



BRD GROUP RESULTS

2ND QUARTER AND 1ST HALF 2015

5 AUGUST 2015

YOUR BANK. YOUR TEAM



GRUPE SOCIETE GENERALE

DISCLAIMER

The consolidated balance sheet and profit and loss account for the period ended June 30, 2015 were examined by the Board of Directors on July 31, 2015.

The financial information presented for the six months ended June 30, 2015 and comparative periods has been prepared according to IFRS as adopted by the European Union and applicable at this date.

This financial information is at group level, does not constitute a full set of financial statements and is not audited.



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SOLID FINANCIAL RESULTS

A stronger second quarter with positive signals on retail activity

- Consolidated net profit of RON 131m in Q2-2015, +64% yoy thanks to risk profile improvement and rigorous cost management
- Q2-2015 operating performance stronger vs. Q1-2015 on rising core banking income as credit activity showed signs of recovery, and on opex reduction
- Decreasing NPL ratio versus June 2014 end due to write-off operations and sales of impaired receivables performed last year (down to 18.8% at June 2014 end from 23.4% at June 2014 end for the Bank)
- Higher NPL coverage with provisions thanks to prudent risk policies (72.9% at June 2015 end against 71.2% at June 2014 end for the Bank)

Strong balance sheet

- Solvency ratio of 16.3% at June 2015 end versus 16.6% at June 2014 end (Basel III, Bank only)
- Expansion of net loans outstanding to individuals and large corporates versus 2014 end and June 2014 end
- Net loans/deposits ratio of 71.6%, positively influenced by the solid growth of household deposits

2015 outlook

- Focus on the enhancement of customer satisfaction through multichannel access to products, tailored offers and business process streamlining
- Reduction in cost of risk to be the main profitability driver

KEY FIGURES (BRD GROUP)

	Q2-2014	Q2-2015	Variation	H1-2014	H1-2015	Variation
Financial results						
Net banking income (RON m)	657	621	-5.6%	1,290	1,226	-5.0%
Operating expenses (RON m)	(320)	(309)	-3.5%	(642)	(633)	-1.3%
Gross operating income (RON m)	337	311	-7.5%	649	593	-8.6%
Cost of risk (RON m)	(248)	(154)	-37.9%	(500)	(269)	-46.2%
Net result (RON m)	80	131	63.8%	128	270	111.2%
Cost/Income	48.8%	49.8%	+1.0 pt	49.7%	51.6%	+1.9 pts
ROE	5.7%	8.8%	+3.1 pts	4.6%	9.3%	+4.7 pts

	Jun-14	Dec-14	Jun-15	vs. Jun-14	vs. Dec-14
Capital adequacy					
CAR ^(*)	16.6%	17.2%	16.3%	-0.2 pt	-0.8 pt
Loans and deposits					
Net loans (RON bn) ^(**)	27.4	26.8	27.0	-2.5%	1.1%
Total deposits (RON bn) ^(**)	34.1	36.0	37.7	9.5%	4.9%
Net loans/deposits	80.3%	74.5%	71.6%	-8.7 pts	-2.9 pts
Franchise					
No of branches	869	860	845	(24)	(15)
No of active customers ^(***) (x 1000)	2,210	2,234	2,219	10	(14)

^(*) at individual level, according to Basel III, including the impact of prudential filters; ^(**) variations at constant FX rates. ^(***) at individual level





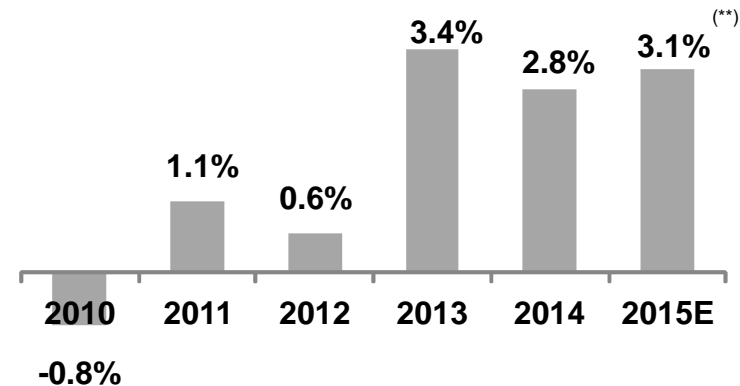
CHAPTER 02

MACROECONOMIC AND BANKING ENVIRONMENT

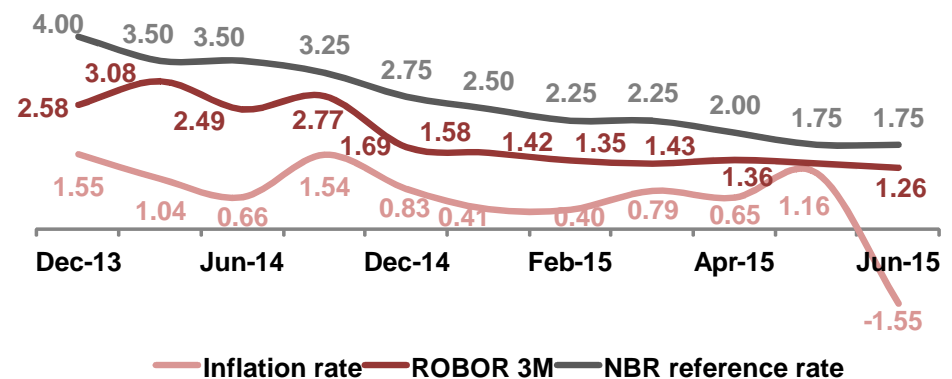
PRIVATE CONSUMPTION SUSTAINS ECONOMIC GROWTH

- Q1-2015 GDP rose by 4.1%* versus Q1-2014, the expansion being supported by rising private and public consumption, gross fixed capital formation and inventories.
- June 2015 CPI reached -1.6% vs. June 2014, crossing into negative territory following the entry into force of the reduced VAT rate for food products.
- NBR maintained an accommodative monetary policy in an environment of record low inflation. It implemented several reference rate cuts in H1-2015 and at the beginning of July it kept the policy rate unchanged at 1.75% amid tensions in Greece and domestic fiscal easing measures.
- The minimum reserves requirements were kept unchanged in 2015 for FX liabilities at 14% and were reduced to 8% for RON liabilities.

