

GROUPE SOCIETE GENERALE

THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS

On April 19, 2018, at 10:00 A.M. at BRD Tower, 1-7 Bd. Ion Mihalache, 1st district, Bucharest (1st floor, Auditorium Room) for all the shareholders registered with the Shareholders' Register by the end of April 10, 2018 (reference date)

Decision draft:

The Ordinary General Meeting of the Shareholders approves the income and expenditure budget for 2018 and of the Business Plan for the fiscal year 2018.

The Board of Directors of BRD- Groupe Société Générale S.A.

BRD BUDGET 2018

GENERAL SHAREHOLDERS ASSEMBLY

BRD STAND ALONE, ACCORDING TO IFRS

APRIL 19TH 2018

YOUR BANK, YOUR TEAM







BRD: A UNIVERSAL BANKING GROUP WITH LEADING FRANCHISES ACROSS THE BOARD

RETAIL

CORPORATE

SPECIALIZED AFFILIATES

- 2.2 million active individual customers
- 115 ths active small business customers
- # 1 on loans to individuals (16.9% MS)
- # 3 on deposits from individuals (13.8%) MS)
- 570 large corporate groups
- 11 ths SME customers
- 6 ths local authorities and public entities
- # 1 on deposits from companies (13.0% MS)
- # 1 on factoring
- # 1 in custody services (73% MS)
- # 4 on loans to companies (8.7% MS)

| BRD Sogelease | 100% owned by BRD #3 on local leasing market |
|--------------------------|----------------------------------------------------------------------------------------|
| BRD AM | ■ 100% owned by BRD ■ #4 with 12.6% MS |
| BRD Finance | 49% owned by BRD, 51% by SG #3 cons fin NBFI* with 10% MS |
| BRD Life insurance | 49% owned by BRD, 51% by SG # 6 with 6.5% MS |
| BRD Pension Funds | 49% owned by BRD, 51 % by SG 3.4% MS P2, 5.3% MS P3 |

Data as of Dec 2017, except: BRD Life insurance and BRD Pension Funds market shares at Sept-17; BRD Finance market share at June-17



POSITIVE DEVELOPMENTS IN THE BANKING ENVIRONMENT IN THE RECENT PAST. SIGNIFICANT CHALLENGES AND OPPORTUNITIES AHEAD

Macro-context - Current opportunities and future challenges

- . Strong and sustained GDP growth in the last years
- Rising interest rates, driven by inflation and gradual withdrawal of ultra-accommodative monetary policies within the Eurozone
- · Low unemployment, well below EU average, with sustained decreasing trend registered in the last years



- Unsustainable GDP growth in the mid-term Economy fueled largely by private consumption boom and government-driven fiscal impulse
- Wage growth outpacing productivity gains undermining external competitiveness in the mid-term
- Very tight labor market

- Increasing adoption of digital solutions
- Large unbanked population
- Several customer segments (e.g. affluents, SMEs) underserved at market level
- Growth potential from higher customer sophistication in corporate (e.g. cash management, structured and corporate finance), and retail
- Bancassurance and alternative saving markets progressively maturing
- PSD2 opening up new business model opportunities





- · Margins squeezed by ongoing price war
- · Growing pressure on fee income/ prices driven by implementation of payment accounts Directive (EU Directive 92)2
- Lower barriers to entry for new players and potential sector disruption due to PSD2
- · Local legislative instability and transforming EU regulatory environment³
- GDPR posing new barriers in customer data usage and protection
- Consolidation of the banking system expected to continue, with a large number of very small banks unsustainable in the long run



