




BRD - GROUP


RESULTS



1ST QUARTER 2018



MAY 2018



YOUR BANK. YOUR TEAM



GRUPE SOCIETE GENERALE

DISCLAIMER

The consolidated and separate financial position and income statement for the period ended March 31, 2018 were examined by the Board of Directors on May 3, 2018.

The financial information presented for the period ended March 31, 2018 and comparative periods has been prepared according to IFRS as adopted by the European Union and applicable at this date.

This financial information is at group level, does not constitute a full set of financial statements and is not audited.

This presentation contains forward-looking statements relating to the targets and strategies of BRD and are based on a series of assumptions. These forward-looking statements have been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. BRD may be unable to anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences, and to evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document.

Investors and analysts are advised to take into account factors of uncertainty and risk likely to impact the operations of BRD when considering the information contained in such forward-looking statements. Other than as required by applicable law, BRD does not undertake any obligation to update or revise any forward-looking information or statements.

1



INTRODUCTION

Q1 2018: NET PROFIT OF RON 414M

Broad-based revenue growth on solid volume increase and rising interest rates

Accelerating net interest income (+14.2% y/y), on growing volumes and favorable interest rates trend

Rise in net loans (+5.0%* y/y) and deposits (+6.0%* y/y)

Higher number of transactions across all business lines

NBI

RON 724m +11.4% vs Q1-2017

Solid operational performance

GOI

RON 339m +27.5% vs Q1-2017

Further improvement in asset quality

Strong recovery performance on non retail portfolio, coupled with recognition of insurance indemnities

NCR

RON 153m release +23.4% vs Q1-2017

Consistently high profitability

Net profit

RON 414m +25.6% vs. Q1-2017

Solid capital and liquidity positions, enabling BRD to capture future business opportunities

CAR: 19.3%

ROE: 22.0% in Q1-2018 vs. 19.3% in Q1-2017

Note: CAR at Bank only level, net of 2017 dividends approved in April 2018 GSM

** Variation at constant exchange rate*

2



MACROECONOMIC &
BANKING ENVIRONMENT

FAVORABLE MACROECONOMIC ENVIRONMENT

Supportive macroeconomic context

2017 GDP accelerated significantly at +6.9% y/y, driven by household consumption

GDP growth expected to slow down to more sustainable levels in 2018, on decelerating private consumption due to the fading impact of fiscal impulse, inflation upswing and subsequent increase in interest rates

Rising inflation

Inflation rate at +5.0% y/y at Mar 2018

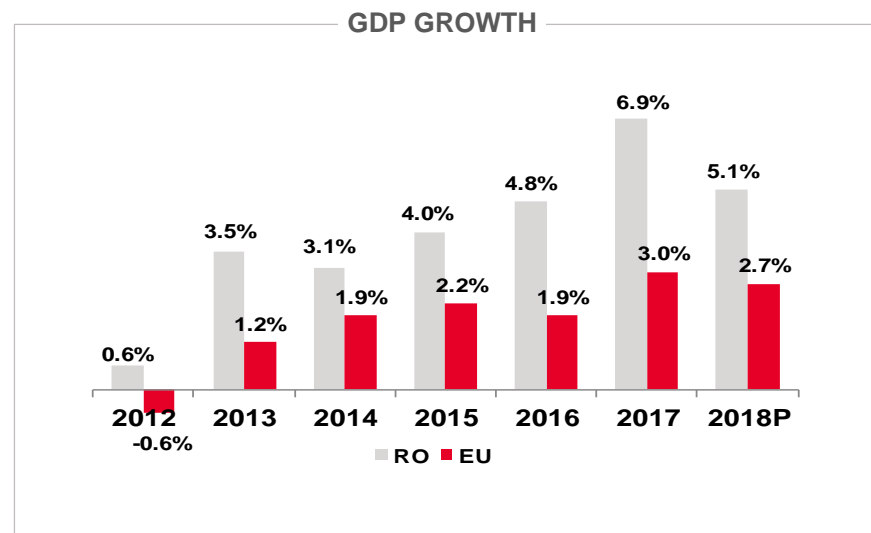
Inflationary pressures are expected to remain in place in the second and third quarter, on tight labor market conditions, higher inflation expectations, also depending on the agricultural output, and ease towards year end, as Q4-2017 one-offs dissipate.

Less accommodative monetary conditions

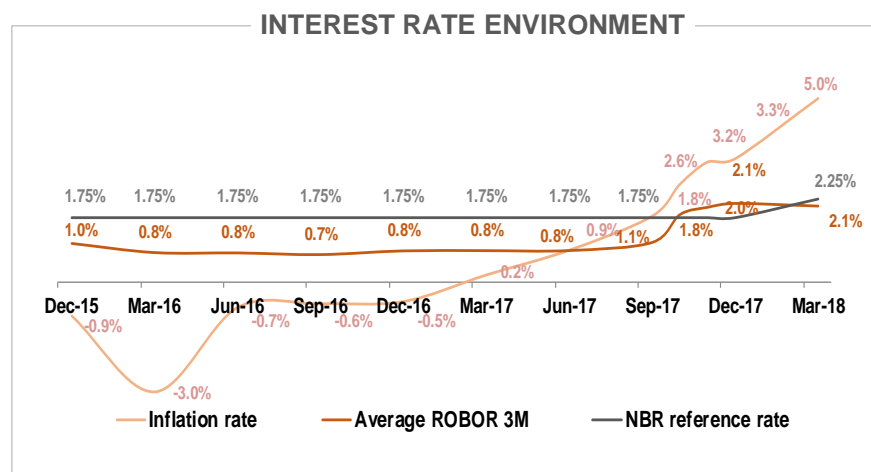
NBR hiked the key interest rate to 2% in Jan 2018 and again to 2.25% in February 2018, aiming at anchoring inflationary pressures

Rise in RON interest rates continues, after first jumps in September 2017

Average ROBOR 3M reaching 2.03% in Q1-18 vs. 0.83% in Q1-17



Source: projections for 2018 for GDP : IMF report – World Economic Outlook, April 2018



