

BRD GROUP RESULTS

4th quarter and full year 2019 | 07.02.2020

DISCLAIMER

The preliminary consolidated and separate financial position and income statement for the period ended December 31, 2019 were examined by the Board of Directors on February 5, 2020.

The financial information presented for the period ended December 31, 2019 and comparative periods has been prepared according to IFRS as adopted by the European Union and applicable at this date.

BRD will publish a full set of consolidated and individual financial statements for the 2019 financial year.

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.

1

INTRODUCTION



GRUPE SOCIETE GENERALE

SOLID DEVELOPMENT OF ACTIVITY

Expanding volumes on all segments

Strong advance of average loans outstanding, up +4.6% y/y

Average outstanding of retail deposits, up +4.0% y/y

Net loans

RON 30.8bn, + 4.6% vs 2018

Rising contribution of growth relays

Remarkable development of asset management activity, with assets under management increasing by +74.4% y/y in 2019

BRD Asset Management moving up to the Romanian market top 3*

Actively financing small business and SMEs customers through leasing

BRD AM

RON 4.8bn, +74% vs 2018

BRD Sogelease

+39% leasing production vs 2018

Increasing digital penetration

600k MyBRD Mobile & MyBRD Net unique active users

No of transactions** +24% vs 2018

Digital banking

600k active users, +46% in 2 years

Sustained revenue growth

NBI

RON 3,270m, +5.0% vs 2018

* by total assets under management at December 2019 end

** No of transactions on MyBRD Mobile & MyBRD Net

HIGH PROFITABILITY

Strong operating performance

Stable C/I ratio excluding regulatory costs*, supported by growth in revenues

Acceleration of investments in business model transformation

C/I* ratio

46.8%, stable vs 2018

Solid risk profile

Decrease in NPL ratio, -147 bps y/y

Positive cost of risk supported by good quality of originated loans, dynamic management of NPLs translating into higher recovery rates and insurance indemnities

Cost of risk write-backs of RON 204m vs. RON 230m in 2018

NPL ratio

3.1% vs. 4.6% at Dec 2018 end

NPL Coverage ratio

74% at Dec 2019 end

High profitability maintained

Net profit

RON 1,499m vs. RON 1,563m in 2018

Comfortable solvency ratio

CAR: 21.4% vs. 21.1% at Dec 2018 end

ROE: 18.9% in 2019 (vs. 20.8% in 2018)

Note: CAR, Bank only

* Contribution to FGDB&RF and TFA (tax on financial assets)

2

MACROECONOMIC ENVIRONMENT



STILL ROBUST ECONOMIC GROWTH, BUT WIDENING TWIN DEFICITS

Decelerating, but still solid economic growth

In Q3 2019, real GDP growth shrank to +3.2%* y/y from +4.3%* y/y in the previous quarter

Growth still dominated by domestic demand

Robust gross fixed capital formation, with double-digit dynamics (+25.6% y/y in Q3'19), bringing in +6.3ppts to GDP growth

Household consumption losing some momentum (+3.8% y/y down from +6.0% y/y in Q2'19), and adding 2.6ppts to growth

Net exports still a negative contributor

Widening twin deficits

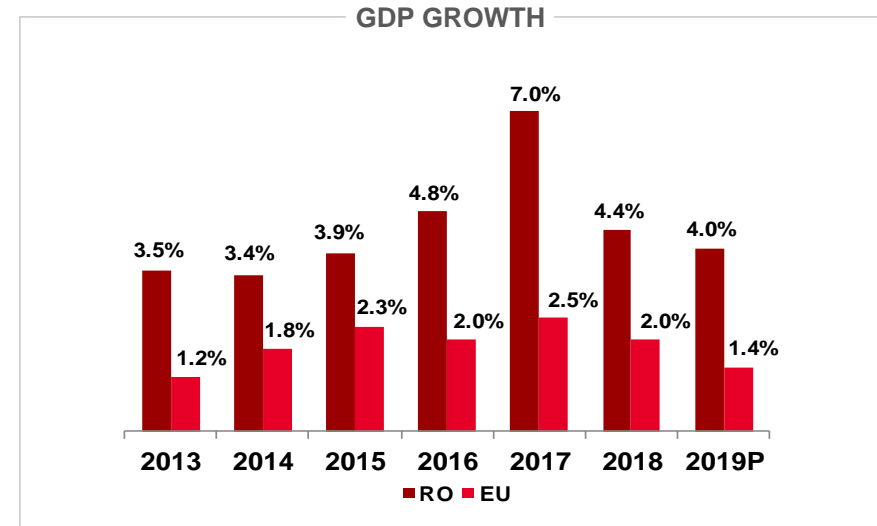
Further deteriorated current account balance throughout 11M'19, with the deficit expanding by 21% y/y, to EUR 9.9bn.

Current account balance weakening, primarily the effect of the widening deficit in the trade in goods (+19% y/y to EUR 15.6bn).

With expenses (+14.7% y/y) outpacing the rising revenues (+8.8% y/y), consolidated public budget deficit at 4.6%** of GDP for 2019

* seasonally adjusted

** according to Ministry of Finance preliminary data



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

STABLE MONETARY POLICY STANCE

Inflation rate picked up

CPI rose at +4.0% y/y at December 2019 end, breaching the upper limit of the central bank's target interval (2.5% ± 1 ppt)

Going forward, inflation rate expected to temper, but upside risks still present both on domestic side (EUR/RON path, fiscal policy stance, tight labour market) and on the external front (mainly oil prices evolution).

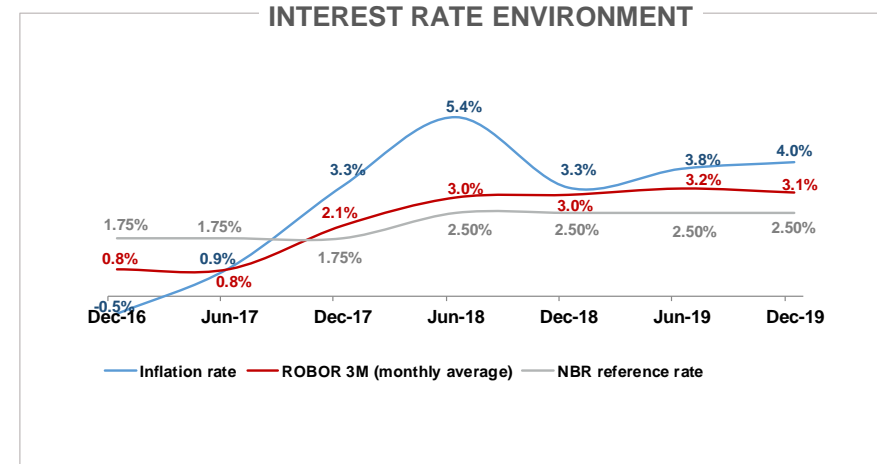
Policy rate on hold

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

Stabilization of interbank RON interest rates

Avg. ROBOR 3M reaching 3.13% in 2019, +0.4 ppts y/y

Avg. ROBOR 3M at 3.05% in Q4 2019, -0.1 ppts y/y and q/q



3

**4TH QUARTER AND FULL YEAR
2019 BRD GROUP RESULTS**



GRUPE SOCIETE GENERALE

CONTINUOUSLY ENHANCING OUR MULTI-CHANNEL BUSINESS MODEL

Awarded digital channel for individuals

- ✓ MyBRD Mobile awarded “**Product of the year 2019**” *
- ✓ Free instant interbank transfers to a BRD account through MyBRD Mobile
- ✓ **Online investments in BRD AM funds**

