BRD
BANK RESULTS

2014

12 FEBRUARY 2015

YOUR BANK. YOUR TEAM

BRD

GROUPE SOCIETE GENERALE

DISCLAIMER

The Bank's balance sheet and profit and loss account for the period ended December 31, 2014 were examined by the Board of Directors on 11 February 2015.

The financial information presented for the year ended December 31, 2014 and comparative periods has been prepared according to IFRS as adopted by the European Union and applicable at this date.

This financial information refers to the Bank only and does not constitute a full set of financial statements and is unaudited.

BRD will publish a full set of consolidated and individual financial statements for the 2014 financial year.

CONTENT

2014 – RETURN TO PROFIT

Decline in cost of risk and return to profit

- Return to profit as a result of declining cost of risk and sound cost discipline
- Decrease in NPL ratio due to write-off operations and sales of impaired receivables
- Improved level of coverage of NPLs with provisions

Re-affirmed financial and business solidity

- Continued cost optimization with reduced operating expenses (-2.9% vs. 2013) and cost/income ratio at a comfortable level (50.2%)
- Robust balance sheet structure and comfortable CAR reaching 17.0% (Basel III) versus 14.2% as of the end of 2013 (Basel II)
- Sound liquidity position and increased financial autonomy

2015 outlook

- Continue to increase customer satisfaction through innovative solutions, improved flexibility and enhanced quality of service
- Continue to optimize our business processes for an enhanced operational efficiency
- Gradual reduction in cost of risk to lead to improved profitability in spite of the low interest rate environment and persistently weak credit demand

KEY FIGURES

		2014	2013	14 vs 13
Financial results	Net banking income (RON m)	2,498	2,726	-8.4%
	Operating expenses (RON m)	(1,255)	(1,292)	-2.9%
	Gross operating income (RON m)	1,243	1,434	-13.3%
	Cost of risk (RON m)	(1,193)	(2,083)	-42.7%
	Net result (RON m)	43	(386)	
	Cost/Income	50.2%	47.4%	+2.9 pts
		D-14	**D-13**	**14 vs 13**
Capital adequacy	CAR(*)	17.0%	14.2%	
Loans and deposits	Net loans (RON bn) (**)	26.5	27.8	-4.7%
	Total deposits (RON bn) (**)	36.0	36.1	-0.3%
	Net loans/deposits	73.4%	76.8%	-3.4 pts
Franchise	No of branches	860	883	-23
	No of active customers (x 1000)	2,234	2,279	-45

(*) according to Basel III (2014) and Basel II (2013), including the impact of prudential filters; (**) variations at constant FX rates

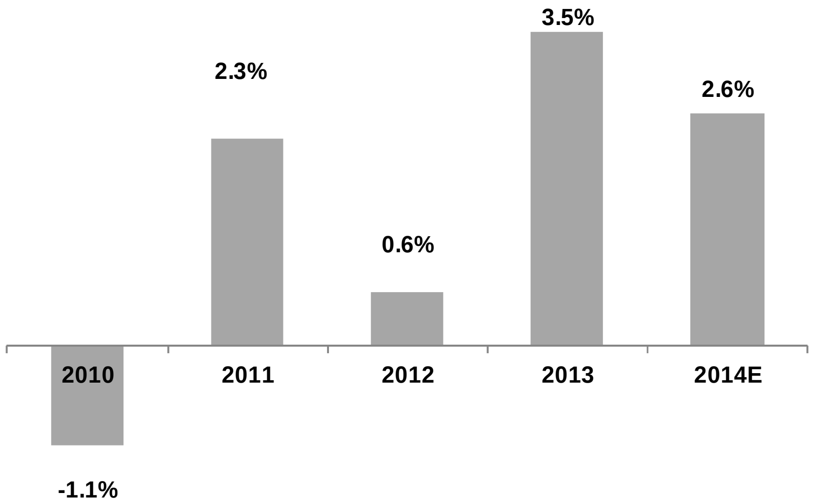
CHAPTER 02

MACROECONOMIC AND BANKING ENVIRONMENT

GDP GROWTH SUSTAINED BY INDUSTRY, SERVICES AND PRIVATE CONSUMPTION

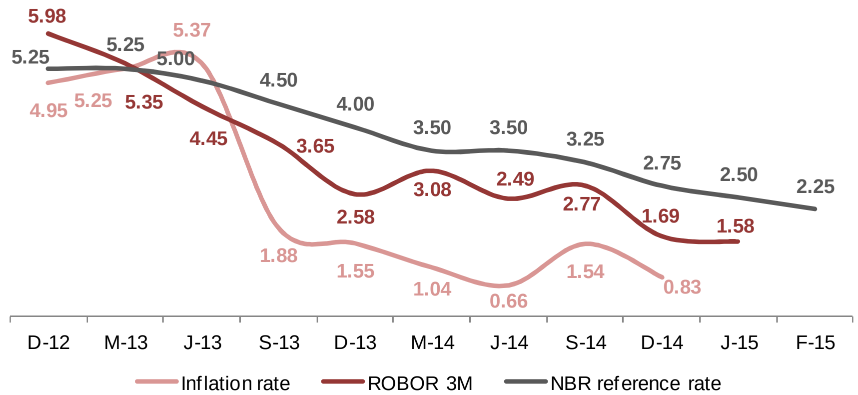
- GDP growth is expected at around 2.6% for 2014, supported primarily by industry and services sectors on the supply side, and final consumption on the demand side.
- Private consumption was the main contributor to GDP growth, sustained by improved purchasing power.
- Gross fixed capital formation was a negative contributor to GDP growth throughout 2014.