STEADY LOAN GROWTH, STRONG DEPOSIT INFLOWS

Domestic loan market growth driven by retail demand

Continuous double-digit increase in housing loans (+12.2%* y/y), supported by the “Prima Casa” product

Modest consumer loan growth (+1.3%* y/y), due to decline on the FX consumer lending

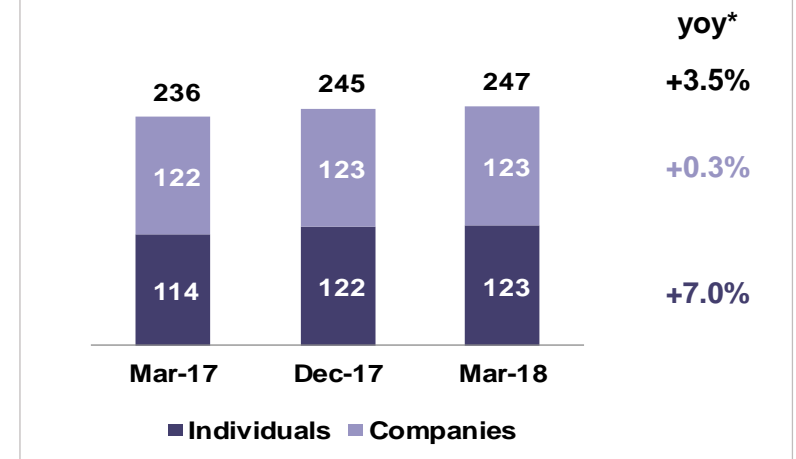
Corporate credit stalling, up only +0.3%* y/y, in a context of lagging investments

Deposits up by +10.6%* y/y at March 2018 end

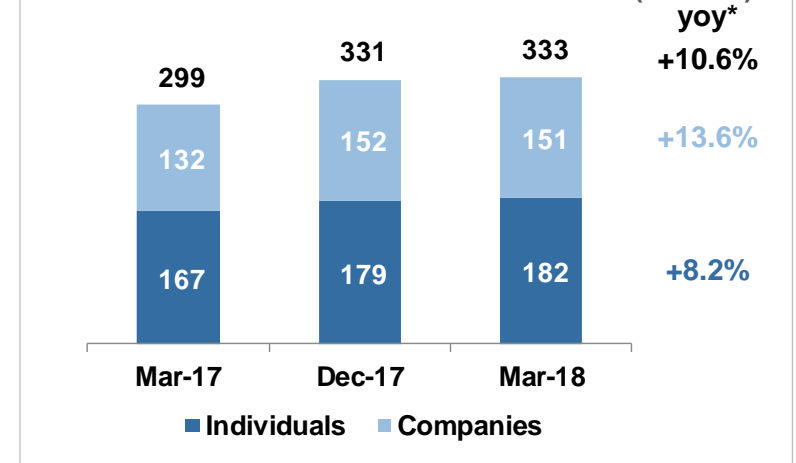
Household deposits up +8.2%* y/y, pushed by wage increases

Strong rise of corporate savings +13.6%* y/y

ROMANIAN BANKING SYSTEM LOANS (RON bn)



ROMANIAN BANKING SYSTEM DEPOSITS (RON bn)



* Variation at constant exchange rate

IMPROVING ASSET QUALITY PUSHING ROE UP, SOLID LIQUIDITY AND CAPITAL POSITIONS

NPL ratio further declining...

...as a result of write off operations and sale of defaulted loans portfolios

NPL ratio at 6.2% at Feb 2018 end, compared to 20.7% at 2014 end

Stable coverage ratio, significantly higher than EU average

Solid liquidity and capital positions

Loan to deposit ratio at 75% at 2017 end (vs 116% in 2011)

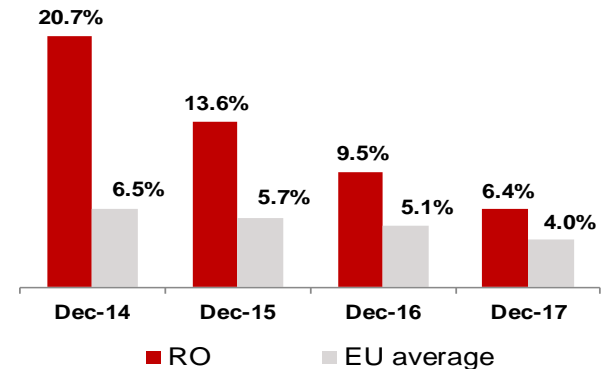
Average liquidity coverage ratio at 239% at 2017 end, well above regulatory requirement (100% in 2018) and European average (149%)

Total capital ratio of 18.9% as of 2017 end (vs. 19.7% as of 2016 end).

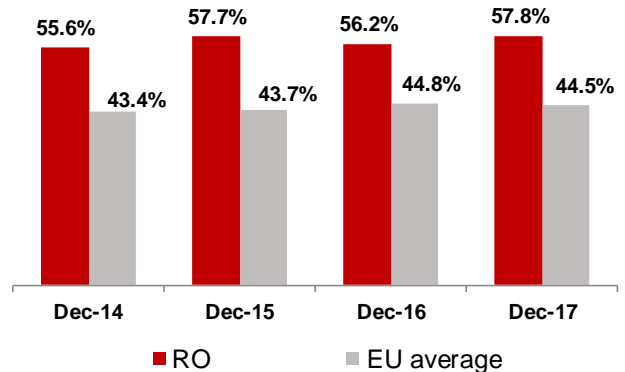
Strong profitability

ROE near 10% in both 2015 and 2016 and further improving to 12.7% in 2017

ROMANIAN BANKING SYSTEM NPL RATIO



ROMANIAN BANKING SYSTEM NPL COVERAGE RATIO



Source: EBA Risk Dashboard – Q4 2017, NBR data

3



1ST QUARTER BRD GROUP
RESULTS

EXPANDING CUSTOMER BASE AND FURTHER FOCUS ON DIGITAL CHANNELS

Client growth maintains momentum



2.32m active clients

Stock of active clients increased by **+ 37,000 y/y**

Individuals **2.18m** clients **+33,000 y/y**

Small business **116k** clients **+4,000 y/y**

Dynamic commercial relationships

Average equipment rate of individual clients up to 4.18 from 4.09 at March 2017.