Growing digital penetration

600k MyBRD Mobile & MyBRD Net active clients at 2019 end, **+46%** in 2 years

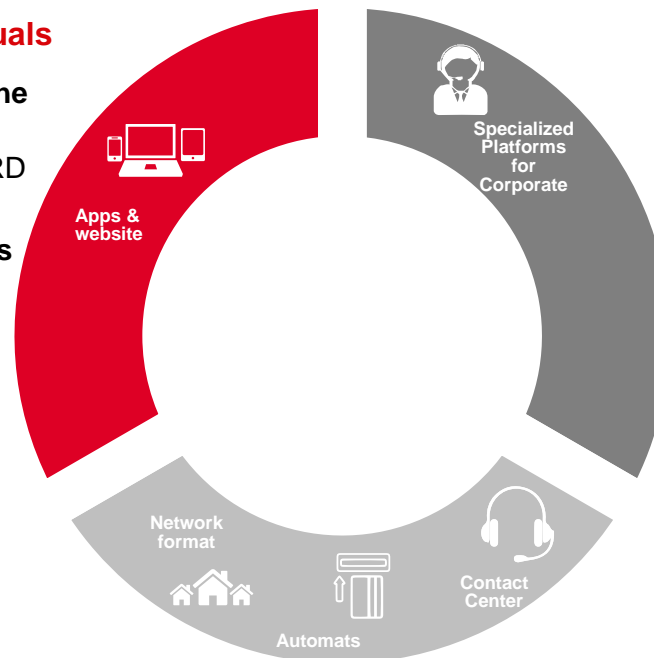
+24% nb of transactions vs 2018

+28% nb of connections vs 2018

97% of corporate clients’ transactions performed via digital channels

Adapted physical set up

- ✓ Network adaptation to offer increased advisory and expertise
- ✓ Reduced number of branches (648 branches at 2019 end, -75 y/y)
- ✓ 24/7 banking points: **+ 25%** in 2019, for increased availability



Launch of 3 new digital solutions dedicated to our corporate customers

- ✓ **Manage your business finances on the move with our BRD@office mobile app**
- ✓ **Fully integrated digital solution for factoring and supply chain finance**
- ✓ **Manage guarantees, letters of credit and collections online using our trade finance digital platform**

Increased Customer Interaction Centre capabilities with the opening of a new **Contact Center in Iasi** and modernisation of the technical platform for an increased satisfaction of the channel’s users: NPS **+12 pts** in 2019

Enhanced capabilities of our strong fleet of automats through renewal of ATMs and deployment of MBAs

LOAN GROWTH DRIVEN BY BOTH RETAIL AND CORPORATE SEGMENTS

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

Consumer lending (+5.2% y/y) and housing loans (+4.7% y/y) contributing both to retail loan growth

Focus on higher mass market customers with safer risk profile

BRD Finance production up by +6.8% y/y in 2019

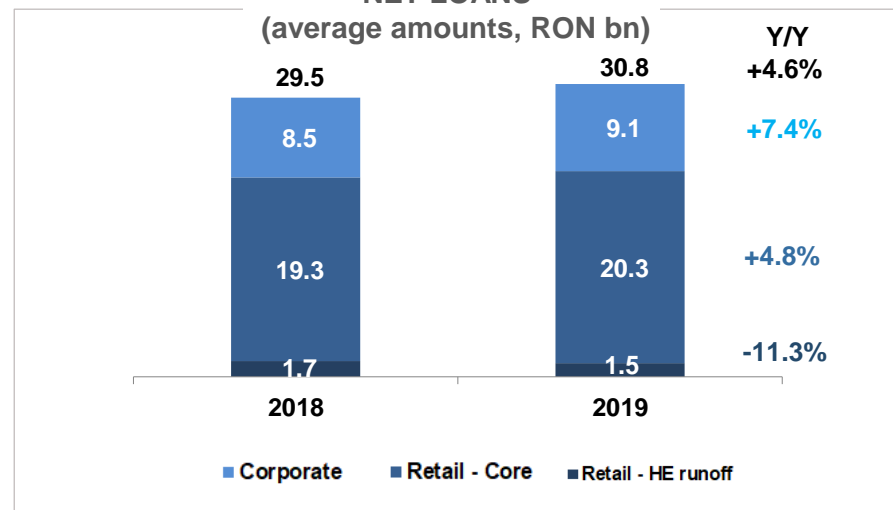
Corporate financing driven by large corporates and leasing

Loans to large companies up by +8.2% y/y

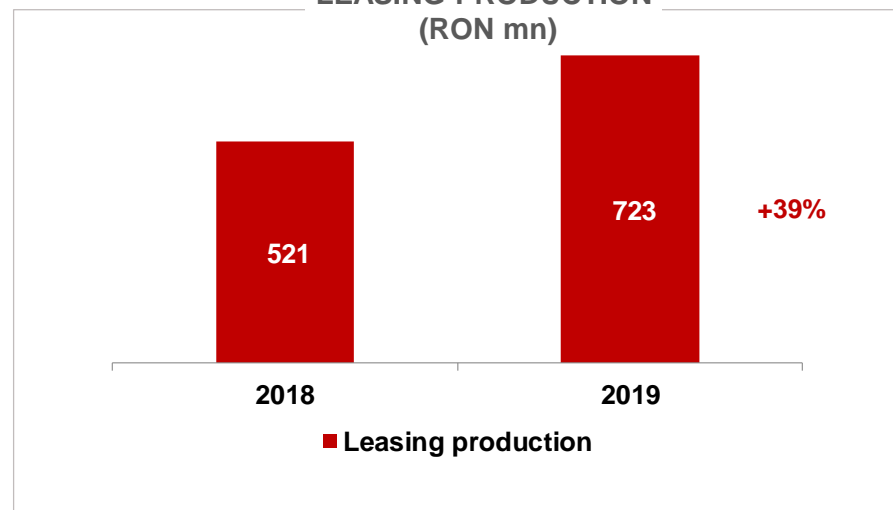
Actively financing SME and Small Businesses through leasing

Leasing production increased by +39% y/y driven by commercial vehicles and passenger cars, and equipments for agriculture and industry.

