

Quarterly Report

September 30, 2016

according to National Securities Commission Regulation
no 1/2006

YOUR BANK. YOUR TEAM



GRUPE SOCIETE GENERALE

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1. THE COMPANY AND ITS SHAREHOLDERS

BRD – GROUPE SOCIÉTÉ GÉNÉRALE PROFILE

BRD - Groupe Société Générale („BRD” or „the Bank”) was set up on December 1st, 1990 as an independent bank with the legal status of a joint-stock company and with the share capital mainly held by the Romanian State, by taking over the assets and liabilities of Banca de Investitii (the Investment Bank).

In March 1999, Société Générale (“SG”) bought a stake representing 51% of the share capital, increasing its holding to 58.32% in 2004, through the acquisition of the residual stake from the Romanian State. As at September 30, 2016, SG was holding 60.17% of the share capital.

Starting 2001, BRD-Groupe Société Générale operates as an open joint-stock company, admitted to trading on a regulated market, according to the companies’ legislation, banking legislation, capital market regulations, provisions of the Articles of Incorporation and other internal regulations.

BRD identification data are the following:

- **Head Office:** Blvd. Ion Mihalache No. 1-7, sect. 1, Bucuresti
- **Phone/Fax:** 021.3016100 / 021.3016800
- **Sole registration number with the Trade Registry:** 361579/10.12.1992
- **Fiscal Code:** RO 361579/10.12.1992
- **Order number with the Trade Registry:** J40-608-1991
- **Number and date of registration in the Credit Institutions Register:** RB - PJR - 40 – 007/18.02.1999
- **Share capital subscribed and paid:** 696.901.518 RON
- **Regulated market on which the issued securities are traded:** Bucharest Stock Exchange Premium Tier
- **The main characteristics of securities issued by the company:** ordinary shares with a nominal value of 1 RON

EXTERNAL RATING

As at September 30, 2016 the Bank had the following ratings:

Fitch Ratings (rating date: 20-Oct-2016)	Rating
Foreign-Currency Short-Term Issuer Default Rating	F2
Foreign-Currency Long-Term Issuer Default Rating	BBB+
Support Rating	2

Moody's (rating date: 01-Sep-2016)	Rating
Global Local Currency Short-Term Deposit	Prime
Global Local Currency Long-Term Deposit	Baa3
Foreign Currency Short-Term Deposit	Prime
Foreign Currency Long-Term Deposit	Baa3

BRD GROUP („GROUP”) consolidates the following entities:

- BRD - Groupe Société Générale S.A.;
- BRD Sogelease IFN SA;
- BRD Finance IFN SA;
- BRD Asset Management SAI SA;

SOCIÉTÉ GÉNÉRALE PROFILE

Société Générale was set up in 1864 as a banking company, registered in France. Its head office is located on 29 Boulevard Haussmann, 75009, Paris, France, and its shares are listed on the Paris Stock Exchange.

Société Générale is one of the largest European financial services groups. Based on a diversified universal banking model, the Group combines financial solidity with a strategy of sustainable growth, and aims to be the reference for relationship banking, recognised on its markets, close to clients, chosen for the quality and commitment of its teams.

Société Générale has been playing a vital role in the economy for 150 years. With more than 145,000 employees, based in 66 countries, Société Générale accompanies 31 million clients throughout the world on a daily basis. Société Générale's teams offer advice and services to individual, corporate and institutional customers in three core businesses:

- *Retail banking in France* with the Société Générale branch network, Credit du Nord and Boursorama, offering a comprehensive range of multi channel financial services on the leading edge of digital innovation;
- *International retail banking, financial services and insurance* with a presence in emerging economies and leading specialised businesses;
- *Corporate and investment banking, private banking, asset management and securities services*, with recognized expertise, top international rankings and integrated solutions.

As at September 30, 2016, the ratings of Société Générale were:

- Standard and Poor's: A
- Moody's: A2
- Fitch: A

BRD POSITION WITHIN SOCIÉTÉ GÉNÉRALE

SG has been present in Romania since 1980, being the only significant bank from Western Europe that was present in Romania during the communist era.

In 1999, it takes part in the process of privatization of Banca Română pentru Dezvoltare and acquires 51% of the bank's share capital.

