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BRD GROUP RESULTS

1ST QUARTER 2017

5 MAY 2017

YOUR BANK. YOUR TEAM



GRUPE SOCIETE GENERALE

DISCLAIMER

The consolidated and separate financial position and income statement for the period ended March 31, 2017 were examined by the Board of Directors on May 3, 2017.

The financial information presented for the period ended March 31, 2017 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.

This presentation contains forward-looking statements relating to the targets and strategies of BRD and are based on a series of assumptions. These forward-looking statements have been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. BRD may be unable to anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences, and to evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document.

Investors and analysts are advised to take into account factors of uncertainty and risk likely to impact the operations of BRD when considering the information contained in such forward-looking statements. Other than as required by applicable law, BRD does not undertake any obligation to update or revise any forward-looking information or statements.



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Q1 2017: STRONG NET PROFIT

Very strong increase in net profit vs Q1 2016

- Net profit of RON 330m in Q1 2017, significantly above Q1 2016 (RON 73m)
- Net banking income up +0.4%, with net interest income increase (+5.1% vs Q1 2016, driven by volume growth and favorable structure shifts) more than compensating the decrease in non interest income
- Lower cost base, -5.1% vs. Q1 2016; stable considering the adjustments to FGDB contribution booked in Q2 2016
- C/I at 59.1%, lower by 3.4 pts vs. Q1 2016; gross operating income up by +9.6% vs. Q1 2016 (+1% considering the FGDB adjustment in Q2 2016)
- Improved credit risk profile: lower NPL ratio (10.3% vs. 13.7% at March 2016 end), higher coverage ratio (77.4% vs. 74.8% at March 2016 end)
- Positive net cost of risk of RON 124m in Q1 2017 vs. a provision charge of RON 152m in Q1 2016

Solid commercial activity

- Number of active individual customers: +68k YoY
- Dynamic growth in deposits (+6.7%* vs. March 2016) both on retail and non retail
- Loans' outstanding up by 3.5%* with sustained portfolio growth on individuals and large corporate customers

Comfortable capital and liquidity positions

- Solvency ratio (Bank only) of 19.9% at March 2017 end (versus 19.5% at March 2016 end), well above regulatory requirements
- Net loan/deposit ratio of 69.2% (vs. 71.3% at March 2016 end)

^(*) Variations at constant exchange rate

Note: NPL ratio, NPL provision coverage according to EBA definition

BRD GROUP | KEY FIGURES

		Q1-2017	Q1-2016	Variation
Financial results	Net banking income (RON m)	650	647	+0.4%
	Operating expenses (RON m)	(384)	(405)	-5.1%
	Gross operating income (RON m)	266	243	9.6%
	Cost of risk (RON m)	124	(152)	
	Net result (RON m)	330	73	4.5x
	Cost/Income	59.1%	62.5%	-3.4 pt
		Mar-17	Mar-16	Variation
Capital adequacy	CAR ⁽¹⁾	19.9%	19.5%	+0.4 pt
Loans and deposits	Net loans including leasing (RON bn) ⁽²⁾	28.7	27.5	+3.5%
	Total deposits (RON bn) ⁽²⁾	41.4	38.5	+6.7%
	Net loans/deposits	69.2%	71.3%	-2.1 pt
Franchise	No of branches	810	829	(19)
	No of active customers ⁽³⁾ (x 1000)	2,281	2,210	70

⁽¹⁾ Bank only, according to Basel 3, including the impact of prudential filters, on a standalone basis ⁽²⁾ Variations at constant exchange rate; ⁽³⁾ Bank only