Average equipment rate of small business clients up to 3.70 from 3.63 at March 2017

MyBRD Net and MyBRD Mobile penetration rates reaching 44% (+4pts y/y) and 24% (+7pts y/y) respectively, at March 2018

Continuous migration towards digital channels



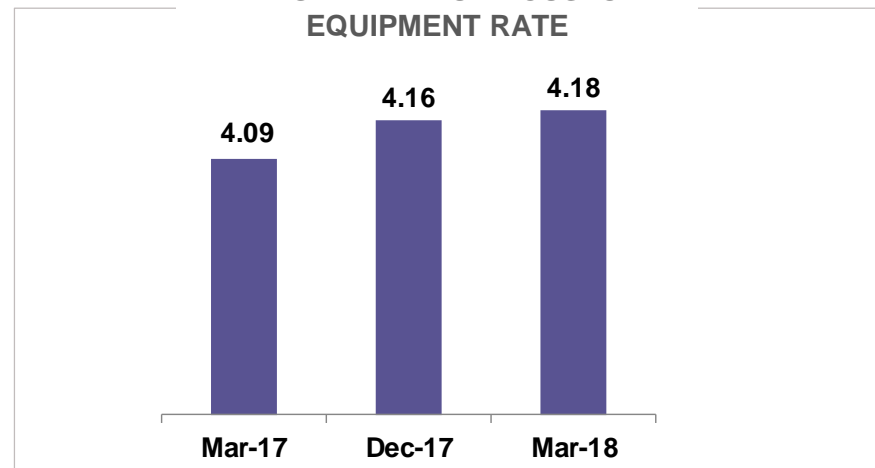
1.44m contracts (MyBRD Net & MyBRD Mobile) **+19%** vs March 2017 end

+27% nb of transactions, in Q1-2018 vs Q1-2017

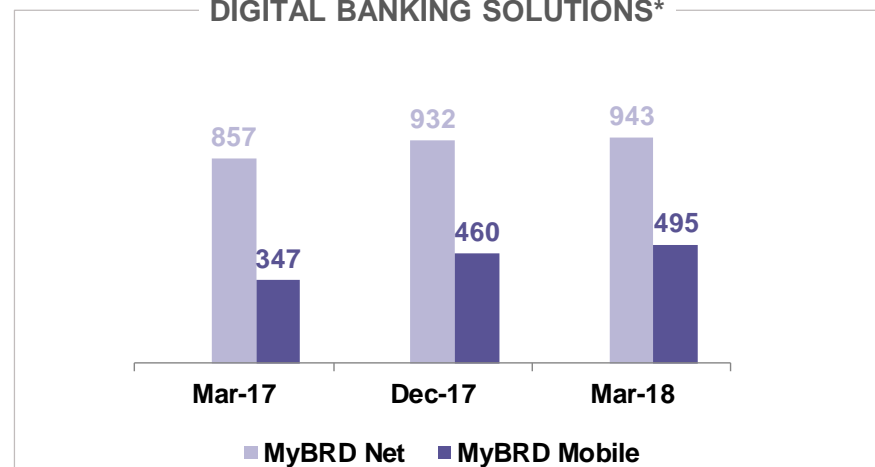
+51% nb of connections in Q1-2018 vs Q1-2017

Pragmatically adjusted network footprint (753 branches at Mar-18, -57 y/y)

AVERAGE INDIVIDUAL CUSTOMER EQUIPMENT RATE



DIGITAL BANKING SOLUTIONS*



* No of contracts: MyBRD Mobile, MyBRD Net

FURTHER LOAN GROWTH, MAINLY FUELED BY DYNAMIC HOUSEHOLD DEMAND

Robust advance of net retail loan portfolio: +7.2%* y/y

Consolidated leadership position on individual customers segment, with a market share of 16.9% at March 2018 end

Intense housing credit activity

Strong growth on new housing loans, with increasing share of BRD specific product "La Casa Mea"

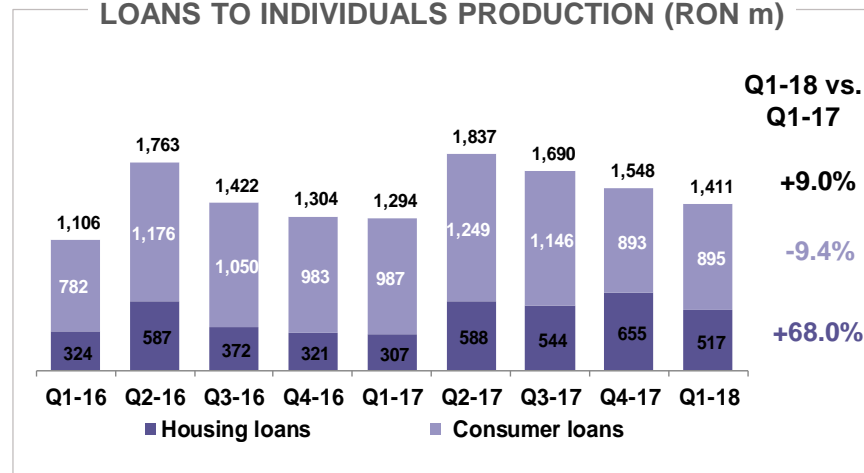
Housing loans market share of 17.3% at March 2018 end, up by +0.2 ppt y/y

