BRD GROUP RESULTS

1st quarter 2019 | 06.05.2019

TU EŞTI VIITORUL

BRD GROUPE SOCIETE GENERALE

DISCLAIMER

The consolidated and separate financial position and income statement for the period ended March 31, 2019 were examined by the Board of Directors on May 2, 2019.

The financial information presented for the period ended March 31, 2019 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 may contain forward-looking statements relating to the targets and strategies of BRD, based on a series of assumptions. These forward-looking statements would 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 any 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.

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INTRODUCTION

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Q1 2019: NET PROFIT OF RON 301 MILLION

Robust growth in revenues pushed by dynamic commercial momentum and double digit advance in net interest income

Strong increase of average outstanding of retail (+4.1% y/y) and corporate loans (+8.3% y/y)

Average outstanding deposits of retail customers, up by +6.1% y/y

NBI
RON 784m +8.3% vs Q1 2018

Solid operating performance

GOI
RON 342m +10.7%* vs Q1 2018

Further improvement of the loan book quality thanks to disciplined risk management

Still positive cost of risk, RON 26m write-backs in Q1 2019, with fading effects of exceptional items and lower recoveries from defaulted portfolios

NCR
RON 26m write-backs vs. RON 153m in Q1 2018

Strong level of profitability

Net profit
RON 301m vs. RON 414m in Q1 2018

Comfortable solvency ratio

CAR: 19.7% vs 19.3% at March 2018 end

ROE: 15.4% in Q1 2019 (vs. 22.0% in Q1 2018)

Note: CAR, Bank only, incl.2018 net profit, net of approved dividends

**variation excluding cumulated contributions to Deposit Guarantee and Resolution Funds*

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MACROECONOMIC AND BANKING ENVIRONMENT

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MODERATING ECONOMIC GROWTH

Softer growth momentum

Romania's GDP growth softened to +4.1% in 2018 from +7.0% in 2017, marking eight consecutive years of expansion

Private spending was the main growth engine, backed by the dynamic increase in wages, whereas gross fixed capital formation and net exports curtailed economic growth

Persisting inflationary pressures

CPI rebounded to +4.0% YoY at March 2019 end, outside the central bank's target interval (2.5% ± 1 pp), on RON depreciation (the average RON/EUR exchange rate increased by +1.7% YoY) and persisting demand-side pressures

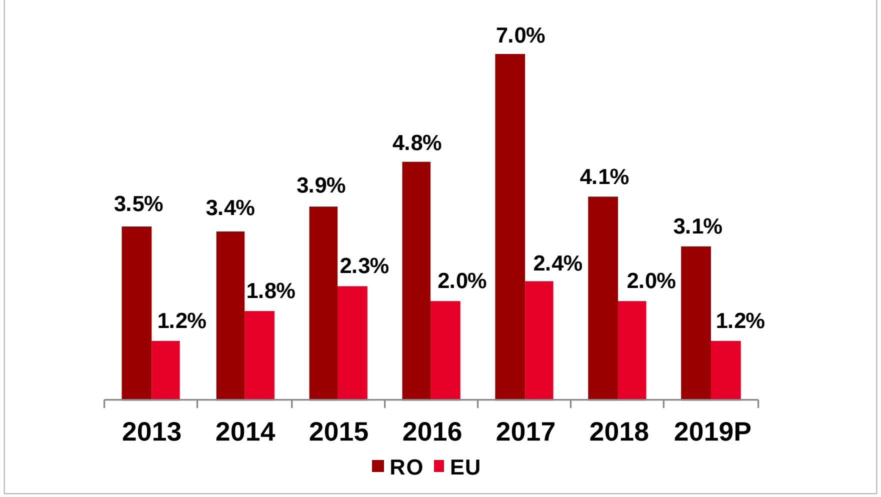
Policy rate on hold

Key interest rate kept at 2.5% since May 2018, given milder economic growth in Romania, Eurozone economic slowdown and Brexit-related uncertainties

Interbank RON interest rates up since September 2017

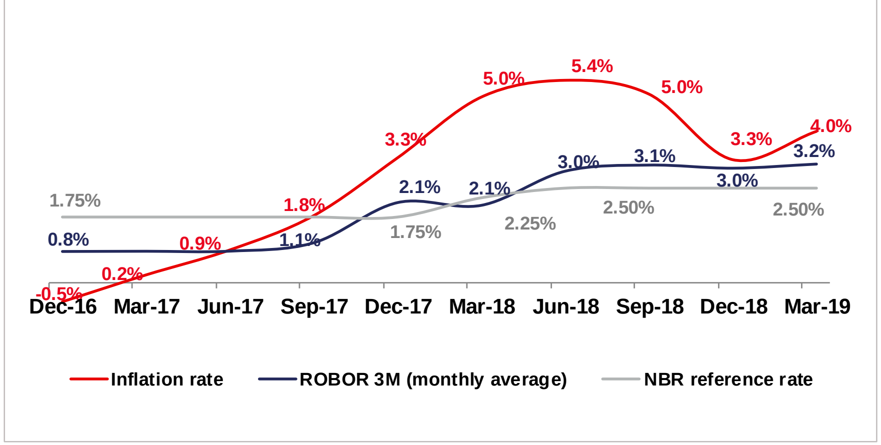
Average ROBOR 3M reaching 3.10% in Q1 2019 vs. 2.03% in Q1 2018