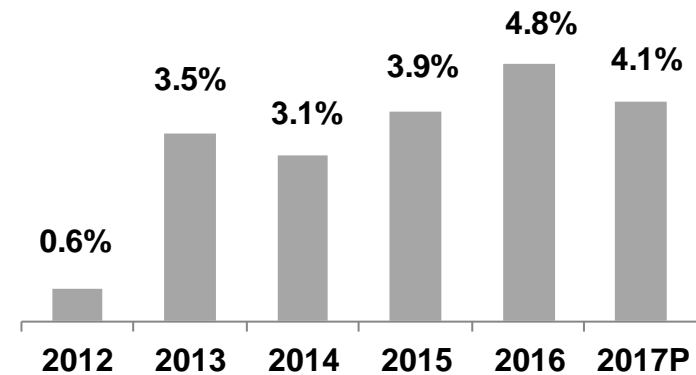
CHAPTER 02

MACROECONOMIC AND BANKING ENVIRONMENT

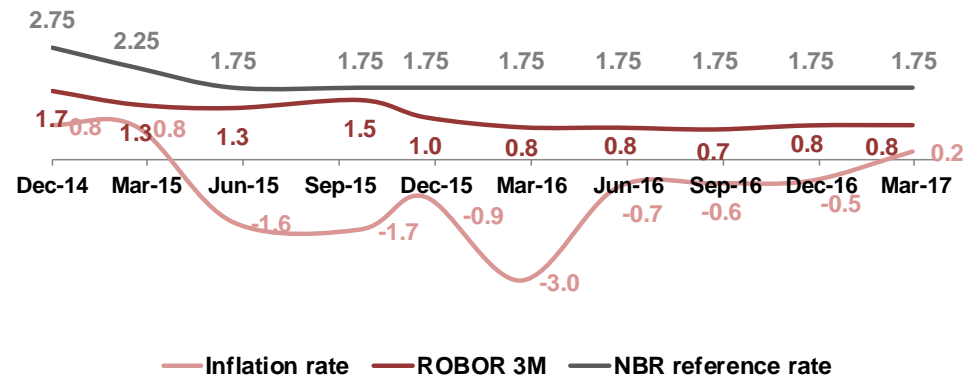
ECONOMIC GROWTH CONTINUES, ON RISING PRIVATE CONSUMPTION

- GDP advanced by 4.8% in 2016, strongest increase since 2008 and one of the highest among EU member states, with private consumption the main contributor to growth
- Positive inflation rate starting with 2017, as the effect of VAT rate cut in January 2016 faded; March 2017 end CPI at 0.2% vs. -3.0% at March 2016 end
- NBR sustained a relaxed monetary policy by maintaining the key policy rate at 1.75% (since May 2015); reserves requirements were left unchanged at 8% for RON liabilities and 10% for FX liabilities, at the last monetary policy meeting on April 5th, 2017

GDP GROWTH



INFLATION AND INTEREST RATES

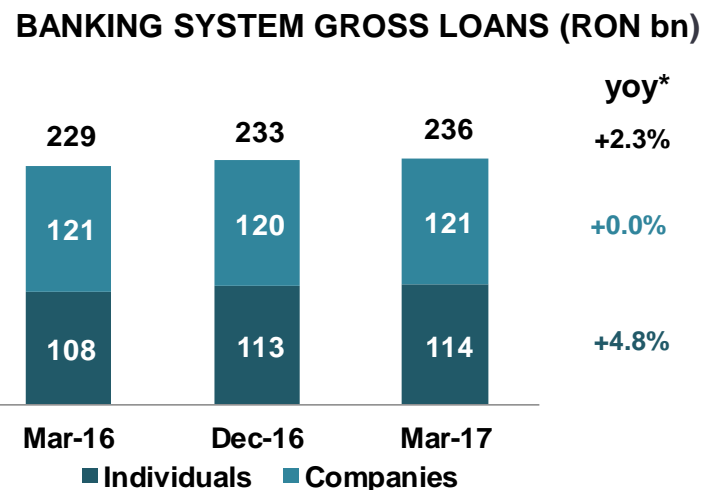
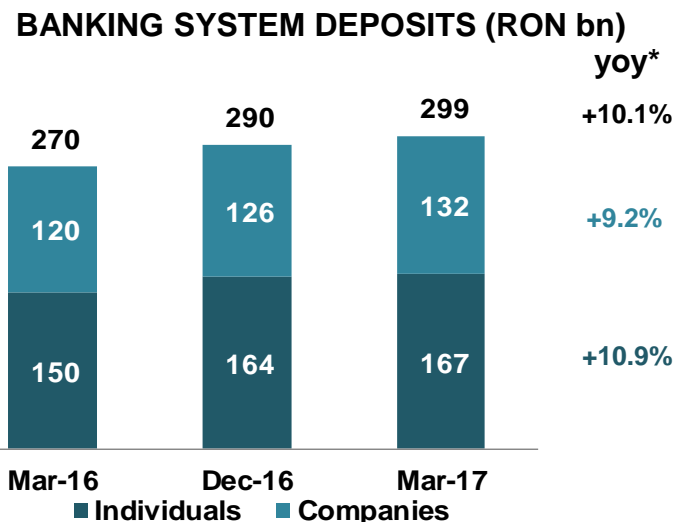