Dynamic activity on large corporate segment and leasing

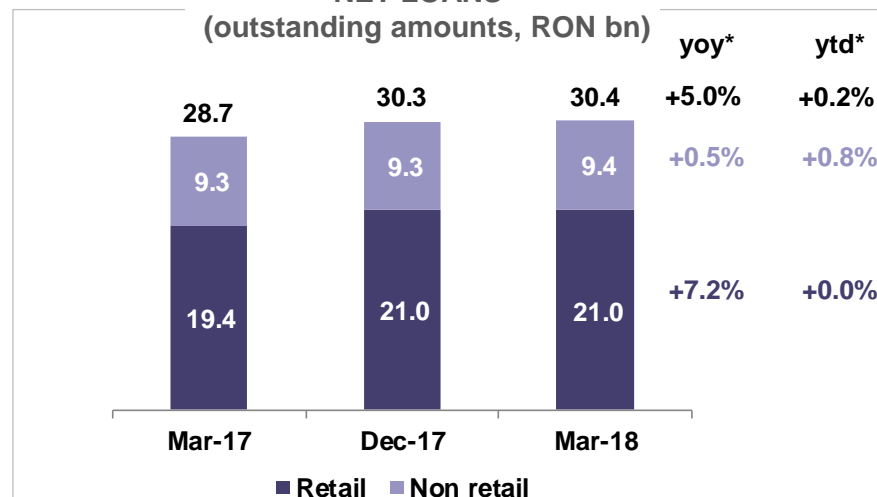
Loans to large companies up +5.9%* y/y

Leasing portfolio increasing by +14%** y/y

LOANS TO INDIVIDUALS PRODUCTION (RON m)



NET LOANS (outstanding amounts, RON bn)



* Variations at constant exchange rate

** Including operational leasing

LARGER DEPOSIT INFLOWS AND RISING ASSETS UNDER MANAGEMENT

Strong deposit inflows y/y on both Retail and Non retail customers

Retail savings +7.4% y/y vs March 2017 end

Non retail deposits +3.6% y/y, on collection from both SMEs and large corporate clients

Inflows in current accounts remain strong

Deposits on current accounts up +17% y/y, largely on inflows from private individuals

Further expansion of assets under management

BRD AM assets under management up +4% y/y

Market share on open end mutual funds stands at 12.3% at Mar-18, up by +0.5ppt y/y,

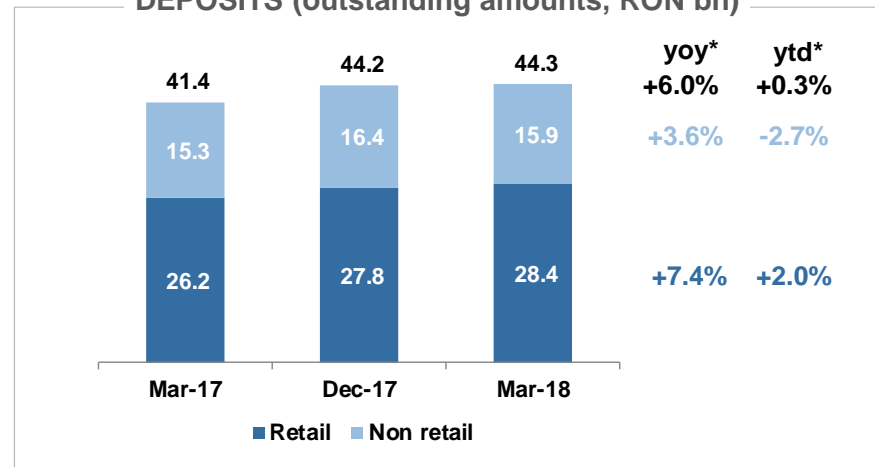
Stable funding sources

Loan to deposit ratio at 68.6%, ensuring stable funding base and sufficient room for further credit growth

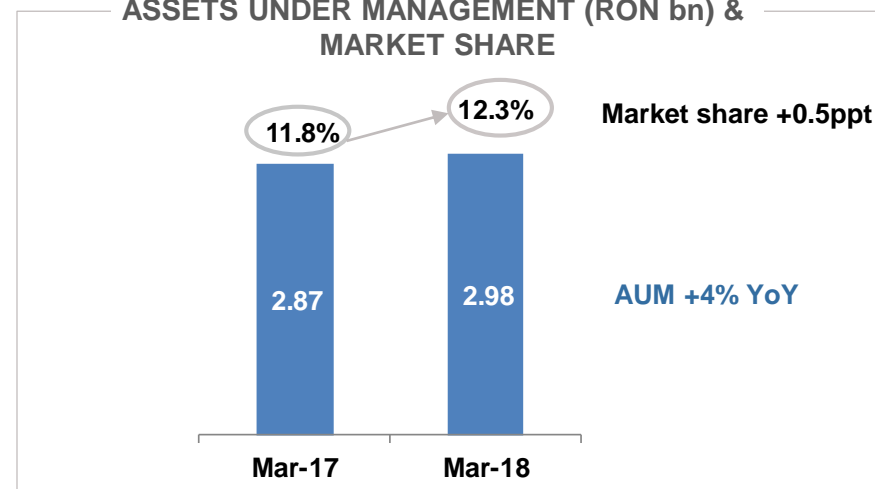
Share of deposits in total liabilities growing from 69% at 2011 end to 92% at March 2018 end

Parent funding around 2% of total liabilities at March 2018 end

DEPOSITS (outstanding amounts, RON bn)



ASSETS UNDER MANAGEMENT (RON bn) & MARKET SHARE



* Variations at constant exchange rate

Note: Market share for AUM computation based on total Open-end Funds assets under management.

STRONG AND BROAD-BASED REVENUE GROWTH

Solid revenue growth

NBI accelerated by +11.4% in Q1 2018, posting increases on all categories

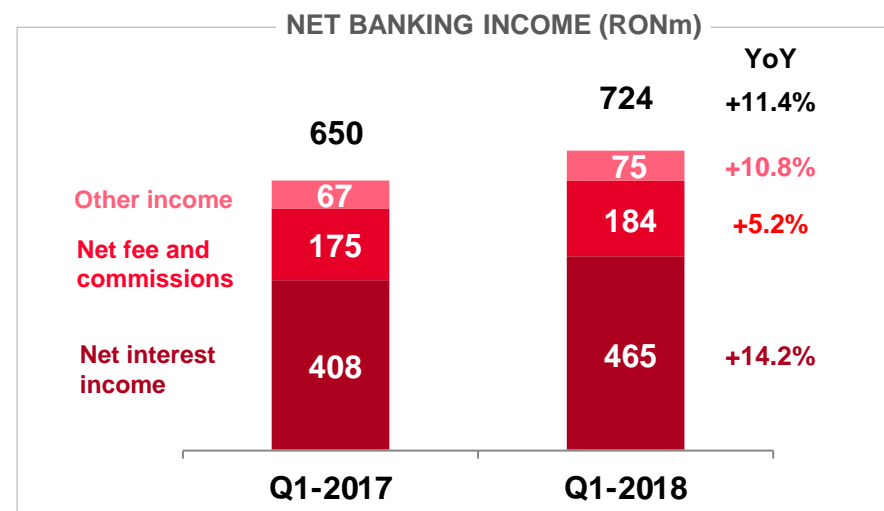
Double-digit net interest income growth (+14.2%)

