BRD - GROUP
RESULTS

1ST QUARTER 2018

MAY 2018
DISCLAIMER

The consolidated and separate financial position and income statement for the period ended March 31, 2018 were examined by the Board of Directors on May 3, 2018.

The financial information presented for the period ended March 31, 2018 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.
INTRODUCTION
Q1 2018: NET PROFIT OF RON 414M

**Broad-based revenue growth on solid volume increase and rising interest rates**
- Accelerating net interest income (+14.2% y/y), on growing volumes and favorable interest rates trend
- Rise in net loans (+5.0%* y/y) and deposits (+6.0%* y/y)
- Higher number of transactions across all business lines

**Solid operational performance**

**Further improvement in asset quality**
- Strong recovery performance on non retail portfolio, coupled with recognition of insurance indemnities

**Consistently high profitability**

**Solid capital and liquidity positions**, enabling BRD to capture future business opportunities

**Net profit**
- RON 414m +25.6% vs. Q1-2017

**ROE:** 22.0% in Q1-2018 vs. 19.3% in Q1-2017

*Note: CAR at Bank only level, net of 2017 dividends approved in April 2018 GSM
* Variation at constant exchange rate
MACROECONOMIC & BANKING ENVIRONMENT
FAVORABLE MACROECONOMIC ENVIRONMENT

Supportive macroeconomic context
2017 GDP accelerated significantly at +6.9% y/y, driven by household consumption
GDP growth expected to slow down to more sustainable levels in 2018, on decelerating private consumption due to the fading impact of fiscal impulse, inflation upswing and subsequent increase in interest rates

Rising inflation
Inflation rate at +5.0% y/y at Mar 2018
Inflationary pressures are expected to remain in place in the second and third quarter, on tight labor market conditions, higher inflation expectations, also depending on the agricultural output, and ease towards year end, as Q4-2017 one-offs dissipate.

Less accommodative monetary conditions
NBR hiked the key interest rate to 2% in Jan 2018 and again to 2.25% in February 2018, aiming at anchoring inflationary pressures

Rise in RON interest rates continues, after first jumps in September 2017
Average ROBOR 3M reaching 2.03% in Q1-18 vs. 0.83% in Q1-17

Source: projections for 2018 for GDP: IMF report – World Economic Outlook, April 2018
STEDY LOAN GROWTH, STRONG DEPOSIT INFLOWS

Domestic loan market growth driven by retail demand
Continuous double-digit increase in housing loans (+12.2%* y/y), supported by the “Prima Casa” product
Modest consumer loan growth (+1.3%* y/y), due to decline on the FX consumer lending
Corporate credit stalling, up only +0.3%* y/y, in a context of lagging investments

Deposits up by +10.6%* y/y at March 2018 end
Household deposits up +8.2%* y/y, pushed by wage increases
Strong rise of corporate savings +13.6%* y/y

* Variation at constant exchange rate
IMPROVING ASSET QUALITY PUSHING ROE UP, SOLID LIQUIDITY AND CAPITAL POSITIONS

NPL ratio further declining…
…as a result of write off operations and sale of defaulted loans portfolios
NPL ratio at 6.2% at Feb 2018 end, compared to 20.7% at 2014 end

Stable coverage ratio, significantly higher than EU average

Solid liquidity and capital positions
Loan to deposit ratio at 75% at 2017 end (vs 116% in 2011)
Average liquidity coverage ratio at 239% at 2017 end, well above regulatory requirement (100% in 2018) and European average (149%)
Total capital ratio of 18.9% as of 2017 end (vs. 19.7% as of 2016 end).

Strong profitability
ROE near 10% in both 2015 and 2016 and further improving to 12.7% in 2017

Source: EBA Risk Dashboard – Q4 2017, NBR data
1st Quarter BRD Group Results
EXPANDING CUSTOMER BASE AND FURTHER FOCUS ON DIGITAL CHANNELS

Client growth maintains momentum

- **2.32m** active clients
  - Stock of active clients increased by + 37,000 y/y
- **2.18m** clients +33,000 y/y
- **116k** clients +4,000 y/y

Dynamic commercial relationships

- Average equipment rate of individual clients up to 4.18 from 4.09 at March 2017.
- Average equipment rate of small business clients up to 3.70 from 3.63 at March 2017
- MyBRD Net and MyBRD Mobile penetration rates reaching 44% (+4pts y/y) and 24% (+7pts y/y) respectively, at March 2018

