

BRD GROUP RESULTS

3rd quarter and 9 months 2019 | 07.11.2019

DISCLAIMER

The consolidated and separate financial position and income statement for the period ended September 30, 2019 were examined by the Board of Directors on November 5, 2019.

The financial information presented for the period ended September 30, 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



GRUPE SOCIETE GENERALE

9M 2019: NET PROFIT OF RON 1 226 MILLION

Revenues benefiting from growth in volumes and supporting environment

Strong advance of average outstanding of corporate (+8.5% y/y) and retail loans (+3.8% y/y)

Average outstanding of retail deposits, up by +4.6% y/y, with still strong collection in sight accounts

Remarkable performance on asset management activity, assets under management up by +48% y/y

Solid operating performance

Strong recovery performance and positive cost of risk items

Cost of risk still positive supported by good quality of originated loans, strong recovery performance in a supportive economic environment

Further decline of NPL ratio, reaching 4.0% September 2019 end vs. 5.8% at September 2018 end

High level of profitability

Comfortable solvency ratio

NBI

RON 2,446m +6.9% vs 9M 2018

GOI

RON 1,260m +6.4% vs 9M 2018

NCR

RON 207m write-backs vs. RON 170m in 9M 2018

Net profit

RON 1,226m vs. RON 1,142m in 9M 2018

CAR: 20.9% vs. 19.4% at Sept 2018 end

ROE: 20.8% in 9M 2019 (vs. 20.9% in 9M 2018)

Note: CAR, Bank only

Q3 2019: COMBINING REVENUE GROWTH AND COSTS CONTROL

Higher volumes supported earnings

Net banking income driven up by volume growth, upward trend of net fees and commissions led by increasing number of clients' transactions

Slight decrease in market interest rates

Expenses' increase led mainly by staff costs

Moderate increase in non-staff costs (+1.2% y/y), despite further IT investments

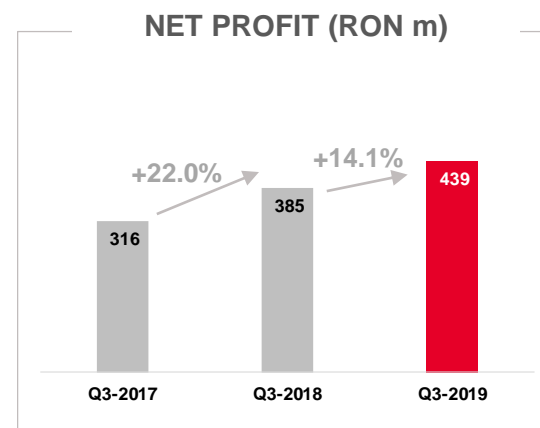
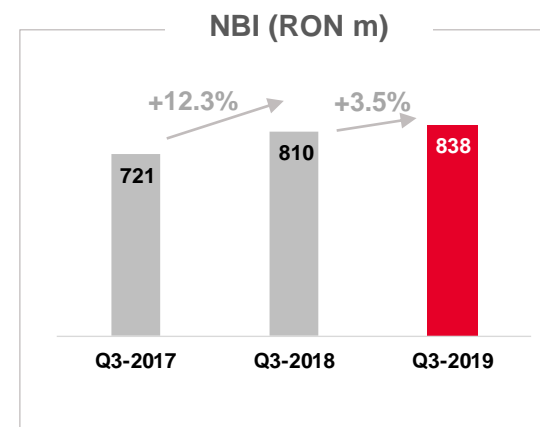
Credit quality remained strong

NPL ratio declining to 4.0% September 2019 end (from 5.8% at September 2018 end)

Positive net cost of risk (RON 62m)

Exceptional insurance indemnity booked in Q3 2019 (RON 161m)

Rise in net profit +14.1% y/y



ROE: 22.7% in Q3 2019 (vs. 22.3% in Q3 2018)

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MACROECONOMIC AND BANKING ENVIRONMENT



STILL ROBUST ECONOMIC GROWTH

Better-balanced economic growth in Q2 2019

In Q2 2019, real GDP growth moderated to +4.5%* y/y from +4.9%* y/y in the previous quarter

Growth was still predominantly determined by private consumption (+4.4 pts contribution), but gross fixed capital formation also witnessed an expansion (+3.9 pts contribution), fostered mostly by machinery and constructions, while net exports remained a negative contributor in a less supportive external environment

Inflation rate slowed down

CPI tempered at +3.5% y/y at September 2019 end, which is the upper limit of the central bank's target interval (2.5% ± 1 ppt)

Going forward, the balance of risks is tilted to the upside on the domestic front (tight labour market, fiscal and income policy stance, EURRON path), while on the external front, risks could have a disinflationary potential

Policy rate on hold

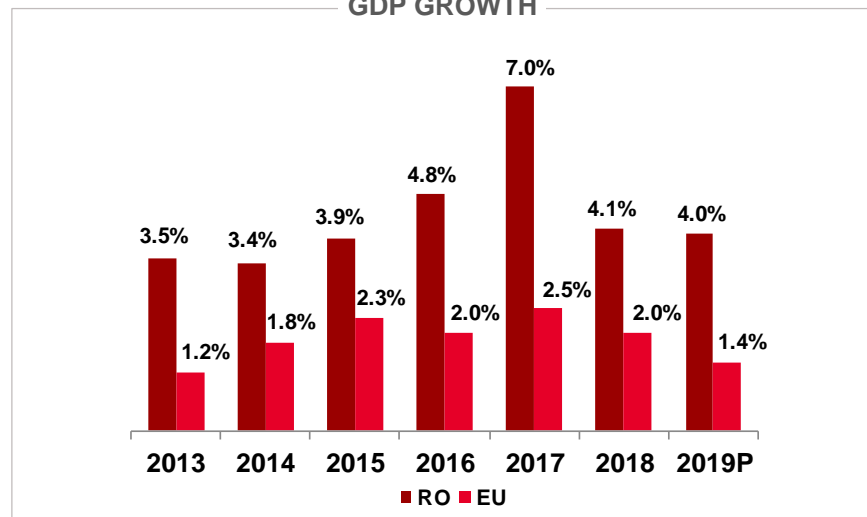
Key interest rate kept at 2.5% since May 2018, given softer growth expectations in Romania and the Eurozone

Increase in interbank RON interest rates starting to fade

Avg. ROBOR 3M reaching 3.16% in 9M 2019, +0.5 pts y/y, and 3.09% in Q3 2019, -0.2 pts y/y and q/q