NET LOANS
(average amounts, RON bn)



LEASING PRODUCTION
(RON mn)



STRONG SAVING FRANCHISE

Large retail deposit base

Increasing retail deposits (+4.0% y/y)

Corporate deposits influenced by the reduction of EUR non transactional deposits, driven by an assumed balance sheet management choice.

Stable funding sources reflecting clients' trust

Loan to deposit ratio at 68.4%, +2.7 ppts y/y

Share of deposits in total liabilities growing from 69% at 2011 end to 93% at December 2019 end, ensuring a stable funding base

Offering our clients a large range of saving solutions

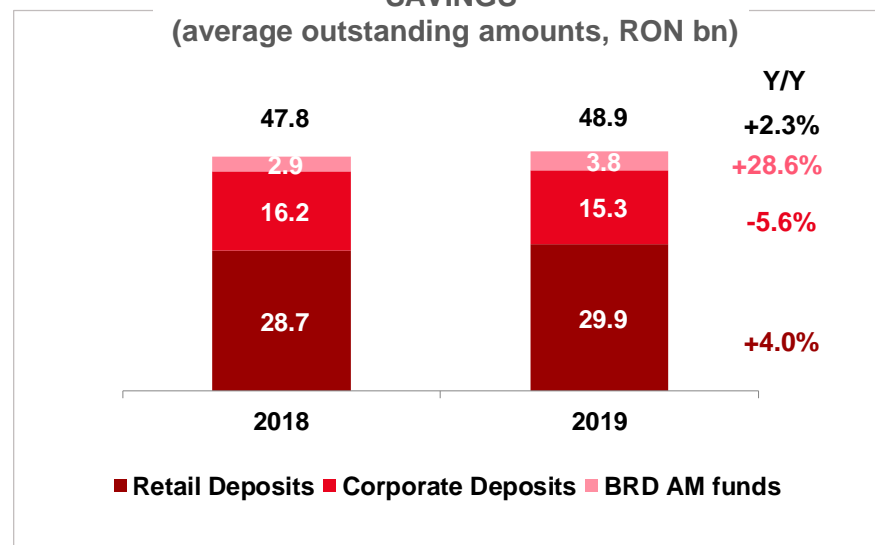
Asset Management: diversified offer of open-end funds, answering all investors' needs

→ AUM +74% y/y, to RON 4.8bn at 2019 end

Strong development of newly launched Unit Linked life insurance

→ Gross Written Premiums x3 vs 2018

SAVINGS
(average outstanding amounts, RON bn)



INCREASED FOCUS ON ALTERNATIVE SAVINGS MARKET

Very dynamic asset management activity

BRD AM's assets under management up +74% y/y

Significant inflow dynamics in 2019 for both BRD Simfonia (RON denominated) and Eurofond (EUR denominated), which invest mainly in government bonds, fixed income and money market instruments

Market share of 19.3% on open-end mutual funds' market, up by +6.5 ppts y/y

3rd largest asset manager in Romania

Diversified offer of funds with solid returns

Solid performance for all funds, ranging from +3.27%* for BRD EURO Fond (fixed income funds, EUR denominated) to +30.52%* for BRD Actiuni clasa A (equity fund, RON denominated)

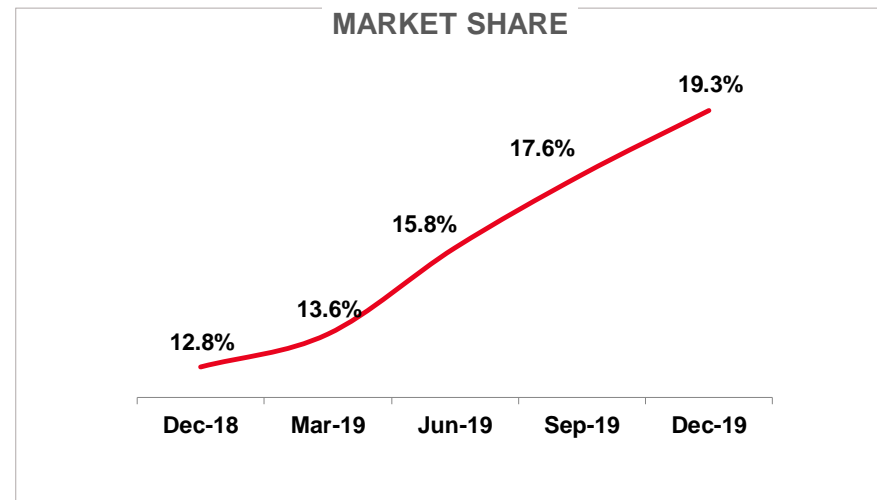
Awarded expertise

BRD AM's expertise recognized by the specialized press, the company winning 2 prizes during last year:

- "Best diversified fund in Romania" for BRD Diverso
- "Best Asset Management Company"

** Past performances do not guarantee future earnings.*

BRD AM
MARKET SHARE



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

GOOD REVENUE GENERATION DYNAMIC

Consistent revenue generation

Net banking income, up by +5.0% y/y in 2019 reflecting strong commercial dynamics supported by benign economic conditions

Strong net interest income growth

Solid net interest income increase, up by +8.1% y/y in 2019

Favorable influence of continued loan growth across all customers segments, structure shifts and supportive interest rate environment

Customers' loans and deposits outstanding

- 2019 avg. outstanding loans, up by +4.6% y/y
- 2019 avg. outstanding of retail deposits, up +4.0% y/y

Favorable interest rate environment over the year (average ROBOR 3M of 3.13% in 2019, +36 bps y/y)