GDP EVOLUTION



INFLATION AND INTEREST RATES



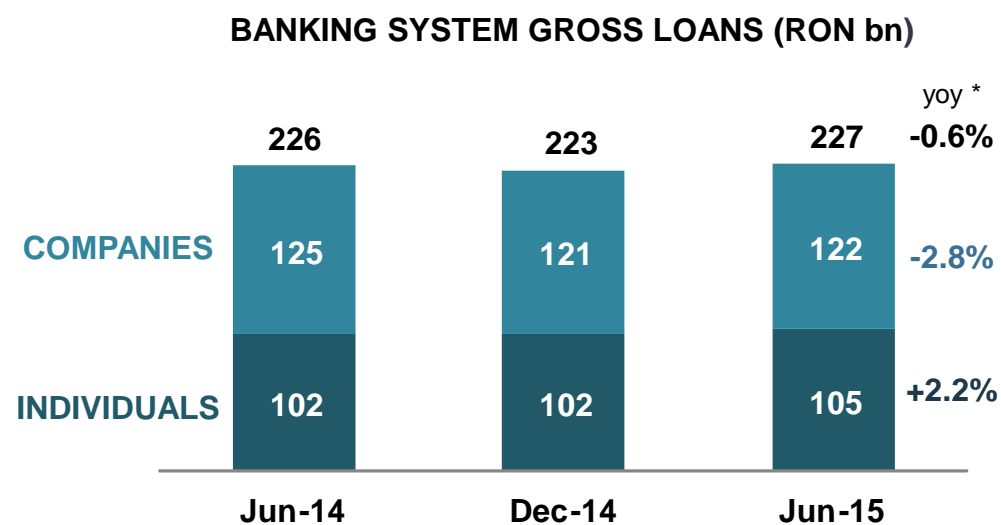
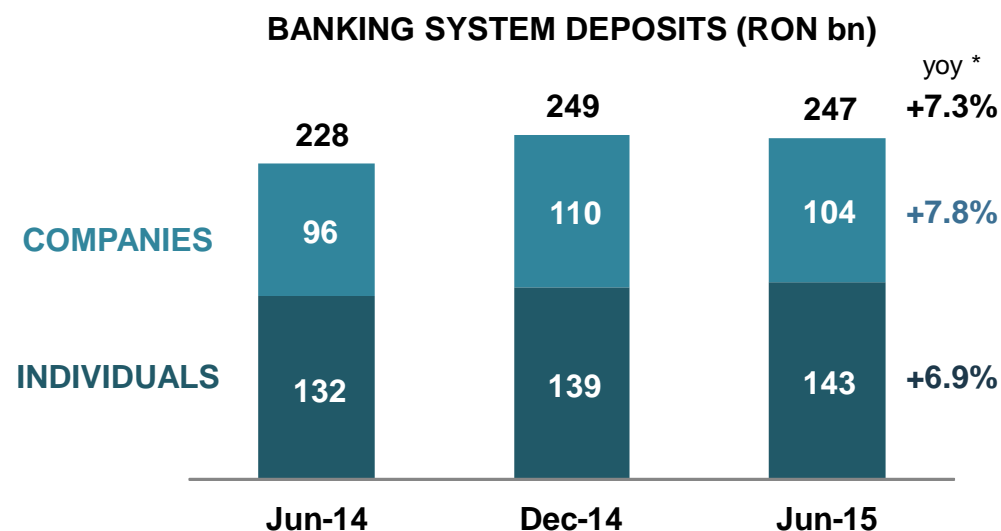
(*) seasonally adjusted, (**) according to BRD budget

Sources: NIS, Eurostat, NBR

BANKING SECTOR: HOUSEHOLD LOANS CONTINUE THEIR POSITIVE TREND

- 7.3% deposits growth at June 2015 vs. June 2014:
 - 6.9% higher individuals' savings, in spite of the low interest rate environment
 - 7.8% growth in companies' deposits, sustained mostly by the RON component

- 0.6% yoy decline in the volume of gross loans with contrasting evolutions for individuals and companies:
 - 2.2% increase in loans to individuals, with consumer loans down by 5.5% and housing loans up by 13.1%
 - RON-denominated consumer loans recorded a yoy increase (+4.7%) thanks to improved consumer confidence, a rise in real wages and low interest rates
 - 2.8% decline in loans to companies as a result of material write-off and sales operations performed last year

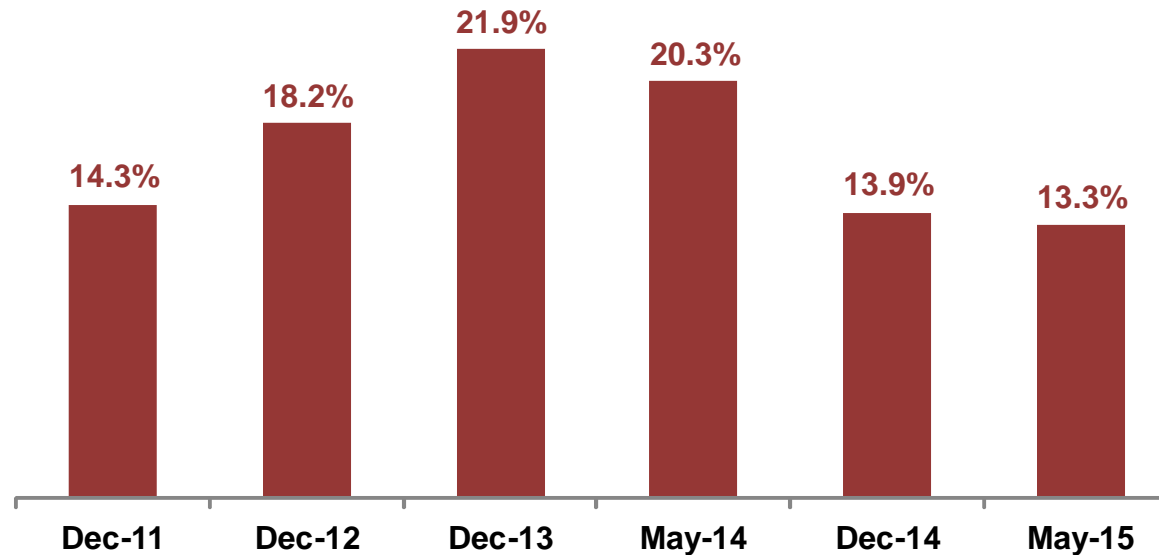


(¹) Variations at constant exchange rate

Source: NBR

BANKING SECTOR: SUBSTANTIAL YOY IMPROVEMENT IN NPL RATIO

BANKING SECTOR LOSS 2 INDICATOR*



- Lower NPL ratio in the banking system compared to the years 2012-2013 helped by write-off operations and sale of impaired receivables
- Coverage level of loans classified as Loss 2 with IFRS provisions of 70% as of March 2015, flattish compared to December 2013, and up 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.*