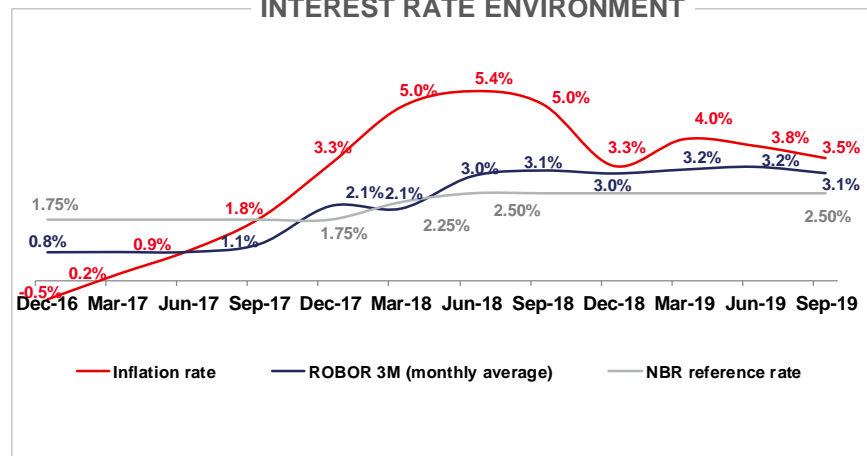
* seasonally adjusted; ** the new benchmark index for loans granted to consumers

GDP GROWTH



Source for 2019P: RO – FMI World Economic Outlook (October 2019), EU – European Commission forecast (July 2019)

INTEREST RATE ENVIRONMENT



CONTINUED LOAN AND DEPOSIT GROWTH

Dynamic loan market

Consumer loan growth softened compared to last year (+4.2%* y/y at September 2019 end compared to the +6.9%* y/y growth at 2018 end)

Housing loans' outstanding grew at a healthy but lower rate than last year (+9.0%* y/y at September 2019 end versus +11.0%* y/y at 2018 end); the banks' standard housing loan offers gradually gained ground in a context of reduction of Prima Casa envelopes and rising interest in loans with an initial fixed rate period

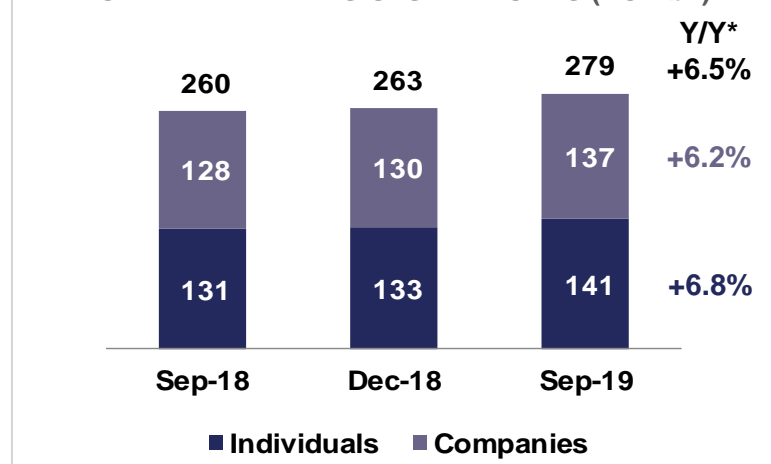
Expanding loans to companies (+6.2%* y/y)

Larger banking system deposits

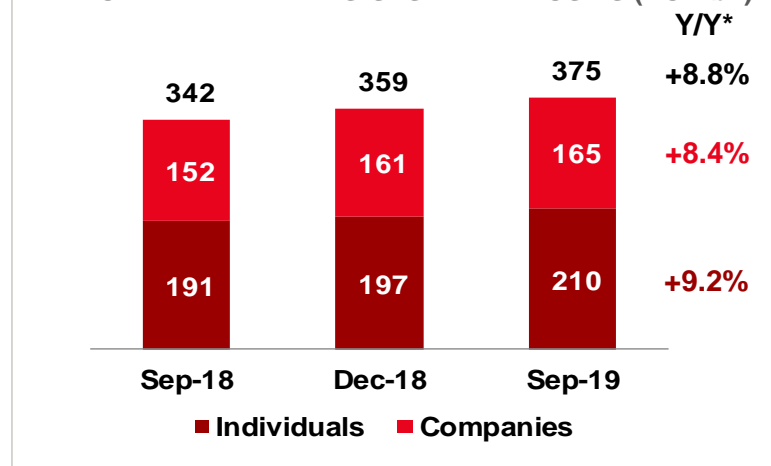
Individuals' savings up by +9.2%* y/y, partly fostered by continued growth in wages

Companies' deposits growth climbed to +8.4%* y/y

ROMANIAN BANKING SYSTEM LOANS (RON bn)



ROMANIAN BANKING SYSTEM DEPOSITS (RON bn)



* Variation at constant exchange rate

SOUND RISK PROFILE

Further improving risk profile

NPL ratio keeps trending downwards as a result of write off operations and sale of NPLs (whose effect, however, declined versus previous years, after the introduction of a cap on fiscal deductibility starting 2018) as well as rising loan exposures

NPL ratio at 4.6% at August 2019 end, compared to 20.7% at 2014 end

NPL coverage ratio well above EU average

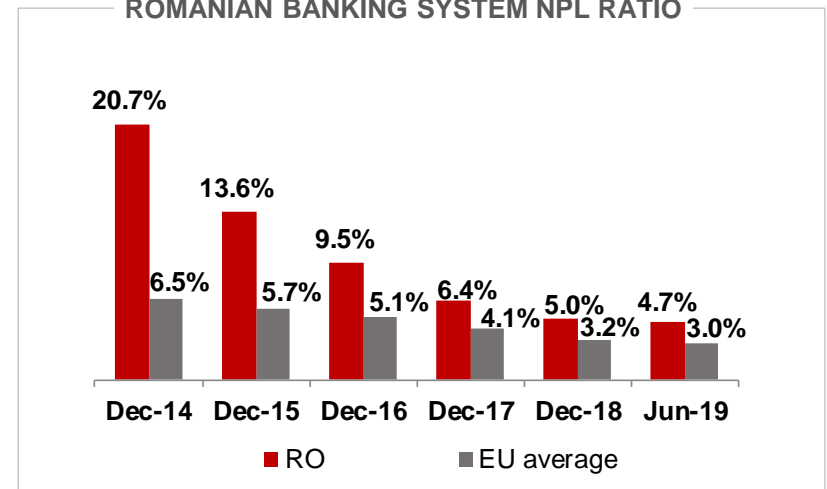
Adequate capital and liquidity

Loan to deposit ratio at 75% at June 2019 end (vs 116% in 2011)

