<b>10,054</b>
Commitments derecognised or transferred into assets	(807)	(937)	(756)	<b>(2,500)</b>
Net provision movement not resulting from changes in classification	(5,538)	(612)	(597)	<b>(6,747)</b>
Movements due to change in classification	(219)	(176)	1,003	<b>608</b>
<b>Provision as at September 30, 2023</b>	<b>5,790</b>	<b>4,101</b>	<b>3,459</b>	<b>13,350</b>
	<b>Non-Retail</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Provision as at 1 st January 2023</b>	128,239	50,188	147,471	<b>325,898</b>
New commitments originated or purchased	102,885	22,922	-	<b>125,807</b>
Commitments derecognised or transferred into assets	(48,631)	(19,370)	(4,916)	<b>(72,917)</b>
Net provision movement not resulting from changes in classification	(59,941)	(9,067)	(18,225)	<b>(87,233)</b>
Movements due to change in classification	16,906	(21,452)	(1,770)	<b>(6,316)</b>
Other adjustments	198	38	1,326	<b>1,562</b>
<b>Provision as at September 30, 2023</b>	<b>139,656</b>	<b>23,259</b>	<b>123,886</b>	<b>286,801</b>
	<b>Total</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Provision as at 1 st January 2023</b>	132,833	54,247	150,753	<b>337,833</b>
New commitments originated or purchased	110,644	24,689	528	<b>135,861</b>
Commitments derecognised or transferred into assets	(49,438)	(20,307)	(5,672)	<b>(75,417)</b>
Net provision movement not resulting from changes in classification	(65,479)	(9,679)	(18,822)	<b>(93,980)</b>
Movements due to change in classification	16,687	(21,628)	(767)	<b>(5,708)</b>
Other adjustments	199	38	1,326	<b>1,561</b>
<b>Provision as at September 30, 2023</b>	<b>145,446</b>	<b>27,360</b>	<b>127,346</b>	<b>300,150</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**19. Provisions (continued)**

**Financial guarantees and loan commitments provisions movement (continued)**

<b>Bank</b> <b>Unaudited (*)</b>	<b>Retail lending</b>			<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
<b>Provision as at 1 st January 2023</b>	4,562	3,925	3,282	<b>11,769</b>
New commitments originated or purchased	7,731	1,684	528	<b>9,943</b>
Commitments derecognised or transferred into assets	(781)	(801)	(756)	<b>(2,338)</b>
Net provision movement not resulting from changes in classification	(5,538)	(612)	(597)	<b>(6,747)</b>
Movements due to change in classification	(219)	(176)	1,004	<b>609</b>
<b>Provision as at September 30, 2023</b>	<b>5,755</b>	<b>4,020</b>	<b>3,461</b>	<b>13,236</b>
	<b>Non-Retail</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Provision as at 1 st January 2023</b>	128,092	49,811	157,351	<b>335,254</b>
New commitments originated or purchased	102,762	22,709	-	<b>125,471</b>
Commitments derecognised or transferred into assets	(48,485)	(18,991)	(4,916)	<b>(72,392)</b>
Net provision movement not resulting from changes in classification	(59,941)	(9,067)	(18,221)	<b>(87,229)</b>
Movements due to change in classification	16,906	(21,452)	(1,770)	<b>(6,316)</b>
Other adjustments	198	38	110	<b>346</b>
<b>Provision as at September 30, 2023</b>	<b>139,532</b>	<b>23,048</b>	<b>132,554</b>	<b>295,134</b>
	<b>Total</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Provision as at 1 st January 2023</b>	132,654	53,736	160,633	<b>347,023</b>
New commitments originated or purchased	110,493	24,393	528	<b>135,414</b>
Commitments derecognised or transferred into assets	(49,266)	(19,792)	(5,672)	<b>(74,730)</b>
Net provision movement not resulting from changes in classification	(65,479)	(9,679)	(18,818)	<b>(93,976)</b>
Movements due to change in classification	16,687	(21,628)	(766)	<b>(5,707)</b>
Other adjustments	198	38	109	<b>345</b>
<b>Provision as at September 30, 2023</b>	<b>145,287</b>	<b>27,068</b>	<b>136,014</b>	<b>308,369</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**19. Provisions (continued)**

**Financial guarantees and loan commitments provisions movement (continued)**

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

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**19. Provisions (continued)**