Starting with this period, BRD lined up its operational procedures and business practices to those of the parent company.

BRD is part of the international network of Société Générale, managed by the International retail banking and financial services division (IBFS) that aims to offer a broad range of products and services to individuals, professionals and corporates. Its global development is built upon:

- The international universal banking and consumer credit networks, organised around three regions: Europe, Russia and Africa / Asia / Mediterranean Basin & Overseas;
- Three specialised businesses, leaders in their markets: Insurance, Car Renting and Fleet Management, Equipment and Vendor Finance.

KEY FIGURES

	The Bank	9 months to 30-Sep-2015	9 months to 30-Sep-2016	Variation
Financial results	Net banking income (RONm)	1,834	2,015	9.9%
	Operating expenses (RONm)	(987)	(975)	-1.2%
	Cost of risk (RONm)	(427)	(349)	-18.1%
	Net profit (RONm)	351	586	67.3%
	Cost / income ratio	53.8%	48.4%	-5.4 pt
	ROE	8.3%	12.6%	4.3 pt
		Dec-15	Sep-16	Variation
Capital adequacy*	Own funds (RONm)	4,857	5,167	6.4%
	RWA (RON bn)	26.9	27.1	0.9%
	CAR	18.1%	19.1%	1.0 pt
Loans and deposits	Total net loans (RON bn)	26.6	27.3	2.6%
	Total deposits (RON bn)	41.2	40.7	-1.2%
Franchise	No of branches	829	812	(17)
	No of active customers (x 1000)	2,250	2,235	(14)
	The Group	9 months to 30-Sep-2015	9 months to 30-Sep-2016	Variation
Financial results	Net banking income (RONm)	1,925	2,111	9.6%
	Operating expenses (RONm)	(1,042)	(1,032)	-0.9%
	Cost of risk (RONm)	(454)	(362)	-20.3%
	Net profit (RONm)	361	606	67.9%
	Cost / income ratio	54.1%	48.9%	-5.2 pt
	ROE	8.2%	12.5%	4.3 pt
		Dec-15	Sep-16	Variation
Loans and deposits	Total net loans including leasing (RON bn)	27.6	28.4	3.0%
	Total deposits (RON bn)	41.1	40.6	-1.2%

(*) according to Basel 3 including the impact of prudential filters;

Note: Throughout this report, the loan outstanding amounts at December 31, 2015 and September 30, 2015 have been restated for comparability purpose, thus, similar to the loan outstanding at September 30, 2016, they include municipal bonds. The December 31, 2015 amount in the Interim Financial Statements at September 30, 2016 has not been restated.

