



BRD GROUP RESULTS

1ST QUARTER 2016

6 MAY 2016

YOUR BANK. YOUR TEAM



GRUPE SOCIETE GENERALE

DISCLAIMER

The consolidated and separate financial position and income statement for the period ended March 31, 2016 were examined by the Board of Directors on May 3, 2016.

The financial information presented for the period ended March 31, 2016 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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Q1-2016: IMPROVED OPERATIONAL PERFORMANCE

Q1-2016: Rise in gross operating income by 23% excluding one-off items

- Higher net banking income by 3.0% versus Q1-2015 (+6.2% excluding non-recurring items): improvement in net interest income and net fees and commissions
- Strict expense control (operating expenses -1.8%): savings on real estate and sundry costs
- Gross operating income up by 12.0% (+22.8% excluding non-recurring items)
- Cost of risk of 195bps versus 147 bps in Q1-2015, due to further provisioning of non defaulted exposures; NPL ratio at 16.4%, -4.0 pts yoy due to write-off operations
- Net profit of RON 73m versus RON 85m in Q1-2015

Commercial activity on a positive trend

- Larger individual customer base (at constant methodology)
- Further increase in deposits (+6.9%* versus March 2015 end)
- Confirmed loan growth on individual and large corporate client segments

Comfortable solvency and strong balance sheet

- Capital adequacy ratio well above regulatory requirements (19.5% at March 2016 end versus 17.6% at March 2015 end, Bank only)
- Net loans/deposits ratio of 71.3%, lower yoy due to downward trend of FX component

() Variations at constant exchange rate*



BRD GROUP | KEY FIGURES

	Q1-2015	Q1-2016	Variation	
Financial results	Net banking income (RON m)	629	647	3.0%
	Operating expenses (RON m)	(412)	(405)	-1.8%
	Gross operating income (RON m)	217	243	12.0%
	Cost of risk (RON m)	(114)	(152)	32.4%
	Net result (RON m)	85	73	-14.3%
	Cost/Income	65.5%	62.5%	-3.0 pt
	ROE	5.8%	4.6%	-1.2 pt

	Mar-15	Mar-16	Variation	
Capital adequacy	CAR ^(*)	17.6%	19.5%	2.0 pt
Loans and deposits	Net loans including leasing (RON bn) ^(**)	27.0	27.5	1.1%
	Total deposits (RON bn) ^(**)	35.9	38.5	6.9%
	Net loans/deposits	75.2%	71.3%	-4.0 pt
Franchise	No of branches	861	829	(32)
	No of active customers ^(***) (x 1000)	2,205	2,210	5

^(*) Bank only, according to Basel 3, including the impact of prudential filters ^(**) Variations at constant exchange rate; ^(***) Bank only; number of customers at March 2015 end was restated in order to be comparable to March 2016 end figure