Note: Estimates as per BRD Research

Sources: NIS, NBR

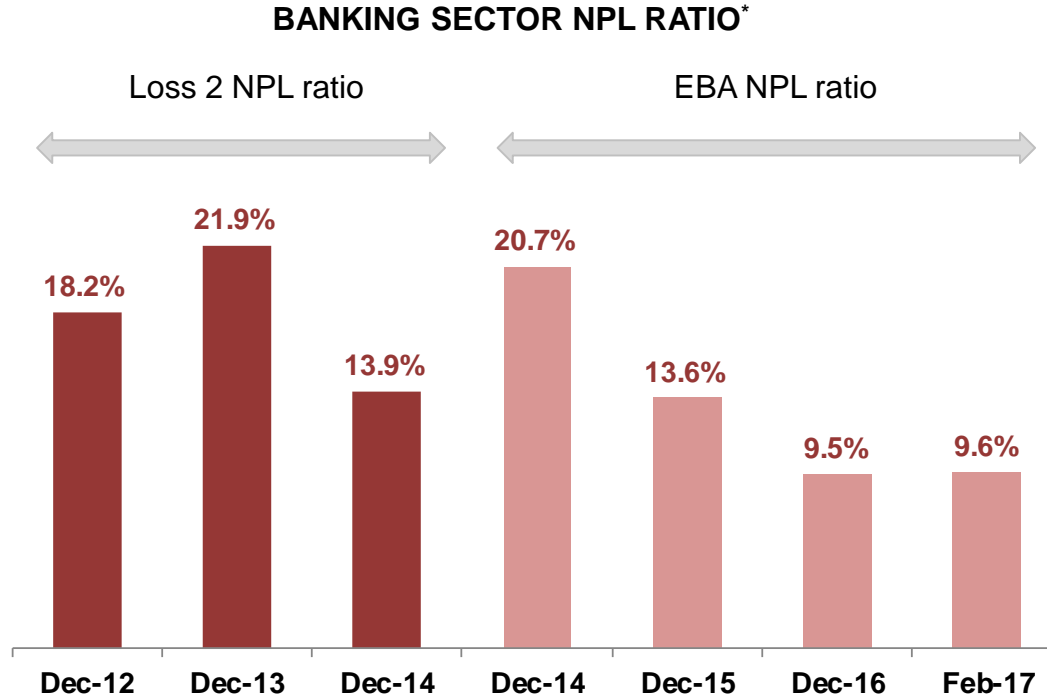
BANKING SECTOR: CONTINUED STRONG INCREASE IN SAVINGS, LENDING PICKS UP THE PACE

- Pace of savings growth remains strong despite the persistent low interest rates: +10.1% deposits growth at March 2017 end vs March 2016 end:
 - higher individuals' savings rate, +10.9% y/y
 - coupled with strong inflows from companies, +9.2% y/y
- +2.3% higher gross loans at March 2017 end vs March 2016 end driven by the further increase of loans to individuals, while loans to companies remain flat:
 - +4.8% increase in loans to individuals driven by sustained advance on housing loans (+11.7%), while consumer loans contraction is diminishing (-1.7%), on a yearly basis
 - consumer loans on an upward trend in the first 3 months of the year, sustained by the positive evolution of the RON denominated consumer loans
 - stable level of loans to companies as the drop in FX lending was compensated by the advance on the local currency component



(*) Variations at constant exchange rate; Source: NBR

BANKING SECTOR: SINGLE DIGIT NPL RATIO



- Significant improvement of the asset quality: NPL ratio reduced gradually from 13.6% at Dec 2015 end, to less than 10% at Dec 2016 and February 2017 end, driven by write-offs and non performing loans sales operations performed by banks.
- Coverage of non performing loans by risk provisions, using EBA methodology, reached 56% at December 2016 (versus 57% as of December 2015 and 56% as of December 2014).

(*) 1) Loss 2 indicator: 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. 2) NPL ratio (EBA definition): Non-performing exposures are those that satisfy any of the following criteria: a) material exposures which are more than 90 days past due; b) the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or of the number of days past due.

Source: NBR



CHAPTER 03

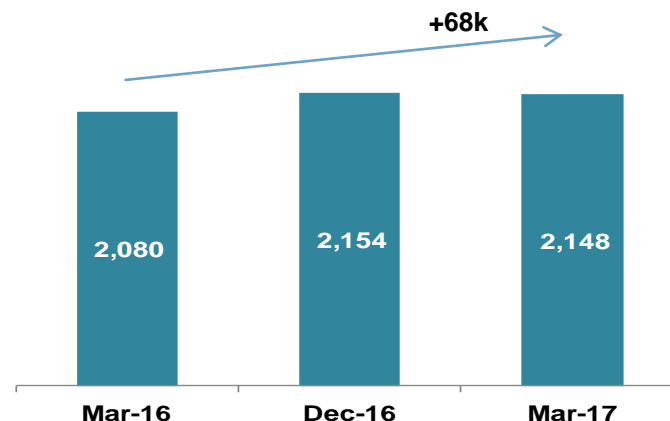
1ST QUARTER 2017 GROUP RESULTS

STRONG CLIENT ACQUISITION

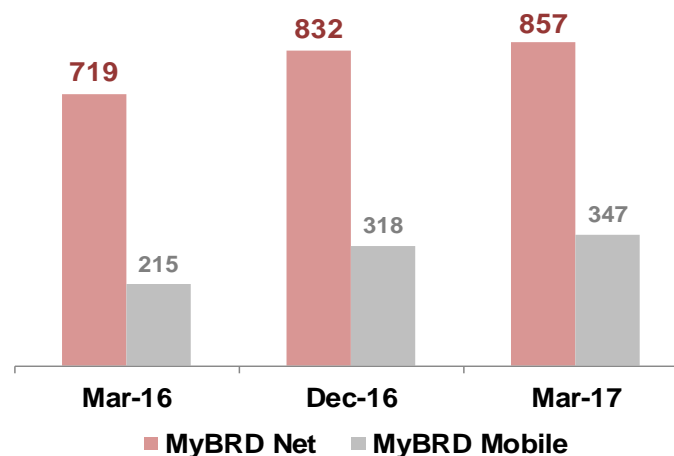
- Further increase in:
 - customer base: +68k (individuals) vs. Q1 2016
 - individuals' equipment rate increasing from 4.01 at March 2016 end to 4.09 at March 2017 end, driven by growing number of remote banking solutions
 - stock of internet and mobile contracts up by 28.9% vs. March 2016 end, with particularly strong interest towards mobile banking contracts (up by 61.8% vs. March 2016 end)

- Improved Omni-channel customer experience: enhanced digital offer, upgraded automat fleet
 - increased flexibility on the mobile platform, offering real time data access to the investment fund portfolios
 - fully online investments in mutual funds through My BRD Net
 - upgraded fleet of ROBO with enhanced functionalities
 - increased coverage of utilities' suppliers for bill payments facilitation

EVOLUTION OF ACTIVE INDIVIDUAL CUSTOMERS*
(x 1000)



