

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BRD - Groupe Societe Generale S.A.

### Report on the Audit of the consolidated and separate Financial Statements

#### Opinion

We have audited the consolidated and separate financial statements of BRD - Groupe Societe Generale SA (the Bank) with official head office in 1-7 Ion Mihalache Bd, identified by sole fiscal registration number RO 361579, which comprise the consolidated and separate statement of financial position as at December 31, 2017, the consolidated and separate profit or loss, the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Bank as at December 31, 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with the National Bank of Romania Order no 27/2010, approving the accounting regulations compliant with the International Financial Reporting Standards for credit institutions, with subsequent modifications and clarifications.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## Key audit matters

### Impairment of loans and advances to customers

Management’s assessment of impairment indications and determination of the impairment allowance for loans and advances to customers is a complex process and involves judgement and use of estimates. Such an assessment is inherently uncertain, involving various assumptions in estimating expected future cash flows, expected net selling prices of collaterals and timing of recovery of collateral.

Special considerations are given to aspects that are new or experienced notable developments in 2017, like Law no. 151/2015 regarding insolvency procedure for individuals.

The use of different modelling techniques and assumptions could produce significantly different estimates of impairment allowance. Notes 2 e) and 10 to the financial statements present more information on the estimation of impairment allowance for loans and advances to customers.

Due to the significance of loans and advances to customers (representing 53.9% of total consolidated Bank’s assets and 54.2% of total separate Bank’s assets) and the related estimation uncertainty, we consider this a key audit matter.