**Financial guarantees and loan commitments provisions movement (continued)**

<b>Bank</b>	<b>Retail lending</b>			<b>Total</b>
	Stage 1	Stage 2	Stage 3	
<b>Provision as at 1 st January 2022</b>	3,365	3,125	3,371	<b>9,861</b>
New commitments originated or purchased	10,430	1,793	902	<b>13,125</b>
Commitments derecognised or transferred into assets	(1,234)	(650)	(706)	<b>(2,590)</b>
Net provision movement not resulting from changes in classification	(7,306)	(672)	(1,613)	<b>(9,591)</b>
Movements due to change in classification	(692)	329	1,328	<b>965</b>
Other adjustments	(1)	-	-	<b>(1)</b>
<b>Provision as at December 31, 2022</b>	<b>4,562</b>	<b>3,925</b>	<b>3,282</b>	<b>11,769</b>
	<b>Non-Retail</b>			
	Stage 1	Stage 2	Stage 3	Total
<b>Provision as at 1 st January 2022</b>	72,589	24,749	212,015	<b>309,353</b>
New commitments originated or purchased	98,864	34,849	1,386	<b>135,099</b>
Commitments derecognised or transferred into assets	(47,333)	(4,689)	(69,194)	<b>(121,216)</b>
Net provision movement not resulting from changes in classification	14,131	(10,006)	3,755	<b>7,880</b>
Movements due to change in classification	(10,064)	4,934	8,602	<b>3,472</b>
Other adjustments	(95)	(26)	787	<b>666</b>
<b>Provision as at December 31, 2022</b>	<b>128,092</b>	<b>49,811</b>	<b>157,351</b>	<b>335,254</b>
	<b>Total</b>			
	Stage 1	Stage 2	Stage 3	Total
<b>Provision as at 1 st January 2022</b>	75,954	27,874	215,386	<b>319,214</b>
New commitments originated or purchased	109,294	36,642	2,288	<b>148,224</b>
Commitments derecognised or transferred into assets	(48,567)	(5,339)	(69,900)	<b>(123,806)</b>
Net provision movement not resulting from changes in classification	6,825	(10,678)	2,142	<b>(1,711)</b>
Movements due to change in classification	(10,756)	5,263	9,930	<b>4,437</b>
Other adjustments	(96)	(26)	787	<b>665</b>
<b>Provision as at December 31, 2022</b>	<b>132,654</b>	<b>53,736</b>	<b>160,633</b>	<b>347,023</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**19. Provisions (continued)**

The Bank includes in the line Provisions: provisions for litigation in amount of 17,209 as of September 30, 2023 (20,862 as of December 31, 2022), provisions for risks related to banking activity in amount of 1,922 as of September 30, 2023 (2,486 as of December 31, 2022) and other provisions for risks and charges in amount of 5,352 as of September 30, 2022 (9,801 as of December 31, 2022).

The Group includes in the line Provisions: provisions for litigation in amount of 17,209 as of September 30, 2023 (43,332 as of December 31, 2022), provisions for risks related to banking activity in amount of 1,922 as of September 30, 2023 (2,486 as of December 31, 2022) and other provisions for risks and charges in amount of 26,694 as of September 30, 2023 (9,801 as of December 31, 2022).

The movement in other provisions is as follows:

<u>Group</u>	<u>Cost of risk</u>	<u>Other</u>	<u>TOTAL</u>
<b>Carrying value as of December 31, 2021</b>	<b>29,708</b>	<b>44,929</b>	<b>74,637</b>
Additional expenses	-	19,000	19,000
Reversals of provisions	-	(30,466)	(30,466)
Usage	-	(7,553)	(7,553)
<b>Carrying value as of December 31, 2022</b>	<b>29,708</b>	<b>25,910</b>	<b>55,618</b>
Additional expenses	-	22,540	22,540
Reversals of provisions	-	(20,497)	(20,497)
Usage	-	(11,836)	(11,836)
<b>Carrying value as of September 30, 2023 Unaudited</b>	<b>29,708</b>	<b>16,117</b>	<b>45,825</b>
<b>Bank</b>			
<b>Carrying value as of December 31, 2021</b>	<b>29,163</b>	<b>26,368</b>	<b>55,531</b>
Additional expenses	-	15,354	15,354
Reversals of provisions	-	(30,184)	(30,184)
Usage	-	(7,552)	(7,552)
<b>Carrying value as of December 31, 2022</b>	<b>29,163</b>	<b>3,986</b>	<b>33,149</b>
Additional expenses	-	4,211	4,211
Reversals of provisions	-	(1,041)	(1,041)
Usage	-	(11,836)	(11,836)
<b>Carrying value as of September 30, 2023 Unaudited</b>	<b>29,163</b>	<b>(4,680)</b>	<b>24,483</b>

**20. Other liabilities**

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Sundry creditors	248,327	272,164	184,596	201,271
Other payables to State budget	36,824	59,038	35,979	56,716
Deferred income	52,189	40,772	52,189	40,772
Payables to employees	149,835	165,820	131,149	137,401
Creditors - Lease liabilities	328,086	339,746	309,692	327,522
<b>Total</b>	<b>815,261</b>	<b>877,540</b>	<b>713,605</b>	<b>763,682</b>

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 87,741 as of September 30, 2023 (December 31, 2022: 93,153) and post-employment benefits amounting 22,036 as of September 30, 2023 (December 31, 2022: 19,576).

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**20. Other liabilities (continued)**

**Post-employment benefit plan**

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 22,036 as of September 30, 2023, from 19,576 as of December 31, 2022.

**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 September 30, 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 September 30, 2023 the Group has a current tax liability in total amount of 91,274 (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 90,426 (December 31, 2022: 0) and 0 current tax asset (December 31, 2022: 23,563).