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



(*) Bank only

ROBUST GROWTH IN LOAN PRODUCTION

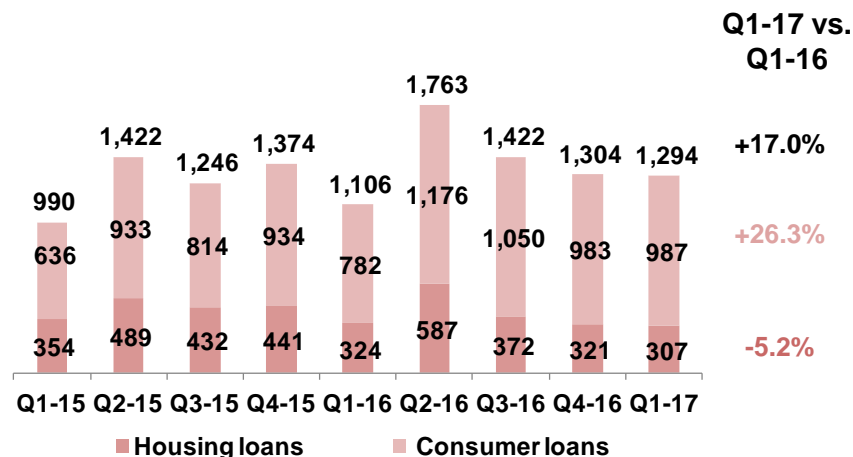
- Robust increase in loan production for individuals, +17% on a yearly basis:

- further advance of unsecured consumer loans, +26.3% vs. Q1 2016, driven by Espresso commercial campaign and rising private demand
- production in housing loans reduced by 5.2% vs. Q1 2016, hampered by the delayed start of Prima Casa program
- improved customer offer with the launch of a new credit card product with advanced features

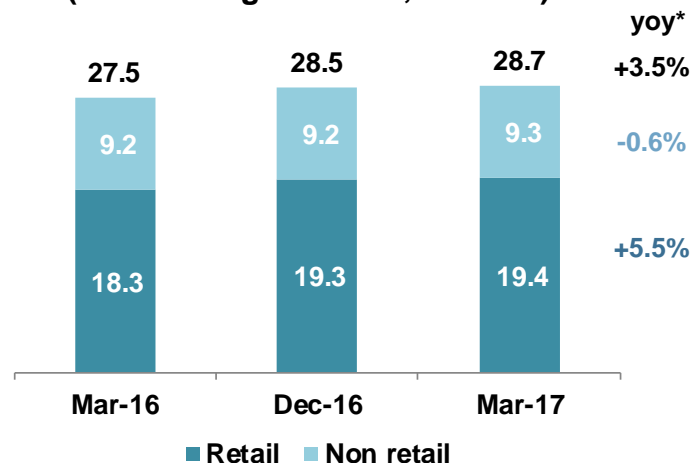
- Net loans outstanding amount 3.5%* higher vs. Q1 2016 driven by sustained performance:

- on individuals (+5.8%* vs. Q1 2016)
- and large corporate (+4.9%* vs Q1 2016), with a strong growth on medium and long term financing
- two digit increase in leasing portfolio

INDIVIDUALS' LOAN PRODUCTION (RON m)



NET LOANS including leasing (outstanding amounts, RON bn)



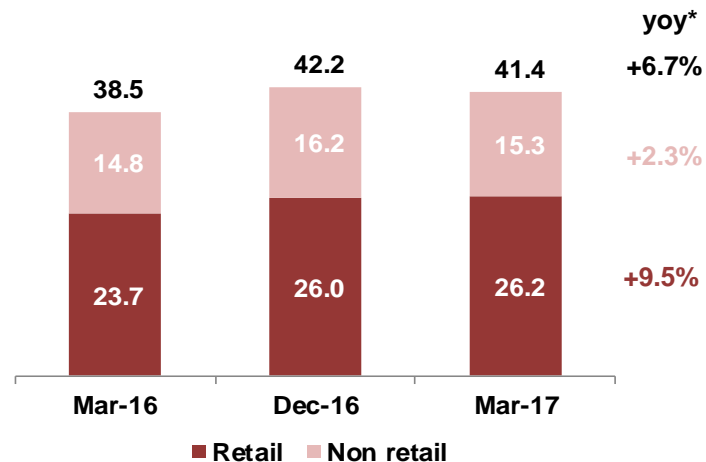
(*) Variations at constant exchange rate

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

DYNAMIC INCREASE IN DEPOSITS

- Strong savings collection, pushing customer deposits up by 6.7%, compared to March 2016 end
 - retail deposits up +9.5% y/y
 - non retail deposits up +2.3% y/y
- Significant increase in deposits on current account, in a context of persistently low interest rates environment
 - retail: +30.0% vs. March 2016 end
 - non retail: +5.1% vs. March 2016 end

DEPOSITS (outstanding amounts, RON bn)

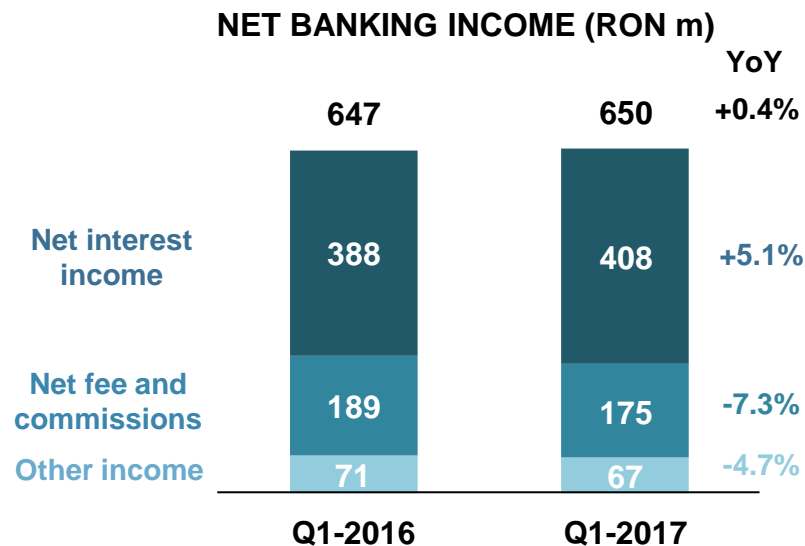


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Note: The Retail Segment is comprised of Individuals and Small Business (see Appendix).