OUR STRATEGIC OBJECTIVES FOR 2020



Achieve core solid profitability growth on both retail and corporate segments, driven by superior customer experience, strong employee engagement, and by the bank's commitment to having a positive contribution to the Romanian society and banking sector

| | | • | |
|----------------------|--------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| STRATEGIC OBJECTIVES | | Customer Satisfaction | Proactively understand and deliver on the needs of our customers Gain market leadership on customer experience Develop further digital capabilities and enhance integrated multi-channel user experience Become the reference relationship bank in Romania |
| | OBJECTIVES | Employee Commitment | Become employer of choice in Romania Foster a culture geared towards excellence and high employee engagement, built on mutual trust, team spirit and people development Increase organizational agility and change readiness to support ongoing innovation |
| | | Corporate Social Responsibility | Support Romania's economic growth and investments Conduct an ethical and fair business, in line with the bank's legal and ethical responsibility Support initiatives aimed at developing education, culture, technological advances and sports |
| | Financial Performance | ■ Target solid performance growth on both retail and corporate segments and improve overall core profitability | |

BRD TRANSFORMATION PROGRAM

Transformation Program Goals

- **→** Accelerate the transformation of the business model
- ➡ Enable the bank to reach its 2020 objectives





RETAIL - TOWARDS A MORE CUSTOMER CENTRIC, DIGITAL, AND EFFICIENT BANK

CUSTOMIZE THE VALUE PROPOSITION

- Key Objective: Adjust the value proposal, including sales and service model, to the clients' needs and potential
- Implement a comprehensive behavioral sub-segmentation and targeted value proposition, adjusted to the different subsegments
- Create full cycle customer journeys
- Concentrate resources on most attractive segments

ADAPT THE DISTRIBUTION CHANNEL MIX

- Key Objective: Reposition the channel mix in line with the evolution of customers' expectations
- Further develop digital channels penetration and capabilities:
 - · greater efficiency for daily banking operations
 - end-to-end digital subscription process
- Increase the capacity and role of the contact center
- Brick and mortar fewer branches, increasingly focused on expertise and advisory services

STREAMLINE THE OPERATING MODEL AND INVEST IN PEOPLE

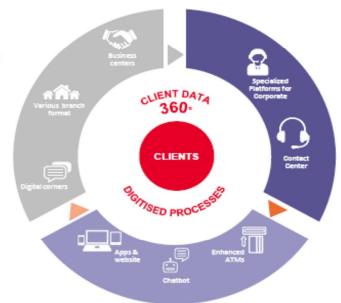
- Key Objective: Optimize processes and organization, maximize employee engagement
- Enhance processes through an increased level of digitization and workflow automation
- Improve organization efficiency
- Further grow and engage employees via upgraded training journeys and enhanced performance management system



MOVING TOWARD AN OMNI-CHANNEL BUSINESS MODEL, COMBINING **HUMAN EXPERTISE AND DIGITAL EFFICIENCY**

BRANCHES

Greater EXPERTISE, via physical and remote channels, for customers' key projects



REMOTE PLATFORMS

Greater EFFICIENCY for daily banking operations





CORPORATE - FULLY ACTIVATE VALUE GROWTH LEVERS AND FURTHER INCREASE LOAN ORIGINATION

FOCUS ON VALUE GROWTH LEVERS

- Key Objective: Maximize value extraction from the existing customer base and develop new growth drivers
- Further enhance portfolio profitability by increasing share of primary bank customers
- Implement a superior sales management and monitoring set up to boost commercial performance
- Compensate for price pressure on traditional activities by intensifying cross selling and fully activating value growth levers - Structured Finance, Corporate Finance, derivatives, GTB -, ensuring their promotion to all customer segments
- Continue to develop synergies with retail, specialized affiliates and SG group

ACHIEVE MATERIAL AND PROFITABLE LOAN VOLUME GROWTH

- → Key Objective: Outperform corporate loan market growth while continuing to improve the risk profile
- Further enhance the origination process effectiveness
- On the SME segment, develop the lending activity based on:
 - · in-depth understanding of both client needs and risk profiles
 - refined sectorial approaches
 - dynamic and forward looking management of risk appetite
- Capitalize on the specialized EU and national funds structure capabilities

OPTIMIZE PROCESSES AND ORGANIZATIONAL SET-UP

- Key Objective: Improve both customer satisfaction and operational efficiency
- Invest in digital offer and bring it to the highest market standards
- Improve process time and quality through:
 - simplification and optimization
 - higher level of workflow automation
 - · centralized processes supervision
- Fully integrate SME and large corporate set ups to maximize internal synergies and create scale