GDP EVOLUTION



- December 2014 CPI reading surprised on the downside, printing at +0.83% yoy, below the lower bound of NBR target interval (2.5%+/-1pts). Subdued inflation throughout the year was triggered mainly by volatile items.
- NBR maintained an accommodative monetary policy, cutting the reference rate from 4% in December 2013 to 2.25% in February 2015 and reducing minimum reserves requirements throughout 2014 to 10% for RON liabilities and 14% for FX liabilities.

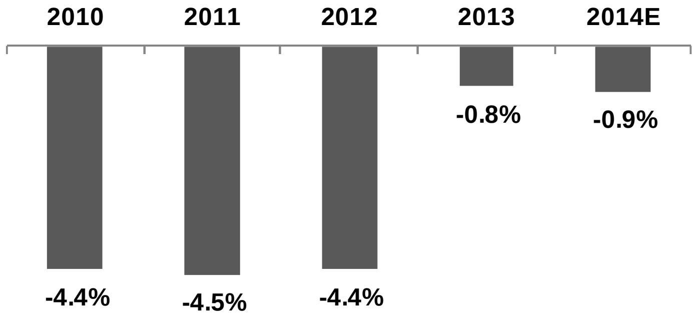
INFLATION AND INTEREST RATES



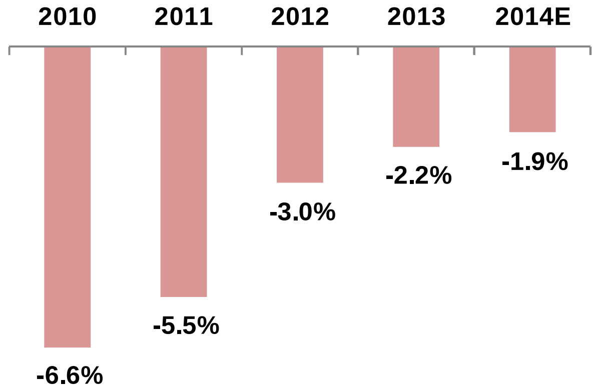
Sources: NIS, NBR, BRD GSG Research estimates

SIGNIFICANTLY REDUCED MACROECONOMIC IMBALANCES

CURRENT ACCOUNT BALANCE (% of GDP)

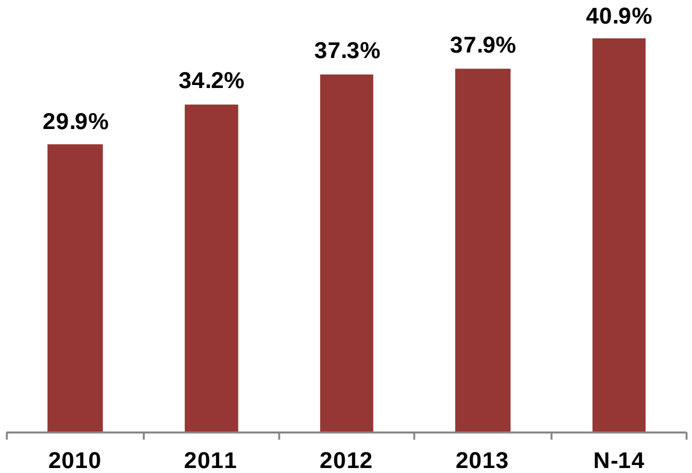


FISCAL BALANCE (% of GDP, ESA 2010)



- The current account deficit fell in 2013 yoy (from -4.4% in 2012 to -0.8% in 2013), thanks to a hefty narrowing of the trade deficit and increasing current transfers. The 12 months rolling current account deficit reached 0.4% of GDP at end-November 2014 and is likely to be below 1% in 2014.
- The public budget recorded a 1.9%(*) deficit in 2014. For 2015, the agreed deficit target with IMF is 1.8%(*).
- Public debt was stable in 2013 (one of the lowest levels among EU countries). It slightly increased but remained at comfortable levels throughout 2014 (40.9% at end-November 2014, ESA 2010).

PUBLIC DEBT (% of GDP, ESA 2010)