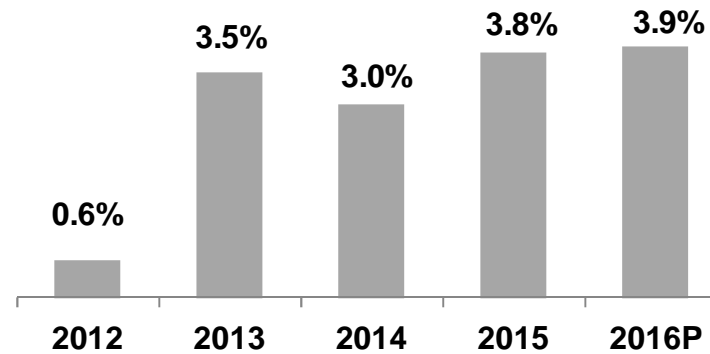
CHAPTER 02

MACROECONOMIC AND BANKING ENVIRONMENT

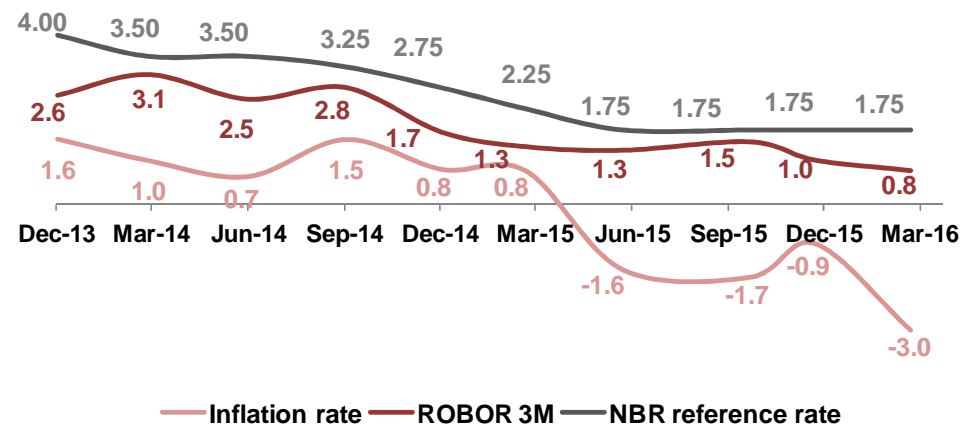
FAVOURABLE MACROECONOMIC CONTEXT

- 2015 GDP rose by 3.8% versus 2014 driven by rising domestic demand which was mostly sustained by higher disposable income
- March end CPI reached -3.0% versus March 2015 end, as a result of the two VAT rate cuts in June 2015 and January 2016
- NBR maintained the policy rate at 1.75% since May 2015 amid 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. In January 2016, minimum reserve requirements for FX liabilities were cut to 12%.

GDP EVOLUTION



INFLATION AND INTEREST RATES



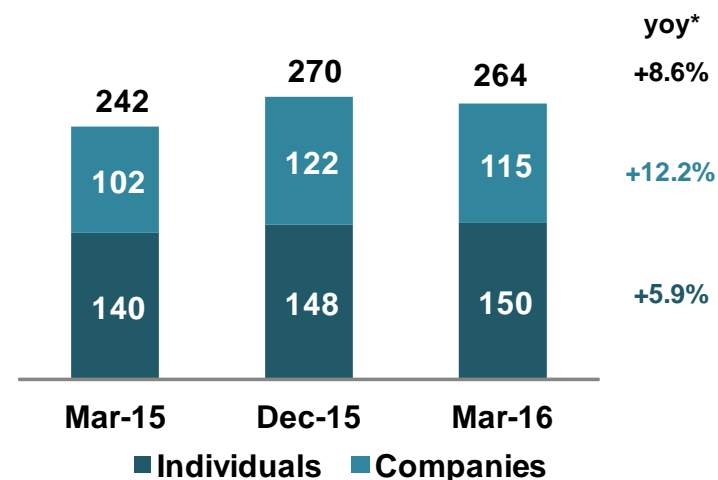
Note: Estimates as per BRD Research
Sources: NIS, Eurostat, NBR

BANKING SECTOR: MODERATE LOAN GROWTH

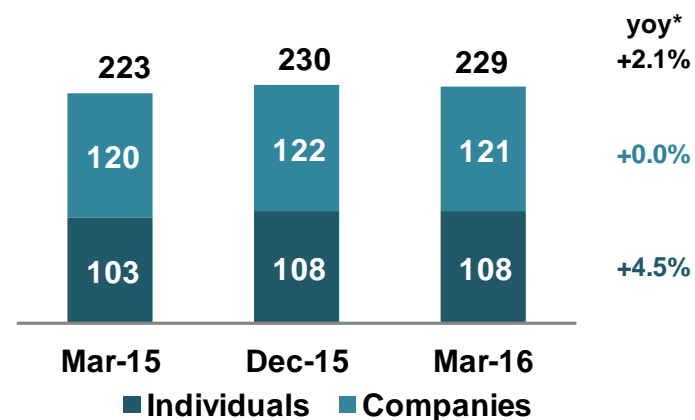
- 8.6% deposits growth at March 2015 end versus March 2014 end in spite of low interest rates:
 - 5.9% higher household savings
 - 12.2% growth in companies' deposits