OPERATIONS - SIMPLIFIED ORGANIZATION AND OPTIMIZED PROCESSES FOR INCREASED REACTIVITY AND QUALITY

MORE AGILE ORGANIZATION

- Key Objective: Revise organization structure and increase alignment to best practices
- Simplify governance structure
- Enhance specialization of back office centers
- Flatter organizational structure to foster team commitment and increase agility

ENHANCE PROCESS EFFICIENCY

- Key Objective: Achieve superior customer service quality and operational risk mitigation
- LEAN process implementation shorten lead time on key processes and reduce operational risk
- Improve productivity management tools and sustain performance-oriented culture
- Unlock scale advantages associated with back office center specialization
- Dematerialize BO processes and increase OCR capabilities

OPTIMIZE COST BASE

- Key Objective: Maximize financial performance from leveraging lower cost base
- Lower overall cost base
 - · improve internal processes
 - · roll out digital tools and processes
 - leverage on scale advantages from back office center specialization
- Optimize span of control
- Further develop internal performance culture



ACCELERATE DIGITAL READINESS THROUGH INNOVATIVE, OPEN, AND **AGILE APPROACHES**



BOOST INNOVATION



GROW THE INFORMATION SYSTEMS VALUE



- Continuous interactions with an entire and developing ecosystem
- Open innovation strategy
- Dedicated team to foster innovation
- Trusted partner, custodian of clients'
- A modular digital approach: "API first"
- Develop services interoperability An OPEN approach to develop offers and clients' satisfaction
- Continue to focus on Security

- AGILE First
- Reduce time to market
- Increase efficiency
- Optimize alignment with Business
- Ensure the critical skills for tomorrow







MACROECONOMIC PROJECTIONS

GDP growth

GDP growth reached 7.0% in 2017, driven by private consumption which benefitted from pro-cyclical fiscal stimulus, while investment contribution remained modest.

Growth expected to slow down to 4.4% in 2018, with a decelerating private consumption and a rising contribution of investments. Investments should gradually gain steam, stimulated by the progressive upturn in the absorption of EU funds and resilient domestic and foreign demand prospects.

Accelerating inflation dynamics

In a context of surging wages (average nominal wages growing by +12% Y/Y as of Dec-17) and record-low unemployment (4.6% as of Sept-17), inflation accelerated in 2017 (reaching an average level of 1.3%) and is expected to accelerate further in 2018 (to an average level of 2.9%).

Significant rise in RON interest rates starting September 2017

Rising inflation prompted a tightening of the monetary policy and an upward correction of money market rates in the last quarter of 2017.

Average ROBOR 3M reached 2.0% in Q4-17 and the 2018 budget is based on a stability assumption at this level.

Exchange rate

In the absence of major external shocks, the exchange rate is expected to remain stable in 2018.

Overall credit growth at +3.6% y/y at December 2017 end, with lending to individuals as main driver (+6.6% y/y)

Household borrowing should continue to be the major driver of lending activity in 2018. On non retail loans, with investments gradually gaining momentum and fueling credit demand, the progressive recovery seen in 2017 should intensify.



PROFITABILITY EVOLUTION

Net banking income

With strong competitive pressures weighing on prices, the bank will mostly rely on volume augmentation and a higher contribution of growth relays (insurance, asset management) in order to increase its revenues.

Net interest income is expected to benefit from higher lending volume (EOP net outstanding amount of loans growth is budgeted at +7%) and positive rate effects.

Fees and commissions income should be under strong price pressure, with regulatory evolution and competitive constraint negatively impacting daily and transactional banking revenues.

Operating expenses

Operating expenses would increase by around +4% in 2018, driven by :

- continued pressures on salary costs
- impact of investments in regulatory and transformation projects

Cost of Risk

Cost of Risk will be less influenced by exceptional items than in 2017. It should nevertheless benefit from a supportive economic environment, the good quality of the new loan production, and an enhanced collection strategy. We consequently target a Cost of risk below the 60 bp threshold for 2018.