GDP GROWTH



Source for 2019P: IMF World Economic Outlook, April 2019 (EU&RO)

INTEREST RATE ENVIRONMENT



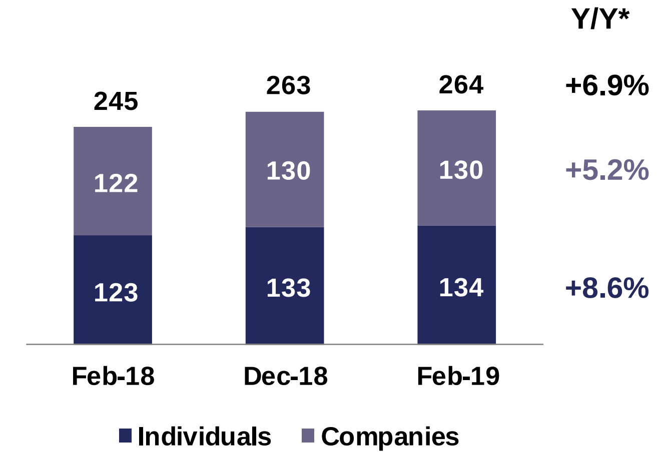
LOAN MARKET CONTINUED TO BE STRONG

Consumers' appetite for loans remained solid

Private individuals' loans outstanding continued to expand at a sustained pace (+8.6%* y/y at February 2019 end), on both housing and consumer segments, driven by the strong job market

Expanding loans to companies (+5.2%* y/y)

ROMANIAN BANKING SYSTEM LOANS (RON bn)

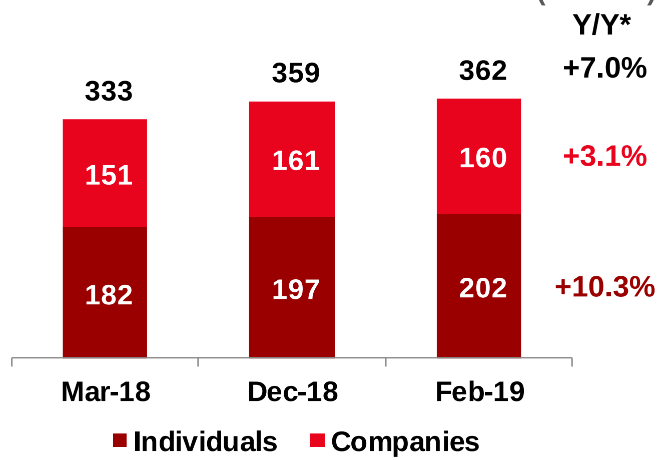


Private individuals savings still high

Individuals' savings up by +10.3%* y/y, in a context of rising wages

Companies' deposits growth slowed down to +3.1%* y/y

ROMANIAN BANKING SYSTEM DEPOSITS (RON bn)



** Variation at constant exchange rate*

SOUND RISK PROFILE

Further improving risk profile

Declining trend in NPL ratio as a result of write off operations and sale of defaulted loans portfolios, as well as positive lending dynamics

NPL ratio at 4.8% at February 2019 end, compared to 20.7% at 2014 end

NPL coverage ratio well above EU average

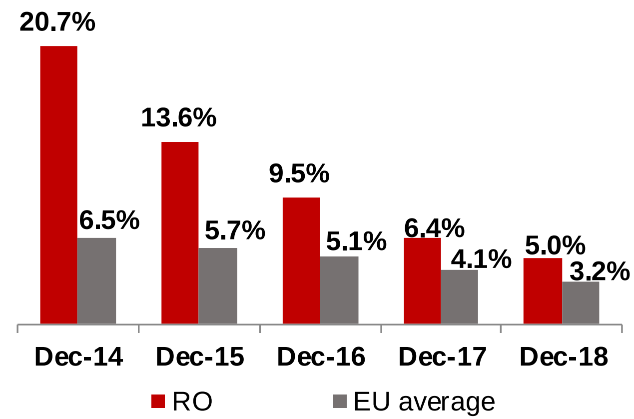
Solid capital and liquidity positions

Loan to deposit ratio at 74% at 2018 end (vs 116% in 2011)

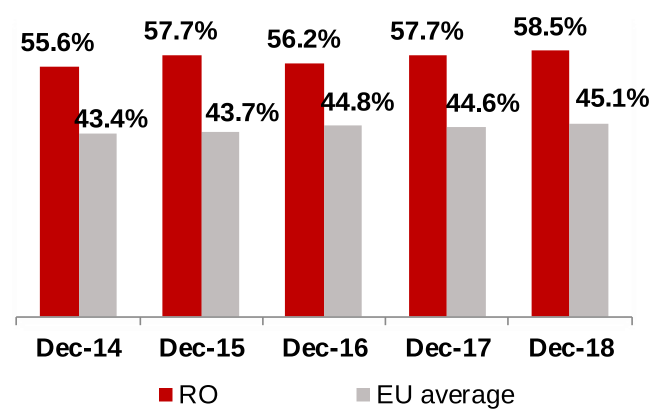
Average liquidity coverage ratio of 274% at February 2019 end, well above regulatory requirement (100% in 2018) and European average (152% at 2018 end)