Positive volume effect on rising loans and deposits

- Q1-2018 avg. outstanding loans up +5.2% y/y (retail loans up +8.3% y/y)
- Q1-2018 avg. outstanding deposits up +7.9% y/y

Favorable interest rate effect:

- ROBOR 3M average of 2.03% in Q1-2018 vs. 0.83% in Q1-2017



Rising fees and commissions income (+5.2%)

Higher number of payments on both retail and non-retail segments, on local and foreign currencies

Increased contribution from custody and depository services

Growth in revenues from E-banking subscriptions, on increased penetration rate

STABLE COST BASE

Quasi-stable operating expenses...

Staff expenses up, due to adjustment of compensation packages in a tight labor market context

Rising other expenses on higher IT and consultancy costs, reflecting investments for the accomplishment of strategic objectives set in the 2018-2020 transformation program

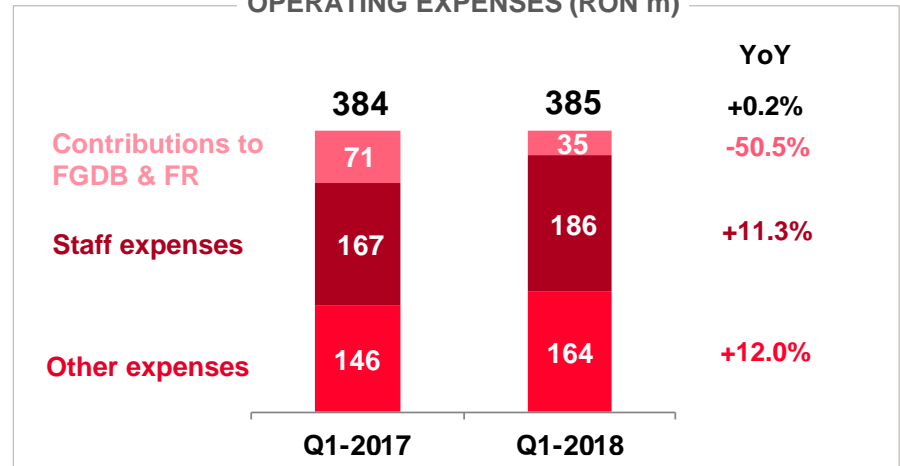
Lower cumulated contribution to Bank Deposit Guarantee Fund and Resolution Fund (-50.5%)

...leading to lower C/I ratio

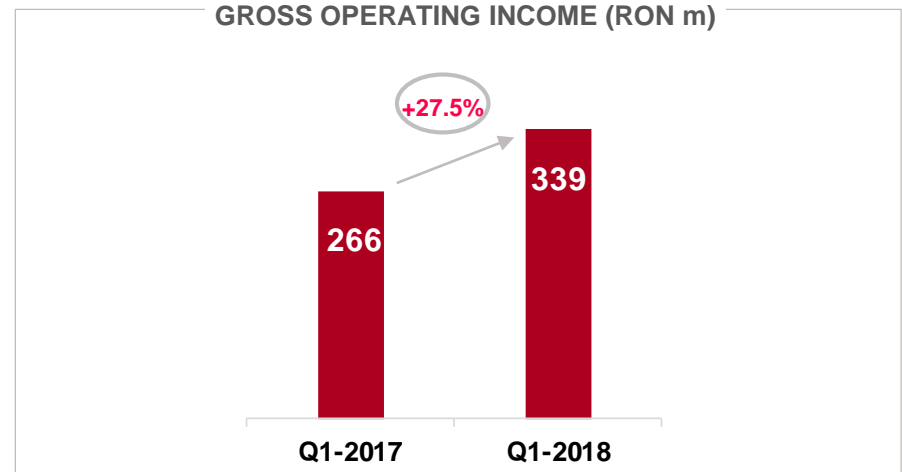
C/I at 53% in Q1-2018, lower by 5.9 pts vs Q1-2017

GOI strongly improved: +27.5% versus Q1 2017

OPERATING EXPENSES (RON m)



GROSS OPERATING INCOME (RON m)



IMPROVED ASSET QUALITY

Loan portfolio market mix

65.6% on individuals market segment
34.4% on legal entities market segment

Consolidation of RON lending

Share of RON denominated loans at 61.6% (vs 57.8% as of 03/2017)
Trend in line with market evolution

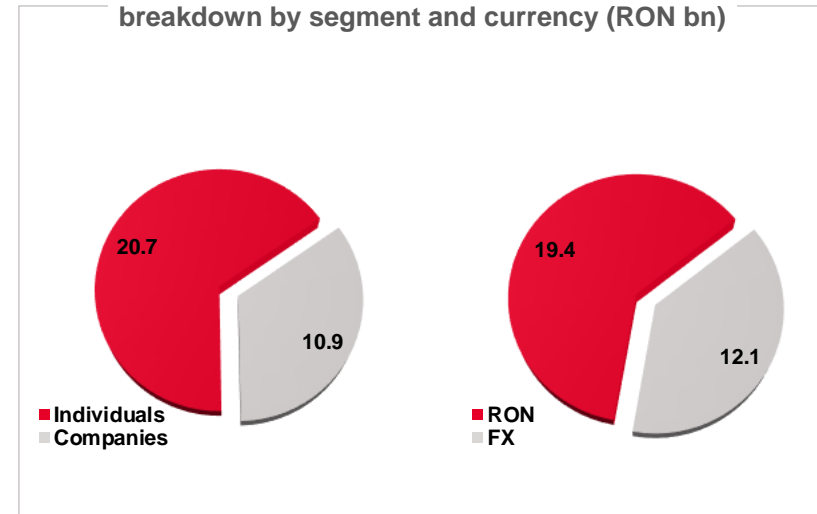
Declining NPL ratio

Declining trend in line with the evolution of the banking sector
Reflecting write-offs performed since 2015 as well as outstanding NPL recovery performance