Rising fees and commissions income

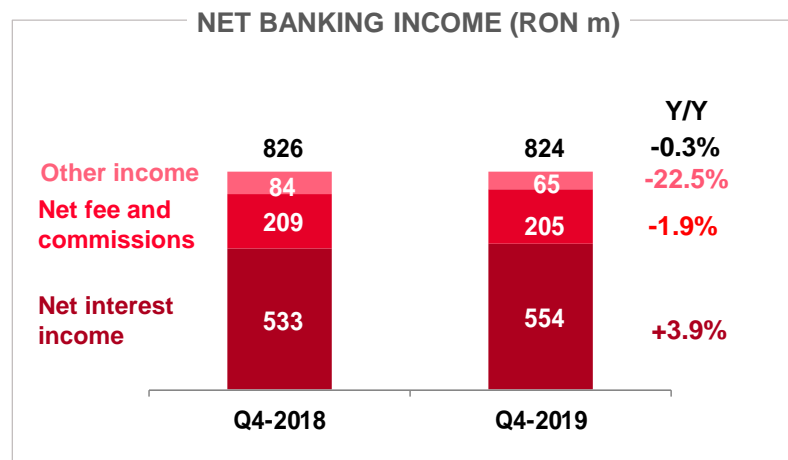
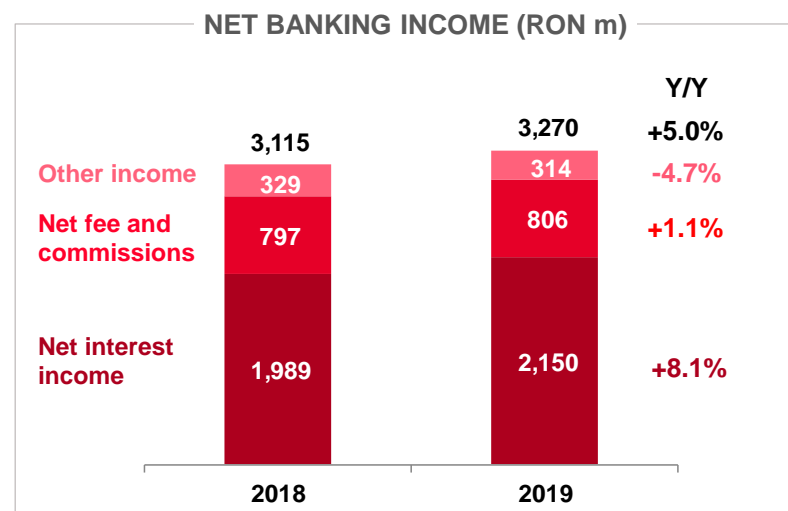
Higher net fees and commissions income, up by +1.1% y/y in 2019 vs. 2018

Dynamic card activity, rising volumes of customers' transactions and increasing revenues from asset management, offsetting the pricing pressure on daily and transactional banking services

Stable NBI in Q4 2019 vs Q4 2018

Net interest income growth decelerating on interest rate effect turning neutral (avg. ROBOR 3M, -11 bps y/y in Q4 2019)

Rising pressure on net fees and commissions and base effect related to trading activity



QUASI STABLE C/I RATIO, EXCLUDING REGULATORY COSTS

Costs' evolution reflecting labor market tightness, ongoing investments in transformation and increasing regulatory costs

Annual dynamic of staff expenses closely linked to salary and other benefits' adjustments in a context of tense labor market with two-digits annual growth rate of wages

Tax on financial assets of RON 75m, recognized in Q4 2019

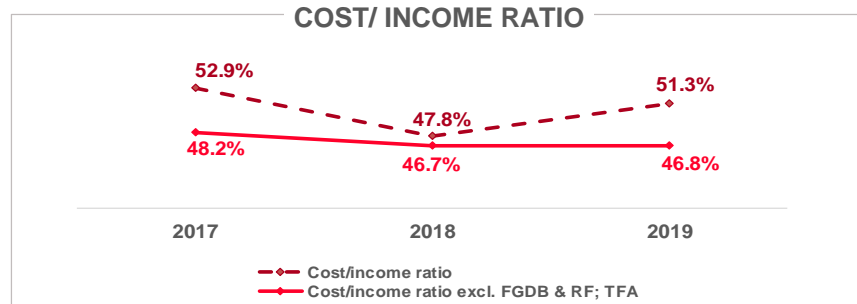
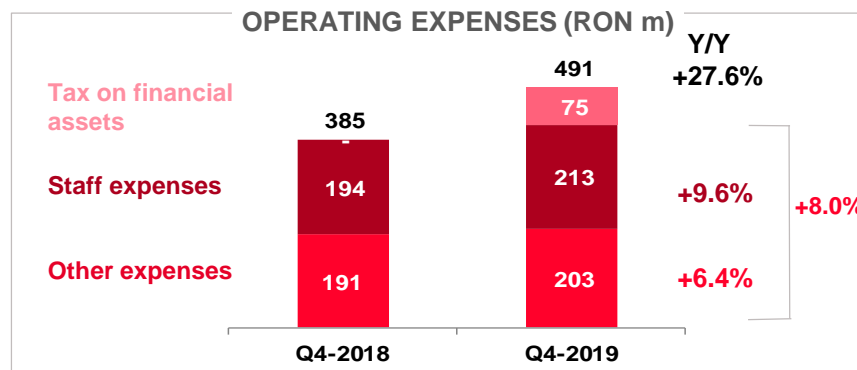
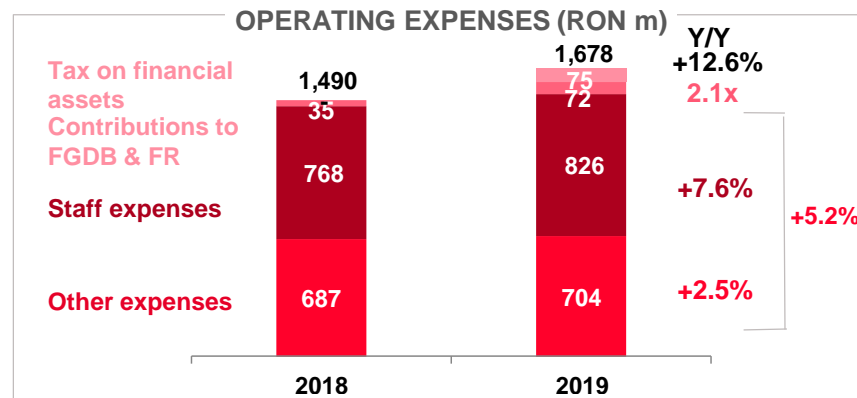
Two fold increase in cumulated contribution to Deposit Guarantee Fund and Resolution Fund (RON 72m in 2019 vs. RON 35m in 2018), fully booked in Q1 2019

Well controlled other costs, +2.5% in 2019 vs. 2018

+6.4% in Q4 2019 vs Q4 2018, influenced by the acceleration of investments in our business model transformation and some non recurring items

C/I ratio stable, excluding regulatory costs

C/I ratio at 46.8% in 2019 (vs. 46.7% in 2018)