Total capital ratio of 19.7% at 2018 end

ROMANIAN BANKING SYSTEM NPL RATIO



ROMANIAN BANKING SYSTEM NPL COVERAGE RATIO



Source: EBA Risk Dashboard – Q4 2018, NBR data

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1ST QUARTER 2019
BRD GROUP RESULTS

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IMPROVING CUSTOMER JOURNEY THROUGH INVESTMENTS IN DIGITALIZATION

Further improvements to the mobile banking solution

- ✓ **ContAll**, launched in November 2018, allows MyBRD Mobile users to have, in a single place, a quick and comprehensive overview of their accounts at eight other banks (four new banks added in Q1 2019)
- ✓ **Personal expenses dashboard** gives ContAll users additional insight on monthly spending habits
- ✓ **Instant Top-Up** option allows free interbank transfers in a BRD account

Focus on digital channels

1.7m contracts (MyBRD Net&MyBRD Mobile) at Q1 2019 end **+18%** vs Mar-18 end, with mobile banking growing at a fast pace (MyBRD Mobile banking subscriptions: **+43%**)

+23% nb of transactions in Q1 2019 vs Q1 2018

+35% nb of connections in Q1 2019 vs Q1 2018

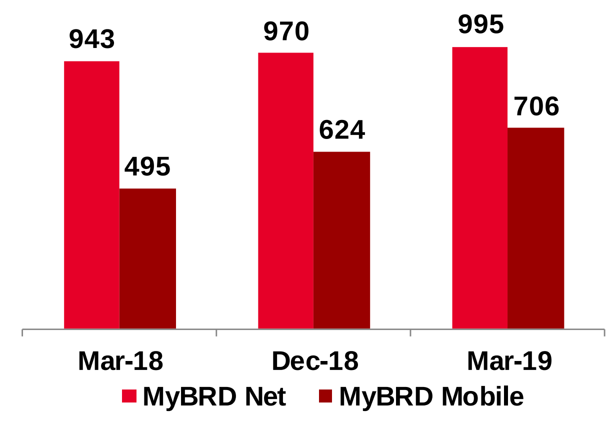
Progressive adjustment of network footprint

- ✓ 723 branches at March 2019 end, -30 y/y

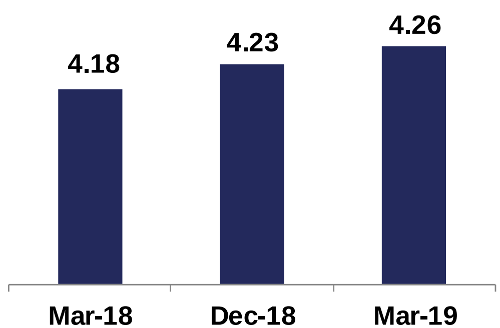
Building strong commercial relationships

- ✓ MyBRD Net and MyBRD Mobile penetration rates reaching 46% (+2pts y/y) and 33% (+9pts y/y), respectively
- ✓ Average equipment rate of individual clients up to 4.26 from 4.18 at March 2018 end

DIGITAL BANKING SOLUTIONS*



AVERAGE INDIVIDUAL CUSTOMER EQUIPMENT RATE



** Number of contracts: MyBRD Mobile, MyBRD Net*

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EXPANDING RETAIL AND CORPORATE LOAN PORTFOLIOS

Retail growth further driven by both consumer and mortgage lending

Consumer loans up by +6.7%* versus March 2018 end

Focus on higher mass market customers with safe risk profile

BRD Finance production up by +9.0% y/y to RON 141 million in Q1-2019 on higher demand for revolving and classic consumer loans

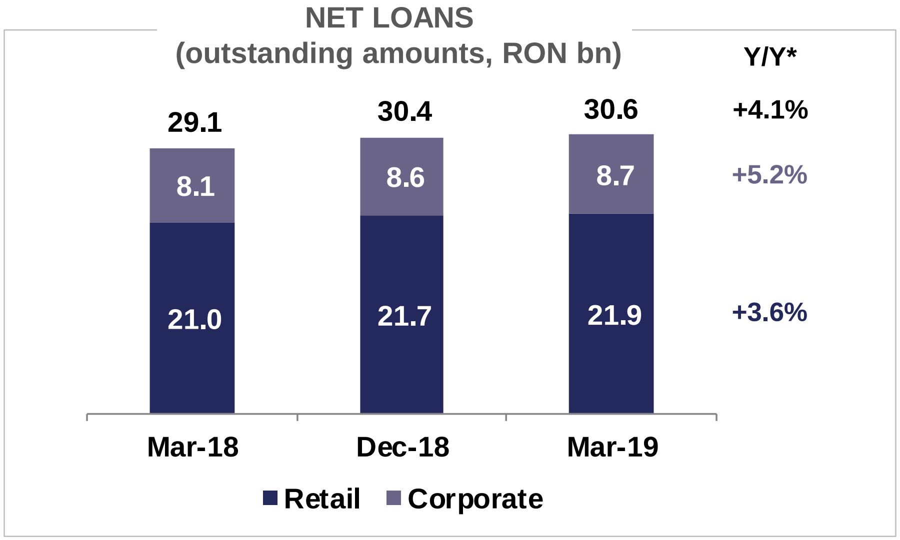
Housing loans outstanding up by +4.4%* y/y, with sustained increase on BRD's specific product "La Casa Mea"

Lending to large companies remained the main growth driver on corporate segment

Loans to large companies accelerating to +10.4%* y/y and +4.4%* ytd

Dynamic performance on leasing

BRD Sogelease production up by +12% y/y driven by demand from small business and SME segments



** Variations at constant exchange rate*

Note: Net loans exclude reverse repo transactions.