Source: NBR

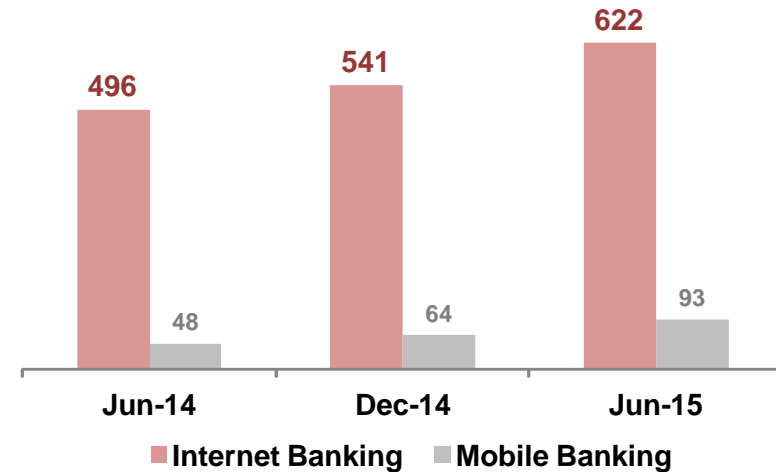
CHAPTER 03

2ND QUARTER AND 1ST HALF 2015
GROUP RESULTS

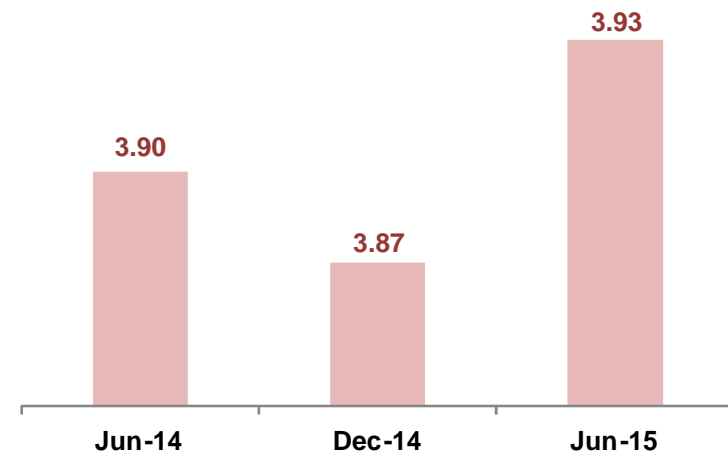
STEADY INCREASE IN THE EQUIPMENT RATE FOR INDIVIDUALS

- +9,000 annual increase in the number of active customers on the individuals' segment to 2.1m at June 2015 end;
- Higher equipment rate (number of products per active client) of individual customers compared to June 2014 and December 2014 due to a better penetration rate on the remote banking segment
- The stock of remote banking contracts reached 763,000, up by 36% versus June 2014 end on a 26% increase in the number of internet banking products and 120% larger stock of mobile banking contracts

NUMBER OF REMOTE BANKING CONTRACTS FOR INDIVIDUALS* (X 1000)



EQUIPMENT RATE FOR INDIVIDUALS*



(*) Bank only

CONTINUED IMPROVEMENT IN LOAN PRODUCTION

- Rising financing demand from individuals translated into 26.5% yoy rise in loan production, over Q2-2015 and 18.3% yoy increase during H1-2015:

- Housing loans remain the main driver (+78.5% in H1-2015 and +106.2% in Q2-2015);
- Interest in consumer loans is mounting (+5.2% yoy increase of loan production in Q2-2015 and stable over H1-2015)

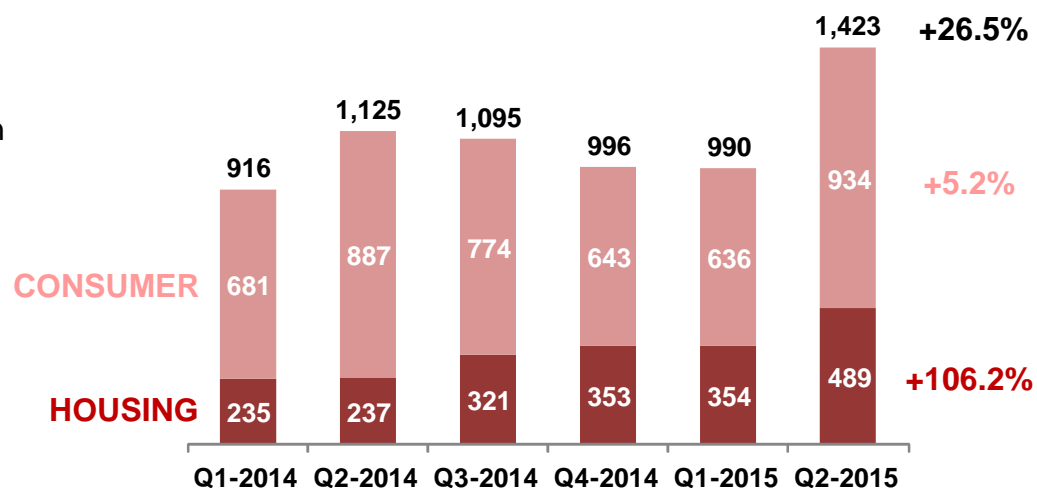
- The outstanding of net retail loans showed continued signs of improvement compared to 2014 end, thanks notably to housing loans, which advanced by 6.5%

- On an annual basis, net retail loans were up by 1.3% thanks to individuals (+2.6%); the double-digit increase in housing loans (+11.9%) volumes offset the 5.2% decline in consumer loans