The deferred tax liability/asset is reconciled as follows:

	<b>Group</b>			
	<b>September 30, 2023 Unaudited (*)</b>			
	<b>Temporary differences</b>	<b>Consolidated Statement</b>	<b>Consolidated Income</b>	<b>Consolidated OCI</b>
	<b>Asset / (Liability)</b>	<b>of Financial Position</b>	<b>Statement (Expense) /</b>	<b>(Expense) / Income</b>
		<b>Asset / (Liability)</b>	<b>Income</b>	
<i>Elements generating deferred tax</i>				
Defined benefit obligation	71,315	(11,410)	-	-
Financial assets at fair value through other comprehensive income	(1,845,930)	295,349	-	(102,137)
Tangible and intangible assets	(155)	25	(1,539)	-
Provisions and other liabilities	(616,566)	98,650	(9,744)	-
<b>Taxable items</b>	<b>(2,391,335)</b>			
<b>Deferred tax</b>		<b>382,613</b>	<b>(11,283)</b>	<b>(102,137)</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**22. Taxation (continued)**

	Bank			Consolidated OCI (Expense) / Income
	September 30, 2023 Unaudited (*)			
Temporary differences Asset / (Liability)	Individual Statement of Financial Position Asset / (Liability)	Individual Income Statement (Expense) / Income		
<i>Elements generating deferred tax</i>				
Defined benefit obligation	71,315	(11,410)	-	-
Financial assets at fair value through other comprehensive income	(1,845,930)	295,349	-	(102,137)
Tangible and intangible assets	(64)	10	(1,554)	-
Provisions and other liabilities	(569,899)	91,184	(69)	-
<b>Taxable items</b>	<b>(2,344,578)</b>			
<b>Deferred tax</b>		<b>375,132</b>	<b>(1,623)</b>	<b>(102,137)</b>

	Group			Consolidated OCI (Expense) / Income
	December 31, 2022			
Temporary differences Asset / (Liability)	Consolidated Statement of Financial Position Asset / (Liability)	Consolidated Income Statement (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	-
<b>Taxable items</b>	<b>(3,100,211)</b>			
<b>Deferred tax</b>		<b>496,034</b>	<b>(1,817)</b>	<b>317,761</b>

	Bank			Consolidated OCI (Expense) / Income
	December 31, 2022			
Temporary differences Asset / (Liability)	Individual Statement of Financial Position Asset / (Liability)	Individual Income Statement (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	-
<b>Taxable items</b>	<b>(2,993,081)</b>			
<b>Deferred tax</b>		<b>478,893</b>	<b>(5,041)</b>	<b>317,760</b>

**Movement in deferred tax is as follows:**

	Group	Bank
<b>Deferred tax asset, net as of December 31, 2021</b>	<b>180,089</b>	<b>166,173</b>
Deferred tax recognized in other comprehensive income	317,761	317,761
Deferred tax recognized in profit and loss	(1,817)	(5,041)
<b>Deferred tax asset, net as of December 31, 2022</b>	<b>496,033</b>	<b>478,893</b>
Deferred tax recognized in other comprehensive income	(102,137)	(102,137)
Deferred tax recognized in profit and loss	(11,283)	(1,623)
<b>Deferred tax asset, net as of September 30, 2023</b>	<b>382,613</b>	<b>375,132</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**22. Taxation (continued)**

**Reconciliation of total tax charge**

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
<b>Profit before income tax</b>	<b>1,476,216</b>	<b>1,228,221</b>	<b>1,424,060</b>	<b>1,196,688</b>
Income tax (16%)	236,195	196,515	227,850	191,470
Fiscal credit and other adjustments	4,373	(2,832)	(3,197)	(2,816)
Income tax without basis	-	7,484	-	7,484
Non-deductible elements	25,949	24,990	17,131	14,711
Non-taxable elements	(17,211)	(13,513)	(8,999)	(11,867)
<b>Expense from income tax at effective tax rate</b>	<b>249,306</b>	<b>212,643</b>	<b>232,785</b>	<b>198,981</b>
Effective tax rate	16.9%	17.3%	16.3%	16.6%

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 of September 30, 2023, permanent non-deductible elements include the impact of provisions for overdue commissions 8,357 (December 31, 2022: 9,777), sponsorship expenses with an impact of 489 (December 31, 2022: 1,276) and debt sales and other operations with limited deductibility in amount of 1,553 (December 31, 2022: 8,225); permanent non-taxable elements are mainly a result of releases for provisions for overdue commissions in amount of 865 (December 31, 2022: 1,722), provisions for risks and charges/litigations 290 (December 31, 2022: 1,184) and dividends income with an impact of 6,639 (December 31, 2022: 7,574).

**23. Interest and similar income**

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Interest on loans	2,329,316	1,575,574	2,259,983	1,509,725
Interest on finance lease	73,052	45,216	-	-
Interest on deposit with banks	227,718	31,950	227,258	31,474
Interest on financial assets	443,352	388,691	443,352	388,691
Interest income from hedging instruments	-	9,177	-	9,177
<b>Total</b>	<b>3,073,438</b>	<b>2,050,608</b>	<b>2,930,593</b>	<b>1,939,067</b>

The interest income on loans includes the accrued interest on net (after impairment allowance) impaired loans in amount of 44,220 for Group (2022: 39,726) and 42,167 for Bank (2022: 37,082).