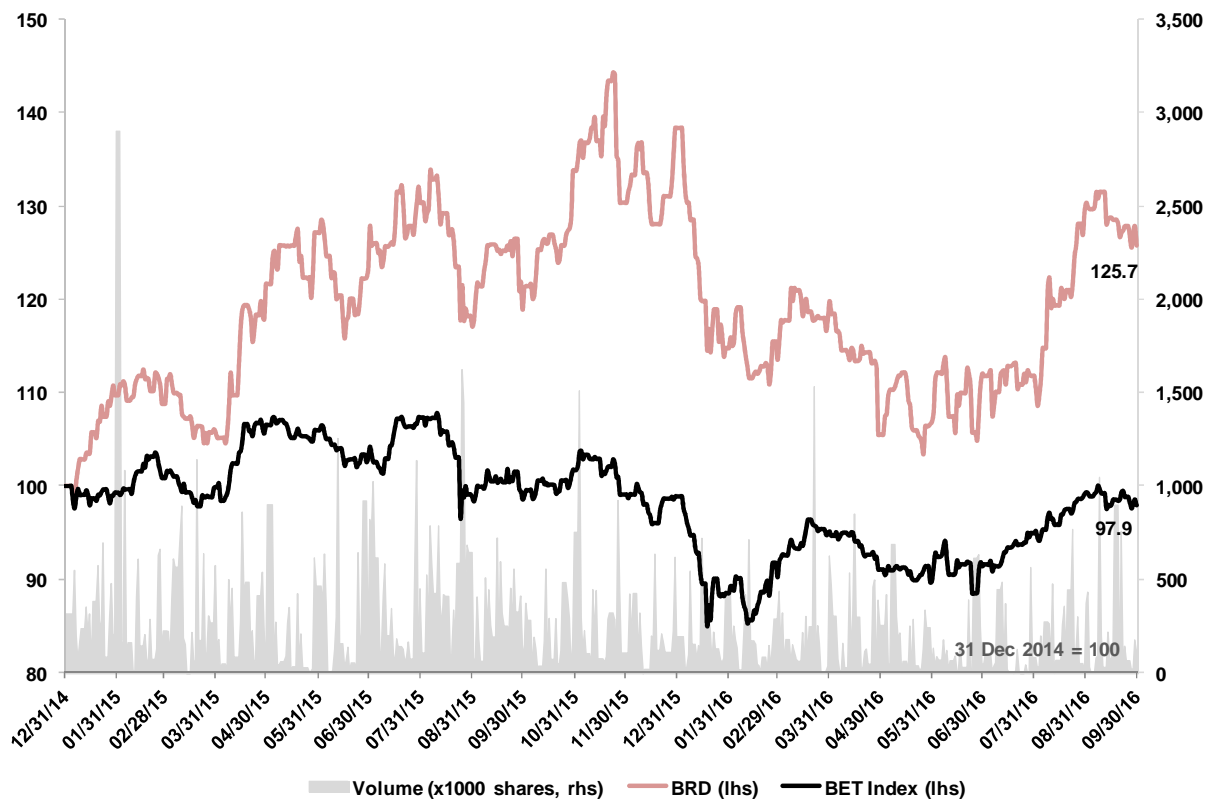
BRD SHARE

Starting with January 15th, 2001, the Bank's shares are listed in the Premium category of the Bucharest Stock Exchange. The shares are included in the BET, BET Plus, BET-BK, BET-XT, ROTX, BET-TR and BET-XT-TR indexes. The Bank's shares are ordinary, nominative, dematerialized and indivisible. According to the Articles of Incorporation, article 17, letter k, the shares of the Bank are traded freely on those capital markets set by General Assembly of Shareholders („AGA”), while complying with the legislation on the trade of shares issued by bank institutions.

The closing price for BRD share as at September 30, 2016, was of 11.00 RON/share (RON 12.10 /share at December 31, 2015 and RON 10.40/share at September 30, 2015). On the same date, the market capitalization was RON 7,665.92 million (RON 8,432.51 million at December 31, 2015 and RON 7,247.78 million September 30, 2015).

During January – September 2016, neither the Bank, nor its subsidiaries bought back own shares.

Evolution of BRD's share price versus the BET Index and BRD's volume of shares for the period December 31, 2014 – September 30, 2016



Source: Bloomberg

2. ECONOMIC AND BANKING ENVIRONMENT

In the second quarter of 2016, Romania recorded a strong GDP growth (6% year on year) pushed by the significant rise of private consumption and to a smaller extent by higher investment activity.

The annual inflation rate reached -0.6% as of September 2016 end versus September 2015 end, still influenced by January 2016 VAT rate cut.

At the monetary policy meeting of September 30, 2016 NBR left unchanged the minimum reserve requirements on RON resources and reduced them by 2 percentage points (from 12% to 10%) for FX liabilities.

As of September 2016 the dynamics of total gross loans granted by banks shows a positive trend for loans granted to individuals while corporate lending remains subdued, on a yearly basis. Individuals loan growth was driven to a higher extent by housing loans. On the other hand, despite the persistently low interest rate environment, loans to companies still register negative dynamic, notably influenced by portfolio clean-up operations.