Note: Regulatory costs refer to FGDB& RF contribution& tax on financial assets

STRONG ASSET QUALITY

Loan portfolio market mix

70.2% on individuals market segment
29.8% on legal entities market segment

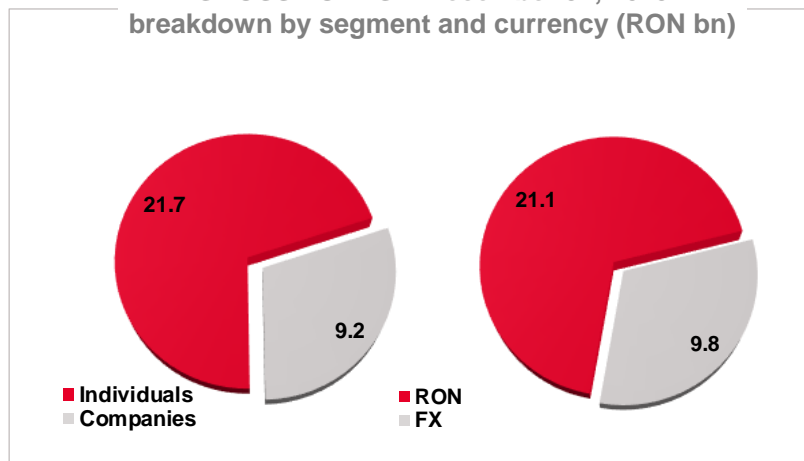
Consolidation of RON lending

Share of RON denominated loans at 68.2% (vs 66.3% as of December 2018 end)
Trend in line with market evolution

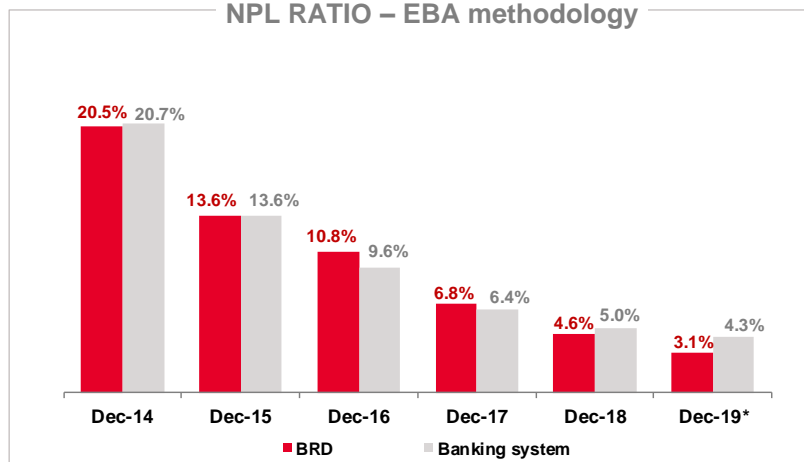
NPL ratio below banking sector level

Downward trend, reflecting recovery performance, write-off campaigns and sale of NPL performed since 2015, as well as constant efforts to improve the quality of the loan portfolio

GROSS LOANS – December 31, 2019
breakdown by segment and currency (RON bn)



NPL RATIO – EBA methodology



All figures at individual level

* NPL Ratio for Banking System – as of November 2019



COST OF RISK SUPPORTING THE BOTTOM LINE

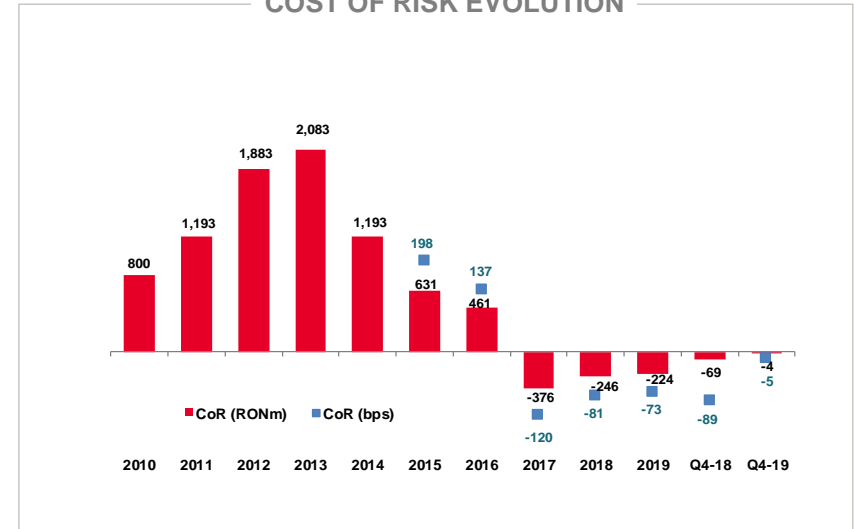
Net cost of risk at -73 bps in 2019, and -5 bps in Q4 2019

Significant recoveries from previously written off exposures

Proceeds from retail portfolio sale

Insurance indemnities (finalizing several claim files)

COST OF RISK EVOLUTION



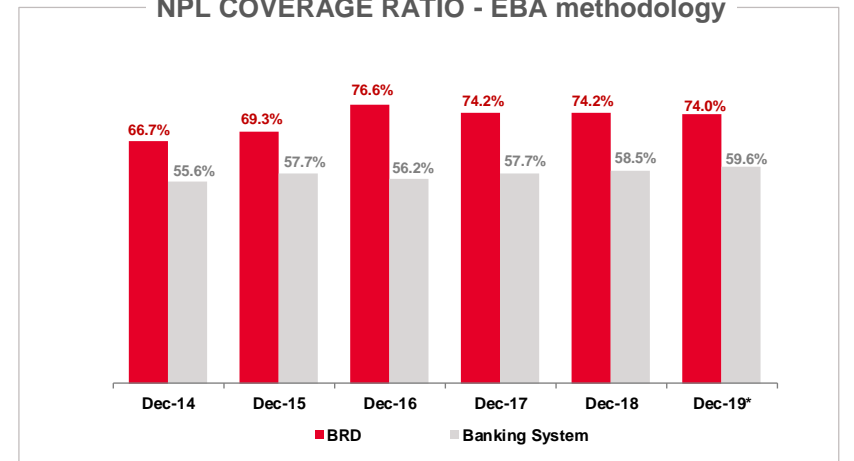
Note: Cost of risk in bps for Q4-2018 and Q4-2019 is annualized

Solid NPL coverage ratio

Prudent provisioning policy

NPL coverage ratio well above banking sector average

NPL COVERAGE RATIO - EBA methodology



* NPL coverage ratio for Banking System – as of September 2019

All figures at individual level



HIGH PROFITABILITY LEVEL ON DYNAMIC COMMERCIAL PERFORMANCE AND STRONG RISK PROFILE

Good operational performance

GOI +4.8% y/y in 2019 vs 2018, excl. contribution to FGDB&RF and tax on financial assets