**24. Interest and similar expense**

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Interest on term deposits	627,579	168,576	628,055	169,033
Interest on demand deposits	145,925	75,794	151,700	78,245
Interest on borrowings	220,032	76,159	170,734	61,202
Interest expense on lease liabilities	4,254	3,719	4,134	3,623
Interest expense from hedging instruments	65,937	1,970	65,937	1,970
<b>Total</b>	<b>1,063,727</b>	<b>326,218</b>	<b>1,020,560</b>	<b>314,073</b>

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**25. Fees and commissions, net**

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Services	441,360	465,185	440,683	462,817
Management fees	82,133	81,159	82,133	81,159
Packages	60,680	51,305	60,680	51,305
Transfers	50,958	53,550	50,958	53,550
OTC withdrawal	40,125	51,879	40,125	51,879
Cards	142,490	163,918	142,490	163,918
Brokerage and custody	41,641	37,086	41,638	37,086
Other	23,333	26,288	22,659	23,920
Loan activity	79,546	77,437	57,426	53,851
Off balance sheet	42,275	32,721	42,275	32,721
<b>Total</b>	<b>563,181</b>	<b>575,343</b>	<b>540,384</b>	<b>549,389</b>

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

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
FX position revaluation	38,465	(85,590)	38,465	(85,590)
FX Spot	169,928	174,260	168,742	172,669
Gain on instruments held for trading	67,513	29,993	66,639	29,993
Derivative financial instruments	(20,212)	109,145	(20,212)	109,146
Gain/(loss) on interest rate derivatives	64	(7,399)	64	(7,399)
Gain on currency swap	735	68	735	68
Gain/(loss) on forward foreign exchange contracts	(25,660)	109,275	(25,660)	109,275
Gain on currency options	5,746	5,949	5,746	5,949
Other	(1,168)	1,253	(1,168)	1,254
<b>Gain on derivative, other financial instruments held for trading and foreign exchange</b>	<b>255,694</b>	<b>227,809</b>	<b>253,634</b>	<b>226,218</b>

**27. Other income/expense from banking activities**

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Dividend income from subsidiaries	-	-	10,558	37,217
(Loss) from sale of investments	(5,646)	-	(438)	-
Provisions for litigations	3,653	(2,715)	3,653	(2,714)
Held for sale fixed assets expenses	(1,661)	(2,243)	-	-
Other incomes/(expenses)	(8,496)	15,068	(11,378)	10,144
<b>Total income / (expense) from banking activity</b>	<b>(12,150)</b>	<b>10,110</b>	<b>2,395</b>	<b>44,647</b>

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 1,954 (2022: 2,026).

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**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.

For the year 2023 the expense related to the Deposit Guarantee Fund amounts to 16,269 (2022: 33,575).

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 expense related to the Bank Resolution Fund was 51,953 (2022: 35,690).

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.

**29. Personnel expenses**

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Salaries	643,278	570,656	612,688	542,408
Social security	14,527	13,439	13,672	12,442
Bonuses	55,806	63,012	54,362	54,009
Post-employment benefits	3,189	3,821	3,189	3,821
Capitalisation of internal projects	(33,073)	(22,317)	(33,073)	(22,317)
Other	22,396	20,369	21,227	19,529
<b>Total</b>	<b>706,123</b>	<b>648,981</b>	<b>672,065</b>	<b>609,892</b>

In 2023 the expense related to the Bank defined benefit contribution plan was 1,777 (2022: 1,939).

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Depreciation and impairment on tangible assets	131,322	132,180	128,415	128,542
Amortization on intangible assets	53,089	38,377	52,485	37,908
<b>Total</b>	<b>184,411</b>	<b>170,557</b>	<b>180,900</b>	<b>166,450</b>

The difference as at September 30, 2023 between the amount presented in Note 11 and the amount presented in Note 30 represents depreciation of investment property in total amount of 342 and impairment of investment property in amount of -75 (2022: depreciation in amount of 362).

**31. Other operating expenses**

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Administrative expenses	362,243	316,852	346,300	299,250
Publicity and sponsorships	20,066	18,868	19,891	18,676
Other expenses	49,199	51,498	44,961	44,054
<b>Total</b>	<b>431,508</b>	<b>387,218</b>	<b>411,152</b>	<b>361,980</b>

Administrative expenses include for the Bank maintenance expenses, various utilities such as energy and telecommunication, expenses related to short-term leases of 3,436 (2022: 4,179) and to leases of low-value assets of 3,218 (2022: 2,944).

**32. Cost of risk**

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Net impairment allowance for loans	71,096	83,516	69,650	83,334
Net impairment allowance for sundry debtors	51,351	35,507	46,975	34,628
Net impairment allowance for finance lease	(914)	3,245	-	-
Income from recoveries of derecognized receivables & sales of bad debts	(135,628)	(148,338)	(114,896)	(133,142)
Write-offs	17,596	10,368	9,127	7,683
Financial guarantee and loan contracts provisions	(39,245)	53,174	(39,002)	52,815
Net impairment allowance for debt securities	257	(574)	257	(574)
<b>Total</b>	<b>(35,487)</b>	<b>36,898</b>	<b>(27,889)</b>	<b>44,744</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

### 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 September 30, 2023 and September 30, 2022 there were no dilutive equity instruments issued by the Group and Bank.