- 2.1% higher loans due to steady growth for households but still sluggish evolution for companies:
 - 4.5% higher loans to individuals, with consumer loans down by 3.8% and housing loans up by 15.0% due mostly to "Prima Casa" programme
 - RON-denominated consumer loans gained momentum starting H2-2015 notably due to a supportive fiscal policy
 - Flat loans to companies as RON lending was offset by the decline of the FX component

BANKING SYSTEM DEPOSITS (RON bn)



BANKING SYSTEM GROSS LOANS (RON bn)

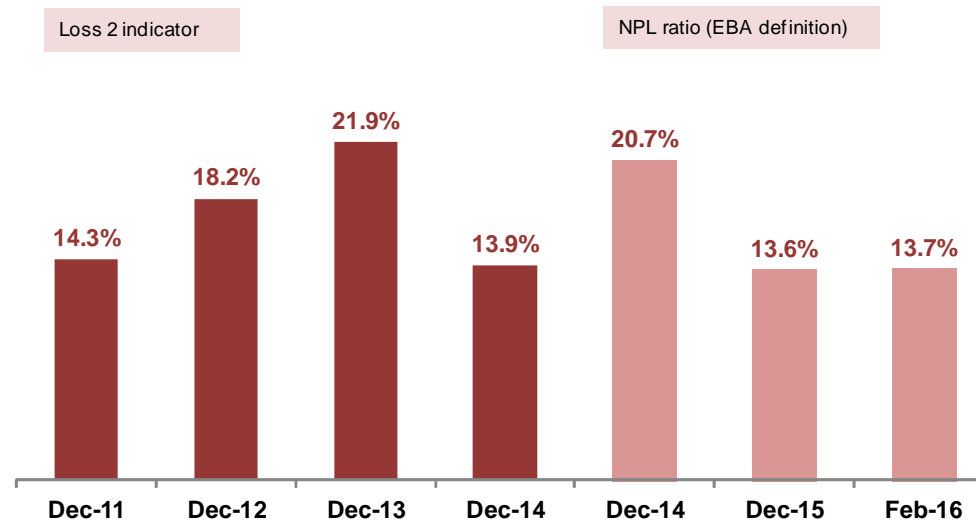


(*) Variations at constant exchange rate

Source: NBR

BANKING SECTOR: NPL RATIO DECLINING VERSUS 2014 DUE TO WRITE-OFF TRANSACTIONS

BANKING SECTOR NPL RATIO*



- Lower NPL ratio in the banking system compared to the years 2012-2013 helped by write-off operations and sale of impaired receivables
- Coverage of non-performing loans as per EBA definition reached 57% at December 2015 compared to 56% at 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