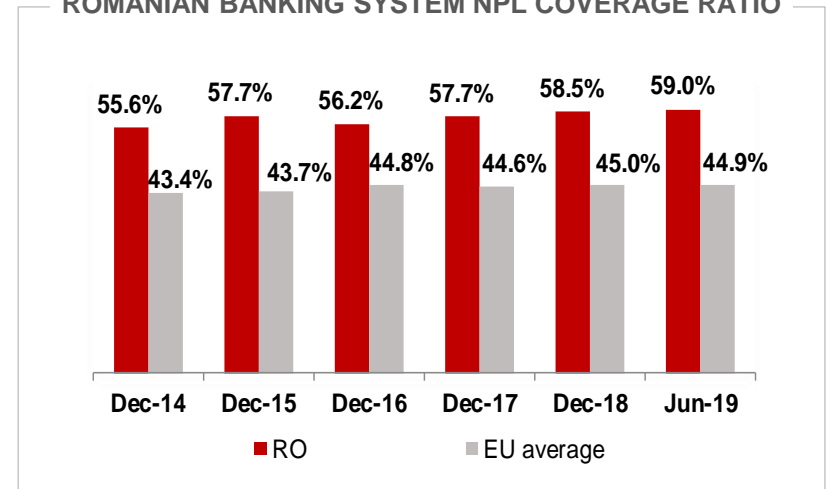
Average liquidity coverage ratio of 241% at August 2019 end, well above regulatory requirement (100%) and European average (149% at June 2019 end)

Total capital ratio of 19.6% at June 2019 end

ROMANIAN BANKING SYSTEM NPL RATIO



ROMANIAN BANKING SYSTEM NPL COVERAGE RATIO



Source: EBA Risk Dashboard – Q4 2018, NBR data

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**3RD QUARTER AND 9 MONTHS
2019 BRD GROUP RESULTS**



GRUPE SOCIETE GENERALE

MOVING TOWARDS A PHYGITAL BUSINESS MODEL

Constant focus on innovation

- ✓ **Personal expenses dashboard** in ContAll offers users insight on monthly spending habits (MyBRD Mobile)
- ✓ **Instant Top-Up** option in MyBRD Mobile allows free interbank transfers to a BRD account
- ✓ Activation of the MyBRD Mobile app from internet banking (MyBRD Net)
- ✓ MyBRD Mobile received the “**Product of the year 2019**” award at the “Voted Product of the Year” Gala in May 2019

Digital channels in the spotlight



1.8m MyBRD Net & MyBRD Mobile contracts at September 2019 end **+18%** vs September 2018 end

Mobile banking growing at a fast pace: MyBRD Mobile banking subscriptions **+42%**

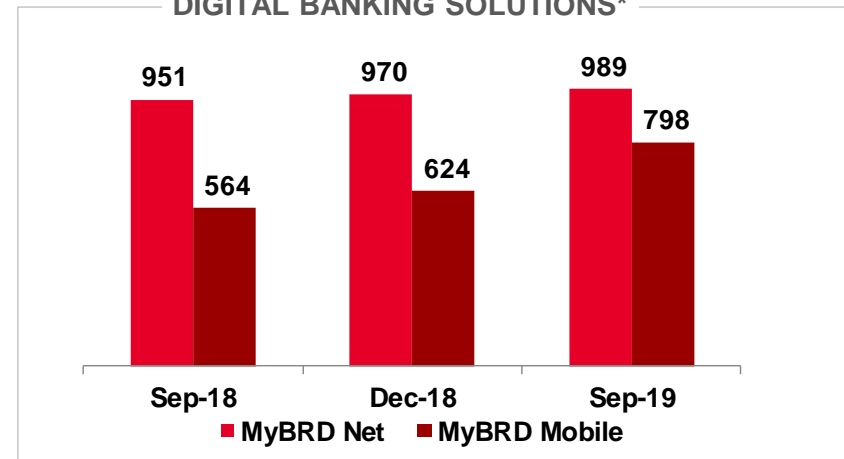
+26% nb of transactions in Q3 2019 vs Q3 2018

+36% nb of connections in Q3 2019 vs Q3 2018

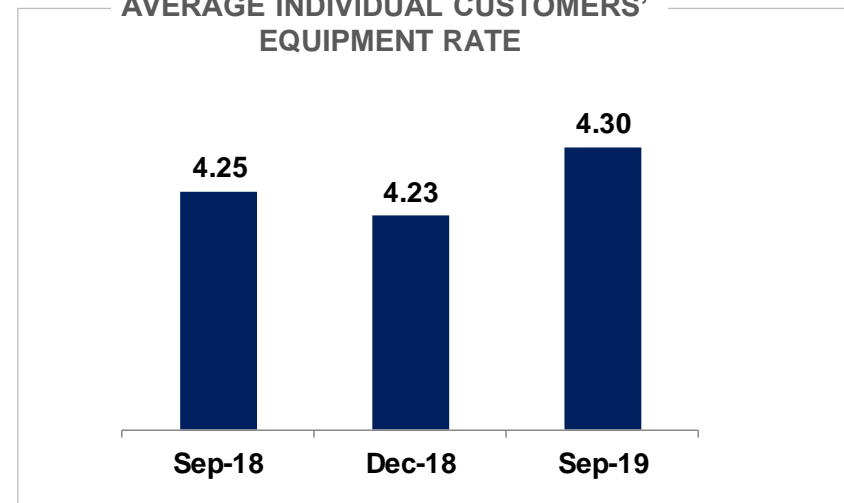
Higher digital channel penetration, adjusted physical network

- ✓ MyBRD Net and MyBRD Mobile penetration rates reaching 46% (+1 ppt y/y) and 37% (+10 ppts y/y), respectively
- ✓ 674 branches at September 2019 end, -71 y/y
- ✓ Average equipment rate of individual clients up to 4.30 from 4.25 at September 2018 end

DIGITAL BANKING SOLUTIONS*



AVERAGE INDIVIDUAL CUSTOMERS' EQUIPMENT RATE



* Number of contracts: MyBRD Mobile, MyBRD Net

PRIVATE INDIVIDUALS AND LARGE CORPORATE SEGMENTS REMAINED MAIN LOAN GROWTH DRIVERS

Retail loan growth led by demand for both consumer and housing loans

Unsecured consumer lending (+4.1%* y/y) and housing loans (+3.2%* y/y) both contributed to retail loan growth

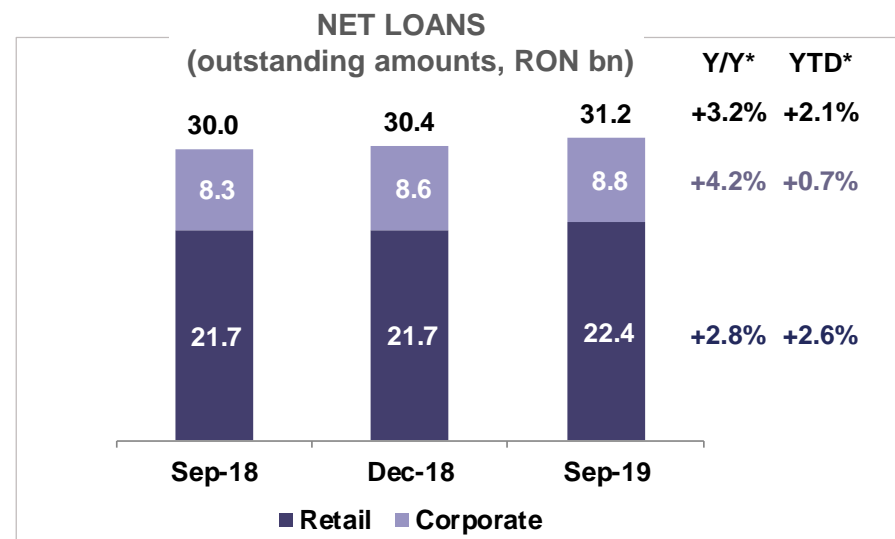
Focus on higher mass market customers with safer risk profile