	Group Unaudited (*)		Bank Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Ordinary shares on market	696,901,518	696,901,518	696,901,518	696,901,518
Profit attributable to shareholders	1,214,094	1,004,744	1,191,275	997,707
Earnings per share (in RON)	1.7421	1.4417	1.7094	1.4316

### 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 367,689 (December 31, 2022: 262,937), bonds in total amount of 497,922 (December 31, 2022: 473,718) and deposits with more than 90 days maturity from the date of acquisition in total amount of 497,460 (December 31, 2022: 0), loans to banks, with more than 90 days maturity from the date of acquisition in amount of 15,213 (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 (*)	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Cash in vaults and ATM	2,470,222	2,531,348	2,470,144	2,531,279
Sight deposits with NBR	2,500,833	-	2,500,833	-
Current accounts and placements with banks	4,482,997	6,468,333	4,482,997	6,468,332
<b>Total</b>	<b>9,454,052</b>	<b>8,999,681</b>	<b>9,453,973</b>	<b>8,999,611</b>

Impairment and provisions adjustment for non-cash items:

	Group Unaudited (*)		Bank Unaudited (*)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Net impairment allowance for loans	71,096	83,516	69,650	83,334
Net impairment allowance for sundry debtors	51,351	35,507	46,975	34,628
Net impairment allowance for financial leases	(914)	3,245	-	-
Write-offs	17,596	10,368	9,127	7,683
Financial guarantee and loan contracts provisions	(39,245)	53,174	(39,002)	52,815
Net movement in other provisions	(9,793)	(23,583)	(8,666)	(23,815)
Net impairment allowance for debt securities	257	(574)	257	(574)
<b>Total</b>	<b>90,348</b>	<b>161,653</b>	<b>78,341</b>	<b>154,071</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

### 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 (*)	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Letters of guarantee granted	6,512,310	6,449,588	6,514,393	6,451,531
Financing commitments granted	6,745,551	6,183,371	6,703,463	5,740,595
<b>Total commitments granted</b>	<b>13,257,861</b>	<b>12,632,959</b>	<b>13,217,856</b>	<b>12,192,126</b>
<b>Uncommitted facilities granted</b>	<b>11,225,253</b>	<b>9,454,516</b>	<b>11,279,270</b>	<b>9,509,016</b>
Letters of guarantee received	27,813,867	23,730,601	27,813,867	23,730,601
<b>Total commitments received</b>	<b>27,813,867</b>	<b>23,730,601</b>	<b>27,813,867</b>	<b>23,730,601</b>

### 36. Other commitments

	Group		Bank	
	Unaudited (*)		Unaudited (*)	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Tangible non-current assets	13,503	13,470	13,503	13,470
Intangible non-current assets	83,691	81,086	83,691	81,086
Commitments relating to short-term and low value leases	27,881	24,547	27,881	24,547
<b>Total</b>	<b>125,075</b>	<b>119,103</b>	<b>125,075</b>	<b>119,103</b>

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

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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**36. Other commitments (continued)**

As at September 30, 2023 and December 31, 2022 the future minimum lease payments regarding operating leases (rents) concluded by the Group and Bank as a lessee are:

	<b>Group</b>		<b>Bank</b>	
	<b>Unaudited (*) September 30, 2023</b>	<b>December 31, 2022</b>	<b>Unaudited (*) September 30, 2023</b>	<b>December 31, 2022</b>
Less than one year	13,533	11,654	13,533	11,654
Between one and five years	11,680	9,855	11,680	9,855
More than five years	78	104	78	104
<b>Total</b>	<b>25,292</b>	<b>21,613</b>	<b>25,292</b>	<b>21,613</b>

As at September 30, 2023 and December 31, 2022, the future minimum lease receipts regarding operating leases (rents) concluded by the Group and Bank as a lessor are:

	<b>Group</b>		<b>Bank</b>	
	<b>Unaudited (*) September 30, 2023</b>	<b>December 31, 2022</b>	<b>Unaudited (*) September 30, 2023</b>	<b>December 31, 2022</b>
Less than one year	1,719	499	1,719	499
Between one and five years	5,408	559	5,408	559
More than five years	4,365	113	4,365	113
<b>Total</b>	<b>11,492</b>	<b>1,171</b>	<b>11,492</b>	<b>1,171</b>