2018 BUDGET - KEY INDICATORS

| | | 2016 | 2017 | Evo 17/16 | Budget 2018 | Evo B18/17 |
|----------------------|------------|-------|-------|--------------|----------------|---------------|
| CLIENTS* (thousands) | | 2,285 | 2,327 | 1.8% | 2,390 | 2.7% |
| | Total | 27.4 | 29.0 | 5.9% | 31.0 | 6.8% |
| NET LOANS (RON bn) | Retail | 18.7 | 20.3 | 8.3% | 21.5 | 6.4% |
| | Non Retail | 8.7 | 8.8 | 0.8% | 9.4 | 7.6% |
| | | | | | | |
| | Total | 42.3 | 44.4 | 5.0% | 45.0 | 1.4% |
| DEPOSITS (RON bn) | Retail | 26.0 | 27.8 | 7.0% | 29.1 | 4.5% |
| | Non Retail | 16.3 | 16.6 | 1.7% | 15.9 | -3.9% |
| | | | | | | |
| NET LOANS/DEPOSITS | | 65% | 65% | 1 pts | 69% | 3 pts |

^{*} active clients



2018 BUDGET - FINANCIAL TARGETS

| | RON m | 2016 | 2017 | Evolution 17/16 | Evo 17/16* w/o non recurring items | Perspectives for 2018 |
|----------------------|------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------|
| | NET BANKING INCOME | 2,634 | 2,641 | 0.3% | 5.2% | Solid NII growth Fee & commissions under strong price pressure |
| FINANCIAL RESULTS | OPERATING EXPENSES | (1,310) | (1,388) | 5.9% | 3.7% | +4% |
| | GROSS OPERATING INCOME | 1,324 | 1,254 | -5.3% | 6.8% | stable |
| | NET COST OF RISK | (461) | 376 | n/a | n/a | below 60 bp |
| | NET RESULT | 728 | 1,380 | 89.5% | 89.2% | |
| | | | | | | |
| RATIOS | COST/INCOME RATIO | 49.7% | 52.5% | +2.8 pts | -0.7 pts | |
| | ROE | 11.8% | 20.6% | +8.8 pts | +7.7 pts | >12% |
| | RESULTS | NET BANKING INCOME OPERATING EXPENSES GROSS OPERATING INCOME NET COST OF RISK NET RESULT COST/INCOME RATIO | RON m NET BANKING INCOME OPERATING EXPENSES (1,310) GROSS OPERATING INCOME NET COST OF RISK (461) NET RESULT COST/INCOME RATIO 49.7% | RON m NET BANKING INCOME 2,634 2,641 OPERATING EXPENSES (1,310) (1,388) GROSS OPERATING INCOME 1,324 1,254 NET COST OF RISK (461) 376 NET RESULT 728 1,380 RATIOS COST/INCOME RATIO 49.7% 52.5% | RON m NET BANKING INCOME 2,634 2,641 0.3% | 2016 2017 Evolution w/o non recurring items |

| Non recurring items* (RON m) | 2016 | 20 |
|--------------------------------------------------|------|----|
| NBt gain on sale of AFS, incl. VISA | 131 | |
| Opex restructuring provision | | (2 |
| NCR: insurance indemnities, gain on sale of NPLs | | 27 |



2020 FINANCIAL TARGETS

HEALTHY VOLUME GROWTH

Loans

Deposits

+7% *

+4% *

✓ Solid growth on loan book

Sustainable funding sources

- INCREASED INVESTMENTS IN TRANSFORMATION
- ENHANCED OPERATIONAL **EFFICIENCY**
- ROBUST GOI GROWTH

GOI

>+4% *

-5% number of branches *

-3% headcount *

Higher value extraction on both Retail an Non Retail portfolios

- Solid volume growth
- Pressure on margins
- Adjustment of network footprint
- ✓ Enhanced processes, higher digitization level
- Further pressure from increasing labor costs

SOLID RETURNS

ROE

>12%**

* CAGR (2017-2020)

** ROE throughout the period



KEY TARGETS