BRD Finance production up by +8.9% y/y at 9M 2019 and by +7.5% y/y at Q3 2019, thanks to revolving and consumer loans

Corporate financing driven by large corporates and leasing

Loans to large companies up by +4.0%* y/y

BRD Sogelease production increasing by +36% y/y driven by demand from both small businesses and SMEs



* Variations at constant exchange rate

VERY DYNAMIC ASSET MANAGEMENT ACTIVITY

Large retail deposit franchise

Increasing retail deposits (+2.4%* y/y), with higher inflows in individuals' sight accounts (+27%* y/y)

Corporates' deposits compressed, being pragmatically adjusted depending on the bank's liquidity position

Increased focus on alternative savings market

BRD AM's assets under management reached RON 4.2bn, corresponding to a market share of 17.6% on open-end mutual funds' market, up by +4.9 ppts y/y

Growth in end-of-period assets under management of +48% y/y, pushed by significant inflow dynamics in 2019 for both BRD Simfonia (RON denominated) and Eurofond (EUR denominated), which invest mainly in fixed income and money market instruments

Stable funding sources with very low reliance on the parent

Loan to deposit ratio at 71.0%, +2 ppts y/y

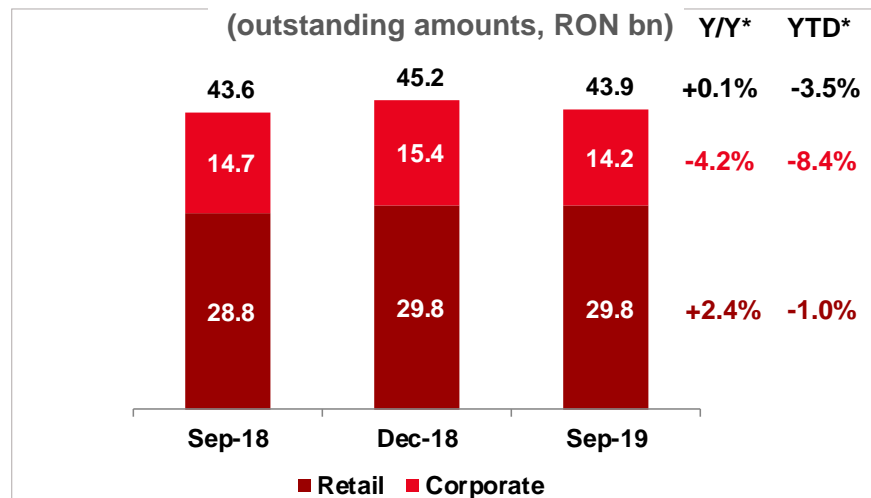
Share of deposits in total liabilities growing from 69% at 2011 end to 92% at September 2019 end, ensuring a stable funding base

Parent funding of 3.0% of BRD Group liabilities

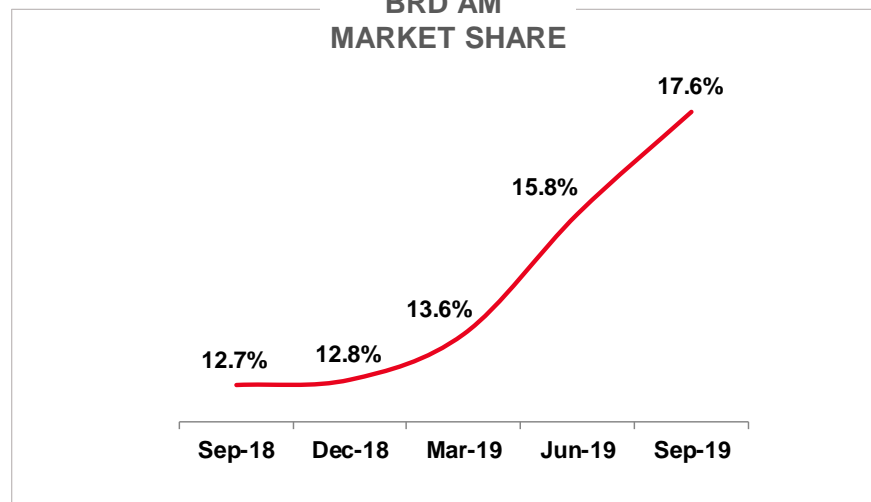
* Variations at constant exchange rate

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

DEPOSITS
(outstanding amounts, RON bn) Y/Y* YTD*



BRD AM MARKET SHARE



POSITIVE BUSINESS MOMENTUM

Consistent revenues generation

Net banking income, up by +3.5% y/y in Q3 2019 and up by +6.9% y/y in 9M 2019, reflecting strong commercial dynamics supported by benign economic conditions

Rising net interest income

Net interest income up by +6.5% y/y in Q3 2019 and by +9.7% y/y in 9M 2019 underpinned by higher volumes and favorable structure shift

Expanding customers' loans and deposits outstanding

- 9M avg. outstanding loans, up by +3.8% y/y for retail and by +8.5% y/y for corporate clients
- 9M avg. outstanding of retail deposits up +4.6% y/y

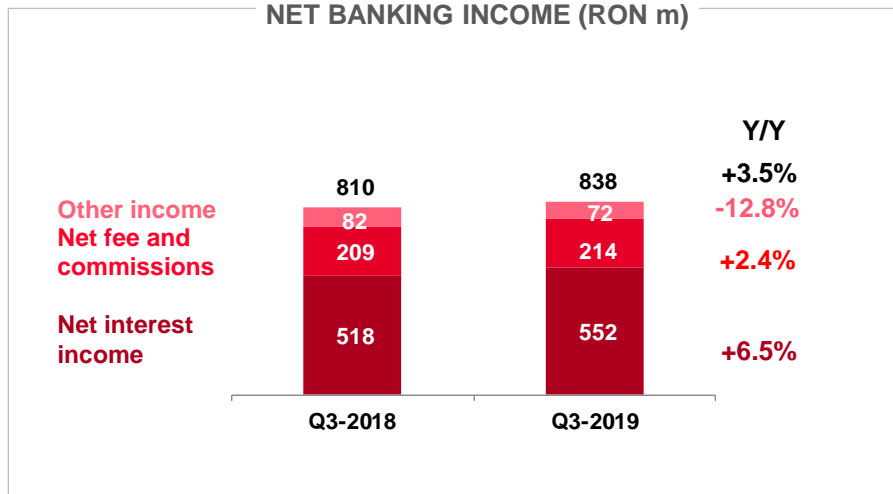
Supportive interest rate environment in the first nine months: ROBOR 3M average of 3.16%, +52 bps y/y