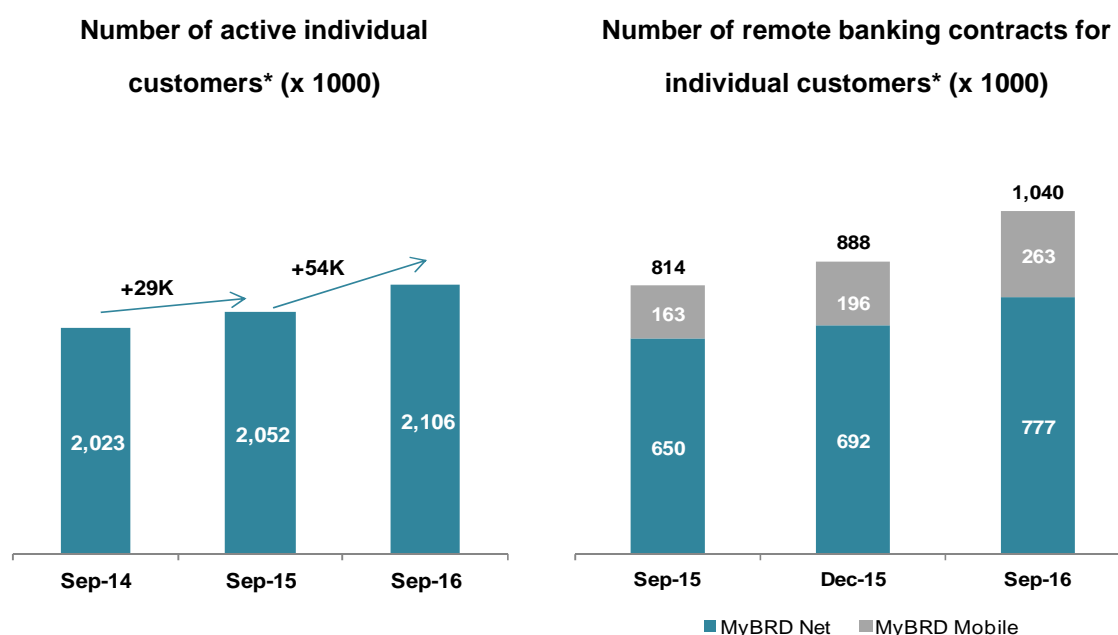
The ratio of non-performing loans for the banking system (defined according to European Banking Authority methodology) declined further to 10.6% at the end of August, 2016 from 16.0% at the end of August, 2015 due to write-off operations and sale of non performing loans portfolios.

3. COMMERCIAL ACTIVITY

As at September 30, 2016 the Bank had 812 branches (September 30, 2015: 842 branches, December 31, 2015: 829 branches), ensuring the distribution of its products and services throughout the whole country.

The Bank registered an increased number of active individual customers by circa 54,000 at September 30, 2016 compared to September 30, 2015 using constant methodology, reaching a total of 2.1 million customers.

The equipment rate of individuals further increased (from 3.98 at September 30, 2015 to 4.04 at September 30, 2016) thanks to the rising demand for remote banking solutions.



^(*) Bank only

Note: No of active individual customers using constant methodology

The Bank continued to be the second largest bank in Romania by total assets, with the following market shares:

	Sep-15	Dec-15	Sep-16
TOTAL ASSETS	13.2%	13.0%	n.a.
LOANS	13.5%	13.1%	13.3%
Individuals	17.0%	16.8%	16.9%
Companies	10.4%	9.8%	10.0%
DEPOSITS	15.0%	14.8%	14.3%
Individuals	13.9%	13.8%	13.9%
Companies	16.6%	15.9%	14.7%

BRD held a market share of 12.7% in terms of total assets as of June 30, 2016.

The structure of the customers' net loans at Group level evolved as follows:

RON bln	Sep-15	Dec-15	Sep-16	vs. Dec-15	vs. Sep-15
Retail	17.7	18.2	18.9	4.0%	6.5%
Individuals	17.1	17.5	18.2	4.1%	6.9%
Small business	0.7	0.6	0.6	0.9%	-4.0%
Non-retail	9.4	8.9	8.9	0.2%	-5.2%
SMEs	3.5	3.2	2.8	-12.8%	-21.0%
Large corporate	5.8	5.7	6.1	7.5%	4.3%
Total net loans	27.1	27.0	27.8	2.7%	2.4%
Financial lease receivables	0.5	0.5	0.6	16.1%	20.3%
Total net loans, including leasing	27.6	27.6	28.4	3.0%	2.8%

The net loan outstanding amount of BRD Group as of September 30, 2016 increased by respectively 2.8% and 3.0% when compared to September 30, 2015 and December 31, 2015, thanks to the continuous rise registered on individuals and large corporate client segments.