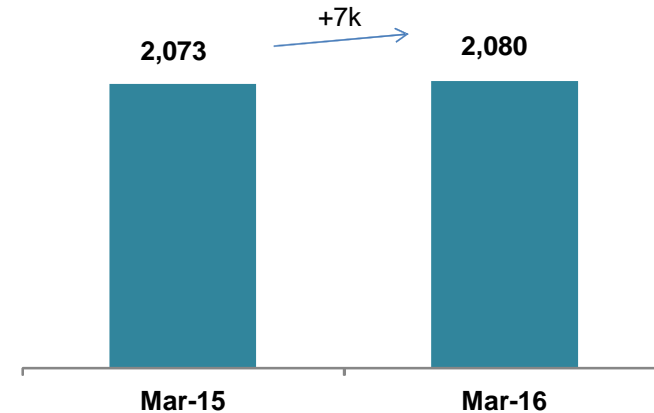
CHAPTER 03

1ST QUARTER 2016
GROUP RESULTS

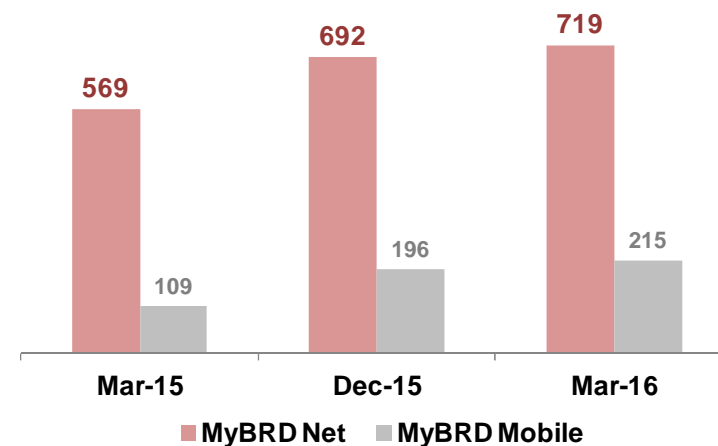
LARGE CUSTOMER BASE

- +7,000 yoy increase in the number of active individual customers at constant methodology
- Steady increase in equipment rate (number of products per active client) of individual customers due to a better penetration rate on remote banking products: 4.01 (March 2016 end) versus 3.89 (March 2015 end)
- Stock of remote banking contracts up by 38% yoy at March 2016 end on a 26% increase in the number of internet banking products and 97% larger stock of mobile banking contracts

EVOLUTION OF ACTIVE INDIVIDUAL CUSTOMERS*
(x 1000)



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



(*) Bank only

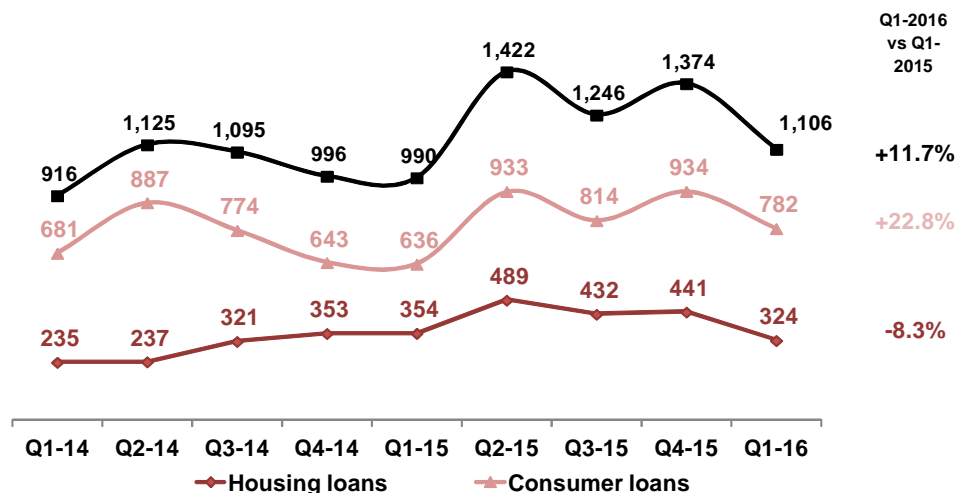
NEW LOAN VOLUMES DRIVEN UP BY CONSUMER LOANS

- Loan production for individual customers on a confirmed growth path (annual dynamics):

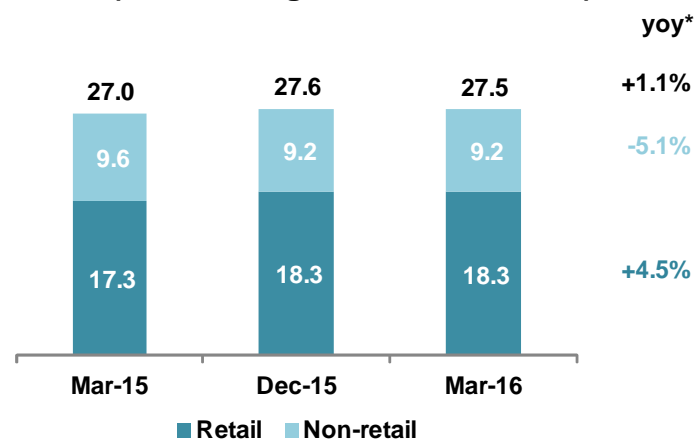
- New consumer loans rose compared to Q1-2015 in an environment characterized by higher disposable income and tax cuts
- The annual growth rate of new housing loans was negatively affected by the peak registered in March 2015 on "Prima Casa" program