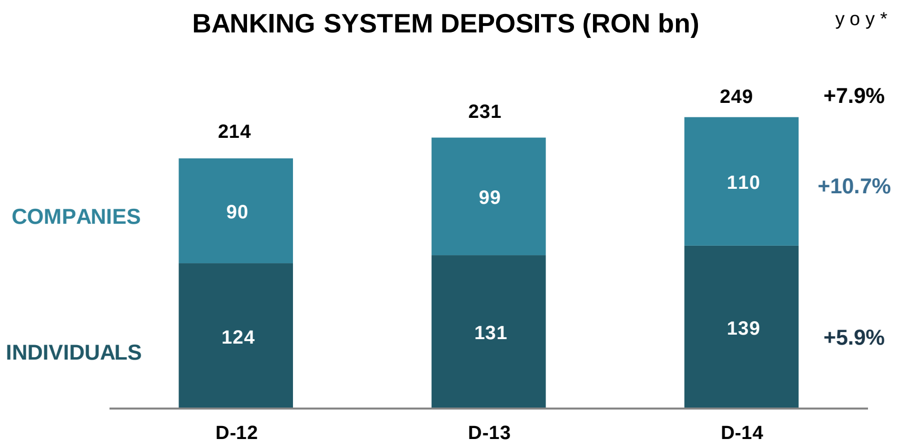


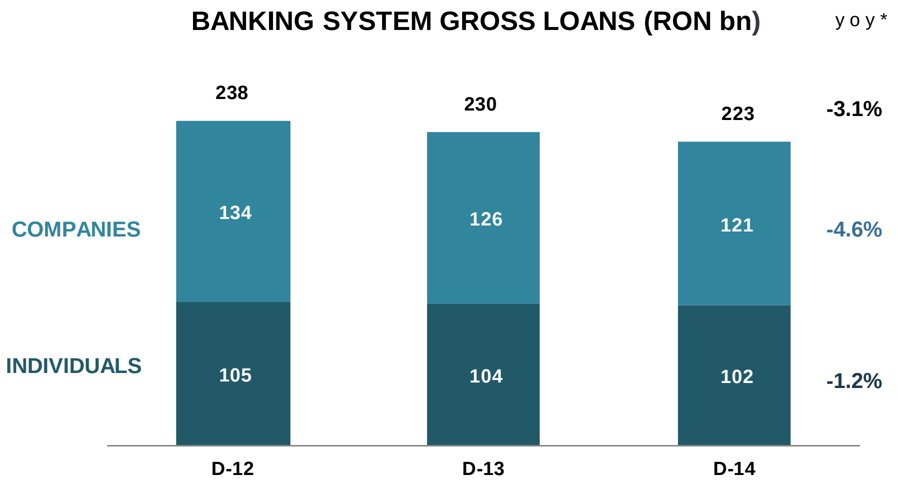
Sources: NBR, Ministry of Finance, BRD GSG Research estimates

(*) In cash terms.

BANKING SECTOR:
DEPOSITS ADVANCED WHILE GROSS LOANS' CONTRACTION CONTINUED

- 7.9% deposits growth at December 2014 vs. December 2013 :
  - 5.9% increase in individuals' deposits, with households still showing a relatively high propensity to save, in spite of the low interest rate environment
  - 10.7% growth in companies' deposits, sustained mostly by RON denominated deposits
- 3.1% yoy decline in the volume of gross loans:
  - 1.2% decrease in loans to individuals, with consumer loans down by 9.3% and housing loans up by 11.1% (supported by "Prima casa" program)
  - 4.6% decline in loans to companies, which continued to restrict their investments in a context of limited visibility on economic perspectives
  - material influence of write-off and sales operations



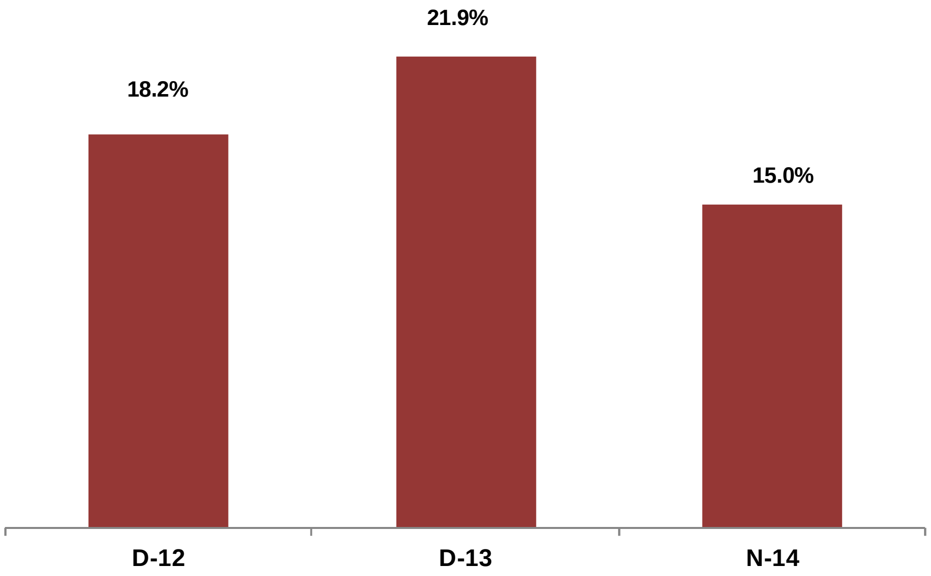


Source: NBR (provisory data for December 2014)

*Variations at constant exchange rate

ACCELERATION OF BALANCE SHEETS' CLEANING

BANKING SECTOR (LOSS 2 *)



- Lower NPL ratio in the banking system helped by write-off operations and sale of impaired receivables
- Coverage level of loans classified as Loss 2 with IFRS provisions of 66% as of September 2014, compared to 68%(**) as of December 2013 and 61%(**) as of December 2012

(*) regulatory ratio representing loans overdue more than 90 days and/or in litigation. Starting with 2014 NBR changed the methodology and widened the area of application by including banks with internal rating based approaches, which led to a decline in the NPL ratio. (**) NBR Financial Stability Report 2014, pg. 50.