LARGE DEPOSIT BASE

Retail savings continued to rise

Retail deposits up by +4.0%* y/y due to higher inflows in private individuals' current accounts (+20%* y/y)

Corporate deposits' collection pragmatically adjusted depending on the liquidity position of the bank

Focus on alternative savings

BRD AM's assets under management reaching RON 2.9bn, corresponding to a market share of 13.6% on open-end mutual funds' market, up by +1.3 pts y/y

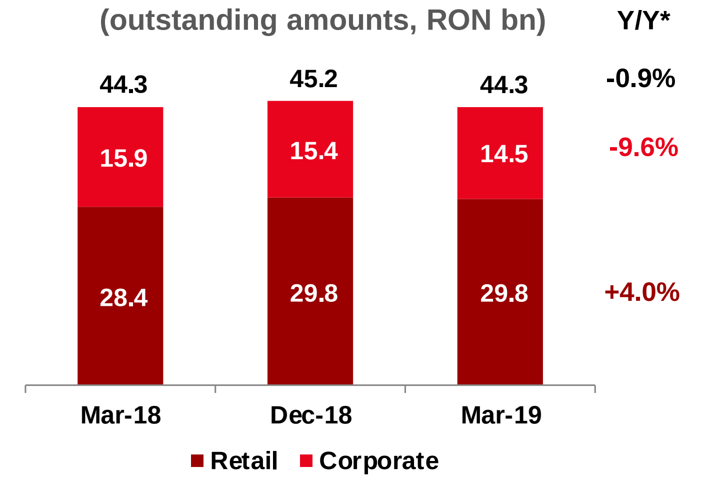
Stable funding sources

Loan to deposit ratio at 69.0%, +3.3 pts y/y, ensuring a stable funding base

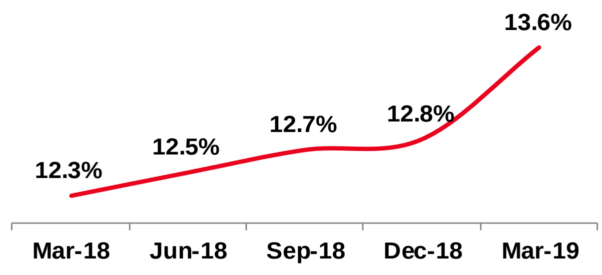
Share of deposits in total liabilities growing from 69% at 2011 end to 92% at March 2019 end

Parent funding of 2.4% of BRD Group liabilities

DEPOSITS
(outstanding amounts, RON bn)



ASSETS UNDER MANAGEMENT MARKET SHARE



** Variations at constant exchange rate*

Note: Market share for assets under management computed based on total open-end funds assets under management.

POSITIVE BUSINESS MOMENTUM

Sustained increase in net banking income

+8.3% y/y in Q1 2019, reflecting further business growth and supportive environment

Double digit increase of net interest income

+10.3% in Q1 2019 vs. Q1 2018

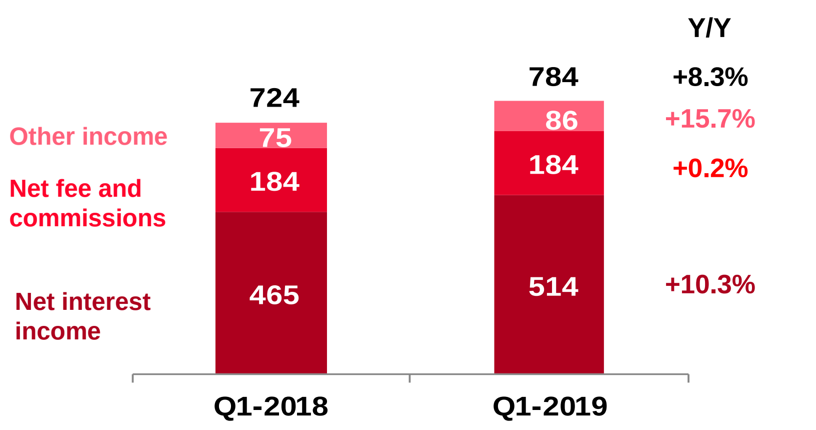
Positive trend on customers' loans and deposits outstanding

- Q1 2019 avg. outstanding loans up +5.3% y/y (retail up +4.1% y/y, corporate +8.3% y/y)
- Q1 2019 avg. outstanding retail deposits up +6.1% y/y

Favorable interest rate environment

- ROBOR 3M avg. of 3.10% in Q1 2019, +107 bps y/y

NET BANKING INCOME (RON m)



Higher non-interest income

+4.7% y/y in Q1 2019

- Contribution of revaluation income
- Quasi stable net fees and commissions on increased price pressure for transactional banking services

COSTS' EVOLUTION REFLECTING INCREASED REGULATORY EXPENSES

Operating expenses impacted by:

- doubled cumulated contributions to Deposit Guarantee and Resolution Funds (RON 72m in 2019 vs. RON 35m in 2018)
- increased staff costs (+8.6% y/y, related to salary and other benefits adjustments in a tight labor market environment)

Other expenses (+2.5% y/y) remained under tight control

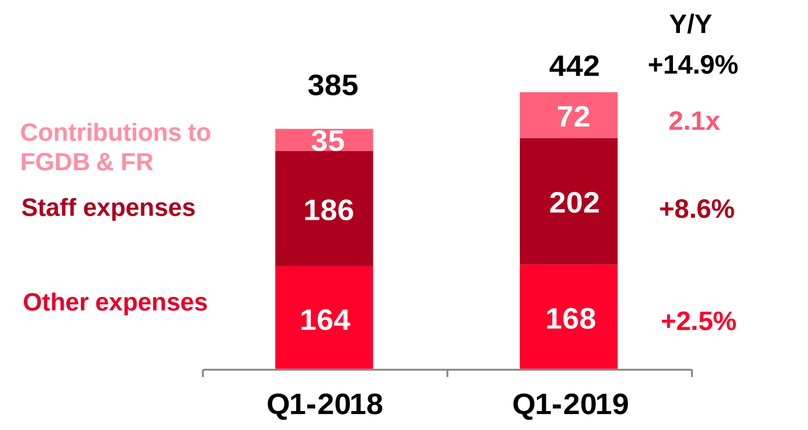
Cost increase of +5.7% y/y in Q1 2019 excluding contributions to Deposit Guarantee and Resolution Funds

Improved operational performance

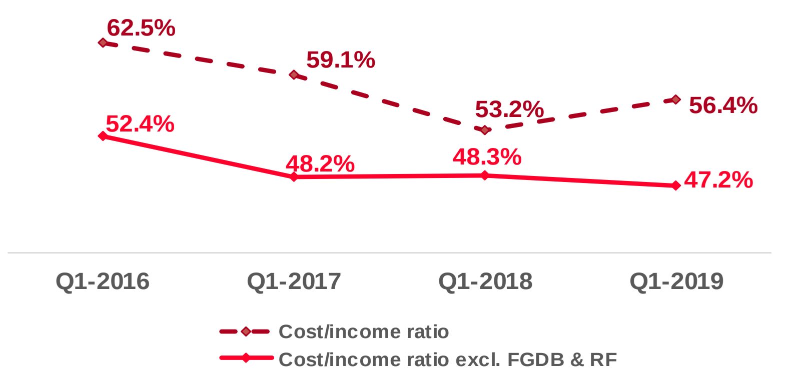
Gross operating income, +10.7%* y/y in Q1 2019

Cost/income at 47.2%* in Q1 2019, -1.2pts vs. Q1 2018

OPERATING EXPENSES (RON m)



COST/ INCOME RATIO



** variation excluding regulatory expenses (cumulated contributions to Bank Deposit Guarantee and Resolution Funds - FGDB & RF)*

IMPROVED ASSET QUALITY

Loan portfolio market mix

69.7% on individuals market segment

30.3% on legal entities market segment

Consolidation of RON lending

Share of RON denominated loans at 65.7% (vs 62.3% as of March 2018 end)