Fading positive interest rate effect in Q3 2019: ROBOR 3M average of 3.09%, -18 bps y/y

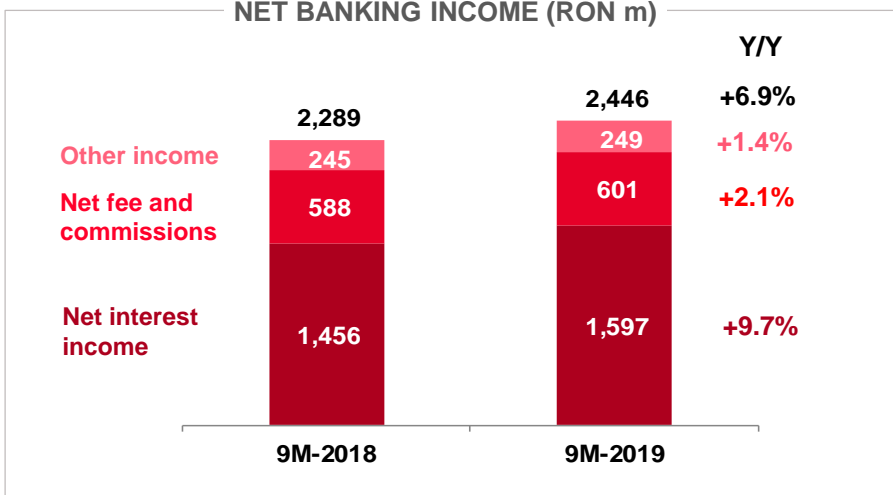
Higher non-interest income

Net fees and commissions driven up by rising volumes and intensified card activity

NET BANKING INCOME (RON m)



NET BANKING INCOME (RON m)



IMPROVED C/I RATIO, EXCLUDING REGULATORY CONTRIBUTION

Costs' dynamic influenced by rising staff expenses, further IT investments, and well controlled overheads

Staff expenses, +7.3% y/y in Q3 2019 and +6.9% y/y in 9M 2019 driven up by salary and other benefits adjustments in the context of steady wage growth on Romanian market

Doubled cumulated contribution to Deposit Guarantee Fund and Resolution Fund (RON 72m in 2019 vs. RON 35m in 2018), fully booked in Q1 2019

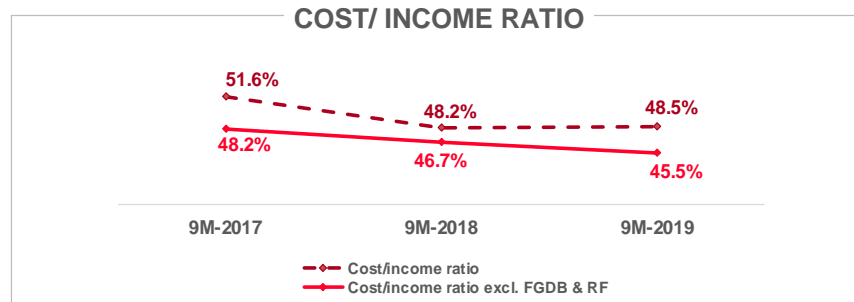
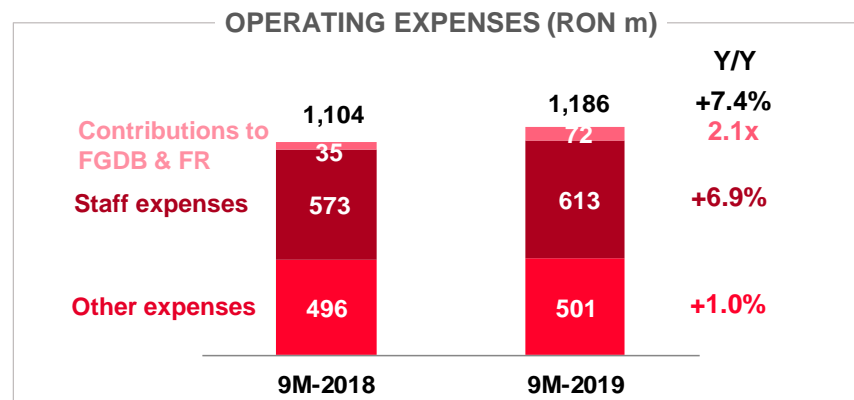
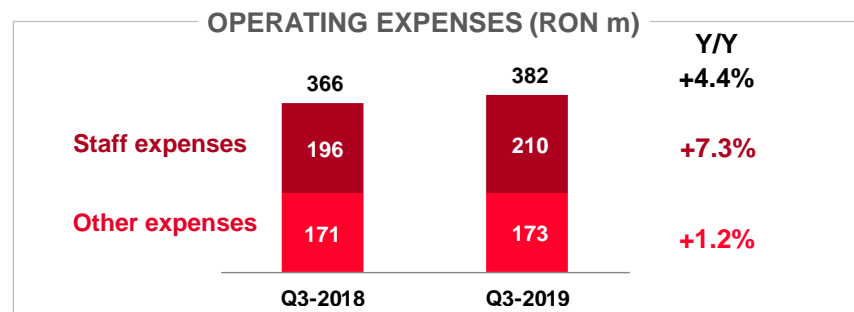
Non-staff expenses under strict control, despite further IT investments

Improved C/I ratio, excluding regulatory contribution

Reported C/I ratio at 45.6% in Q3 2019 (vs. 45.2% in Q3 2018)

Reported C/I ratio at 48.5% in 9M 2019 (vs. 48.2% in 9M 2018)