GOI of RON 407m in Q4 2019 vs RON 441m in Q4 2018 (excl. tax on financial assets) on:

- interest rate effect turning from positive to neutral and base effect on trading income on revenue side
- acceleration of investments and non recurring items on expenses side

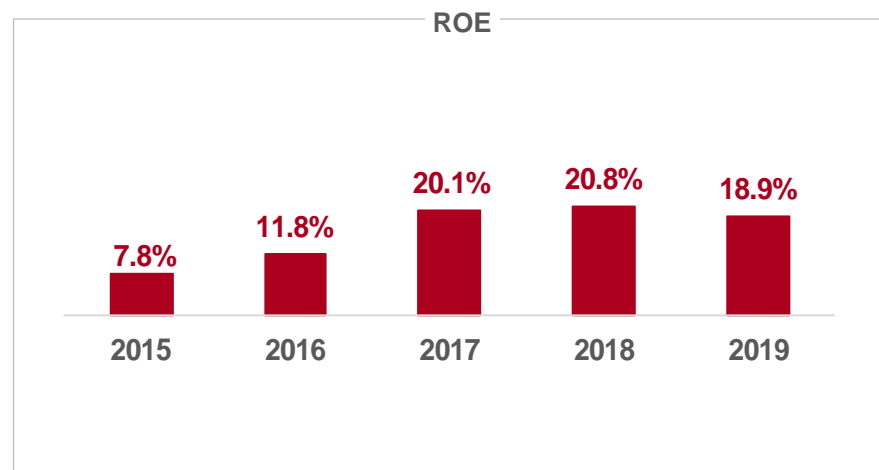
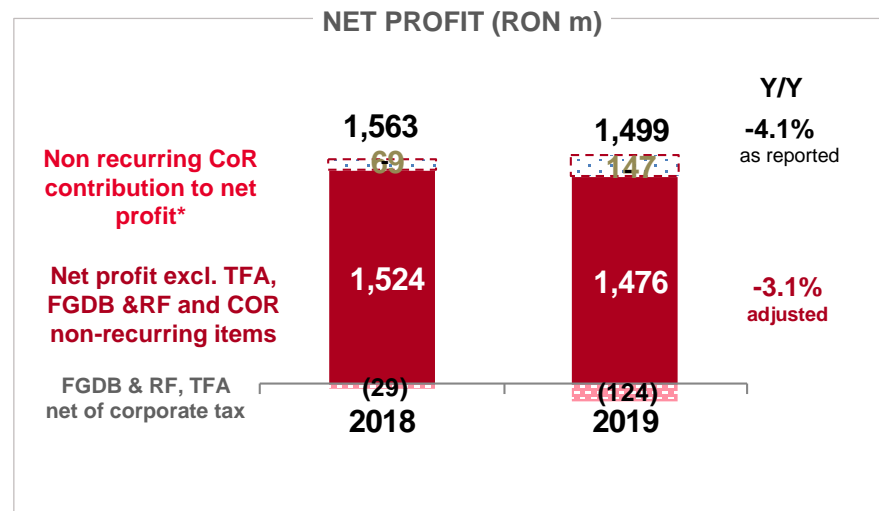
High profitability, ROE above 18% for the 3rd year in a row

High double digit ROE, at 18.9%

Supported by net banking income growth and cost of risk write backs

Note: GOI excluding FGDB&RF, TFA (tax on financial assets)

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



SOLID CAPITAL POSITION

Comfortable solvency ratio

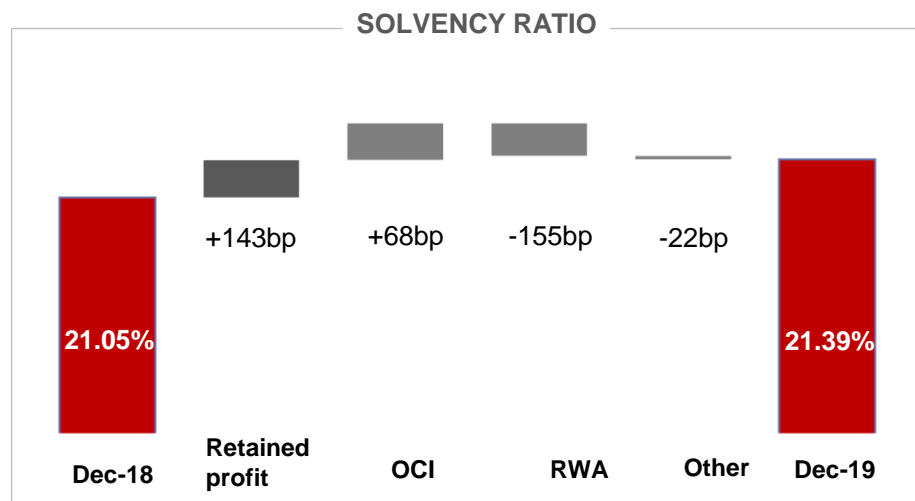
CAR of 21.4% at December 2019 end

Regulatory own funds composed solely of Tier 1 capital

Increase in own funds on a yearly basis explained by higher retained earnings and positive impact of revaluation of bonds accounted at fair value through other comprehensive income

Evolution of RWA 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



Bank only	Dec-18	Dec-19
Capital adequacy ratio	21.1%	21.4%
Own funds (RONm)	5,674	6,179
Total risk exposure amount (RONm)	26,951	28,886
Capital requirements (RONm)	2,156	2,311

Note: Own funds for 2019 include the net profit (unaudited), net of dividends (subject to GSM approval)

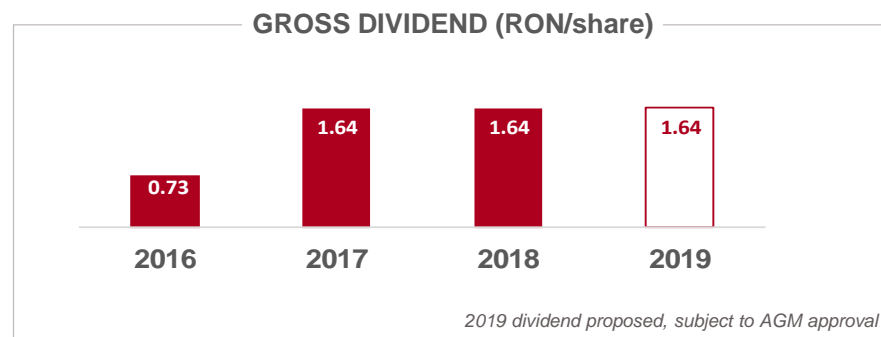
BALANCED PROFIT ALLOCATION POLICY

Dividend proposal maintained at 1.64 RON/ share

2019 dividend proposal of 1.64 RON/ share (payout ratio of 75%), subject to AGM approval