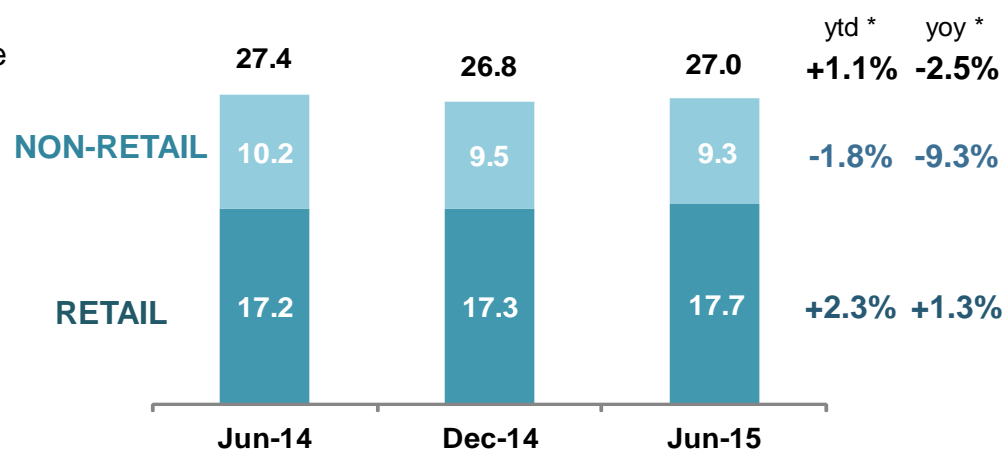
- Net loans to large corporate clients increased by 6.6% versus 2014 end and by 2.8% versus June 2014 end

- SMEs' outstanding declined yoy but slightly increased in the last 3 months

INDIVIDUALS' LOAN PRODUCTION (RON m) Q2-2015 vs. Q2-2014



NET LOANS (outstanding amounts, RON bn)



^(*) Variations at constant exchange rate

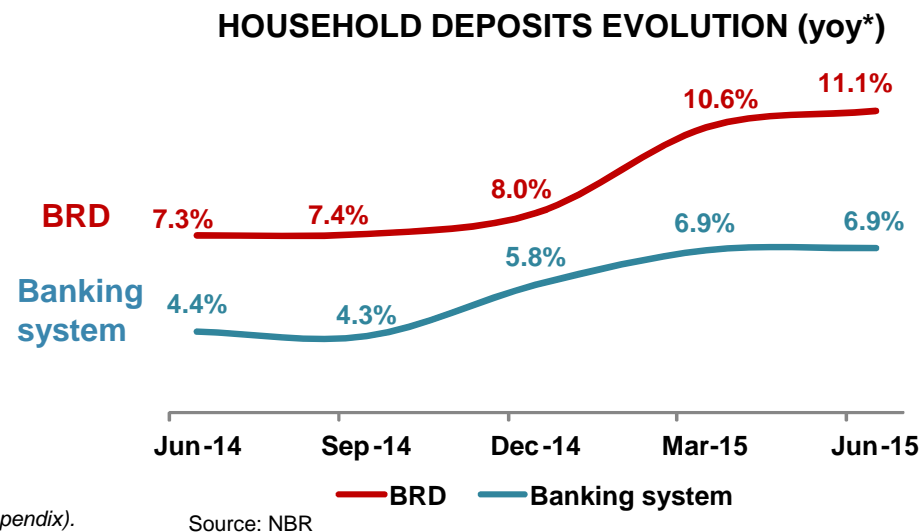
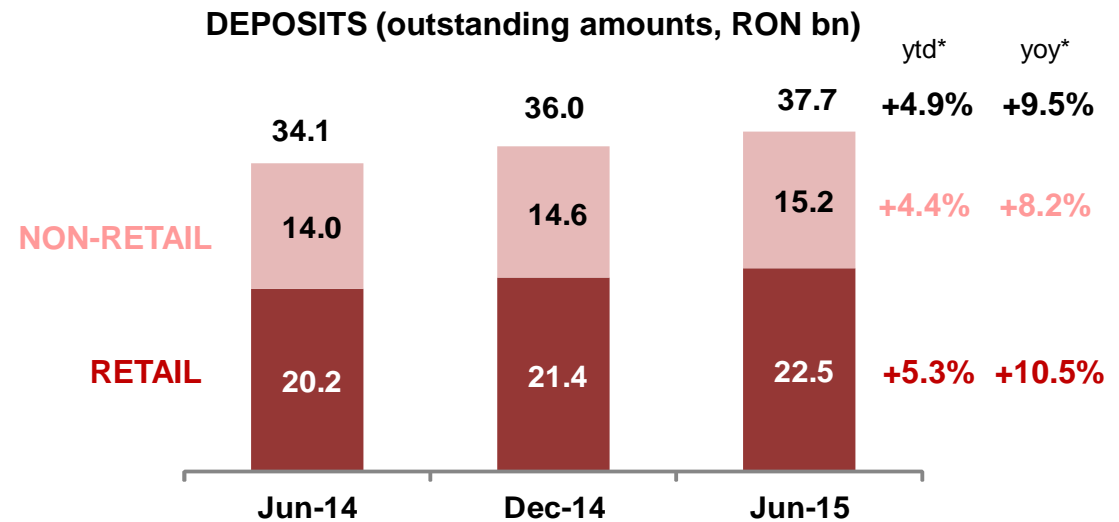
Note: The Retail Segment is comprised of Individuals and Small Business (see Appendix).



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DYNAMIC GROWTH IN SAVINGS

- Deposits on a growing trend, both yoy and qoq (+9.5% and +4.9% respectively) with positive evolutions on retail and non-retail segments
- Increase in household deposits (+11.1% yoy and +6.9% ytd), in line with the bank's strategy of attracting more stable funding sources, leading to an expansion of BRD's market share on this segment of 0.5 pts yoy to 13.8% as of June 2015
- Strong rise in deposits in current accounts from individuals (+23.6% yoy) as well as companies (+34.3% yoy)



(*)Variations at constant exchange rate

Note: The Retail Segment is comprised of Individuals and Small Business (see Appendix).