C/I ratio improved by 1.2 pts vs. 9M 2018, excl. FGDB&RF contributions



IMPROVED ASSET QUALITY

Loan portfolio market mix

70.1% on individuals market segment
29.9% on legal entities market segment

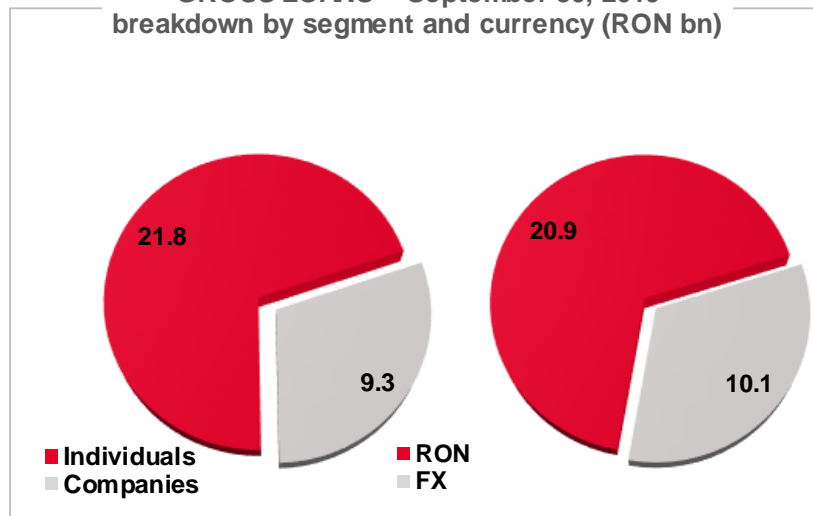
Consolidation of RON lending

Share of RON denominated loans at 67.4% (vs 65.5% as of September 2018 end)
Trend in line with market evolution

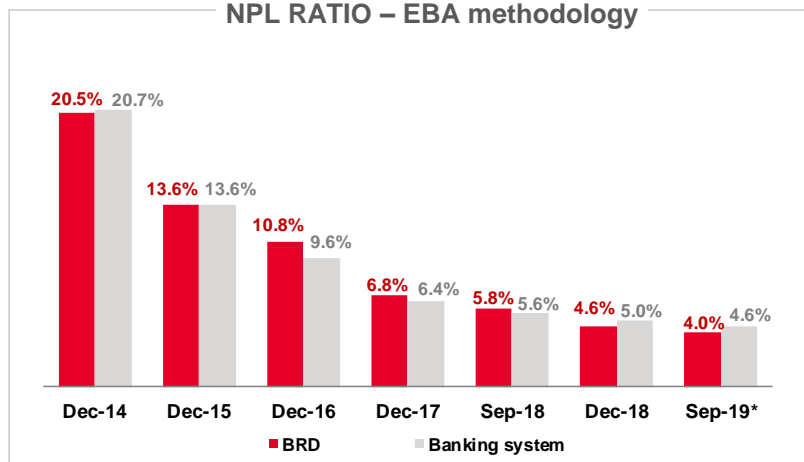
NPL ratio below banking sector level

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

GROSS LOANS – September 30, 2019
breakdown by segment and currency (RON bn)



NPL RATIO – EBA methodology



All figures at individual level

* NPL Ratio for Banking System – as of August 2019

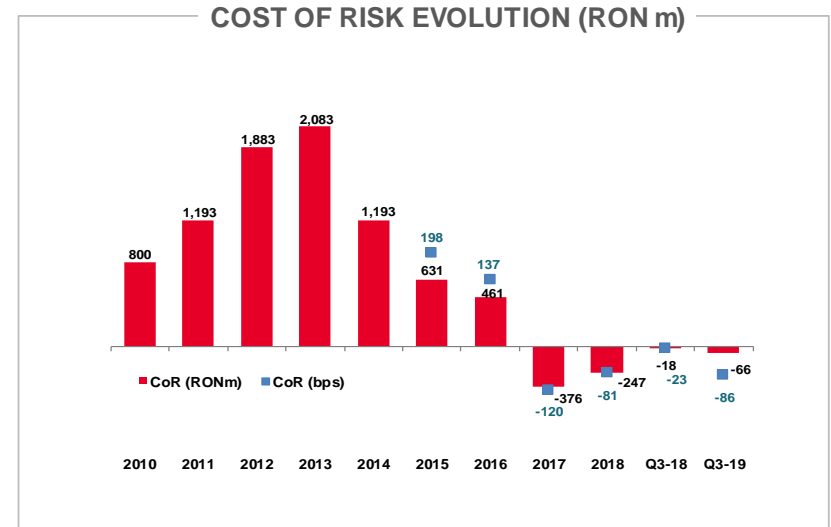
NEGATIVE COST OF RISK

Net cost of risk at -86 bps, driven mainly by:

Exceptional items (i.e. insurance indemnities recognition, finalizing several claim files)

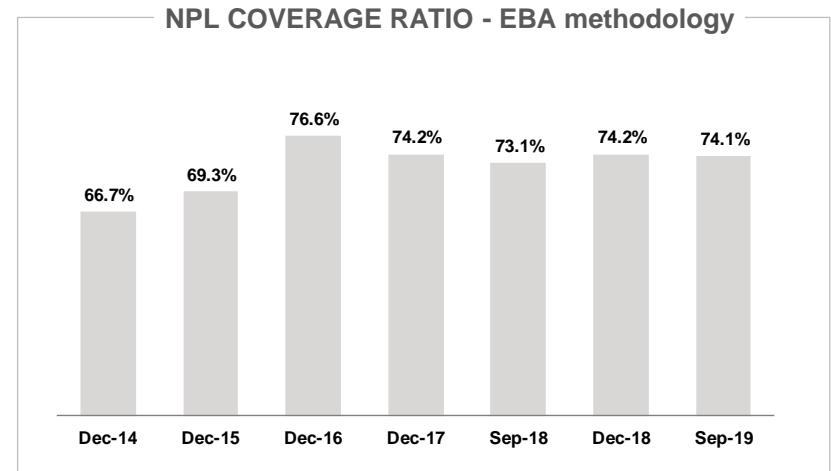
Strong recovery performance

Partially offset by an increase in provisions for individuals, largely due to model recalibration and macroeconomic scenario update



Note: Cost of risk in bps for Q3-2018 and Q3-2019 is annualized

Solid NPL coverage ratio following prudent provisioning policy



All figures at individual level

STRONG PROFITABILITY, DRIVEN BY ROBUST COMMERCIAL AND OPERATING PERFORMANCE AND FURTHER NCR WRITE-BACKS

Improved operational performance

GOI +2.7% y/y in Q3 2019 vs Q3 2018

GOI +6.4% y/y in 9M 2019 vs 9M 2018 (+9.2% y/y excl. contribution to FGDB&RF)