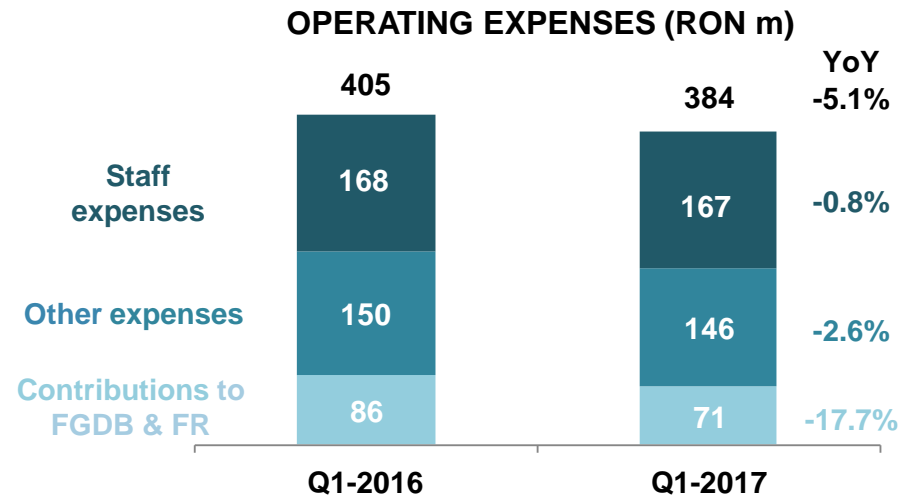
NBI DRIVEN UP BY NET INTEREST INCOME

- Net banking income at RON 650m, slightly increasing vs Q1 2016, with net interest income growth more than compensating the contraction of non interest income
- Net interest income up by +5.1% in Q1 2017 vs. Q1 2016, on volume growth and favorable structure shifts, and despite the negative effect generated by low rates environment
- Net fees and commissions income reduced on a yearly basis, due to regulatory driven decrease in interchange fees coupled with increased market pressure on prices



FURTHER COST CONTAINMENT

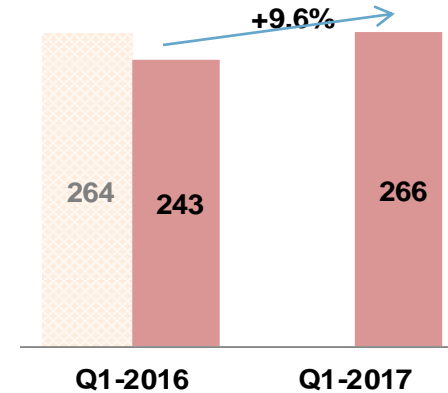
- Operating expenses decreased by -5.1% compared to Q1 2016, driven by savings on all costs categories
- Operating expenses stable when accounting for the adjustment to Deposit Guarantee Fund contribution booked in Q2 2016
 - 2017 contribution of RON 71m
 - 2016 contribution of RON 65m



IMPROVED OPERATIONAL PERFORMANCE

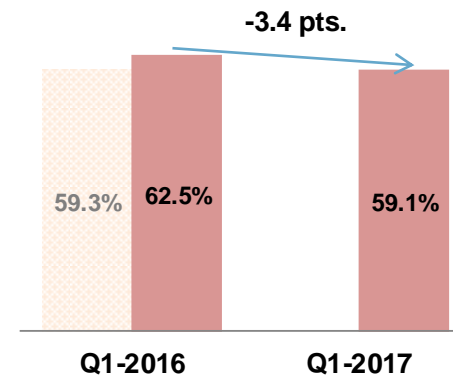
- Gross operating income up by 9.6% vs Q1 2016, driven by slightly higher net banking income coupled with further cost discipline
- C/I ratio, 3.4 pts lower vs Q1 2016, stable when considering the full contribution to FGDB booked in 2016

GROSS OPERATING INCOME (RON m)



□ GOI adjusted w. full FGDB contribution booked in 2016

COST/INCOME RATIO



□ C/I adjusted w. full FGDB contribution booked in 2016

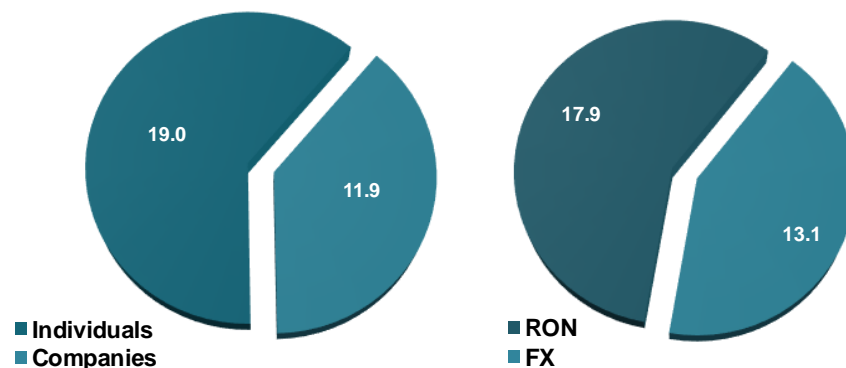
ASSET QUALITY

- Loan portfolio market mix
 - 61.5% on individuals market segments
 - 38.5% on legal entities market segments