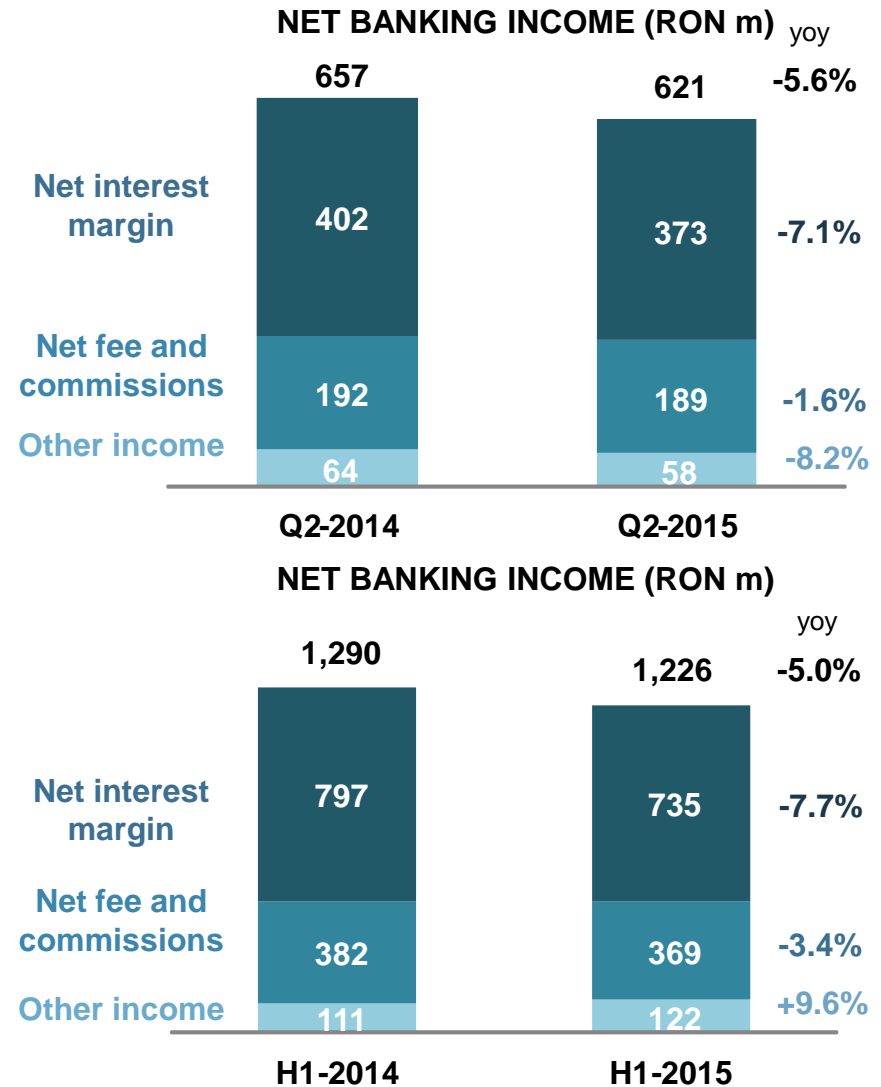
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NET BANKING INCOME STILL IMPACTED BY LOW INTEREST RATES

- Narrowing net interest margin in Q2-2015 versus Q2-2014, given the falling interest rates context:

- Historically low interest rates (both for RON and EUR)...
 - Average ROBOR 3M: 1.35% in Q2-2015 from 2.78% in Q2-2014
 - Average EURIBOR 3M: -0.01% in Q2-2015 from 0.29% in Q2-2014
- ...led to a decline of average assets' yield, partially compensated by the reduction of cost of funding

- Slight yoy contraction of revenues from commissions in Q2-2015 from lower revenues from off-balance sheet commitments and suppression or reduction of some fees and commissions, partially compensated by higher revenues from custody, asset management, cash operations and internet and mobile banking
- +2.4% increase in revenues in Q2-2015 versus Q1-2015 on sharp adjustment of cost of funding and as a result of higher commissions

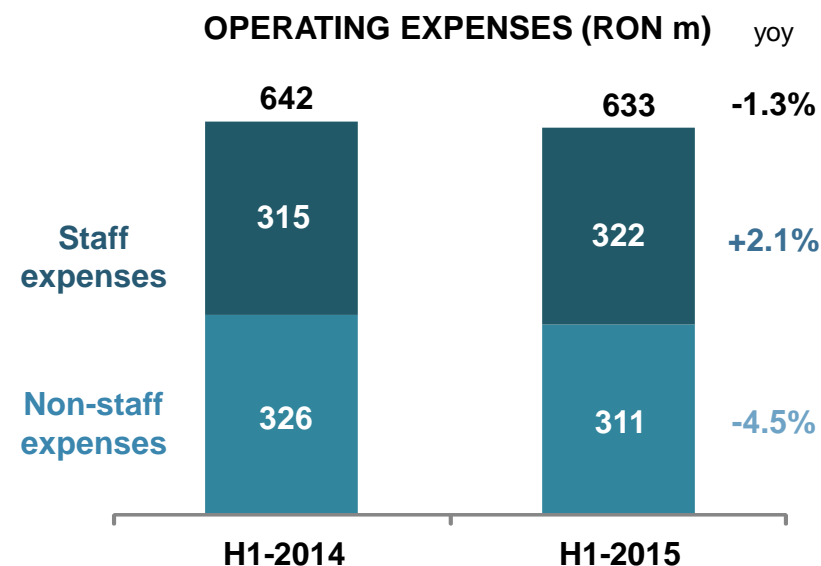
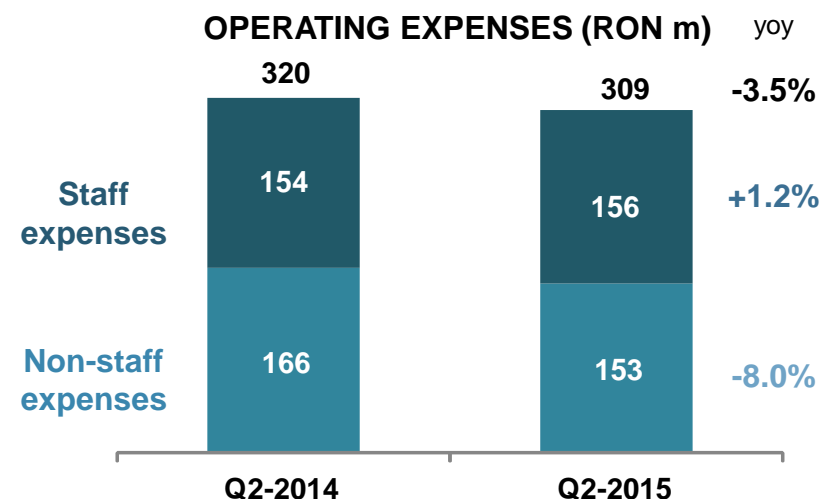