Increase in net profit over the quarter

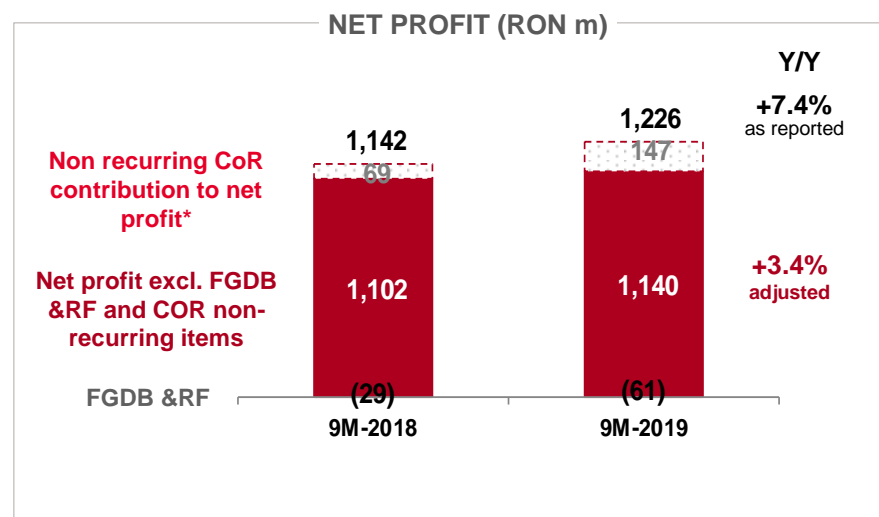
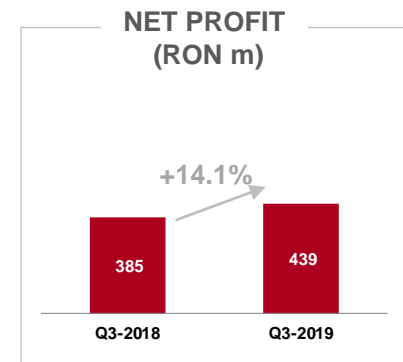
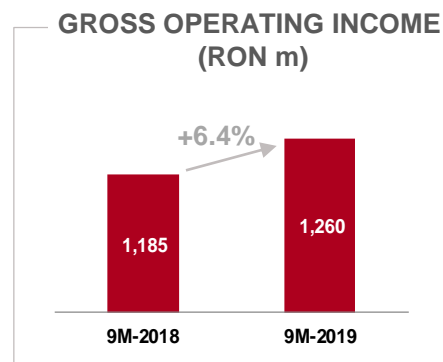
...supported by net banking income growth and cost of risk write-backs

Solid ROE level maintained

ROE of 20.8% in 9M 2019, stable compared to 9M 2018

Adjusted ROE* of 18.3% in 9M 2019 (vs. 19.7% in 9M 2018)

* *Non recurring items*: insurance indemnities and/or gain on sale of NPLs, net of corporate tax



SOLID CAPITAL POSITION

Comfortable solvency ratio

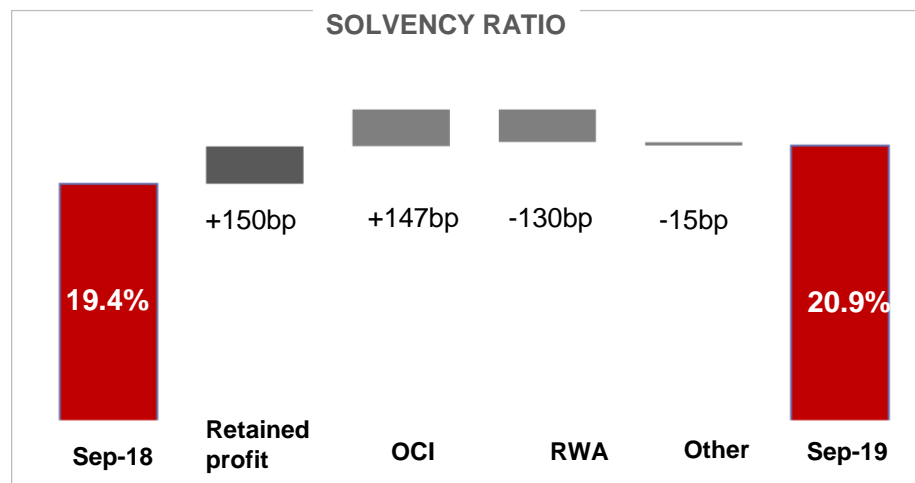
CAR of 20.9% at September 2019 end

Increase in own funds on a yearly basis explained by higher reserves from revaluation of debt instruments accounted at fair value through other comprehensive income and higher retained earnings

The evolution of RWA is driven 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	Sep-18	Dec-18	Sep-19
Capital adequacy ratio	19.4%	21.1%	20.9%
Own funds (RONm)	5,221	5,674	5,978
Total risk exposure amount (RONm)	26,954	26,951	28,626
Capital requirements (RONm)	2,156	2,156	2,290

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

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CONCLUSIONS



GRUPE SOCIETE GENERALE

CONCLUSIONS

- Robust revenue generation, led by continued business growth on individuals and large corporate segments, in a supportive macroeconomic environment
- Very solid growth of BRD AM's assets under management, reflecting BRD's strategy to capture the potential of the alternative savings market
- Prudent risk management as reflected by the low NPL ratio and comfortable coverage by provisions
- Proactive focus on digital innovation
- Moving toward a "phygital" business model combining human expertise and digital efficiency

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Q&A SESSION



GRUPE SOCIETE GENERALE

APPENDIX

BRD GROUP – KEY FIGURES

BRD STANDALONE - KEY FIGURES

STOCK PRICE PERFORMANCE

GLOSSARY – CLIENT SEGMENTATION



GRUPE SOCIETE GENERALE

BRD GROUP | KEY FIGURES

Reported financial results		RON m	Q3-2019	Q3-2018	Change	9M-2019	9M-2018	Change
Net banking income			838	810	+3.5%	2,446	2,289	+6.9%
Operating expenses			(382)	(366)	+4.4%	(1,186)	(1,104)	+7.4%
Gross operating income			455	443	+2.7%	1,260	1,185	+6.4%
Net cost of risk			62	15	+4.1x	207	170	+21.9%
Net profit			439	385	+14.1%	1,226	1,142	+7.4%
Cost/Income			45.6%	45.2%	+0.4 pt	48.5%	48.2%	+0.2 pt
ROE			22.7%	22.3%	+0.4 pt	20.8%	20.9%	-0.1 pt
Financial results excluding non recurring items		RON m	Q3-2019	Q3-2018	Change	9M-2019	9M-2018	Change
Net banking income			838	810	+3.5%	2,446	2,289	+6.9%
Operating expenses			(382)	(366)	+4.4%	(1,186)	(1,104)	+7.4%
Gross operating income			455	443	+2.7%	1,260	1,185	+6.4%
Net cost of risk			(98)	(5)	+20.2x	18	74	-75.9%
Net profit			304	376	-19.1%	1,080	1,073	+0.6%
Cost/Income			45.6%	45.2%	+0.4 pt	48.5%	48.2%	+0.2 pt
ROE			15.7%	21.8%	-6.1 pt	18.3%	19.7%	-1.4 pt
Non recurring items (RON m)								
NCR: insurance indemnities and sale of NPLs (pre-tax)			160.9	20.1	+8.0x	188.8	95.4	+98.0%