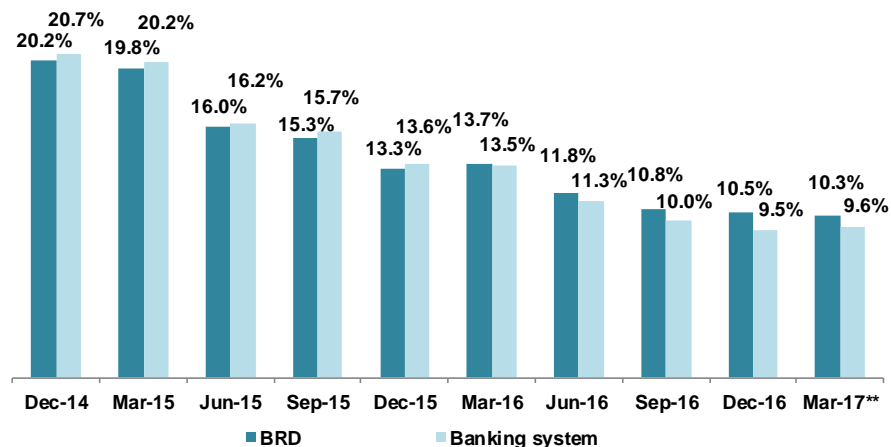
- Consolidation of RON lending
 - Share of RON denominated loans at around 57.8% (versus 51.8% as of 03/2016)
 - Trend in line with market evolution

- Declining NPL ratio
 - Trend in line with the evolution observed at the level of the Romanian banking sector
 - Reflecting write-offs performed during the 2015-2017 period as well as improving NPL recovery performance
 - Some further write-offs to be performed (in line with the Bank's write-off policy)
 - NPL portfolios sale activities to continue, for both retail and non retail segments

**GROSS LOANS - March 31, 2017
BREAKDOWN BY SEGMENT &
CURRENCY (in RON bn)**



NPL RATIO - EBA methodology



(**) Ratio for the Banking system - as of February 2017

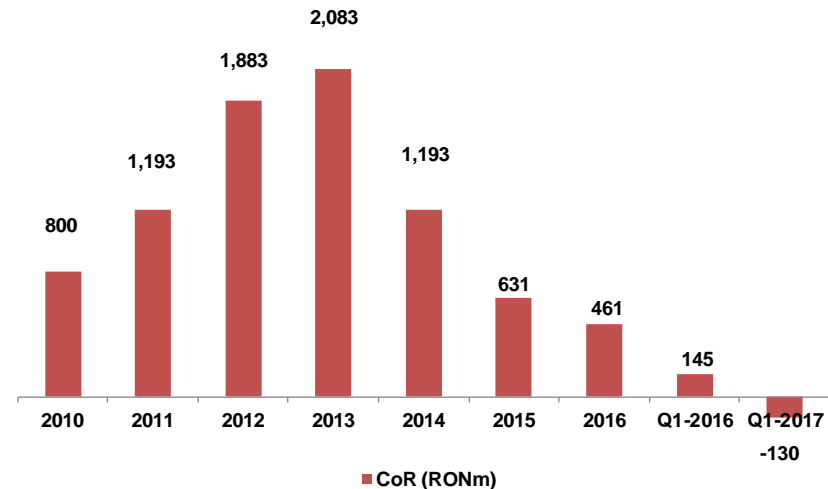
Note: At individual level

COST OF RISK AND COVERAGE RATIO

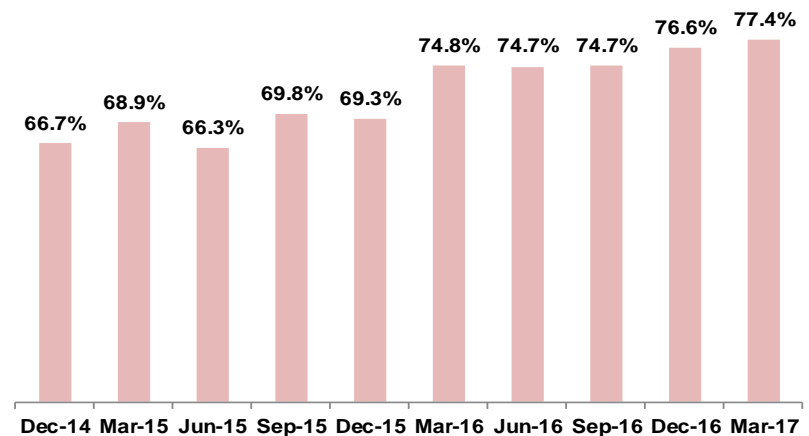
Q1 2017 NCR highlights

- Strong level of recovery performance from non retail NPL exposures (near 80 MRON in net provision reversals)
- Extraordinary insurance indemnities related to previous losses (over 115 MRON positive NCR impact)
- Low level of net provisions recorded on retail NPL exposures (slightly below 15 MRON)
- Booking of a 45 MRON collective sectorial provision

COST OF RISK EVOLUTION (in M RON)



NPL COVERAGE RATIO - EBA methodology



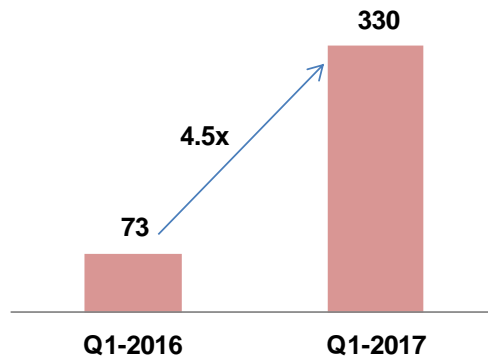
Key ratios evolution

- Net cost of risk at -169 bp for Q1 2017 (versus +178 bp in Q1 2016)
- Moderate increase in the NPL provision coverage ratio