STRICT COST MONITORING

- Further optimization of the cost base translating into a 3.5% decline of operating expenses in Q2-2015:
 - Staff expenses under control vs. Q2-2014;
 - 2.1% increase in staff costs over H1-2015, but almost stable (+0.6%) excluding one-off item (employer contribution for the Free Share Programme)
 - Savings on real estate, communication and consultancy costs

- 9.5% overall decline in operating costs in 2014 versus 2011:
 - 7.4% lower staff costs in 2014 versus 2011 following a 6.3% reduction in the number of FTEs
 - 11.5% lower non-staff expenses in 2014 versus 2011 as a result of streamlining processes and savings mainly in IT and real-estate

- Cost/income ratio of 49.8% in Q2-2015, up by 1.0 pt yoy on revenue pressure from falling interest rates, but down by 3.7 pts qoq given improved revenue generation and opex reduction



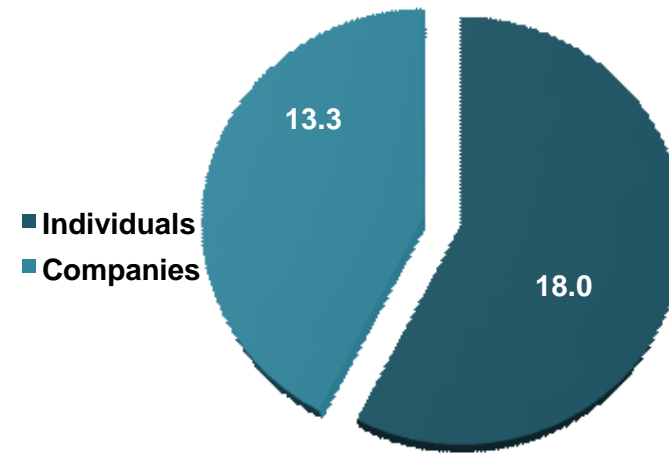
ASSET QUALITY

- A balanced loan portfolio from a market mix perspective
 - 57.4% on individuals segment
 - 42.6% on companies' segment

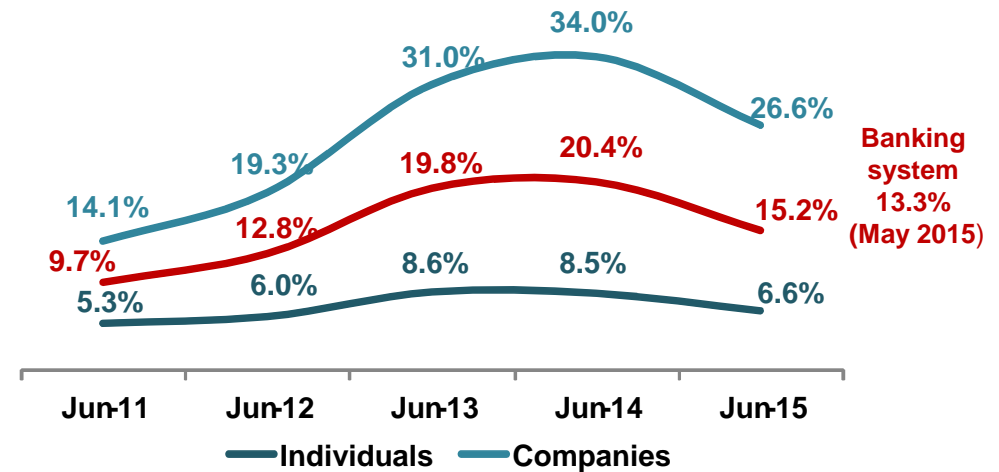
- Decreasing NPL (Loss 2) ratio
 - In line with the evolution observed at the level of the whole Romanian banking sector
 - Reflecting write-offs performed in 2014 and 2015

- Outlook
 - Expected improvement of NPL ratio
 - Continued positive impact from BRD's improved risk management and governance function

**GROSS LOANS – June 30, 2015
SPLIT BY SEGMENT (RON bn)**



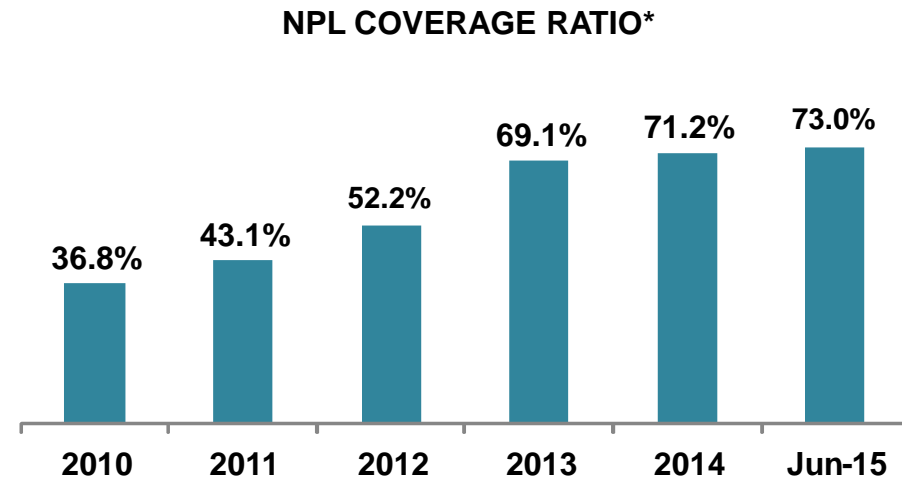
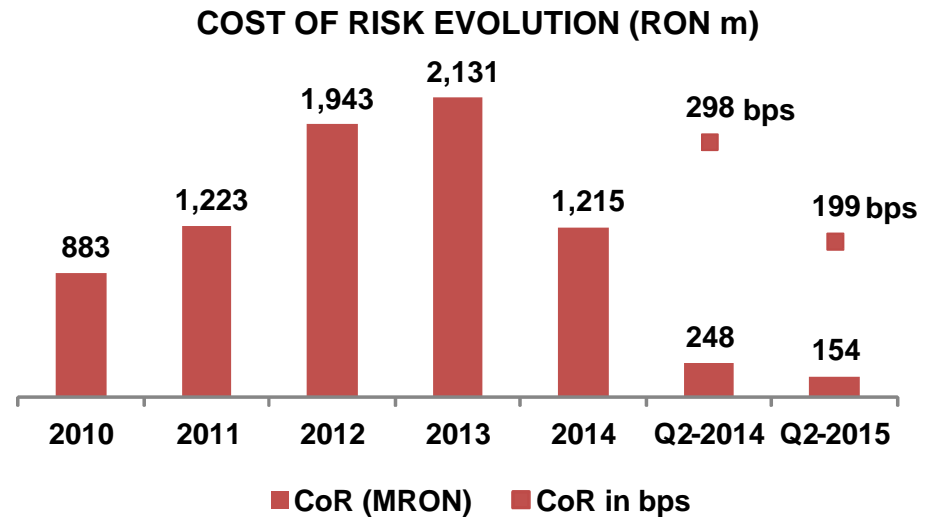
NPL (LOSS 2) RATIO BY SEGMENT*