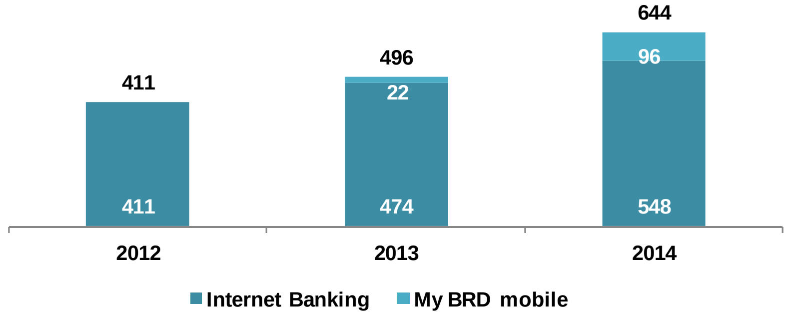
CHAPTER 03

2014 BANK FINANCIAL RESULTS

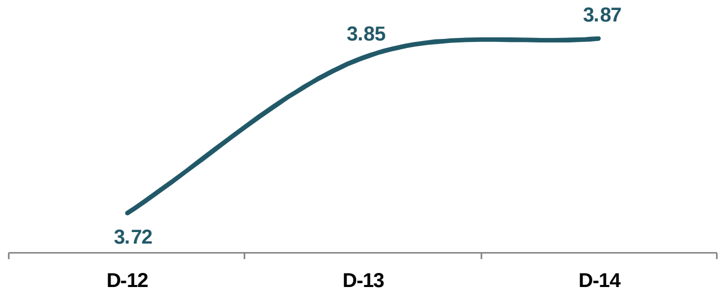
FURTHER IMPROVEMENT IN PENETRATION RATE OF REMOTE BANKING SOLUTIONS

- Large customer base in spite of slightly declining number of active clients
- Higher equipment rate (number of products per client) of individual customers compared to 2013, sustained by remote banking solutions' improved penetration levels
- The new mobile banking solution, launched last year, is the leading app on all major application stores, generating an increase in mobile banking customers of 74,000 clients in 2014
- The internet banking solution with its improved interface and innovative personal finance manager, was subscribed by almost 550,000 customers

NUMBER OF REMOTE BANKING CONTRACTS (X 1000)



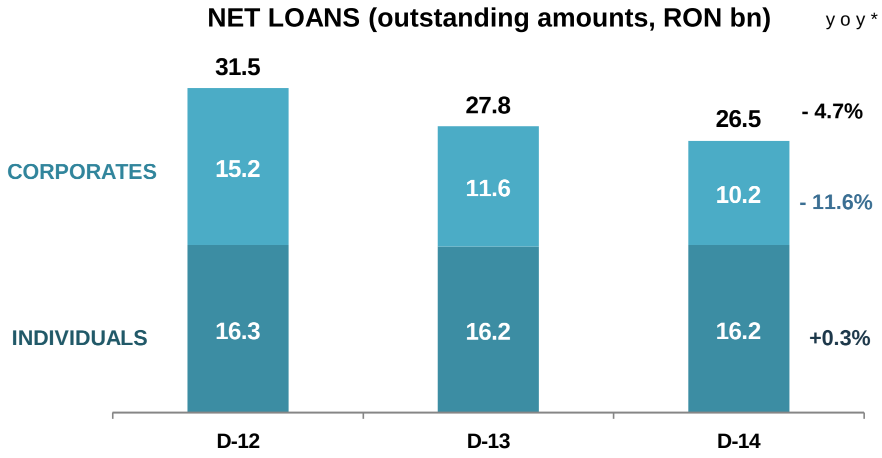
EQUIPMENT RATES FOR INDIVIDUALS



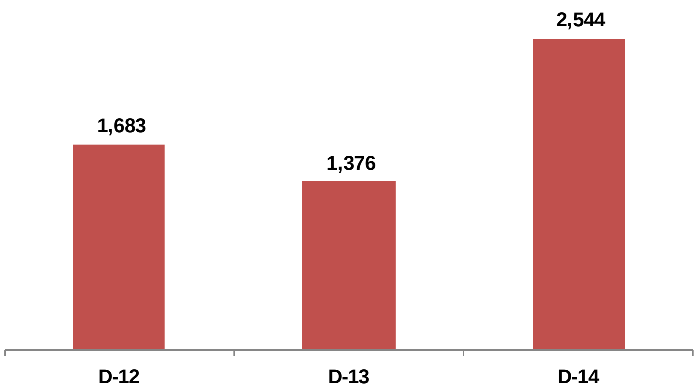
CONTINUOUS EXPANSION OF HOUSING LOANS' PORTFOLIO
STRONG REBOUND IN CONSUMER LOANS' PRODUCTION

- Gross loans to individuals' volume remained almost stable (-0.5% yoy vs. -1.2% for the market)
- Individuals' loan production was fuelled by consumer loans, which posted a yoy growth of 85%.
- Housing loans stock rose by 8.2% in December 2014 (vs. +11.1% for the banking system), while consumer and home equity loans decreased by 7% (vs. -9.3% for the banking system).
- Disregarding the impact of write-offs, gross loans to companies registered a 5% decrease in 2014, in a context of fierce competition. Net volumes' decline reached 11.6%, influenced by the significant provisioning effort performed on SMEs and small businesses portfolios.

NET LOANS (outstanding amounts, RON bn)



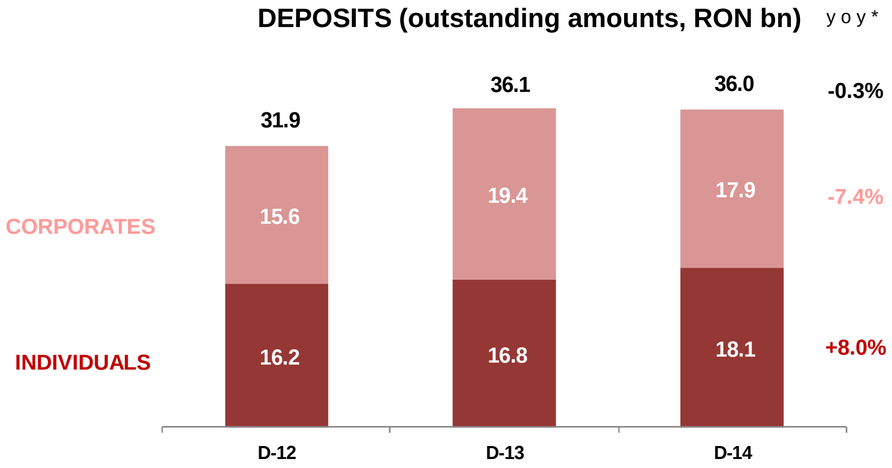
CONSUMER LOAN PRODUCTION (RON m)