The positive evolution of the individuals' outstanding loans was supported by the strong growth pace on unsecured consumer loans and housing loans. Loan production on the individual segment reached RON 4.3 billion during the first 9 months of 2016, up 17.3% versus the same period of last year, pushed up by unsecured consumer loans (+26.1% year on year).

On the non retail segment, the net loan outstanding amount totalled RON 8.9 billion at September 30, 2016, slightly up as compared to year end but down 5.2% when compared to September 30, 2015. Large corporate segment partially offset the weak dynamic on SMEs with an increase of net loans by 7.5% year to date and by 4.3% year on year, in spite of highly competitive environment.

The structure of customers' deposits at Group level evolved as follows:

RON bln	Sep-15	Dec-15	Sep-16	vs. Dec-15	vs. Sep-15
Retail	22.8	23.6	24.6	4.1%	8.0%
Individuals	19.5	20.2	21.3	5.3%	9.1%
Small business	3.3	3.5	3.4	-2.7%	1.8%
Non-retail	15.5	17.4	16.0	-8.4%	3.3%
SMEs	5.5	6.4	6.3	-1.2%	13.9%
Large corporate	10.0	11.1	9.7	-12.6%	-2.6%
Total deposits	38.3	41.1	40.6	-1.2%	6.1%

The deposit base increased by 6.1% compared to September 30, 2015, primarily sustained by strong collection from individual clients. Deposits on current accounts recorded a strong growth on both retail and non retail segments. The declines compared to the end of 2015 are due to the peak registered at year end on seasonally grounds.

For the evolution of the main components of the net banking income please refer to "Financial results" section.

SUBSIDIARIES ACTIVITY

BRD SOGELEASE IFN SA

As of September 30, 2016, BRD Sogelease's net outstanding of leasing financing was RON 638 million, up 20% versus September 30, 2015 and 16% versus December 31, 2015. New leasing production during January – September 2016 reached RON 410 million, higher by 76% compared to same period of last year. Net banking income was RON 29.3 million for the same period, up 4% versus September 30, 2015.

According to the latest statistics issued by the Financial Companies Association in Romania (ALB) at 30 June 2016, BRD Sogelease had a market share of 7.7%, rising from 6.7% at the end of June 2015.

BRD FINANCE IFN SA

BRD Finance results for the first 9 months of 2016 confirmed the positive trend from previous periods: the loan production recorded an increase of 16% versus 2015 due to increases in credit cards, loans for durable goods and car loans while the net banking income amounted to RON 66.2 million, up 7.4% compared to the first 9 months of 2015.

This performance is sustained by the continuation of the commercial strategy based on the consolidation and development of key partnerships and the development of new channels, combined with the constant optimization of internal processes.

BRD ASSET MANAGEMENT SA

BRD Asset Management is one of most important actors on the Romanian UCITS market, with a market share of 12.2% at the end of September 2016, rising from 11.7% at the end of September 2015. The company had RON 2.9 billion assets under management, up 16.6% compared to end of September 2015. BRD Asset Management revenues reached RON 10.6 million during the first 9 months of 2016, up 8% versus the same period of last year.

BRD Asset Management offers 7 different open-end funds diversified in terms of portfolio structure, risks and target yield, recommended investment period. Among those, BRD Simfonia, BRD Obligatiuni (denominated in RON), BRD Eurofond (denominated in Euro) and BRD USD Fond (denominated in USD) invest in fixed income and money market instruments and have no stock holdings. BRD Diverso is a balanced fund with investments in Central and Eastern Europe stock markets, the rest being invested mainly in money market and fixed income instruments. BRD Actiuni fund is focused on stocks, as well as BRD Index which is an index tracker fund.

4. FINANCIAL RESULTS AND RATIOS

FINANCIAL POSITION ANALYSIS

The below financial position analysis is made based on the separate and consolidated financial statements prepared according to the International Financial Reporting Standards, for the period ended September 30, 2016 and the comparative periods.

FINANCIAL POSITION – ASSETS

The total assets increased by around 3% as of September 30, 2016 both for the Bank and for the Group compared to September 30, 2015 and remained relatively stable compared to year end.