() at individual level*

SOLID COVERAGE RATIO AND DECLINING COST OF RISK

- 2015 provisioning efforts remained focused on legal entities, particularly SMEs
- Lower provisioning perspectives for 2015, confirmed by H1-2015 realized
- Significant improvement of BRD Group NPL coverage ratio
 - From 36.8% in 2010 to 73.0% as of June 2015 end
 - Normalisation of risk indicators to be confirmed during coming quarters

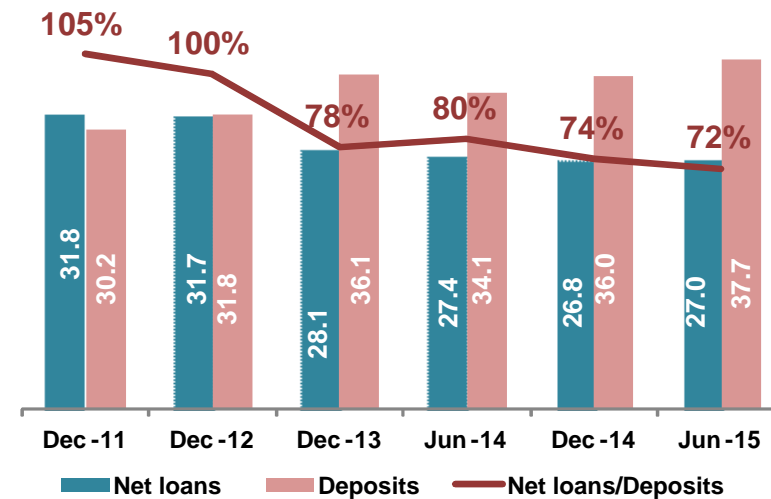


(*) Coverage of accounting non-performing loans with IFRS provisions

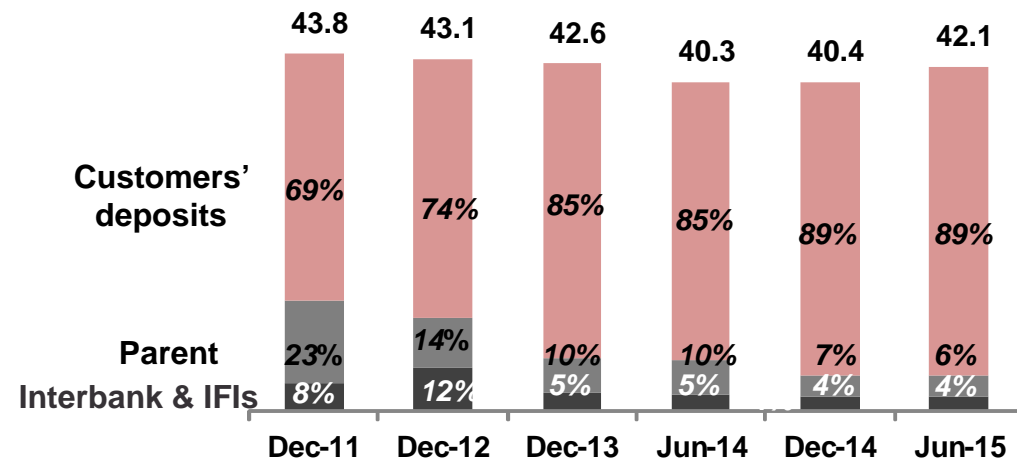
CONTINUED REINFORCEMENT OF FINANCIAL AUTONOMY

- Consolidation of net loans/deposits ratio which reached 71.6% at end of June 2015, versus 80.3% at June 2014 end, showing BRD is well prepared to benefit from a meaningful recovery in credit activity
- 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
- Policy of diversification of resources:
 - Growing deposits' base → increase of the share of deposits in total liabilities from 69.0% at 2011 end to 89.4% at June 2015 end
 - Funding from the parent decreased from 23.3% of total liabilities in December 2011 to 6.4% at June 2015

NET LOANS AND DEPOSITS (RON bn)



LIABILITIES STRUCTURE (RON bn)



OWN FUNDS SAFELY ABOVE CAPITAL REQUIREMENTS

- Solid capital base composed of high quality Tier 1 eligible instruments: share capital, retained earnings, reserves
- Capital adequacy safely above regulatory requirements: CAR reached 16.3% as at June 2015 versus 17.2% as at December 2014, on a standalone basis

Basel III	Jun-14	Dec-14	Jun-15
Capital adequacy ratio	16.6%	17.2%	16.3%
Own funds (RON m)	4,594	4,614	4,442
Total risk exposure amount (RON m)	27,725	26,873	27,168
Capital requirements (RON m)	2,218	2,150	2,173

Note: Figures are at individual level, with national discretions



CHAPTER 04

CONCLUSIONS

CONCLUSIONS

- In the first half of 2015, BRD Group achieved solid earnings generation thanks to further improving the quality of the loan portfolio and consistent cost discipline. Positive signals also appeared regarding the evolution of retail activity.
- A material improvement of profitability level is expected in 2015, due to a further normalization of cost of risk.
- On the short term the low interest rates have a negative impact on revenues, but on the longer run they also offer opportunities for lending growth and sustain the faster recovery of the Romanian economy.
- With the credit cycle turning to an inflection point, BRD Group is well prepared to seize growth opportunities due to its strong balance sheet and large and diversified client base.
- The group will focus on ever enhancing customer satisfaction and on prudent cost and risk management, which should translate into sustainable, profitable growth. We remain confident in the growth potential of all our business lines.