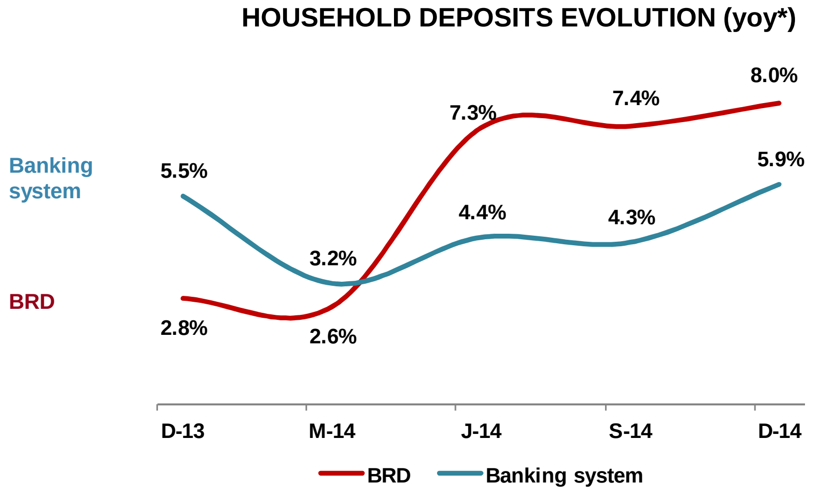


*Variations at constant exchange rate

ABOVE MARKET DEPOSITS' GROWTH ON THE INDIVIDUALS' SEGMENT

- Consolidation of the deposits base, which totaled RON 36.0bn at the end of December 2014
- Particularly robust growth in household deposits (+8.0% yoy at the end of December 2014), in line with the bank's strategy of attracting more stable resources, which led to an increase in BRD's market share on this segment of 0.3 pts to 13.3% at 2014 end
- 7.4% decrease of deposits' volume on the corporate segment (where the approach is pragmatically adjusted depending on the liquidity situation of the bank), after a 23% growth in 2013





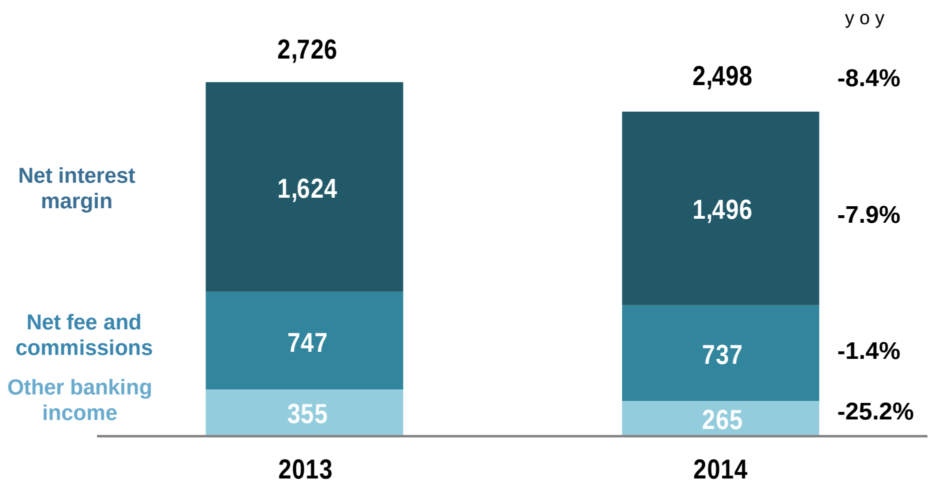
*Variations at constant exchange rate

Source: NBR (provisory data for December 2014)

NET INTEREST MARGIN DECLINED IN A CHALLENGING ENVIRONMENT WHILE NET FEES AND COMMISSIONS REMAINED RESILIENT

- Decrease in net interest margin by 7.9% vs. 2013, affected by negative volume and structure effects:
  - Decline of average net loans volumes on the corporate segment, with credit demand remaining feeble on this segment
  - Higher weight of housing loans in the portfolio which have a lower margin compared to consumer loans
- Resilient net fees and commissions
- Decline in other banking income on a base effect (non-recurring revenues from FX swaps portfolio valuation in 2013)

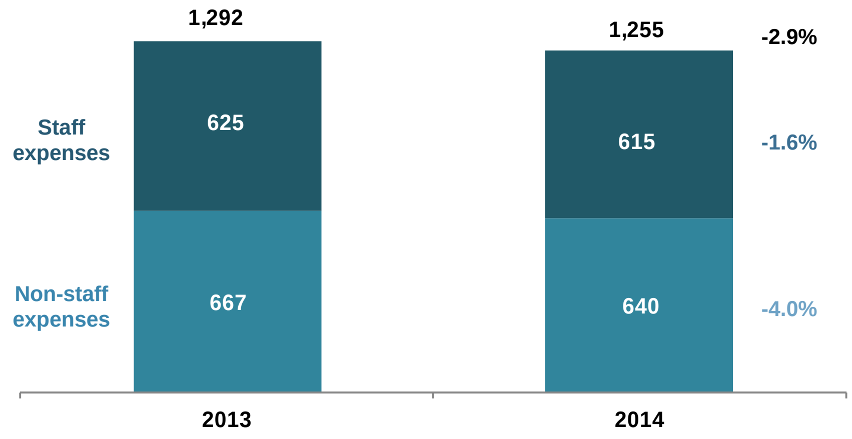
NET BANKING INCOME (RON m)