The structure is presented below:

THE BANK

Assets (RONm)	Sep-15	Dec-15	Sep-16	% total	vs. Dec-15	vs.Sep-15
Cash and current accounts with Central Bank	5,183	8,820	5,083	10.4%	-42.4%	-1.9%
Loans and advances to credit institutions	4,056	2,288	3,792	7.7%	65.7%	-6.5%
Net loans and advances to customers	26,758	26,648	27,332	55.7%	2.6%	2.1%
Other financial instruments	10,308	10,295	11,737	23.9%	14.0%	13.9%
Tangible and intangible assets	995	985	958	2.0%	-2.8%	-3.7%
Other assets	271	157	128	0.3%	-18.3%	-52.8%
Total assets	47,572	49,193	49,029	100.0%	-0.3%	3.1%

THE GROUP

Assets (RONm)	Sep-15	Dec-15	Sep-16	% total	vs. Dec-15	vs.Sep-15
Cash and current accounts with Central Bank	5,183	8,820	5,083	10.1%	-42.4%	-1.9%
Loans and advances to credit institutions	4,084	2,315	3,817	7.6%	64.9%	-6.5%
Net loans and advances to customers	27,091	27,014	27,752	55.3%	2.7%	2.4%
Financial lease receivables	531	549	638	1.3%	16.1%	20.3%
Other financial instruments	10,294	10,277	11,726	23.4%	14.1%	13.9%
Tangible and intangible assets	1,008	999	969	1.9%	-3.0%	-3.8%
Other assets	317	205	186	0.4%	-9.4%	-41.4%
Total assets	48,506	50,179	50,171	100.0%	0.0%	3.4%

LOANS AND ADVANCES TO CUSTOMERS

The net loan outstanding amount marked a positive evolution as compared to September 2015 end as well as compared to 2015 year end due to the increase registered on individuals and large corporate segments.

CASH, CURRENT ACCOUNTS WITH THE CENTRAL BANK AND LOANS AND ADVANCES TO CREDIT INSTITUTIONS

Cash and current accounts with the central bank and loans and advances to credit institutions decreased by 20% versus December 31, 2015 for both the Bank and the Group and by 4% versus September 30, 2015. The weight of this aggregate, reached 18% at the Group level at September 30, 2016 against 22% at December 2015, 31 and 19% at September 30, 2015. Following the cut of the minimum reserve requirements ratio on foreign exchange-denominated liabilities in January 2016, the compulsory reserves held with the Central Bank decreased to RON 3,970 million at September 30, 2016 from RON 4,275 million at December 2015 and RON 4,337million at September 30, 2015.

OTHER FINANCIAL INSTRUMENTS

Other financial instruments mostly represent treasury bills and bonds issued by the Romanian Government which are accounted as available for sale and trading instruments, and also derivatives. This item registered an increase as compared to both September 30, 2015 and December 30, 2015 mainly driven by further investments in Government bonds.

TANGIBLE AND INTANGIBLE ASSETS

The tangible and intangible assets (out of which the largest part is represented by land and buildings) accounted for circa 2% of the total assets.

Total value of investments during January – September 2016 reached approximately RON 65 million for the Bank and the Group, compared to RON 63 million for the Bank and RON 66 million for the Group the same period last year.

There is no capitalized research and development expenditure.

FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities is as follows:

THE BANK

Liabilities and shareholders equity (RONm)	Sep-15	Dec-15	Sep-16	% total	vs. Dec-15	vs.Sep-15
Amounts owed to credit institutions	2,608	1,129	834	1.7%	-26.2%	-68.0%
Amounts owed to customers	38,378	41,192	40,682	83.0%	-1.2%	6.0%
Other liabilities	794	891	1,097	2.2%	23.2%	38.1%
Shareholders equity	5,792	5,981	6,416	13.1%	7.3%	10.8%
Total liabilities and shareholders equity	47,572	49,193	49,029	100.0%	-0.3%	3.1%