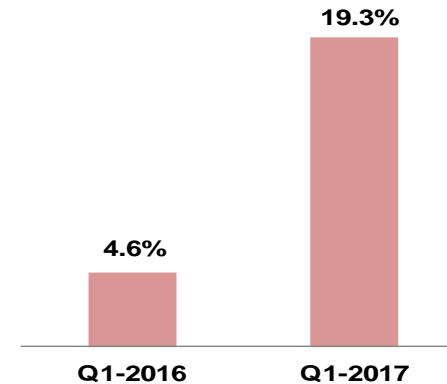
Note: At individual level

VERY STRONG INCREASE IN NET PROFIT

NET PROFIT (RON m)



RETURN ON EQUITY

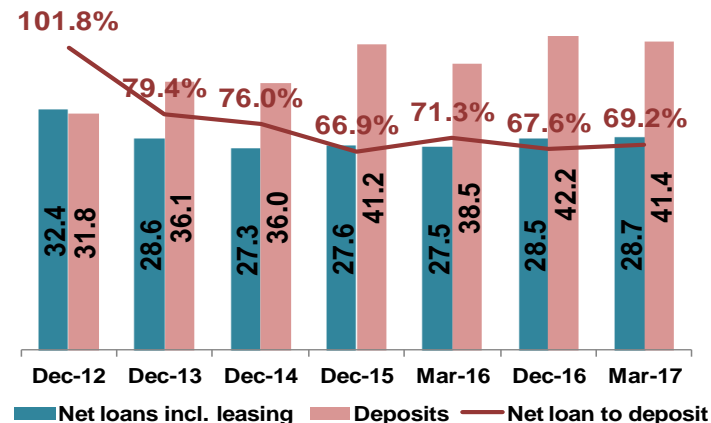


- Very strong increase in net profit, to RON 330m in Q1 2017 on positive net cost of risk, coupled with improved net interest income and strict monitoring of operating expenses
- ROE at 19.3% in Q1 2017 (4.6% in Q1 2016)
- ROA at 2.6% in Q1 2017 (0.6% in Q1 2016)

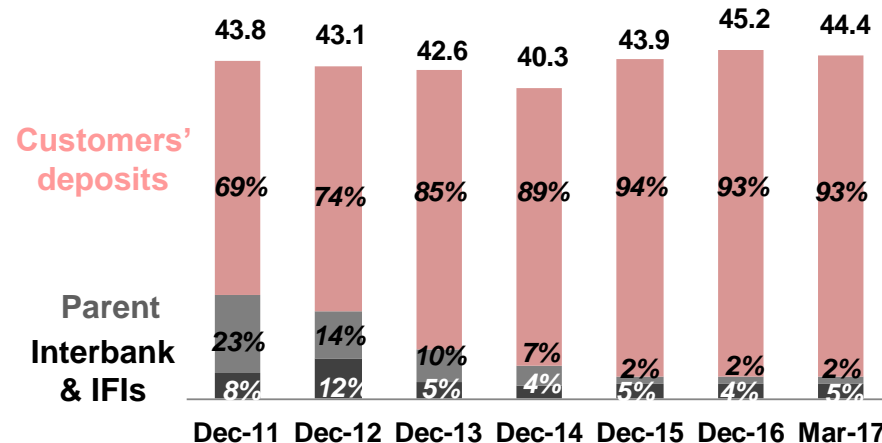
SELF- FUNDED ON A STANDALONE BASIS

- Loan to deposits ratio: 69.2% at March 2017 end, down -2.1pts compared to March 2016 end, reflecting strong deposits growth
- Excess of liquidity primarily invested in Government bonds and interbank placements allowing BRD to maintain an adequate liquidity buffer and to hedge its exposure to interest rate risk
- Diversified funding sources:
 - Share of deposits in total liabilities growing from 69% at 2011 end to 93% at March 2017 end
 - Limited reliance on parent funding, 2% of total liabilities at March 2017 end

NET LOANS AND DEPOSITS (RON bn)



LIABILITIES STRUCTURE (RON bn)



COMFORTABLE CAPITAL ADEQUACY RATIO

- Solid capital base composed of high quality Tier 1 eligible instruments: share capital, retained earnings, reserves
- Capital adequacy ratio comfortably above regulatory requirements: CAR reached 19.9% as at March 2017 end compared to 19.5% at March 2016 end (Bank only)

Bank only	Mar-16	Dec-16	Mar-17
Capital adequacy ratio	19.5%	19.8%	19.9%
Own funds (RONm)	5,175	5,212	5,289
Total risk exposure amount (RONm)	26,526	26,373	26,557
Capital requirements (RONm)	2,122	2,110	2,125

*Own funds as of March 2017 do not include the net profit of Q1 2017.
Own funds as of Dec 2016 include the 2016 net profit, after approved dividends.*

Note: Figures are with national discretions.