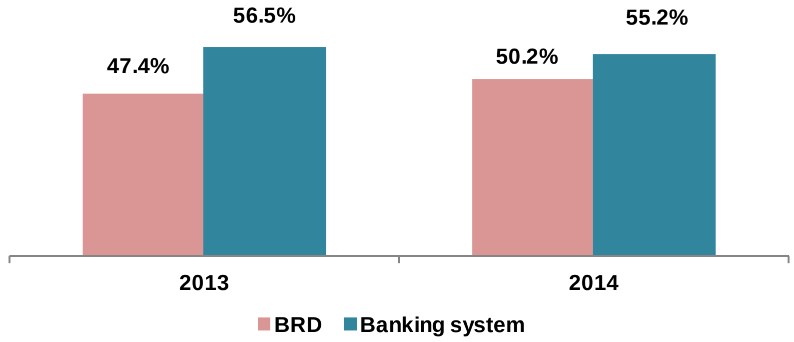
CONTINUOUSLY IMPROVED OPERATIONAL EFFICIENCY

- Operating expenses reduced by 2.9% compared to 2013 and by 9.3% versus 2011
- 1.6% decline in staff expenses vs. 2013 due to further headcount compression (FTEs reduced by 249 in 2013 and 59 in 2014)
- Implementation of cost optimization measures leading to a 4% decrease of non-staff expenses
- Low cost/income ratio: 50.2% in 2014, below the banking system average

OPERATING EXPENSES (RON m)



C/I BRD vs BANKING SYSTEM (*)

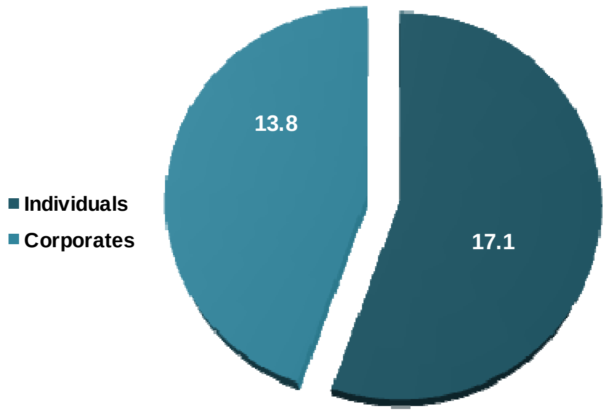


(*) C/I for banking system as at September 30, 2014

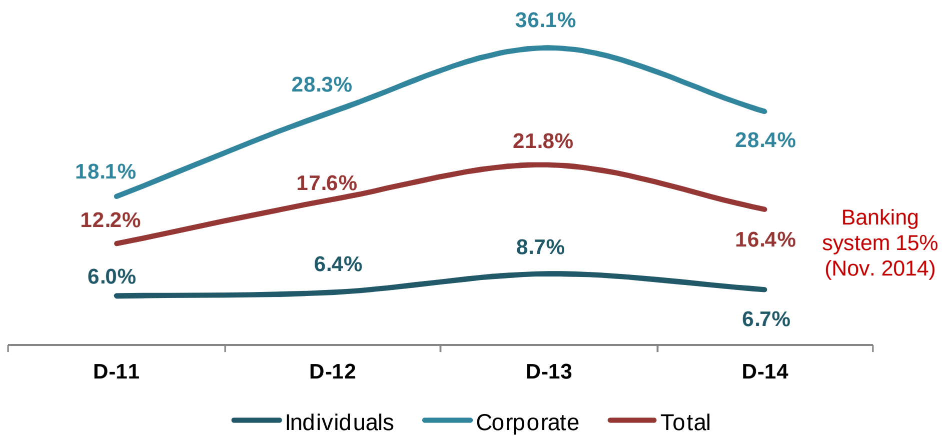
ASSET QUALITY

- A balanced loan portfolio from a market mix perspective
  - 55.4% on individuals segment
  - 44.6% on corporate segment
- Decreasing NPL (Loss 2) ratio (-5.4 pts yoy)
  - In line with the evolution observed at the level of the whole Romanian banking sector
  - Reflecting adjustments on write-off policy
- Outlook
  - Expected improvement of NPL ratio
  - Continued positive impact from BRD's improved risk management and governance function

GROSS LOANS 2014
SPLIT BY SEGMENT (RON bn)