Continuous migration towards digital channels

- **1.44m** contracts (MyBRD Net & MyBRD Mobile) +19% vs March 2017 end
  - +27% nb of transactions, in Q1-2018 vs Q1-2017
  - +51% nb of connections in Q1-2018 vs Q1-2017
- Pragmatically adjusted network footprint (753 branches at Mar-18, -57 y/y)

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**Digital Banking Solutions**

* No of contracts: MyBRD Mobile, MyBRD Net
**FURTHER LOAN GROWTH, MAINLY FUELED BY DYNAMIC HOUSEHOLD DEMAND**

**Robust advance of net retail loan portfolio: +7.2% y/y**
Consolidated leadership position on individual customers segment, with a market share of 16.9% at March 2018 end

**Intense housing credit activity**
Strong growth on new housing loans, with increasing share of BRD specific product “La Casa Mea”
Housing loans market share of 17.3% at March 2018 end, up by +0.2 ppt y/y

**Dynamic activity on large corporate segment and leasing**
Loans to large companies up +5.9% y/y
Leasing portfolio increasing by +14%** y/y

* Variations at constant exchange rate
** Including operational leasing
LARGER DEPOSIT INFLOWS AND RISING ASSETS UNDER MANAGEMENT

Strong deposit inflows y/y on both Retail and Non retail customers
Retail savings +7.4% y/y vs March 2017 end
Non retail deposits +3.6% y/y, on collection from both SMEs and large corporate clients

Inflows in current accounts remain strong
Deposits on current accounts up +17% y/y, largely on inflows from private individuals

Further expansion of assets under management
BRD AM assets under management up +4% y/y
Market share on open end mutual funds stands at 12.3% at Mar-18, up by +0.5ppt y/y,

Stable funding sources
Loan to deposit ratio at 68.6%, ensuring stable funding base and sufficient room for further credit growth
Share of deposits in total liabilities growing from 69% at 2011 end to 92% at March 2018 end
Parent funding around 2% of total liabilities at March 2018 end

* Variations at constant exchange rate
Note: Market share for AUM computation based on total Open-end Funds assets under management.
固有的收入增长

NBI 加速至 +11.4% 在 2018 年第一季度，所有类别均实现增长。

双位数净息收入增长 (+14.2%)

积极的贷款和存款增长效果
- 2018 年第一季度平均未偿贷款同比增长 +5.2%（零售贷款增长 +8.3%）
- 2018 年第一季度平均未偿存款同比增长 +7.9%

有利的利率效果:
- ROBOR 3M 平均值：2018 年第一季度为 2.03%，2017 年第一季度为 0.83%。

上升的费用和佣金收入 (+5.2%)

更多的支付数量，零售和非零售段，本地和外币。

增加的托管和存托服务贡献。

E 银行收入增长，渗透率增加。

银行总收入 (RONm)

<table>
<thead>
<tr>
<th>类别</th>
<th>Q1-2017</th>
<th>Q1-2018</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>分 Yield income</td>
<td>408</td>
<td>465</td>
<td>+14.2%</td>
</tr>
<tr>
<td>其他收入</td>
<td>67</td>
<td>75</td>
<td>+10.8%</td>
</tr>
<tr>
<td>费用和佣金收入</td>
<td>175</td>
<td>184</td>
<td>+5.2%</td>
</tr>
<tr>
<td>净利息收入</td>
<td>650</td>
<td>724</td>
<td>+11.4%</td>
</tr>
</tbody>
</table>

上升的费用和佣金收入 (+5.2%)

更高的支付数量，零售和非零售段，本地和外币。

增加的托管和存托服务贡献。

来自 E 银行订阅收入的增长，渗透率增加。
STABLE COST BASE

Quasi-stable operating expenses…

Staff expenses up, due to adjustment of compensation packages in a tight labor market context

Rising other expenses on higher IT and consultancy costs, reflecting investments for the accomplishment of strategic objectives set in the 2018-2020 transformation program

Lower cumulated contribution to Bank Deposit Guarantee Fund and Resolution Fund (-50.5%)

…leading to lower C/I ratio

C/I at 53% in Q1-2018, lower by 5.9 pts vs Q1-2017

GOI strongly improved: +27.5% versus Q1 2017
**IMPROVED ASSET QUALITY**

**Loan portfolio market mix**
65.6% on individuals market segment
34.4% on legal entities market segment

**Consolidation of RON lending**
Share of RON denominated loans at 61.6% (vs 57.8% as of 03/2017)
Trend in line with market evolution

**Declining NPL ratio**
Declining trend in line with the evolution of the banking sector
Reflecting write-offs performed since 2015 as well as outstanding NPL recovery performance

**Outlook**
Further write-offs to be performed, in line with the Bank’s policy
Future sales of receivables expected to be impacted by recent changes in legal environment

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*All figures at individual level*

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* Ratio for Banking System – as of February 2018*
NEGA TIVE CO ST OF RISK

Net cost of risk at -191 bps as a joint result of:
- Strong recovery performance (~80 MRON), mostly on Legal Entities
- Extraordinary insurance indemnity related to previous losses (~65 MRON)

Solid NPL coverage ratio

Note: Cost of risk in bps for Q1-2017 and Q1-2018 is annualized.