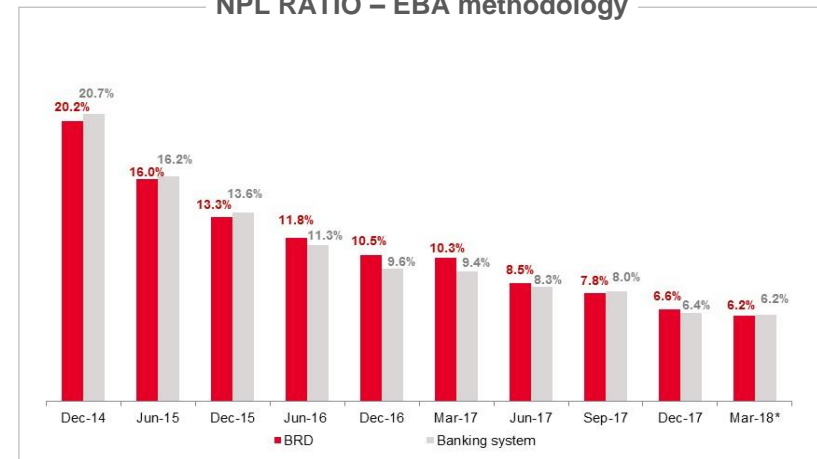
Outlook

Further write-offs to be performed, in line with the Bank's policy
Future sales of receivables expected to be impacted by recent changes in legal environment

GROSS LOANS – March 31, 2018
breakdown by segment and currency (RON bn)



NPL RATIO – EBA methodology



All figures at individual level

* Ratio for Banking System – as of February 2018

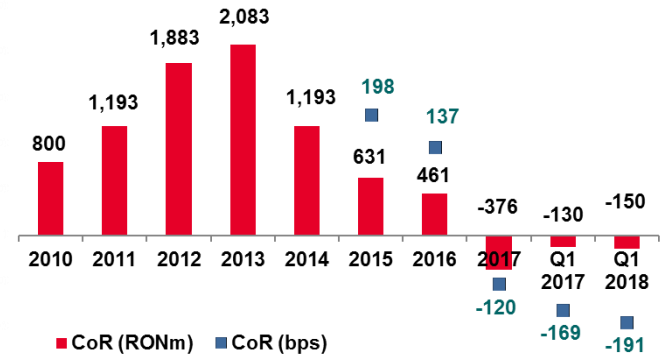
NEGATIVE COST OF RISK

Net cost of risk at -191 bps as a joint result of:

- Strong recovery performance (~80 MRON), mostly on Legal Entities
- Extraordinary insurance indemnity related to previous losses (~65 MRON)

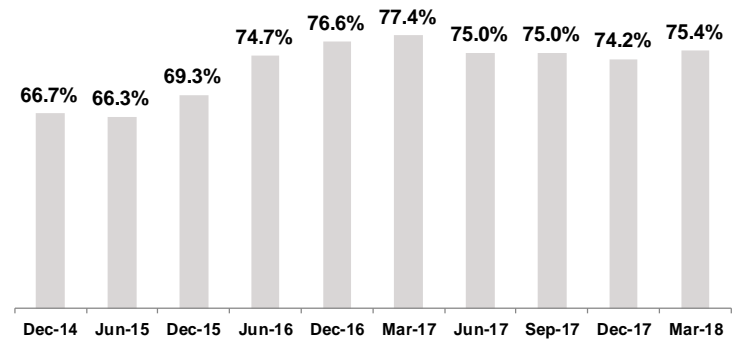
Solid NPL coverage ratio

COST OF RISK EVOLUTION (RON m)



Note: Cost of risk in bps for Q1-2017 and Q1-2018 is annualized.

NPL COVERAGE RATIO - EBA methodology



All figures at individual level

STRONG PROFITABILITY ON ROBUST REVENUE GENERATION AND POSITIVE COST OF RISK

Net profit up +26% y/y in Q1 2018

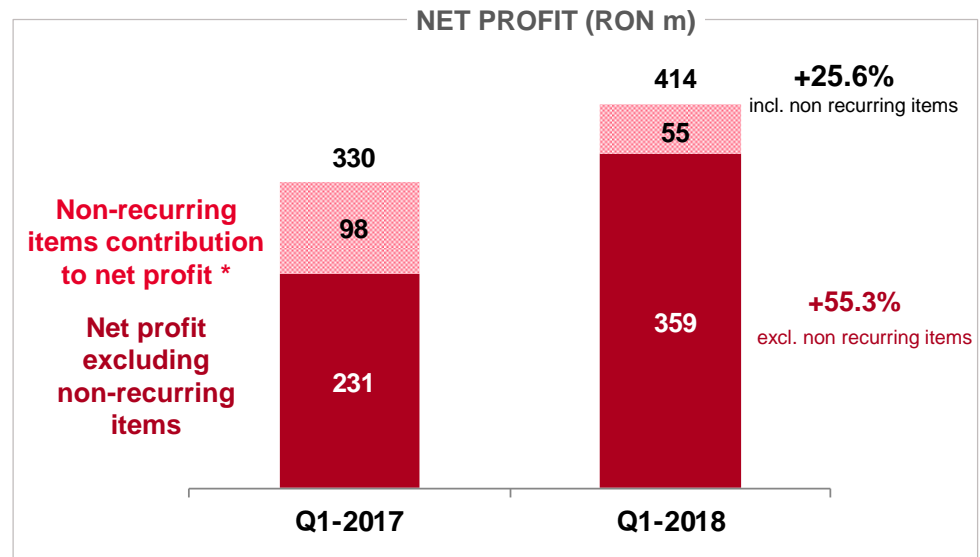
Supported by healthy revenue generation all across the board, stable costs and improved asset quality

Net profit surged +55% y/y excluding non-recurring elements (insurance indemnities of around RON 65m in Q1-2018 and RON 117m in Q1-2017)