Trend in line with market evolution

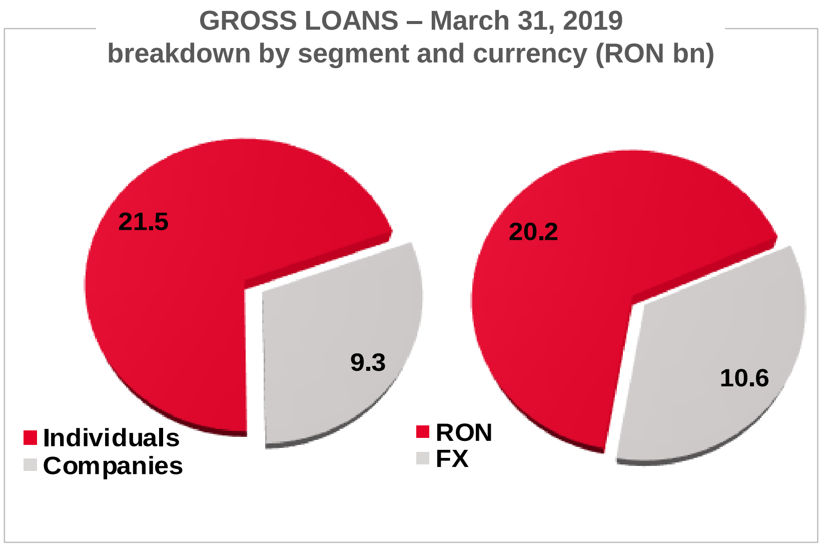
Declining NPL

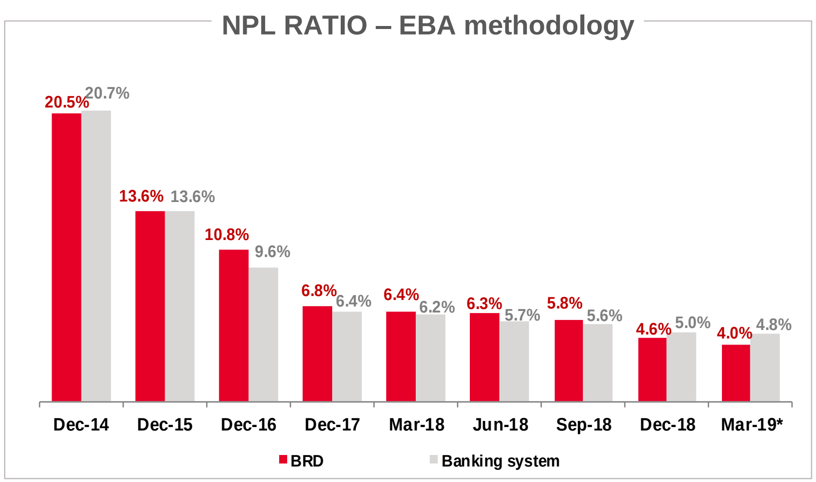
Declining trend, in line with the banking sector level

Reflecting write-offs performed since 2015 as well as outstanding NPL recovery performance

Outlook

Stabilization of NPL ratio close to 5% is expected due to relatively low default rate and low capacity to perform debt sale following legislative changes





All figures at individual level

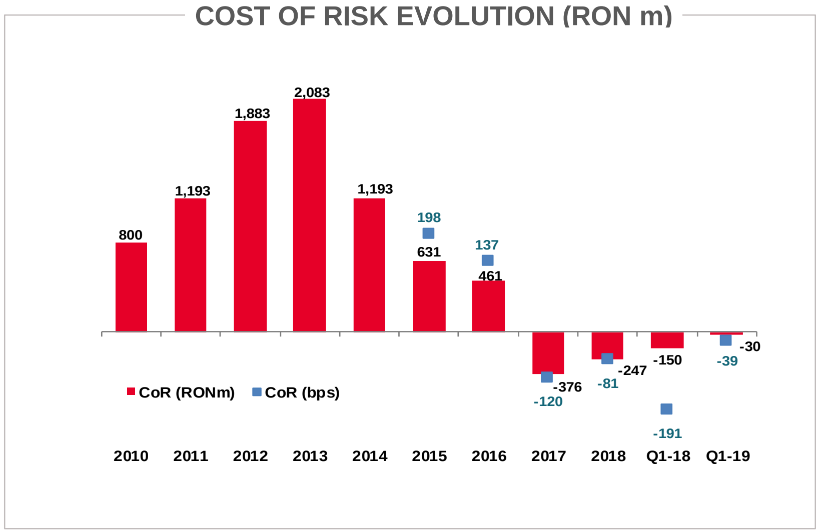
**NPL Ratio for Banking System – as of February 2019*

NEGATIVE COST OF RISK

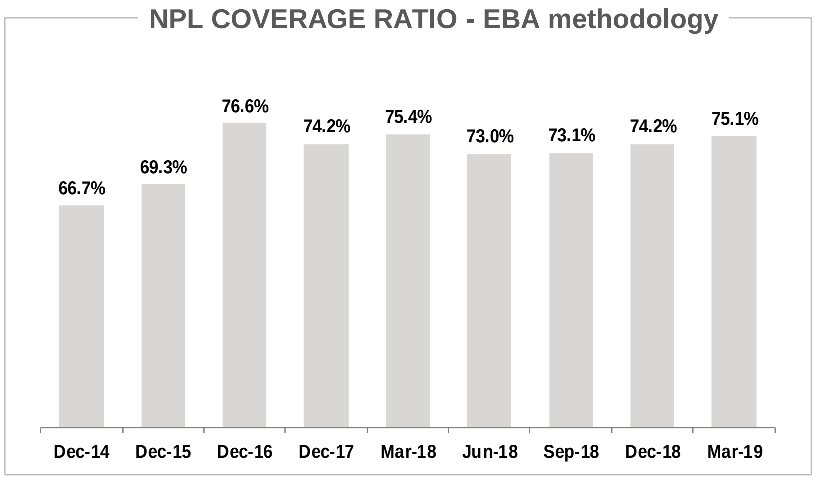
Net cost of risk at -39 bps, driven by:

Significant net provision reversals, typical to upper part of the economic cycle with low default rate and recoveries above expectations, but at a lower level compared to the same period of last year