BRD GROUP | KEY FIGURES

Loans and deposits	RON bn	Sep-18	Dec-18	Sep-19	vs. Sep-18	vs. Dec-18
	Net loans including leasing (RON bn) ⁽¹⁾		30.0	30.4	31.2	+3.2%
Retail		21.7	21.7	22.4	+2.8%	+2.6%
Corporate		8.3	8.6	8.8	+4.2%	+0.7%
Total deposits (RON bn) ⁽¹⁾		43.6	45.2	43.9	+0.1%	-3.5%
Retail		28.8	29.8	29.8	+2.4%	-1.0%
Corporate		14.7	15.4	14.2	-4.2%	-8.4%
Loan to deposit ratio		69.0%	67.2%	71.0%	+2.0 pt	+3.8 pt
Capital adequacy	CAR ⁽²⁾	19.4%	21.1%	20.9%	+1.5 pt	-0.2 pt
Franchise	No of branches	745	723	674	-71	-49

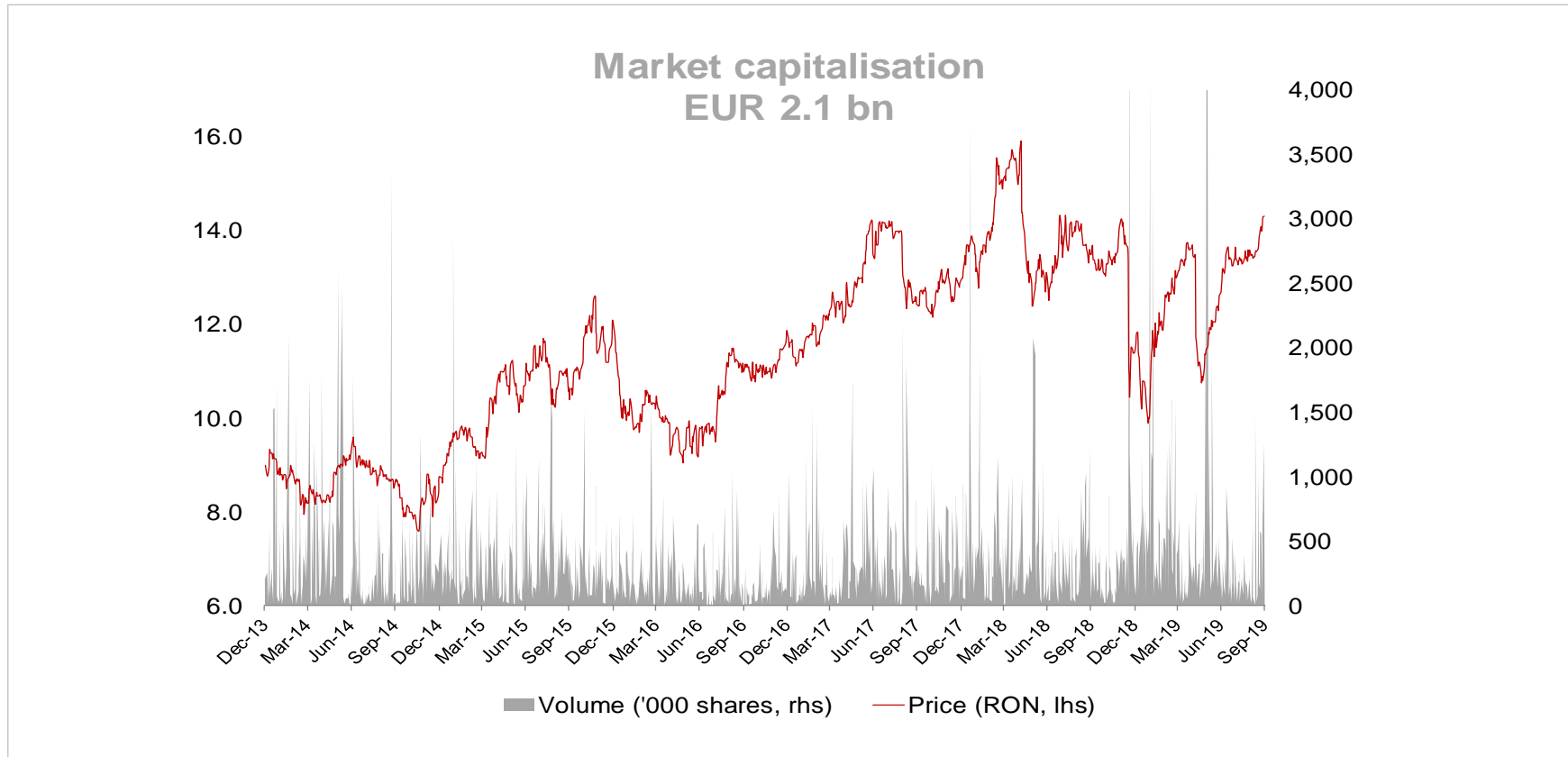
⁽¹⁾ Variations at constant exchange rate; ⁽²⁾ Bank only

BRD | KEY FIGURES FOR BANK ONLY

RON m		Q3-2019	Q3-2018	Change	9M-2019	9M-2018	Change
Financial results	Net banking income	825	766	+7.8%	2,391	2,204	+8.5%
	Operating expenses	(358)	(344)	+4.0%	(1,118)	(1,041)	+7.4%
	Gross operating income	468	422	+10.8%	1,273	1,163	+9.5%
	Net cost of risk	66	18	+3.8x	220	177	+24.3%
	Net profit	459	370	23.9%	1,261	1,137	+11.0%
	Cost/Income	43.3%	44.9%	-1.6 pt	46.8%	47.2%	-0.5 pt
	ROE	24.7%	22.5%	+2.2 pt	22.3%	21.8%	+0.4 pt
Loans and deposits	RON bn		Sep-18	Dec-18	Sep-19	vs. Sep-18	vs. Dec-18
	Net loans (RON bn) ⁽¹⁾		28.6	28.9	29.5	+2.3%	+1.4%
	Retail		20.9	20.9	21.5	+2.1%	+2.1%
	Corporate		7.7	8.0	8.0	+2.7%	-0.6%
	Total deposits (RON bn) ⁽¹⁾		43.6	45.3	44.0	+0.2%	-3.5%
	Retail		28.8	29.8	29.8	+2.4%	-1.0%
	Corporate		14.8	15.5	14.3	-4.0%	-8.4%
	Loan to deposit ratio		65.6%	63.8%	66.9%	+1.3 pt	+1.3 pt
Capital adequacy	CAR ⁽²⁾		19.4%	21.1%	20.9%	+1.5 pt	-0.2 pt
Franchise	No of branches		745	723	674	(71)	(49)

⁽¹⁾ Variations at constant exchange rate; ⁽²⁾ Bank only

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 14.32 as of September 2019 end, +5.8% y/y and +25.6% year-to-date.

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.



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