All figures at individual level
Net profit up +26% y/y in Q1 2018
Supported by healthy revenue generation all across the board, stable costs and improved asset quality
Net profit surged +55% y/y excluding non-recurring elements (insurance indemnities of around RON 65m in Q1-2018 and RON 117m in Q1-2017)

Solid ROE
Unadjusted ROE of 22.0% vs. 19.3% in Q1-2017
Adjusted ROE** of 19.1% vs. 13.6% in Q1-2017

* Non recurring items: insurance indemnities, net of corporate tax
** ROE excluding non recurring items
Solid Tier 1 capital base
CAR at 19.3% at March 2018, comfortably above regulatory requirement.

*Retained profit is net of 2017 dividends, approved in April 2018 GSM.
Note: Bank only

<table>
<thead>
<tr>
<th></th>
<th>Mar-17</th>
<th>Dec-17</th>
<th>Mar-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital adequacy ratio</td>
<td>19.91%</td>
<td>19.76%</td>
<td>19.27%</td>
</tr>
<tr>
<td>Own funds (RONm)</td>
<td>5,289</td>
<td>5,339</td>
<td>5,325</td>
</tr>
<tr>
<td>Total risk exposure amount (RONm)</td>
<td>26,557</td>
<td>27,023</td>
<td>27,633</td>
</tr>
<tr>
<td>Capital requirements (RONm)</td>
<td>2,125</td>
<td>2,162</td>
<td>2,211</td>
</tr>
</tbody>
</table>

Note: Own funds as of March 2018 end include the total impact from IFRS 9 adoption as at January 1, 2018. The Bank has not opted for transitional arrangements.
CONCLUSIONS
CONCLUSIONS

- Strong and broad-based revenue growth, on rising loans, deposits and number of transactions
- Steady loan growth sustained by retail and large corporate segments
- Continued deposit inflows and further increase of assets under management
- Ongoing focus on business model development and migration towards digital channels
- Continued improvement of customer experience through further development of digital capacities
- Robust operational performance
- Improved asset quality
- Solid liquidity and capital standing
- Strong profitability on robust revenue generation and positive cost of risk
<table>
<thead>
<tr>
<th></th>
<th>Q1-2018</th>
<th>Q1-2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net banking income</strong></td>
<td>724</td>
<td>650</td>
<td>+11.4%</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>(385)</td>
<td>(384)</td>
<td>+0.2%</td>
</tr>
<tr>
<td><strong>Gross operating income</strong></td>
<td>339</td>
<td>266</td>
<td>+27.5%</td>
</tr>
<tr>
<td><strong>Net cost of risk</strong></td>
<td>153</td>
<td>124</td>
<td>+23.4%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>414</td>
<td>330</td>
<td>+25.6%</td>
</tr>
<tr>
<td><strong>Cost/Income</strong></td>
<td>53.2%</td>
<td>59.1%</td>
<td>-5.9 pt</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>22.0%</td>
<td>19.3%</td>
<td>+2.7 pt</td>
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<td>+27.5%</td>
</tr>
<tr>
<td><strong>Net cost of risk</strong></td>
<td>88</td>
<td>7</td>
<td>+13x</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>359</td>
<td>231</td>
<td>+55.3%</td>
</tr>
<tr>
<td><strong>Cost/Income</strong></td>
<td>53.2%</td>
<td>59.1%</td>
<td>-5.9 pt</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>19.1%</td>
<td>13.6%</td>
<td>+5.6 pt</td>
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**Non recurring items (RON m)**

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<tr>
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</thead>
<tbody>
<tr>
<td><strong>NCR: insurance indemnities</strong></td>
<td>65.3</td>
<td>117.1</td>
<td>-44.2%</td>
</tr>
</tbody>
</table>
## BRD GROUP | KEY FIGURES