Solid NPL coverage ratio following prudent provisioning policy



Note: Cost of risk in bps for Q1-2018 and Q1-2019 is annualized



All figures at individual level

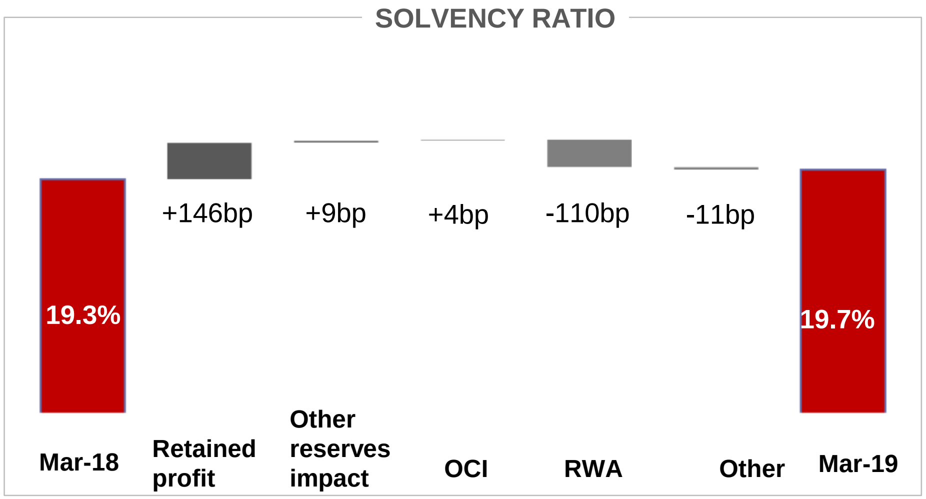
SOLID CAPITAL POSITION

Solid Tier 1 capital base

CAR of 19.7% at March 2019 end, comfortably above regulatory requirement

The evolution of RWA is mainly explained by
- regulatory phase-in of the risk weight on EUR sovereign exposures
- increase of fixed assets following the application of IFRS 16
- continued loan growth

Regulatory own funds composed solely of Tier 1 capital



Bank only	Mar-18	Mar-19
Capital adequacy ratio	19.3%	19.7%
Own funds (RONm)	5,325	5,733
Total risk exposure amount (RONm)	27,633	29,168
Capital requirements (RONm)	2,211	2,333

Note: Own funds for 2019 include the net profit of 2018, net of approved dividends

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CONCLUSIONS

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CONCLUSIONS

- Sustained increase in net banking income, pushed by dynamic business growth, in a supportive environment
- Further improvement of customers' digital banking experience through enriched features of the mobile banking application
- Good control of the risk profile as reflected by lowered NPL ratio and high coverage
- Robust commercial and financial performance, for the first three months of the year

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Q&A SESSION

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APPENDIX

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NEW TAX ON ASSETS – MECHANISM

TAX BASE	■ Financial assets with the following exclusions: • Cash • Interbank and Central Bank placements • Bonds issued by public administrations (banking and trading book) • Loans to public administrations or guaranteed by public administrations (mainly Prima casa) • Reverse repo • Net defaulted loans The taxable base has been reduced to Retail (w/o Prima Casa) and Corporate loans
TAX RATE	■ 0.4% per annum, applied to the tax base
INCENTIVES	■ Up to 50% reduction, proportional with the achievement of a target of gross loans outstanding' increase Target: +8% YoY for 2019 (EoY Dec 19 vs EoY Dec 18) and ■ Up to 50% reduction, proportional with the achievement of a target of NIM decrease or NIM < 4% Target: -8% YoY for 2019 vs 2018 ; NIM considering loans and deposits with non financial customers denominated in local currency
COMPUTATION	■ The computation is to be done twice a year: preliminary at June based on halved targets (*) and final at end December.

(*) The half year evolution has as reference date also December 2018 figures.

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NEW TAX ON ASSETS – COMPUTATION BASED ON END OF MARCH DATA, DISREGARDING POSSIBLE INCENTIVES

	RON m
TAX BASE (A)	19,865
ANNUAL TAX RATE (B)	0.4%
TAX (C =A x B)	79
Impact on net result	67

→ Disregarding possible incentives

Tax Base computed on March 2019 figures

Based on the current provisions of the OUG19/2019, the tax on financial assets can be considered a levy and falls under the provisions of IFRIC 21 “Levies”. The tax should be booked as an expense as soon as all the recognition triggers are met, namely:

- the Bank has a positive net result (profit) for the year;
- the increase in loans portfolio and decrease in interest rate are below the defined levels.

The payments made in August 2019 (based on June 30, 2019 figures) or any time before the end of the period should be recognised as prepayments (payment in advance).

BRD GROUP | KEY FIGURES

Reported financial results

RON m	Q1-2019	Q1-2018	Change
Net banking income	**784**	**724**	**+8.3%**
Operating expenses	(442)	(385)	+14.9%
Gross operating income	342	339	+0.9%
Net cost of risk	26	153	-83.1%
Net profit	**301**	**414**	**-27.3%**
Cost/Income	56.4%	53.2%	+3.2 pt
ROE	15.4%	22.0%	-6.7 pt

Financial results excluding non recurring items

RON m	Q1-2019	Q1-2018	Change
Net banking income	**784**	**724**	**+8.3%**
Operating expenses	(442)	(385)	+14.9%
Gross operating income	342	339	+0.9%
Net cost of risk	1	88	n/a
Net profit	**292**	**359**	**-18.8%**
Cost/Income	56.4%	53.2%	+3.2 pt
ROE	14.9%	19.1%	-4.2 pt
Non recurring items (RON m)			
NCR: insurance indemnities and sale of NPLs (pre-tax)	24.4	65.3	

Loans and deposits

RON bn	Mar-19	Mar-18	Change
Net loans including leasing (RON bn) [(1)]	**30.6**	**29.1**	**+4.1%**
Retail	21.9	21.0	+3.6%
Corporate	8.7	8.1	+5.2%
Total deposits (RON bn) [(1)]	**44.3**	**44.3**	**-0.9%**
Retail	29.8	28.4	+4.0%
Corporate	14.5	15.9	-9.6%
Loan to deposit ratio	**69.0%**	**65.7%**	**+3.3 pt**