Solid ROE

Unadjusted ROE of 22.0% vs. 19.3% in Q1-2017

Adjusted ROE** of 19.1% vs. 13.6% in Q1-2017



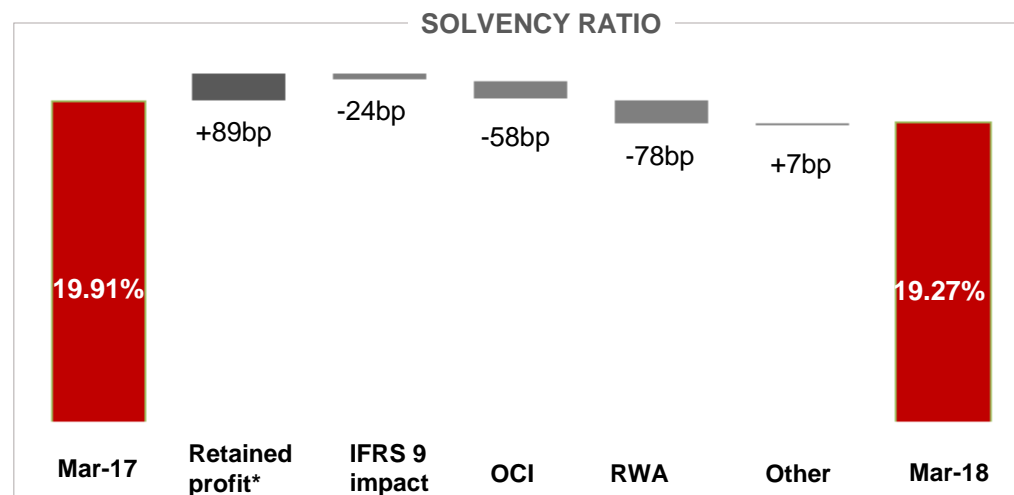
* *Non recurring items: insurance indemnities, net of corporate tax*

** *ROE excluding non recurring items*

SOLID CAPITAL POSITION

Solid Tier 1 capital base

CAR at 19.3% at March 2018, comfortably above regulatory requirement.



* Retained profit is net of 2017 dividends, approved in April 2018 GSM.

Note: Bank only

Bank only	Mar-17	Dec-17	Mar-18
Capital adequacy ratio	19.91%	19.76%	19.27%
Own funds (RONm)	5,289	5,339	5,325
Total risk exposure amount (RONm)	26,557	27,023	27,633
Capital requirements (RONm)	2,125	2,162	2,211

Note: Own funds as of March 2018 end include the total impact from IFRS 9 adoption as at January 1, 2018. The Bank has not opted for transitional arrangements.

4



CONCLUSIONS

CONCLUSIONS

- **Strong and broad-based revenue growth, on rising loans, deposits and number of transactions**
- **Steady loan growth sustained by retail and large corporate segments**
- **Continued deposit inflows and further increase of assets under management**
- **Ongoing focus on business model development and migration towards digital channels**
- **Continued improvement of customer experience through further development of digital capacities**
- **Robust operational performance**
- **Improved asset quality**
- **Solid liquidity and capital standing**
- **Strong profitability on robust revenue generation and positive cost of risk**

5



Q&A SESSION

APPENDIX



BRD GROUP | KEY FIGURES

	RON m	Q1-2018	Q1-2017	Change
Reported financial results	Net banking income	724	650	+11.4%
	Operating expenses	(385)	(384)	+0.2%
	Gross operating income	339	266	+27.5%
	Net cost of risk	153	124	+23.4%
	Net profit	414	330	+25.6%
	Cost/Income	53.2%	59.1%	-5.9 pt
	ROE	22.0%	19.3%	+2.7 pt

	RON m	Q1-2018	Q1-2017	Change
Financial results excluding non recurring items	Net banking income	724	650	+11.4%
	Operating expenses	(385)	(384)	+0.2%
	Gross operating income	339	266	+27.5%
	Net cost of risk	88	7	+13x
	Net profit	359	231	+55.3%
	Cost/Income	53.2%	59.1%	-5.9 pt
	ROE	19.1%	13.6%	+5.6 pt

Non recurring items (RON m)

NCR: insurance indemnities	65.3	117.1	-44.2%
-----------------------------------	------	-------	--------

BRD GROUP | KEY FIGURES

Loans and deposits	RON bn	Mar-17	Mar-18	Change
	Net loans including leasing (RON bn) ⁽¹⁾		28.7	30.4
Retail		19.4	21.0	+7.2%
Non retail		9.3	9.4	+0.5%
Total deposits (RON bn) ⁽¹⁾		41.4	44.3	+6.0%
Retail		26.2	28.4	+7.4%
Non retail		15.3	15.9	+3.6%
Loan to deposit ratio		69.2%	68.6%	-0.6 pt
Capital adequacy	CAR ⁽²⁾	19.9%	19.3%	-0.6 pt
Franchise	No of branches	810	753	(57)
	No of active customers ⁽³⁾ (x 1000)	2,281	2,317	+37