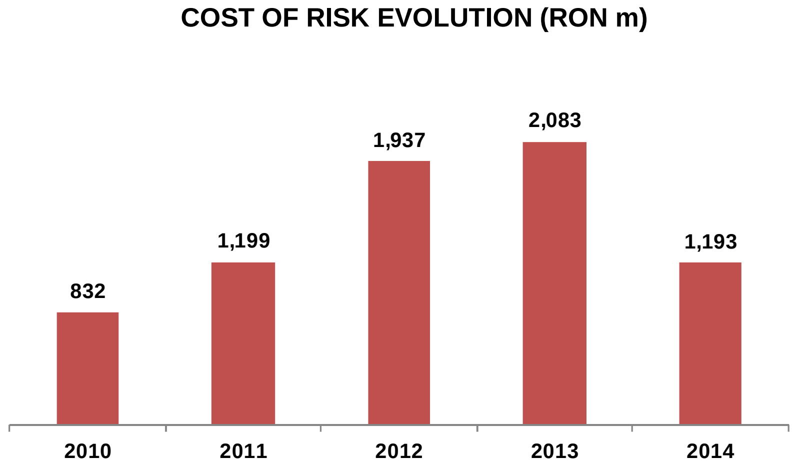


NPL (Loss 2) RATIO BY SEGMENT

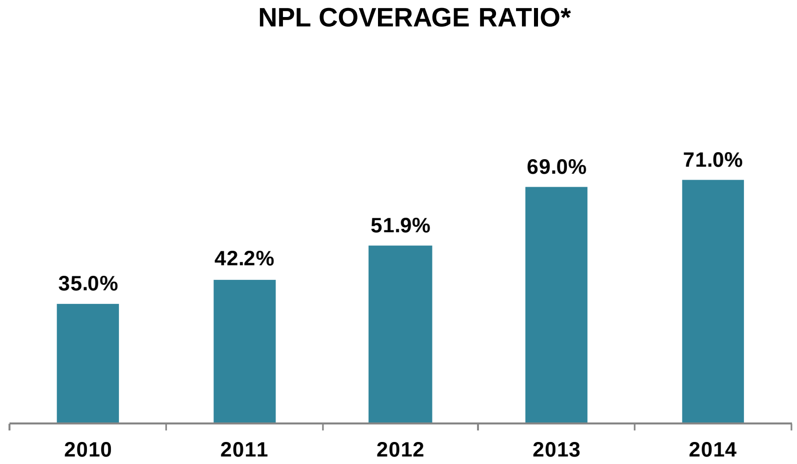


CONSOLIDATED COVERAGE RATIO

- Significant provisioning efforts in 2014 recorded on SMEs and small business portfolios:
  - ➢ High share of exposures under insolvency regime
  - ➢ Adjustments to loan collateral values



- Significant improvement of BRD NPL coverage ratio:
  - ➢ From 35% in 2010 to 71% in 2014
  - ➢ Normalisation of risk indicators expected for the coming quarters



* Coverage of accounting non-performing loans with IFRS provisions

INCREASED FINANCIAL AUTONOMY

- Consolidation of net loans/deposits ratio which reached 73.4% as at end of 2014 down from 76.8% at 2013

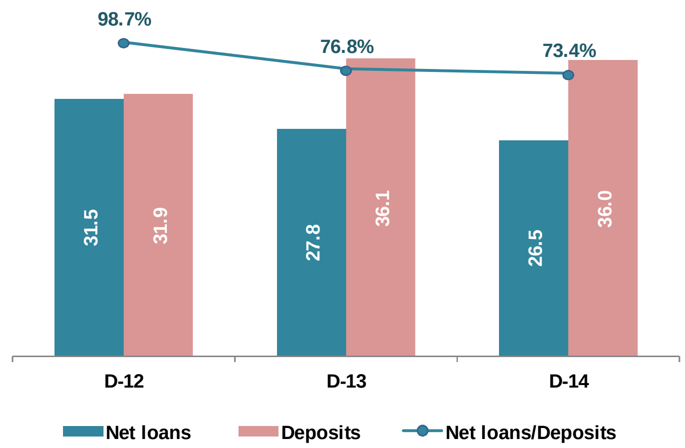
- Excess of liquidity primarily invested in Treasury securities which allows BRD to:

  - maintain an adequate liquidity buffer
  - hedge its exposure to interest rate risk in RON

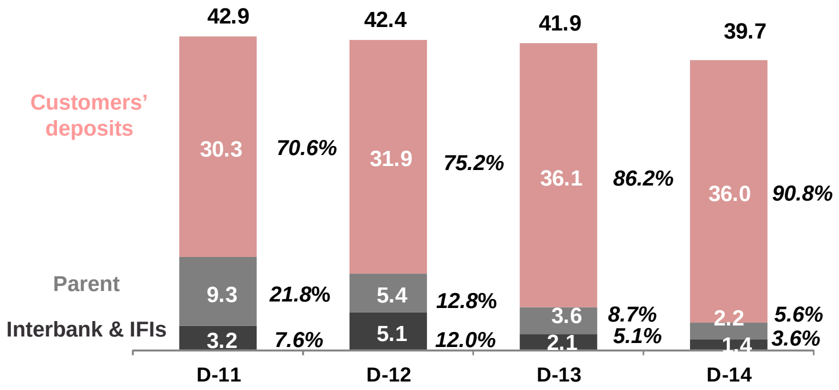
- BRD continued to implement a policy of diversification of resources:

  - Growing deposits' base → increase of the share of deposits in total liabilities from 70.6% at December 2011 end to 90.8% at December 2014
  - Funding from the parent decreased from 21.8% of total liabilities in December 2011 to 5.6% at December 2014

NET LOANS AND DEPOSITS (RON bn)



LIABILITIES STRUCTURE (RON bn)



SOLID CAPITAL ADEQUACY

- Solid capital base composed of high quality Tier 1 eligible instruments: share capital, retained earnings, reserves

- Comfortable capital adequacy: with CAR reaching 17% as at December 2014 versus 14.2% as at December 2013

	2012	2013	2014
Capital adequacy ratio	14.0%	14.2%	17.0%
Own funds (RONm)	4,364	3,858	4,571
RWA (RONm)	31,291	27,170	26,873
Capital requirements (RONm)	2,499	2,174	2,150

Note: Figures according to Basel III in 2014 and Basel II in 2013 and 2012, with national discretions

CHAPTER 04

BRD IN 2014

STRONG POSITIONS ON VARIOUS MARKETS

- **Mature universal banking model**
- **Strong positions on numerous markets and outstanding results on key segments:**
  - Reinforced our leader position on sectors such as energy, retail and telecom
  - Leader on factoring market (at the end of June 2014)
  - Strong and growing position in asset management (64% increase of assets under management)
  - Won mandates for landmark transactions on the local capital markets
  - Leader on custody and depository market (66% market share)
- **First network** among private banks with 860 branches

CORPORATE & INVESTMENT BANKING DEALS

IPO TRANSACTION

BRD - MANAGER

INAUGURAL BOND ISSUE

BRD - LEAD MANAGER
SOLE BOOKRUNNER

MANDATORY TAKEOVER BID
OF DUCTIL BUZAU
BRD - MANAGER

- Won mandates as custody and depositary bank for SIF Transilvania (EUR 250m AUD) and SIF Banat Crisana (EUR 356m AUD), BRD becoming depository and custody bank for 4 of 5 SIF's on the Romanian market.
- New mandates for dividends distributions services: Romgaz, Transelectrica, Nuclearelectrica, Michelin, Electroprecizia and renewing contracts with existing clients: Franklin Templeton (Fondul Proprietatea), OMV Petrom, Transgaz.