THE GROUP

Liabilities and shareholders equity (RONm)	Sep-15	Dec-15	Sep-16	% total	vs. Dec-15	vs.Sep-15
Amounts owed to credit institutions	3,340	1,881	1,717	3.4%	-8.7%	-48.6%
Amounts owed to customers	38,279	41,099	40,611	80.9%	-1.2%	6.1%
Other liabilities	831	942	1,136	2.3%	20.6%	36.7%
Shareholders equity	6,057	6,257	6,707	13.4%	7.2%	10.7%
Total liabilities and shareholders equity	48,506	50,179	50,171	100.0%	0.0%	3.4%

AMOUNTS OWED TO CUSTOMERS

At September 30, 2016 the share in total liabilities of the customers' deposits was 95% for the Bank and 93% for the Group, demonstrating a high financial autonomy. It was essentially unchanged versus year end and increased respectively by 4% and 3% compared to September 30, 2015 for the Bank and for the Group.

AMOUNTS OWED TO THE CREDIT INSTITUTIONS

Amounts owed to credit institutions (which comprise interbank deposits, borrowings from International Financial Institutions and the Parent) stood at circa 2% of the total liabilities for the Bank and 4% for the Group at the end of the analysed period.

BRD Group's borrowings from Société Générale totalled circa RON 0.9 billion (2% of total liabilities) at September 30, 2016.

SHAREHOLDERS' EQUITY

The shareholders' equity increased by around 11% for the Bank and the Group compared to September 30, 2015, mainly due to higher current year profit and reserves from revaluation of available for sale assets.

The structure of the shareholders' equity evolved as follows:

THE BANK

Shareholders' equity (RONm)	Sep-15	Dec-15	Sep-16	vs.Sep-15
Share capital	2,516	2,516	2,516	0.0%
Reserves from revaluation of available for sale assets	288	380	451	56.3%
Reserves from defined pension plan	10	12	12	24.8%
Retained earnings and current result	2,978	3,073	3,438	15.4%
Total shareholders' equity	5,792	5,981	6,416	10.8%

THE GROUP

Shareholders' equity (RONm)	Sep-15	Dec-15	Sep-16	vs.Sep-15
Share capital	2,516	2,516	2,516	0.0%
Reserves from revaluation of available for sale assets	288	380	451	56.3%
Reserves from defined pension plan	10	12	12	24.8%
Retained earnings and current result	3,195	3,300	3,679	15.1%
Non-controlling interest	48	49	49	3.9%
Total shareholders' equity	6,057	6,257	6,707	10.7%

LIQUIDITY POSITION

Both the Bank and the Group maintained a balanced structure of resources and placements and a solid liquidity position over January - September 2016.

The ratio of net loans to deposits reached 67.2% at September 30, 2016 (from 64.7% at December 31, 2015 and 69.7% at September 30, 2015) for the Bank and 69.9% for the Group, including financial lease receivables (from 67.1% at December 31, 2015 and 72.2% at September 30, 2015).

9 MONTHS 2016 FINANCIAL RESULTS

The comparative income statement of the Bank for the periods January – September 2016 and January – September 2015 is presented below:

RONm	9 months to 30-Sep-2015	9 months to 30-Sep-2016	Variation
Net banking income,	1,834	2,015	9.9%
<i>out of which</i>			
- net interest income	1,046	1,101	5.2%
- net commissions	534	559	4.7%
- other banking income	254	356	39.9%
Operating expenses	-987	-975	-1.2%
- staff expenses	-456	-478	4.9%
- non-staff expenses	-531	-497	-6.4%
Operating profit	847	1,040	22.8%
Net cost of risk	-427	-349	-18.1%
Gross result	420	691	64.4%
Net result	351	586	67.3%

The comparative income statement of the Group for the periods January – September 2016 and January – September 2015 is presented below:

RONm	9 months to 30-Sep-2015	9 months to 30-Sep-2016	Variation
Net banking income,	1,925	2,111	9.6%
<i>out of which</i>			
- net interest income	1,120	1,179	5.3%
- net commissions	557	585	5.0%
- other banking income	249	347	39.2%
Operating expenses	-1,042	-1,032	-0.9%
- staff expenses	-487	-511	4.8%
- non-staff expenses	-554	-521	-6.0%
Operating profit	884	1,079	22.1%
Net cost of risk	-454	-362	-20.3%
Gross result	430	717	66.9%
Net result	361	606	67.9%
Profit attributable to equity holders of the parent	361	601	66.3%