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**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
<b>Assets</b>	<b>1,668,919</b>	<b>24,883</b>	<b>52,298</b>	<b>3,795</b>	<b>3,621,318</b>	<b>25,677</b>	<b>28,467</b>	<b>2,922</b>
Nostro accounts	40,362	413	-	-	143,996	578	-	-
Deposits	1,336,390	-	-	-	3,169,456	-	-	-
Loans	-	21,694	34,789	3,794	-	25,045	25,866	2,922
Derivative financial instruments	89,686	(0)	-	0	100,173	-	-	0
Other assets	202,481	2,776	17,509	1	207,693	55	2,602	0
<b>Liabilities</b>	<b>7,092,399</b>	<b>234,813</b>	<b>89,758</b>	<b>7,860</b>	<b>7,179,683</b>	<b>197,710</b>	<b>99,423</b>	<b>7,820</b>
Loro accounts	17,809	58,558	-	-	737	294	-	-
Deposits	105,067	175,435	68,008	7,860	74,935	176,462	71,348	7,820
Borrowings	5,382,740	-	-	-	5,295,707	-	-	-
Subordinated borrowings	1,245,495	-	-	-	1,238,651	-	-	-
Lease payable	-	-	12,330	-	-	-	9,508	-
Derivative financial instruments	294,758	9	-	-	530,400	20,299	-	-
Other liabilities	46,530	812	9,420	-	39,253	655	18,567	-
<b>Commitments</b>	<b>6,656,116</b>	<b>124,550</b>	<b>65,751</b>	<b>379</b>	<b>5,877,472</b>	<b>153,755</b>	<b>48,243</b>	<b>318</b>
Total commitments granted	222,114	58,555	425	379	249,274	85,573	1,364	318
Total commitments received	208,355	38,839	35,000	-	206,767	61,169	25,000	-
Uncommitted facilities granted	12,985	24,668	30,326	-	12,968	7,012	21,879	-
Notional amount of foreign exchange transactions	3,194,304	2,487	-	-	2,095,028	-	-	-
Notional amount of interest rate derivatives	3,018,359	-	-	-	3,313,435	-	-	-
<b>Income statement</b>	<b>(244,128)</b>	<b>(500)</b>	<b>(26,870)</b>	<b>(30)</b>	<b>(256,971)</b>	<b>1,523</b>	<b>6,553</b>	<b>183</b>
Interest and commission revenues	42,100	7,432	32,111	169	7,638	10,973	41,366	237
Interest and commission expenses	(286,597)	(2,991)	(19,513)	(51)	(47,801)	(3,185)	(11,471)	(18)
Net gain/(loss) on interest rate derivatives	40,745	-	-	-	(210,100)	-	-	(5)
Net gain/(loss) on foreign exchange derivatives	(5,908)	(117)	-	-	19,693	-	-	-
Dividend incomes	-	-	17,040	-	-	-	8,677	-
Other incomes	28	1	57	-	657	1	57	-
Other expenses	(34,497)	(4,825)	(56,565)	(148)	(27,058)	(6,266)	(32,076)	(32)

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**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
<b>Assets</b>	<b>1,653,660</b>	<b>24,883</b>	<b>20,045</b>	<b>50,934</b>	<b>3,795</b>	<b>3,605,123</b>	<b>25,677</b>	<b>46,553</b>	<b>26,194</b>	<b>2,922</b>					
Nostro accounts	40,362	413	-	-	-	143,996	578	-	-	-					
Deposits	1,321,177	-	-	-	-	3,153,481	-	-	-	-					
Loans	-	21,694	18,334	34,789	3,794	-	25,045	44,934	25,866	2,922					
Derivative financial instruments	89,686	(0)	22	-	0	100,173	-	-	-	0					
Other assets	202,435	2,776	1,690	16,145	1	207,473	55	1,619	329	0					
<b>Liabilities</b>	<b>5,291,802</b>	<b>234,620</b>	<b>229,630</b>	<b>89,312</b>	<b>7,860</b>	<b>5,444,569</b>	<b>197,684</b>	<b>256,683</b>	<b>98,841</b>	<b>7,820</b>					
Loro accounts	17,809	58,558	-	-	-	737	294	-	-	-					
Deposits	105,067	175,435	228,654	68,008	7,860	74,935	176,462	255,807	71,348	7,820					
Borrowings	3,585,414	-	-	-	-	3,564,997	-	-	-	-					
Subordinated borrowings	1,245,495	-	-	-	-	1,238,651	-	-	-	-					
Lease payable	-	-	932	12,330	-	-	-	847	9,508	-					
Derivative financial instruments	294,758	9	-	-	-	530,400	20,299	-	-	-					
Other liabilities	43,259	618	44	8,975	-	34,849	629	29	17,985	-					
<b>Commitments</b>	<b>6,656,116</b>	<b>124,550</b>	<b>77,803</b>	<b>65,751</b>	<b>379</b>	<b>5,877,472</b>	<b>153,755</b>	<b>76,081</b>	<b>48,243</b>	<b>318</b>					
Total commitments granted	222,114	58,555	11,348	425	379	249,274	85,573	21,580	1,364	318					
Total commitments received	208,355	38,839	-	35,000	-	206,767	61,169	-	25,000	-					
Uncommitted facilities granted	12,985	24,668	54,019	30,326	-	12,968	7,012	54,501	21,879	-					
Notional amount of foreign exchange transactions	3,194,304	2,487	12,437	-	-	2,095,028	-	-	-	-					
Notional amount of interest rate derivatives	3,018,359	-	-	-	-	3,313,435	-	-	-	-					
<b>Income statement</b>	<b>(198,319)</b>	<b>217</b>	<b>19,805</b>	<b>(32,320)</b>	<b>(30)</b>	<b>(241,300)</b>	<b>1,497</b>	<b>53,052</b>	<b>882</b>	<b>183</b>					
Interest and commission revenues	41,641	7,256	12,661	26,598	169	7,163	10,416	14,908	34,784	237					
Interest and commission expenses	(241,791)	(2,991)	(6,254)	(19,513)	(51)	(32,313)	(3,185)	(2,912)	(11,469)	(18)					
Net gain/(loss) on interest rate derivatives	40,745	-	-	-	-	(210,100)	-	-	-	(5)					
Net gain/(loss) on foreign exchange derivatives	(5,908)	(117)	(106)	-	-	19,693	-	(574)	-	-					
Dividend incomes	-	-	10,559	17,040	-	-	-	37,217	8,677	-					
Other incomes	28	1	78	(0)	-	657	1	194	-	-					
Other expenses	(33,034)	(3,933)	2,867	(56,445)	(148)	(26,399)	(5,734)	4,219	(31,109)	(32)					

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

---

### **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 6,460 at September 30, 2023 (December 31, 2022: 23,868).

As of September 30, 2023 the Board of Directors and Managing Committee members own 21,030 shares (2022: 48,858).