DELIVERING PRODUCT EXCELLENCE

PREPAID CARDS

Exclusive product on the Romanian market

PRIMA CASA LOANS

Market leader on new Prima Casa loans in 2014

WE INNOVATE TO THE BENEFIT OF OUR CUSTOMERS

MYBRD MOBILE

The most innovative mobile banking solution on Romanian market offers more flexibility and possibilities via new “out of the box” functionalities

300,000 CONTACTLESS CARDS

Fast payments available for all new cards issued in 2014

AWARDED PRODUCTS AND SERVICES

<< **Safest bank in Romania** >>
in 2014

Re-affirmed as **Most Valuable Bank in Romania** in Top 100 Most Valuable Companies in Romania

<< **Best financial site** >> for www.brd.ro – Internetics

<< **Contactless Acquiring Champion** >> for contactless cards

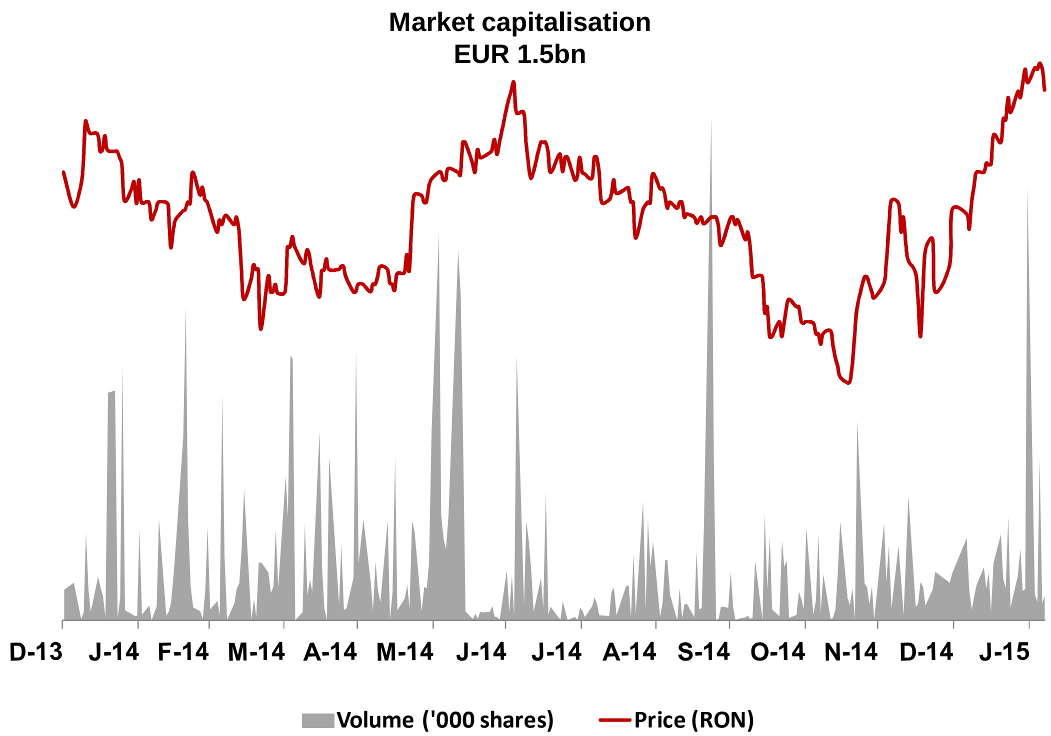
Excellence Award for Involvement in Financial Education

<< **Unique Product on the Romanian market** >>
Award for best media promotion of a unique product on the market
"**Gift Card**"

2nd place for << **Best Domestic Cash Manager** >> in Romania

<< **Best FX Provider** >> award

BRD STOCK PRICE PERFORMANCE



- BRD is part of the main market indexes on the Bucharest Stock Exchange (BET Index, BET Plus Index, BET-XT Index, BET-TR Index)
- BRD is in Top 5 largest domestic companies listed on the domestic stock exchange
- BRD's share price as of 6 February 2015 advanced by 9.1% yoy

Source: Bloomberg, Bucharest Stock Exchange

CHAPTER 05

CONCLUSIONS

CONCLUSIONS

- 2014 was marked by BRD’s return to profit and a further improvement of its risk profile.
- In 2015 GDP growth may be between 2.5% and 3%, positively influenced by a dovish monetary policy. An acceleration of the economic growth rate could result from better absorption of EU funds and rebound of investments, particularly in infrastructure.
- BRD’s mission is to be at the forefront among the economic actors that will create the conditions for a revival in investment activity.
- More widely, BRD will continue to draw on the strength of its universal banking model and capacity to provide innovative solutions and tailor-made advices to a broad customer base, in order to further improve customer satisfaction.
- Regarding financial results, a material improvement of profitability level is expected, due to a further normalization of cost of risk.

FINANCIAL CALENDAR FOR 2015

- 9 April: General Shareholders Meeting
- 9 April: Publication of the 2014 Annual Report
- 6 May: Q1-15 results publication
- 3 August: H1-15 results publication
- 9 November: 9M -15 results publication

THANK YOU

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Q&A

Session