Stable vs 2017 and 2018

Confirmation of the capacity to offer a high dividend yield, while answering expected future capital requirements



Increased capacity to finance the economy

Retained profit to reach RON 1.5 bn* over the last 5 years

Increased capacity to actively finance the projects and activities of all actors of the economy

**including retained earnings from 2019 net profit, subject to AGM approval*

4

SOCIAL RESPONSIBILITY AT THE HEART OF OUR ACTION



GRUPE SOCIETE GENERALE

VOLUNTEERING



ZIUA V, BRD's online platform where employees find volunteering projects that generate change in local communities (like blood donations, meals preparations, Christmas gifts, charity races, greening school yards, cleaning forest...)

1 day/year allocated for BRD employees to encourage and stimulate the involvement in volunteering projects

More than **2,000 employees** active on **ZIUA V** platform

50 volunteering actions with more than **10,000 beneficiaries** in 2019

EDUCATION & TECHNOLOGY

Highlight from a wide range of initiatives

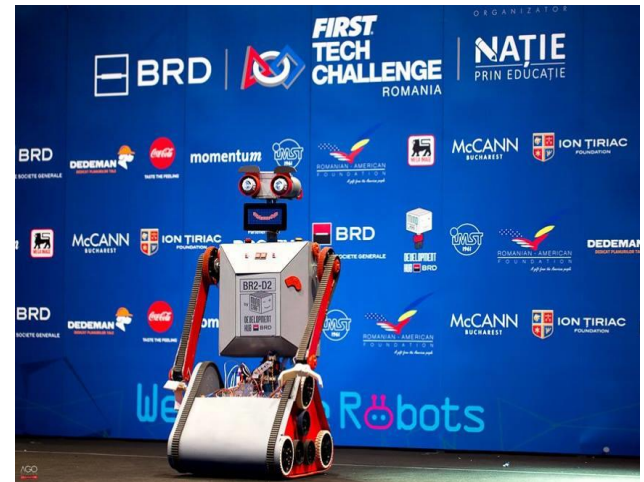
BRD First Tech Challenge, a full training robotics program for high school students: technical kits for students, teachers & mentors, coding, pitches, 3D printers, trainings on soft skills

2nd largest independent competition in the world

190 teams in the 4th edition of the program (2019 - 2020)

More than 5,000 students and 500 teachers involved in 77 cities

Reached more than 10% of the Romanian high schools



CULTURE

Focused to support **contemporary culture**, and also the new generation of artists mainly through our foundation

FUNDATIA 9

Scena9, cultural journalism publication on line & print

REZIDENTA BRD Scena9, cultural center in Bucharest and a platform for contemporary culture, with more than **100 events /year**

Fondul de Cinema “Lucian Pintilie”, scholarships for filmmakers & restoration of Pintilie’s films

Fundatia9, working with more than 300 artists, curators, illustrators, musiciens, journalists each year, to produce and promote the new Romanian culture



CULTURE HIGHLIGHTS IN 2019

French Romanian season and the presence of Societe Generale Art Collection at MNAR

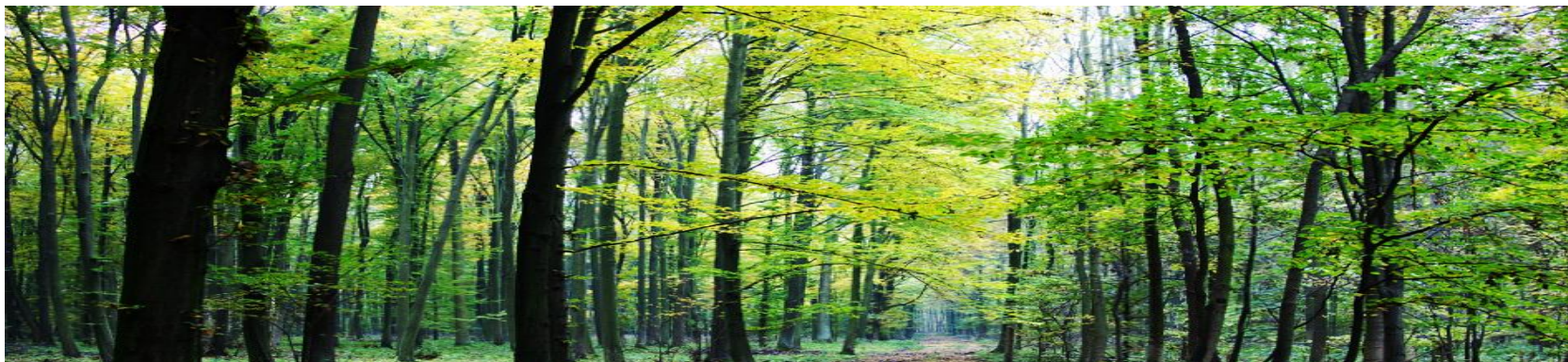
Sonoro Conac

Stradivarius tour

Sibiu theater festival

Microfolies in Sibiu – a cultural platform & a digital museum

and more..



Continuously working on **reducing our CO2 footprint**. Our actions enabled to reduce our CO2 emissions by 8% from 2016 to 2018

BRD Forests Fund launched in 2019 to support causes related to forests in Romania:

- monitor and preserve valuable forests
- educate youngsters and adults on the importance of forests

5

CONCLUSIONS



CONCLUSIONS

- **Another excellent year marked by commercial growth on both retail and corporate segments, strong risk profile, and high profitability**
- **Remarkable performance in asset management, with a market share gain of 6.5 pts, positioning BRD Asset Management in the market top 3**
- **Accelerated investments in digital innovation and further enhanced multi-channel set-up**
- **Higher digital penetration**
- **Social responsibility placed at the heart of our action through a wide range of projects and initiatives focused on four dimensions: support of local communities, education and technology, culture, and environment**