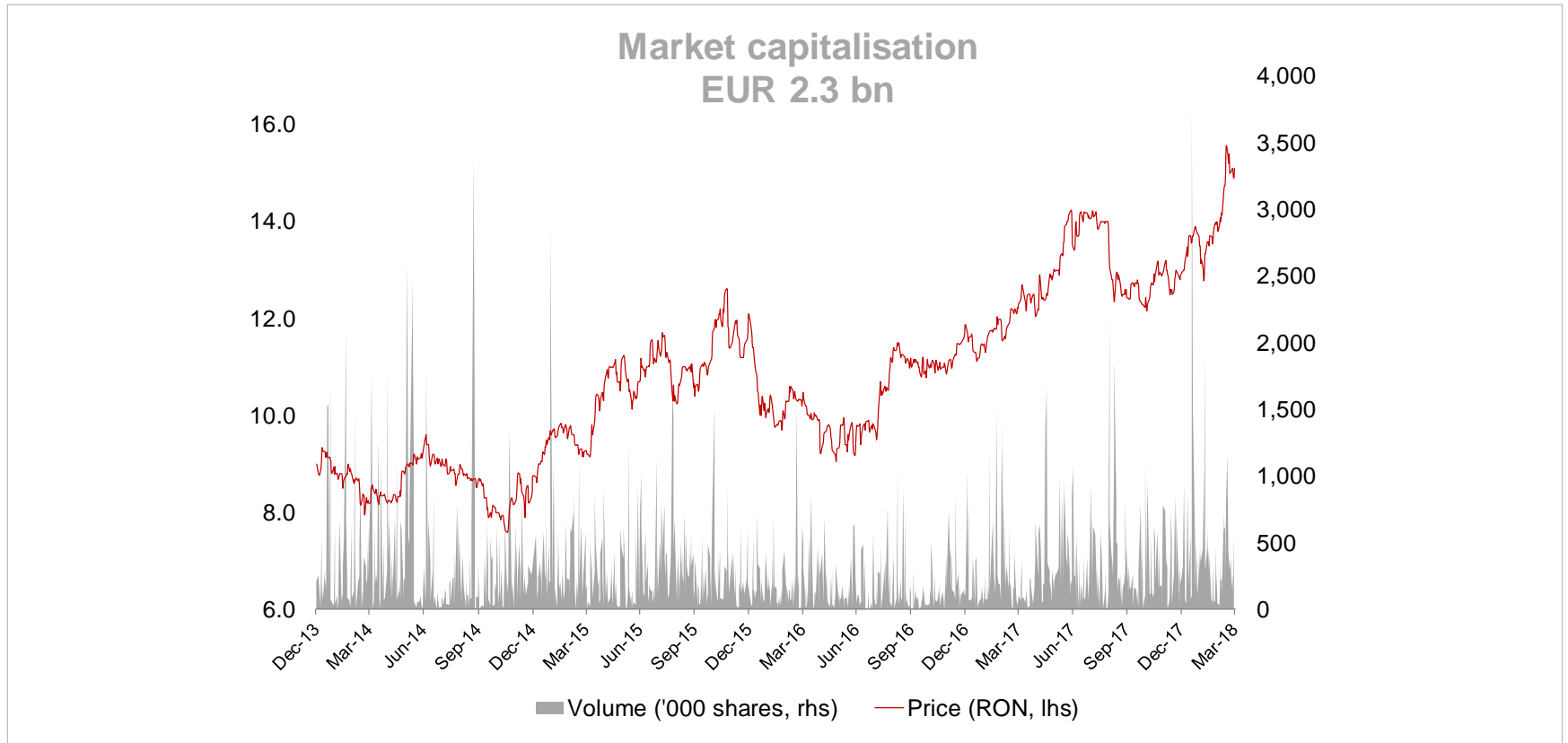
⁽¹⁾ Variations at constant exchange rate; ⁽²⁾ Bank only, including impact of prudential filters in Q1-2017, net of 2017 dividends approved in April 2018 GSM; ⁽³⁾ Bank only

BRD | KEY FIGURES FOR BANK ONLY

	RON m	Q1-2018	Q1-2017	Change
Financial results	Net banking income	680	601	+13.2%
	Operating expenses	(364)	(365)	-0.5%
	Gross operating income	317	236	+34.5%
	Net cost of risk	150	130	+15.7%
	Net profit	392	307	+27.8%
	Cost/Income	53.4%	60.8%	-7.4 pt
	ROE	21.9%	18.9%	+3.0 pt
Loans and deposits	RON bn	Mar-17	Mar-18	Change
	Net loans (RON bn) ⁽¹⁾	27.6	29.1	+4.5%
	Retail	18.8	20.3	+6.8%
	Non retail	8.7	8.8	-0.3%
	Total deposits (RON bn) ⁽¹⁾	41.5	44.4	+6.0%
	Retail	26.2	28.4	+7.4%
	Non retail	15.4	16.0	+3.4%
	Loan to deposit ratio	66.3%	65.5%	-0.9 pt
Capital adequacy	CAR ⁽²⁾	19.9%	19.3%	-0.6 pt
Franchise	No of branches	810	753	(57)
	No of active customers (x 1000)	2,281	2,317	+37

⁽¹⁾ Variations at constant exchange rate; ⁽²⁾ Bank only including impact of prudential filters in Q1-2017, net of 2017 dividends approved in April 2018 GSM;

BRD | STOCK PRICE PERFORMANCE



- BRD is part of the main market indices on the Bucharest Stock Exchange
- BRD is in Top 5 largest domestic companies listed on the local stock exchange
- BRD's share price reached RON 15.1 as of March 2018 end, higher by 22.6% y/y.

FINANCIAL CALENDAR FOR 2018

- **8th February: Preliminary 2017 financial results and annual press conference**
- **19th April: General Shareholders Meeting**
- **19th April: General Assembly of Shareholders and publication of the 2017 BoD Report**
- **4th May: Q1-2018 results publication**
- **2nd August: H1-2018 results publication**
- **8th November: 9M-2018 results publication**

GLOSSARY – CLIENT SEGMENTATION

- The **Retail** category is comprised of the following customer segments:
 - **Individuals** – BRD provides individual customers with a range of banking products such as: savings and deposits taking, consumer and housing loans, overdrafts, credit card facilities, funds transfer and payment facilities.
 - **Small business** – business entities with annual turnover lower than EUR 1m and having an aggregated exposure at group level less than EUR 0.3m. Standardized range of banking products is offered to small companies and professionals: savings and deposits taking, loans and transfers and payment services.

- The **Non-Retail** category is comprised of the following customer segments:
 - **Small and medium enterprises** - companies with annual turnover between EUR 1m and EUR 50m and the aggregated exposure at group level higher than EUR 0.3m. The Bank provides SMEs with a range of banking products such as: savings and deposits taking, loans and other credit facilities, transfers and payment services.
 - **Large corporate** - within corporate banking BRD provides customers with a range of banking products and services, including lending and deposit taking, provides cash-management, investment advices, securities business, project and structured finance transaction, syndicated loans and asset backed transactions. The large corporate customers include companies with annual turnover higher than EUR 50m, municipalities, public sector and other financial institutions.



BRD GROUPE SOCIETE GENERALE - INVESTOR RELATIONS

+4 021 380 47 62

investor@brd.ro



www.brd.ro



YOUR BANK. YOUR TEAM



GROUPE SOCIETE GENERALE