
THE ORDINARY GENERAL MEETING OF THE SHAREHOLDERS

On April 14, 2016, at 10:00, at Novotel Bucarest City Centre, Paris Gauche Room
(37B Calea Victoriei, 1st district, Bucharest), for all the shareholders registered with the
Shareholders' Register by the end of April 4, 2016 (reference date)

Decision draft:

The Ordinary General Meeting of the Shareholders approves the income and expenditure budget for 2016 and of the Business Plan for the fiscal year 2016.

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BRD

Budget 2016

General Shareholders Assembly

BRD stand alone, according to IFRS

YOUR BANK. YOUR TEAM



GROUPE SOCIETE GENERALE

Banking and economic environment

Macroeconomic Scenario

- In 2015, GDP growth reached 3.7%, sustained by domestic demand and investments. In 2016, GDP growth is expected to reach 3.5%, taking into account that private consumption should increase markedly and public sector investment could accelerate, underpinned by a better absorption of European funds.
- 2013 and 2014 marked a significant disinflationary path triggered mainly by supply-side shocks. The entry into force of the reduced VAT rate for food products pushed inflation further down in the second semester of 2015 and inflation reached negative levels in 2015. CPI should continue to record negative values until mid 2016, influenced by the standard VAT rate cut (to 20% from 24%), but should accelerate in the second semester, with the impact of the reduction of VAT rate for food products fading away and demand-led inflationary pressures building up. Average inflation rate assumption for the full year 2016 is set at 0.5%.
- In the absence of major external shocks, the exchange rate is expected to remain stable in 2016.

Banking Environment Scenario

- After several years of contraction, the evolution of gross loans volume turned positive in 2015 (+2.8%). In 2016, this trend should continue. The increase of salaries and low interest rates should drive up consumer loans production. With investments gradually gaining momentum and fuelling credit demand, the increase of loans to enterprises should progressively reach more substantial levels.
- Increase by 5% of the overall deposit volume, mostly pushed by household's deposits (+6%)

Commercial Strategy

On Retail - Individuals' market

- The key strategic ambition is to continue and accelerate the evolution of the business model from a “counter bank” to a fully “customer centric” bank
- The promotion of the bank’s upgraded remote banking solutions (internet and mobile banking) will continue to be intensified, in order to accelerate the shift of basic transactions from counter to alternative channels
- The implementation of specific campaigns and actions targeting churn clients, quality of service enhancement through adequate training and monitoring approaches, as well as a simplified pricing structure, will enable the bank to increase customer satisfaction and reduce its attrition rate
- The enrichment of the commercial offer with innovative or enhanced products (health insurance, credit cards) should also contribute to support customer acquisition.

On Retail - Small businesses' market

- Focus on efficiently covering clients’ daily banking needs with high quality products, targeting an increase in the attracted volume of transactions
- Intensification of lending activity

On Non Retail market

- Development of credit operations to be based on a selective sectorial approach fully consistent with market opportunities, targeting in priority the sectors of energy, agriculture / agro-industry, infrastructure, large retailers. Exporters, as well as top players at regional level will be particularly targeted.
- Be the reference banking partner on national and European development programs
- Focusing on value added products

Organization and structure

Evolution of the commercial organization and structure

- Preserving a strong network of branches, while continuing to perform pragmatic and punctual adjustments, on an ongoing basis
- The format of branches will evolve: creation of 24h banking areas with automats featuring enhanced functionalities, new design of commercial space better adapted to advising activities, upgrade of Robots' fleet
- Increase of the number of relationship managers, through staff redeployments
- Accelerate the shift of basic transactions from counter to alternative channels

Adjustments of back-offices and support functions' organization and structure

- Distribution and operational processes will continue to be reviewed and reshaped, with the aim of enhancing simplicity, convenience, and efficiency
- Focus on the dematerialization of workflows, the automation and centralization of operations' treatment, and the specialization of processing centers.

Profitability evolution

Net Banking Income

- The NBI is expected to rise by around 5% in 2016, thanks to an ascending commercial activity
- Net interest income is expected to increase by about 7%, driven up by higher lending volumes and positive structure effects.
- Fees and commissions income would benefit from the expansion of the customer base, rising cross-selling levels, and the increasing contribution of activities appearing as new growth drivers (asset management, insurance).

Operating Expenses

- After a 2.5% cut in 2015, OPEX would increase by 4% in 2016, driven by opposite forces:
 - processes' optimization which should allow for further productivity gains
 - non staff expenses to be kept under strict control
 - impact of investments which should follow an upward trajectory (investments in digital and alternative channels, branches' format transformation, but also IS upgrades in order to answer new regulatory constraints).

Cost of Risk

- Not taking into consideration the impact of potentially adverse legislative evolutions, the cost of risk should continue to follow a normalization trajectory.

Net Result

- Improvement in profit, under the above described assumptions.

Main activity indicators (BRD standalone, IFRS)

		Actual 2014	Actual 2015	Evolution 15/14	Budget 2016	Evolution B16/15
Clients (thousands)		2,234	2,250	0.7%	2,273	1.0%
Net loans (RON bn)	Total	26.5	26.6	0.4%	28.8	8.0%
	Retail	16.9	17.8	5.1%	18.6	4.8%
	Non Retail*)	9.6	8.9	-7.9%	10.2	14.5%
Deposits (RON bn)	Total	36.0	41.2	14.3%	39.2	-4.9%
	Retail	21.4	23.6	10.7%	24.3	2.8%
	Non Retail	14.7	17.5	19.5%	14.8	-15.4%
Loans/deposits		74%	65%	-9 pts	73%	9 pts

*) including municipal bonds

Main profitability indicators (BRD standalone, IFRS)

	Actual 2014	Actual 2015	Evolution 15/14	Perspectives for 2016
Financial Results				
RON m				
NET BANKING INCOME	2,585	2,474	-4.3%	increase of circa 5%
OPERATING EXPENSES*)	(1,343)	(1,310)	-2.5%	increase of circa 4%
GROSS OPERATING INCOME	1,242	1,164	-6.3%	increase of circa 5%
NET COST OF RISK	(1,193)	(631)	-47.1%	
NET RESULT	43	445		
Ratios				
COST/INCOME RATIO	51.9%	52.9%	+1.0 pts	improvement
ROE	0.8%	7.7%	+7.0 pts	

*) including contributions to the Guarantee Fund of Deposits and to the Resolution Fund