[(1)] *Variations at constant exchange rate*

BRD | KEY FIGURES FOR BANK ONLY

	RON m	Q1-2019	Q1-2018	Change
Financial results	**Net banking income**	**744**	**680**	**+9.3%**
	Operating expenses	(421)	(364)	+15.8%
	Gross operating income	323	317	+2.0%
	Net cost of risk	30	150	-80.2%
	Net profit	**289**	**392**	**-26.3%**
	Cost/Income	56.6%	53.4%	+3.1 pt
	ROE	15.4%	21.9%	-6.4 pt

	RON bn	Mar-19	Mar-18	vs. Mar-18
Loans and deposits	**Net loans (RON bn) [1]**	**29.1**	**27.8**	**+3.6%**
	Retail	21.1	20.3	+3.2%
	Corporate	8.0	7.5	+4.8%
	Total deposits (RON bn) [1]	**44.4**	**44.4**	**-0.9%**
	Retail	29.8	28.4	+4.0%
	Corporate	14.6	16.0	-9.4%
	Loan to deposit ratio	**65.4%**	**62.6%**	**+2.8 pt**
Capital adequacy	**CAR [2]**	**19.7%**	**19.3%**	**+0.4 pt**
Franchise	**No of branches**	**723**	**753**	**(30)**

[1] *Variations at constant exchange rate;* [2] *Bank only*

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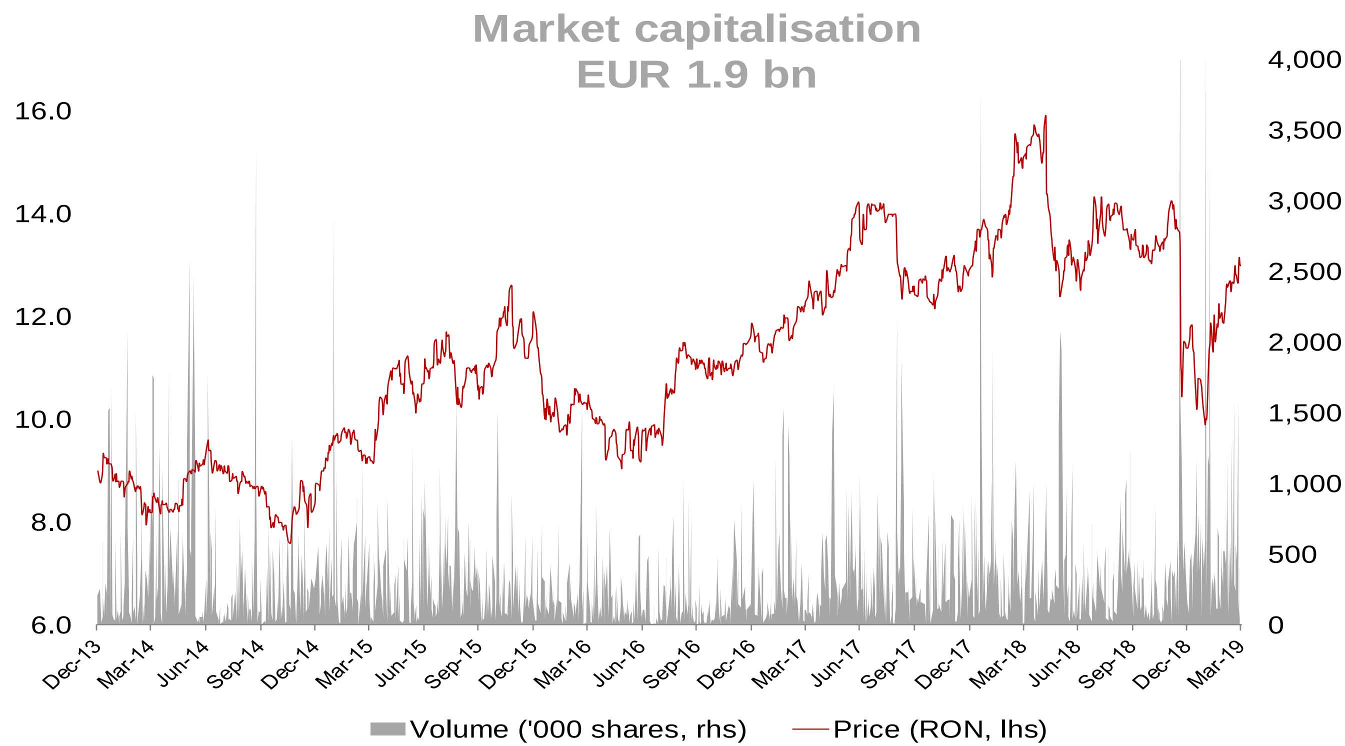
BRD | STOCK PRICE PERFORMANCE



- 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 13.00 as of March 2019 end, -13.9% y/y.

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FINANCIAL CALENDAR FOR 2019

7th February: Preliminary 2018 financial results and annual press conference

18th April: General Shareholders Meeting for approving the 2018 annual financial results

3rd May: Presentation of the 1st quarter 2019 financial results

1st August: Presentation of the 2nd quarter and 1st half 2019 financial results

6th November: Presentation of the 3rd quarter and 9 months 2019 financial results

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, transfers and payment services.
- The **Corporate** 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

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