BRD Group's net banking income for the first 9 months of 2016 amounted to RON 2,111 million, up 9.6% pushed by the positive evolution of the main revenue categories. Net interest income was higher by 5.3%, driven both by volume growth and favourable structure shifts. Net fees and commissions had a similar performance, up 5.0% year on year, thanks to increased revenues from card activity, internet and mobile banking subscriptions and insurance. Other banking income marked a significant increase thanks to VISA Europe transaction gain (registered in the second quarter of 2016) and income from disposals of Government bonds and fund units. Excluding the impact of non recurring items, net banking income rose by 4.2%.

Thanks to sustained cost discipline, operational expenses were reduced by 0.9%. Non staff expenses were down 6%, due to savings on real estate and sundry costs. The decline in operating expenses also stemmed from the 26% annual decrease in the cumulated contributions to the Bank Deposits Guarantee Fund and the Resolution Fund, which was triggered by a change in methodology, as per Law 311/2015. The 4.8% increase of staff expense was to a large extent driven by a base effect (reversal of provision for variable remunerations registered in June 2015).

Higher net banking income combined with a reduced level of operational expenses led the gross operating income up 22.1% in the first 9 months of 2016 versus the same period of 2015 (+10.3%, excluding non-recurring income). The cost /income ratio improved, decreasing by 5.2 percentage points to 48.9% at September 30, 2016 from 54.1% at September 30, 2015.

The downward trend registered in the net cost of risk continued. The net cost of risk decreased by 20.3% as compared to the same period of last year, from RON 454 million to RON 362 million. BRD Group registered also further improvement of the non performing loans and coverage ratios. Write offs operations and sale of impaired loans portfolios led to a reduction of the non performing loans (defined according to EBA methodology) to 10.8% as of September 30, 2016 from 15.3% as of September 30, 2015. In parallel, BRD Group increased its coverage of non-performing loans to 74.7% from 69.8% (using the same definition).

BRD Group's net profit amounted to RON 606 million as at September 30, 2016, up by 67.9% compared to September 30, 2015 (excluding non-recurring items, net profit was up 45.4%). Return on equity reached 12.5% compared to 8.2% at September 30, 2015. The Bank recorded similar trends, registering a net result of RON 586 million, up 67.3%.

The financial statements as of September 30, 2016 include the impact of IFRIC 21 - Levies, whereby the annual contributions to the Deposit Guarantee Fund and to the Resolution Fund were booked in one tranche in the first quarter. The financial statements as of September 30, 2015 were restated accordingly, for comparison purposes.

CAPITAL ADEQUACY (THE BANK)

RONm	Sep-16	Dec-15	Sep-15
Tier 1 capital	5,167	4,857	4,572
TOTAL OWN FUNDS	5,167	4,857	4,572
Capital requirements	2,168	2,149	2,124
Risk weighted assets			
Credit risk (including counterparty risk)	24,310	23,975	24,573
Market risk	227	322	103
Operational risk	2,410	2,397	1,743
CVA risk	156	168	125
Total risk exposure amount	27,103	26,862	26,544
Regulatory CAR	19.1%	18.1%	17.2%

The capital adequacy ratio (Bank level) stood at 19.1% at September 30, 2016 (Basel 3, including the impact of prudential filters), well above the regulatory requirement. The Tier 1 ratio was also 19.0% compared to 18.1% at December 31, 2015 and 17.2% at September 30, 2015.

5. CONCLUSIONS

BRD group delivered a strong operational and financial performance in the first 9 months of 2016. Net banking income continued to increase markedly in spite of the low interest rates, costs were contained, and the downward evolution of the net cost of risk was confirmed. Moreover, with its sound capital and liquidity profile, BRD is well positioned to capture growth across all its activities and business lines.

The interim financial report as at September 30, 2016 has not been audited.

Giovanni Luca SOMA

Chairman of the Board of Directors

Petre BUNESCU

Deputy Chief Executive Officer

Stephane FORTIN

Chief Financial Officer