### **38. Contingencies**

As of September 30, 2023 the Bank is the defendant in a number of lawsuits arising in the course of business, amounting to approximately 84,165 (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 17,209 (December 31, 2022: 20,862) and the Group 17,209 (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:

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**39. Fair value (continued)**

	Group				Bank			
	September 30, 2023 Unaudited (*)				September 30, 2023 Unaudited (*)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>								
<b>Financial assets</b>								
<b>Derivative financial instruments</b>								
Interest rate swaps	-	37,982	-	37,982	-	37,982	-	37,982
Currency swaps	-	14,639	-	14,639	-	14,639	-	14,639
Forward foreign exchange contracts	-	10,279	-	10,279	-	10,300	-	10,300
Options	-	-	67,688	67,688	-	-	67,688	67,688
	-	<b>62,900</b>	<b>67,688</b>	<b>130,588</b>	-	<b>62,921</b>	<b>67,688</b>	<b>130,609</b>
Financial assets at fair value through other comprehensive income	13,204,542	-	-	13,204,542	13,204,542	-	-	13,204,542
Equity investments (listed)	7,479	-	-	7,479	7,479	-	-	7,479
Equity investments (not listed)	-	-	3,919	3,919	-	-	3,919	3,919
Other securities quoted	-	1,464	-	1,464	-	-	-	-
<b>Total</b>	<b>13,212,021</b>	<b>1,464</b>	<b>3,919</b>	<b>13,217,405</b>	<b>13,212,021</b>	-	<b>3,919</b>	<b>13,215,940</b>
Other financial instruments held for trading	1,059,894	515,489	-	1,575,383	1,038,837	515,489	-	1,554,326
<b>Total</b>	<b>14,271,915</b>	<b>579,853</b>	<b>71,607</b>	<b>14,923,376</b>	<b>14,250,858</b>	<b>578,410</b>	<b>71,607</b>	<b>14,900,875</b>
<b>Assets for which fair value is disclosed</b>								
Cash and due from Central Bank	9,526,864	-	-	9,526,864	9,526,786	-	-	9,526,786
Due from banks	-	5,861,281	-	5,861,281	-	5,846,068	-	5,846,068
Loans and advances to customers	-	-	39,883,801	39,883,801	-	-	39,223,361	39,223,361
Treasury bills at amortised cost	5,137,542	-	-	5,137,542	5,137,542	-	-	5,137,542
Financial lease receivables	-	-	1,631,807	1,631,807	-	-	-	-
<b>Total</b>	<b>14,664,406</b>	<b>5,861,281</b>	<b>41,515,608</b>	<b>62,041,296</b>	<b>14,664,328</b>	<b>5,846,068</b>	<b>39,223,361</b>	<b>59,733,757</b>

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 September 30, 2023**  
*(Amounts in thousands RON)*

**39. Fair value (continued)**

	Group				Bank			
	September 30, 2023 Unaudited (*)				September 30, 2023 Unaudited (*)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Liabilities measured at fair value</b>								
<b>Financial liabilities</b>								
Derivative financial instruments								
Interest rate swaps	-	311,215	-	311,215	-	311,215	-	311,215
Currency swaps	-	10,495	-	10,495	-	10,495	-	10,495
Forward foreign exchange contracts	-	13,762	-	13,762	-	13,762	-	13,762
Options	-	-	67,723	67,723	-	-	67,723	67,723
<b>Total</b>	<b>-</b>	<b>335,472</b>	<b>67,723</b>	<b>403,195</b>	<b>-</b>	<b>335,472</b>	<b>67,723</b>	<b>403,195</b>
Other financial instruments held for trading	328,790	42,119	-	370,909	328,790	42,119	-	370,909
<b>Total</b>	<b>328,790</b>	<b>377,591</b>	<b>67,723</b>	<b>774,104</b>	<b>328,790</b>	<b>377,591</b>	<b>67,723</b>	<b>774,104</b>
<b>Liabilities for which fair value is disclosed</b>								
Due to banks	-	1,143,307	-	1,143,307	-	1,143,307	-	1,143,307
Due to customers	-	60,593,166	-	60,593,166	-	60,820,977	-	60,820,977
Borrowed funds	-	5,768,832	-	5,768,832	-	3,587,227	-	3,587,227
Subordinated debts	-	1,245,495	-	1,245,495	-	1,245,495	-	1,245,495
<b>Total</b>	<b>-</b>	<b>68,750,800</b>	<b>-</b>	<b>68,750,800</b>	<b>-</b>	<b>66,797,006</b>	<b>-</b>	<b>66,797,006</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**39. Fair value (continued)**