Q&A

Session

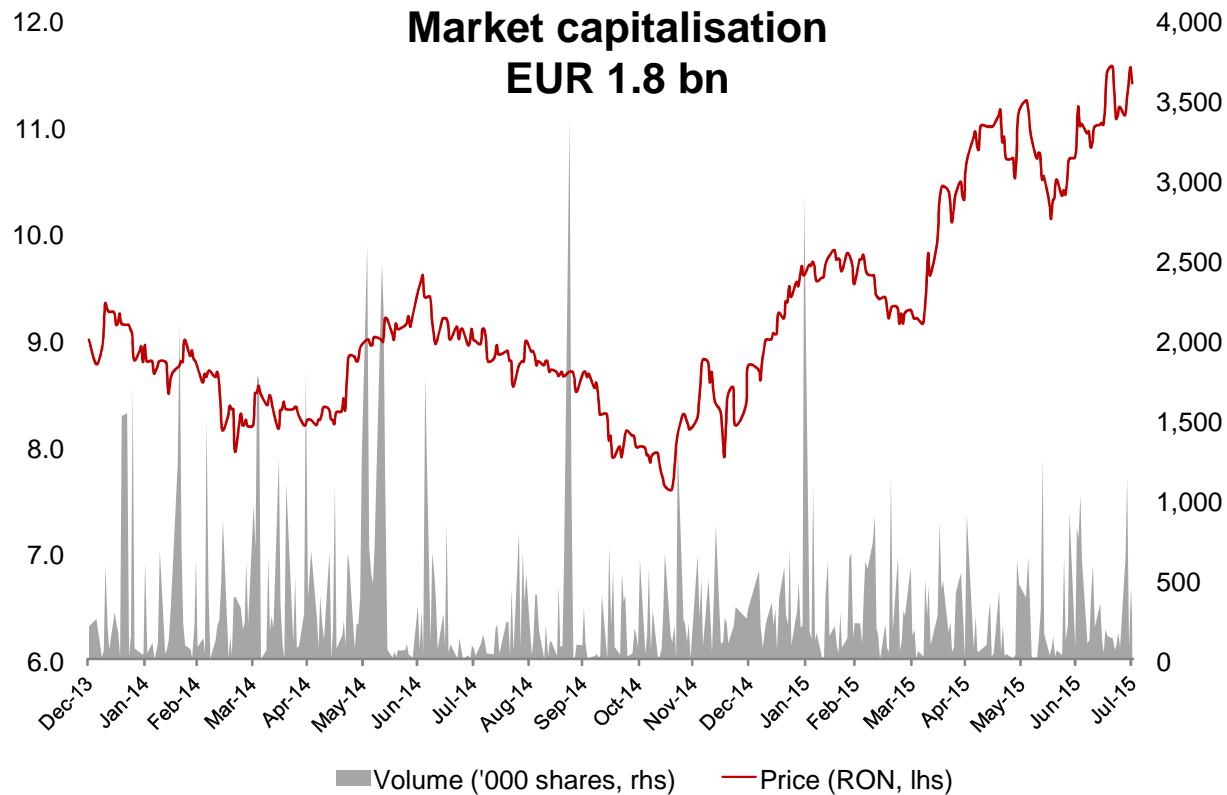
APPENDIX

BRD KEY FIGURES (BANK ONLY)

	Q2-2014	Q2-2015	Variation	H1-2014	H1-2015	Variation		
Financial results	Net banking income (RON m)	642	598	-6.8%	1,244	1,171	-5.9%	
	Operating expenses (RON m)	(303)	(291)	-4.0%	(608)	(596)	-2.0%	
	Gross operating income (RON m)	339	307	-9.4%	636	575	-9.6%	
	Cost of risk (RON m)	(246)	(150)	-39.1%	(492)	(256)	-48.1%	
	Net result (RON m)	85	132	55.0%	123	269	118.8%	
	Cost/Income	47.2%	48.6%	+1.4 pts	48.9%	50.9%	+2.0 pts	
	ROE	6.4%	9.4%	+3.0 pts	4.6%	9.7%	+5.0 pts	
				Jun-14	Dec-14	Jun-15	vs. Jun-14	vs. Dec-14
Capital adequacy	CAR ^(*)	16.6%	17.2%	16.3%	-0.2 pt	-0.8 pt		
Loans and deposits	Net loans (RON bn) ^(**)	27.1	26.5	26.6	-2.8%	0.8%		
	Total deposits (RON bn) ^(**)	34.2	36.0	37.8	9.5%	4.9%		
	Net loans/deposits	79.2%	73.4%	70.5%	-8.7 pts	-2.9 pts		
Franchise	No of branches	869	860	845	(24)	(15)		
	No of active customers (x 1000)	2,210	2,234	2,219	10	(14)		

(*) according to Basel III, including the impact of prudential filters, (**) variations at constant FX rates

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 reached RON 11.40 as of 31 July 2015, appreciating by 30% versus the end of 2014

Sources: Bloomberg, Bucharest Stock Exchange



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FINANCIAL CALENDAR FOR 2015

- **9 April: General Shareholders Meeting**
- **9 April: Publication of the 2014 Board of Directors Report**
- **6 May: Q1-2015 results publication**
 - 8 May: Presentation of the financial results for Q1-2015 (conference call and webcast)
- **5 August: H1-2015 results publication**
 - 5 August: Presentation of the financial results for Q2-2015 and H1-2015 (conference call and webcast)
- **5 November: 9M-2015 results publication**

GLOSSARY – CLIENT SEGMENTATION

- The **Retail** category is comprised of the following customer segments:
 - **Individuals** – BRD provides individual customers with a range of banking products such as: savings and deposits taking, consumer and housing loans, overdrafts, credit card facilities, funds transfer and payment facilities.
 - **Small business** – business entities with annual turnover lower than EUR 1m and having an aggregated exposure at group level less than EUR 0.3m. Standardized range of banking products is offered to small companies and professionals: savings and deposits taking, loans and transfers and payment services.
- The **Non-Retail** category is comprised of the following customer segments:
 - **Small and medium enterprises** - companies with annual turnover between EUR 1m and EUR 50m and the aggregated exposure at group level higher than EUR 0.3m. The Bank provides SMEs with a range of banking products such as: savings and deposits taking, loans and other credit facilities, transfers and payment services.
 - **Large corporate** - within corporate banking BRD provides customers with a range of banking products and services, including lending and deposit taking, provides cash-management, investment advices, securities business, project and structured finance transaction, syndicated loans and asset backed transactions. The large corporate customers include companies with annual turnover higher than EUR 50m, municipalities, public sector and other financial institutions.

THANK YOU

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