6

Q&A SESSION



GRUPE SOCIETE GENERALE

APPENDIX

BRD GROUP – KEY FIGURES

BRD STANDALONE - KEY FIGURES

STOCK PRICE PERFORMANCE

FINANCIAL CALENDAR FOR 2020

GLOSSARY – CLIENT SEGMENTATION



GRUPE SOCIETE GENERALE

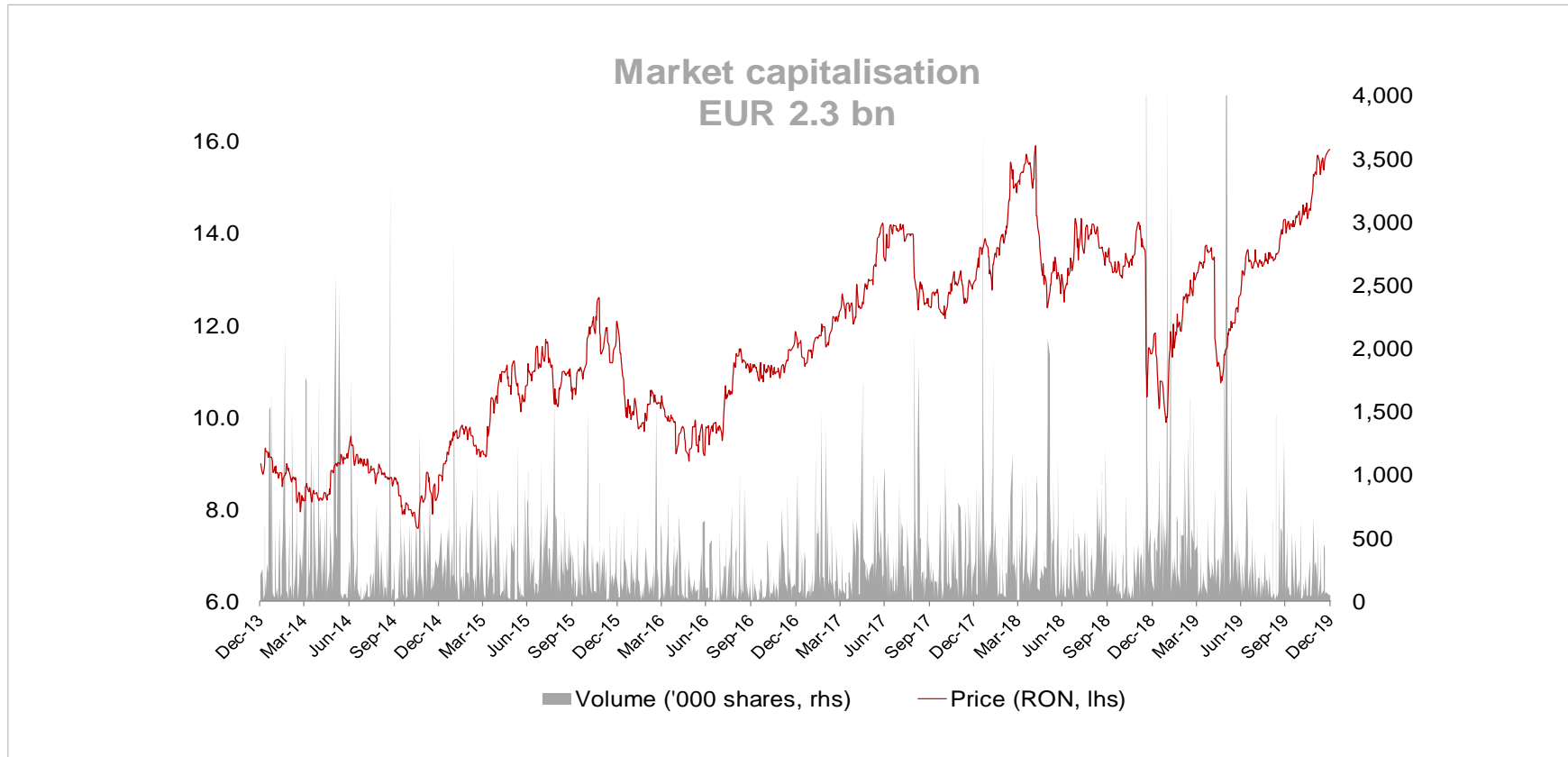
BRD GROUP | KEY FIGURES

	RON m	Q4-2019	Q4-2018	Change	2019	2018	Change
Reported financial results	Net banking income	824	826	-0.3%	3,270	3,115	+5.0%
	Operating expenses	(491)	(385)	+27.6%	(1,678)	(1,490)	+12.6%
	Gross operating income	332	441	-24.6%	1,592	1,626	-2.0%
	Net cost of risk	(3)	61	n.a.	204	230	-11.6%
	Net profit	273	421	-35.3%	1,499	1,563	-4.1%
	Cost/Income	59.7%	46.6%	+13.0 pt	51.3%	47.8%	+3.5 pt
	ROE	13.4%	22.8%	-9.3 pt	18.9%	20.8%	-1.9 pt
Financial results excluding non recurring items	Net banking income	824	826	-0.3%	3,270	3,115	+5.0%
	Operating expenses	(416)	(385)	+8.0%	(1,602)	(1,490)	+7.6%
	Gross operating income	407	441	-7.5%	1,668	1,626	+2.6%
	Net cost of risk	(3)	61	n.a.	15	135	-89.0%
	Net profit	336	421	-20.3%	1,416	1,494	-5.3%
	Cost/Income	50.5%	46.6%	+3.9 pt	49.0%	47.8%	+1.2 pt
	ROE	16.6%	22.8%	-6.2 pt	17.9%	19.9%	-2.0 pt
Non recurring items (RON m)							
Opex: tax on financial assets		(75.4)			(75.4)		
NCR: insurance indemnities and sale of NPLs (pre-tax)					188.8	95.4	+98.0%

BRD | KEY FIGURES FOR BANK ONLY

RON m		Q4-2019	Q4-2018	Change	2019	2018	Change
Financial results	Net banking income	779	777	+0.2%	3,170	2,981	+6.3%
	Operating expenses	(463)	(359)	+28.9%	(1,580)	(1,400)	+12.9%
	Gross operating income	317	418	-24.3%	1,590	1,581	+0.5%
	Net cost of risk	4	69	-94.6%	224	246	-9.1%
	Net profit	267	409	-34.7%	1,529	1,546	-1.1%
	Cost/Income	59.4%	46.2%	13.2 pt	49.9%	47.0%	2.9 pt
	ROE	13.6%	23.1%	-9.5 pt	20.1%	21.5%	-1.5 pt

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 15.84 as of December 2019 end, +38.9% y/y.

FINANCIAL CALENDAR FOR 2020

6th February: Preliminary 2019 financial results and annual press conference

23rd April: General Shareholders Meeting for approving the 2019 annual financial results

6th May: Presentation of the 1st quarter 2020 financial results

3rd August: Presentation of the 2nd quarter and 1st half 2020 financial results

5th November: Presentation of the 3rd quarter and 9 months 2020 financial results

- 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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