<u>Assets measured at fair value</u>	Group				Bank			
	December 31, 2022				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
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	-	-	-	-
<b>Total</b>	<b>13,443,608</b>	<b>6,130</b>	<b>4,120</b>	<b>13,453,857</b>	<b>13,443,608</b>	<b>-</b>	<b>4,120</b>	<b>13,447,728</b>
Other financial instruments held for trading	426,524	1,736,754	-	2,163,278	420,458	1,736,754	-	2,157,212
<b>Total</b>	<b>13,870,132</b>	<b>1,857,374</b>	<b>69,729</b>	<b>15,797,234</b>	<b>13,864,066</b>	<b>1,851,244</b>	<b>69,729</b>	<b>15,785,039</b>
<u>Assets for which fair value is disclosed</u>								
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	-	-	-	-
<b>Total</b>	<b>10,300,356</b>	<b>7,220,963</b>	<b>37,650,172</b>	<b>55,171,491</b>	<b>10,300,287</b>	<b>7,204,987</b>	<b>35,554,410</b>	<b>53,059,684</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**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
<b>Liabilities measured at fair value</b>								
<b>Financial liabilities</b>								
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
<b>Total</b>	<b>-</b>	<b>437,330</b>	<b>65,645</b>	<b>502,975</b>	<b>-</b>	<b>437,330</b>	<b>65,645</b>	<b>502,975</b>
Other financial instruments held for trading	294,199	646,372	-	940,571	294,199	646,372	-	940,571
<b>Total</b>	<b>294,199</b>	<b>1,083,702</b>	<b>65,645</b>	<b>1,443,546</b>	<b>294,199</b>	<b>1,083,702</b>	<b>65,645</b>	<b>1,443,546</b>
<b>Liabilities for which fair value is disclosed</b>								
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
<b>Total</b>	<b>-</b>	<b>64,146,817</b>	<b>-</b>	<b>64,146,817</b>	<b>-</b>	<b>62,343,422</b>	<b>-</b>	<b>62,343,422</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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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.

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

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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.

**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.

**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 2023**  
*(Amounts in thousands RON)*

**39. Fair value (continued)**

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

	Group				Bank			
	September 30, 2023 Unaudited (*)		December 31, 2022		September 30, 2023 Unaudited (*)		December 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>								
Cash and due from Central Bank	9,526,864	9,526,864	7,625,002	7,625,002	9,526,786	9,526,786	7,624,933	7,624,933
Due from banks	5,861,281	5,861,281	7,220,963	7,220,963	5,846,068	5,846,068	7,204,987	7,204,987
Loans and advances to customers	39,673,660	39,883,801	36,288,342	36,259,563	38,988,684	39,223,361	35,542,279	35,554,410
Treasury bills at amortised cost	5,235,284	5,137,542	2,730,706	2,675,354	5,235,284	5,137,542	2,730,706	2,675,354
Financial lease receivables	1,650,627	1,631,807	1,407,394	1,390,610	-	-	-	-
<b>Total</b>	<b>61,947,716</b>	<b>62,041,296</b>	<b>55,272,407</b>	<b>55,171,491</b>	<b>59,596,822</b>	<b>59,733,757</b>	<b>53,102,905</b>	<b>53,059,684</b>
<b>Financial liabilities</b>								
Due to banks	1,143,307	1,143,307	636,888	636,888	1,143,307	1,143,307	636,888	636,888
Due to customers	60,584,823	60,593,166	56,660,841	56,645,790	60,812,603	60,820,977	56,915,740	56,900,621
Borrowed funds	5,768,832	5,768,832	5,625,488	5,625,488	3,587,227	3,587,227	3,567,262	3,567,262
Subordinated debts	1,245,495	1,245,495	1,238,651	1,238,651	1,245,495	1,245,495	1,238,651	1,238,651
<b>Total</b>	<b>68,742,457</b>	<b>68,750,800</b>	<b>64,161,868</b>	<b>64,146,817</b>	<b>66,788,632</b>	<b>66,797,006</b>	<b>62,358,541</b>	<b>62,343,422</b>

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**BRD – Groupe Société Générale S.A.**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**as of and for the period ended September 30, 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.

	<b>Equity investments (not listed)</b>	<b>Options (A)</b>	<b>Options (L)</b>
<b>Closing balance as at December 31, 2021</b>	<b>4,049</b>	<b>35,214</b>	<b>35,258</b>
Acquisitions	-	7,777	7,777
Sales	-	(1,579)	(1,579)
Reimbursements	-	(23,968)	(23,968)
Gains/losses from change in fair value	71	48,165	48,157
<b>Closing balance as at December 31, 2022</b>	<b>4,120</b>	<b>65,609</b>	<b>65,645</b>
Acquisitions	-	9,181	9,181
Sales	-	(208)	(208)
Reimbursements	-	(5,550)	(5,550)
Gains/losses from change in fair value	(201)	(1,344)	(1,345)
<b>Closing balance as at September 30, 2023 Unaudited</b>	<b>3,919</b>	<b>67,688</b>	<b>67,723</b>

**40. Subsequent events**

No subsequent event was identified after the reporting date.