### Loans and deposits

<table>
<thead>
<tr>
<th>RON bn</th>
<th>Mar-17</th>
<th>Mar-18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loans including leasing</td>
<td>28.7</td>
<td>30.4</td>
<td>+5.0%</td>
</tr>
<tr>
<td>(RON bn) (1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>19.4</td>
<td>21.0</td>
<td>+7.2%</td>
</tr>
<tr>
<td>Non retail</td>
<td>9.3</td>
<td>9.4</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Total deposits (RON bn) (1)</td>
<td>41.4</td>
<td>44.3</td>
<td>+6.0%</td>
</tr>
<tr>
<td>Retail</td>
<td>26.2</td>
<td>28.4</td>
<td>+7.4%</td>
</tr>
<tr>
<td>Non retail</td>
<td>15.3</td>
<td>15.9</td>
<td>+3.6%</td>
</tr>
<tr>
<td>Loan to deposit ratio</td>
<td>69.2%</td>
<td>68.6%</td>
<td>-0.6 pt</td>
</tr>
</tbody>
</table>

### Capital adequacy

| CAR (2)                       | 19.9%  | 19.3%  | -0.6 pt |

### Franchise

| No of branches                | 810    | 753    | (57)    |
| No of active customers (3) (x 1000) | 2,281  | 2,317  | +37     |

(1) Variations at constant exchange rate; (2) Bank only, including impact of prudential filters in Q1-2017, net of 2017 dividends approved in April 2018 GSM; (3) Bank only
## Financial results

<table>
<thead>
<tr>
<th></th>
<th>Q1-2018</th>
<th>Q1-2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income</td>
<td>680</td>
<td>601</td>
<td>+13.2%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(364)</td>
<td>(365)</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Gross operating income</td>
<td>317</td>
<td>236</td>
<td>+34.5%</td>
</tr>
<tr>
<td>Net cost of risk</td>
<td>150</td>
<td>130</td>
<td>+15.7%</td>
</tr>
<tr>
<td>Net profit</td>
<td>392</td>
<td>307</td>
<td>+27.8%</td>
</tr>
<tr>
<td>Cost/Income</td>
<td>53.4%</td>
<td>60.8%</td>
<td>-7.4 pt</td>
</tr>
<tr>
<td>ROE</td>
<td>21.9%</td>
<td>18.9%</td>
<td>+3.0 pt</td>
</tr>
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## Loans and deposits

<table>
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<tr>
<th></th>
<th>Mar-17</th>
<th>Mar-18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loans (RON bn)</td>
<td>27.6</td>
<td>29.1</td>
<td>+4.5%</td>
</tr>
<tr>
<td>Retail</td>
<td>18.8</td>
<td>20.3</td>
<td>+6.8%</td>
</tr>
<tr>
<td>Non retail</td>
<td>8.7</td>
<td>8.8</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Total deposits (RON bn)</td>
<td>41.5</td>
<td>44.4</td>
<td>+6.0%</td>
</tr>
<tr>
<td>Retail</td>
<td>26.2</td>
<td>28.4</td>
<td>+7.4%</td>
</tr>
<tr>
<td>Non retail</td>
<td>15.4</td>
<td>16.0</td>
<td>+3.4%</td>
</tr>
<tr>
<td>Loan to deposit ratio</td>
<td>66.3%</td>
<td>65.5%</td>
<td>-0.9 pt</td>
</tr>
</tbody>
</table>

## Capital adequacy

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>CAR</td>
<td>19.9%</td>
<td>19.3%</td>
<td>-0.6 pt</td>
</tr>
</tbody>
</table>

## Franchise

<p>| | | | |</p>
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<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No of branches</td>
<td>810</td>
<td>753</td>
<td>(57)</td>
</tr>
<tr>
<td>No of active customers (x 1000)</td>
<td>2,281</td>
<td>2,317</td>
<td>+37</td>
</tr>
</tbody>
</table>

\[^{(1)}\text{ Variations at constant exchange rate; }^{(2)}\text{ Bank only including impact of prudential filters in Q1-2017, net of 2017 dividends approved in April 2018 GSM; }\]
- 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 15.1 as of March 2018 end, higher by 22.6% y/y.
FINANCIAL CALENDAR FOR 2018

- 8th February: Preliminary 2017 financial results and annual press conference
- 19th April: General Shareholders Meeting
- 19th April: General Assembly of Shareholders and publication of the 2017 BoD Report
- 4th May: Q1-2018 results publication
- 2nd August: H1-2018 results publication
- 8th November: 9M-2018 results publication
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.
BRD GROUPE SOCIETE GENERALE - INVESTOR RELATIONS

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investor@brd.ro

www.brd.ro