CHAPTER 04

CONCLUSIONS

CONCLUSIONS

- Romania registered a strong economic advance in 2016, with GDP growth among the highest in EU, at 4.8%. The outlook for 2017 shows positive signs of further economic growth, Romania being expected to remain among the best performers in region.
- BRD Group delivered a robust performance in the first quarter of 2017, with a strong net profit, a good commercial momentum on retail and large corporate segments, strict cost discipline and further improved risk profile.
- Looking ahead, BRD will continue to focus its attention and investments on its customer centric model, as well as on its digital offer, and restate its commitment towards financing the Romanian economy and the sustainable creation of shareholder value

Q&A

Session

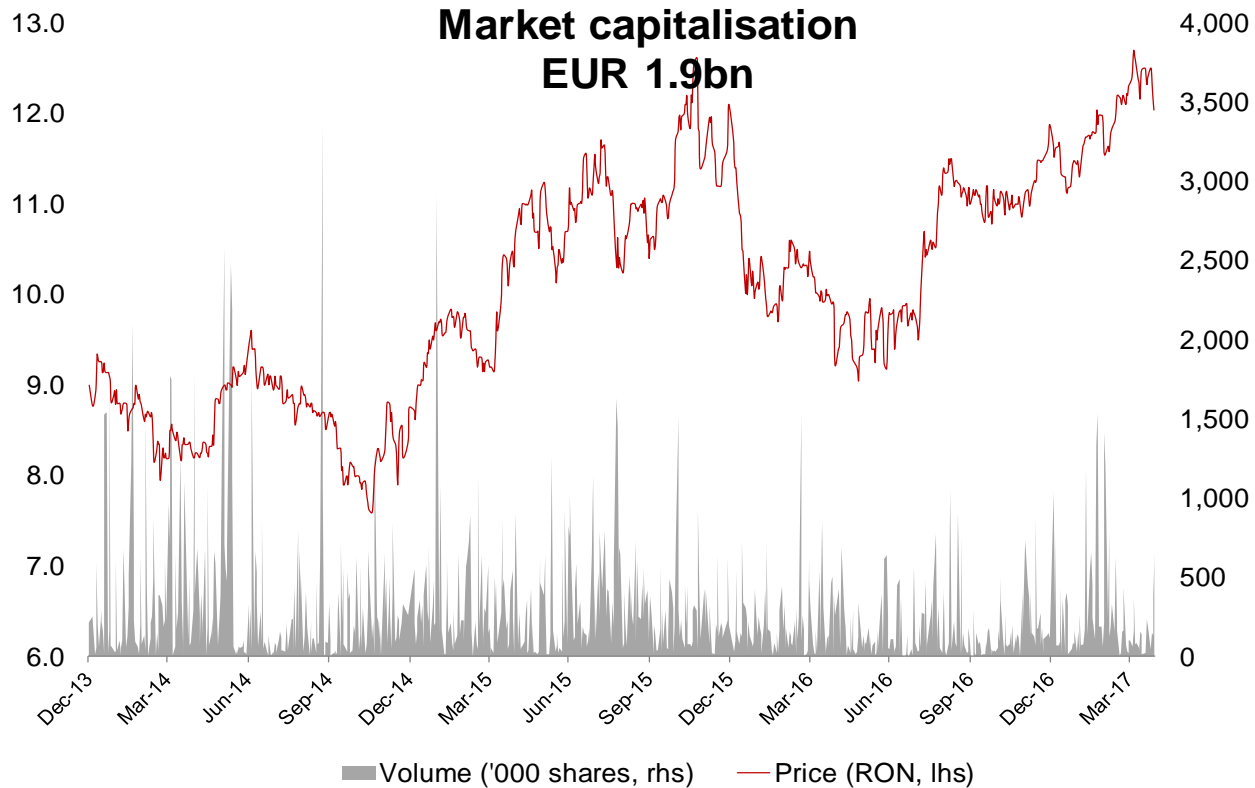
APPENDIX

BRD | KEY FIGURES FOR BANK ONLY

		Q1-2017	Q1-2016	Variation
Financial results	Net banking income (RON m)	601	611	-1.6%
	Operating expenses (RON m)	(365)	(386)	-5.3%
	Gross operating income (RON m)	236	225	4.9%
	Cost of risk (RON m)	130	(145)	
	Net result (RON m)	307	63	4.9x
	Cost/Income	60.8%	63.2%	-2.4 pt
		Mar-17	Mar-16	Variation
Capital adequacy	CAR ⁽¹⁾	19.9%	19.5%	+0.4 pt
Loans and deposits	Net loans (RON bn) ⁽²⁾	27.6	26.5	+3.1%
	Total deposits (RON bn) ⁽²⁾	41.5	38.5	+6.8%
	Net loans/deposits	66.3%	68.8%	-2.5 pt
Franchise	No of branches	810	829	(19)
	No of active customers ⁽³⁾ (x 1000)	2,281	2,210	70

⁽¹⁾ Bank only, according to Basel 3, including the impact of prudential filters; on a standalone basis ⁽²⁾ Variations at constant exchange rate; ⁽³⁾ Bank only

BRD STOCK PRICE PERFORMANCE



- BRD is part of the main market indices on the Bucharest Stock Exchange
- BRD is in Top 5 largest domestic companies listed on the local stock exchange
- BRD's share price reached RON 12.32 as of 31 March 2017, down by 4% ytd and up by 18% yoy.

Sources: Bloomberg, Bucharest Stock Exchange



FINANCIAL CALENDAR FOR 2017

- **9th February: Preliminary 2016 financial results and annual press conference**
- **20th April: General Shareholders Meeting**
- **20th April: Publication of the 2016 Board of Directors Report**
- **4th May: Q1-2017 results publication**
- **2nd August: H1-2017 results publication**
- **3rd November: 9M-2017 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

Investor Relations

Tel. : +4 021 380 47 62

Email : investor@brd.ro

Homepage: www.brd.ro