- Steady growth of net retail loan outstanding thanks to healthy demand for RON financing
- +8.5% increase of net loan outstanding to large corporate clients as compared to March 2015 end, in a more favorable domestic macro environment and in spite of strong competition

INDIVIDUALS' LOAN PRODUCTION (RON m)



NET LOANS including leasing (outstanding amounts, RON bn)



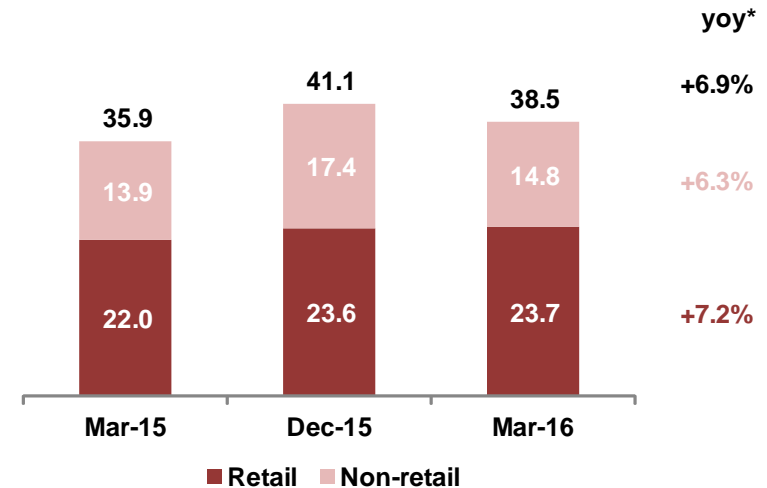
(*) Variations at constant exchange rate

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

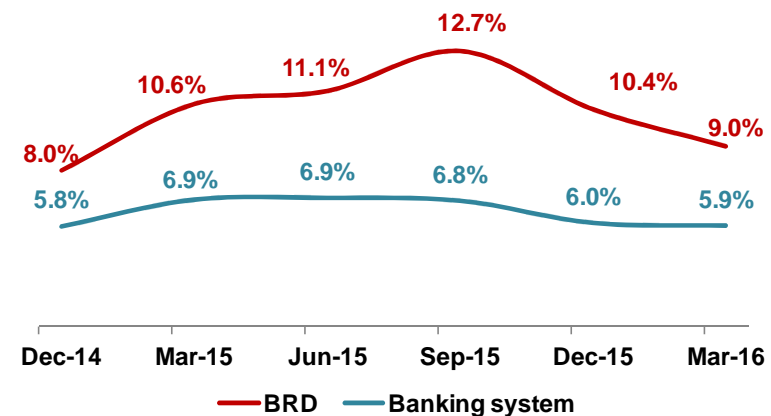
DEPOSIT COLLECTION REMAINED STRONG

- Deposits increasing versus March 2015 end, with both retail and non-retail clients showing material propensity to save; year-to-date evolution is influenced by the peak registered at 2015 end on seasonality grounds
- Expansion of household deposits in line with the bank's strategy of attracting more stable funding sources, leading to a market share on this segment of 13.9 % as of March 2016 end, up from 13.5% at March 2015 end
- Strong rise in deposits on current accounts versus March 2015 end, from retail (+27%) as well as non-retail clients (+55%)

DEPOSITS (outstanding amounts, RON bn)



HOUSEHOLD DEPOSITS EVOLUTION (yoy*)



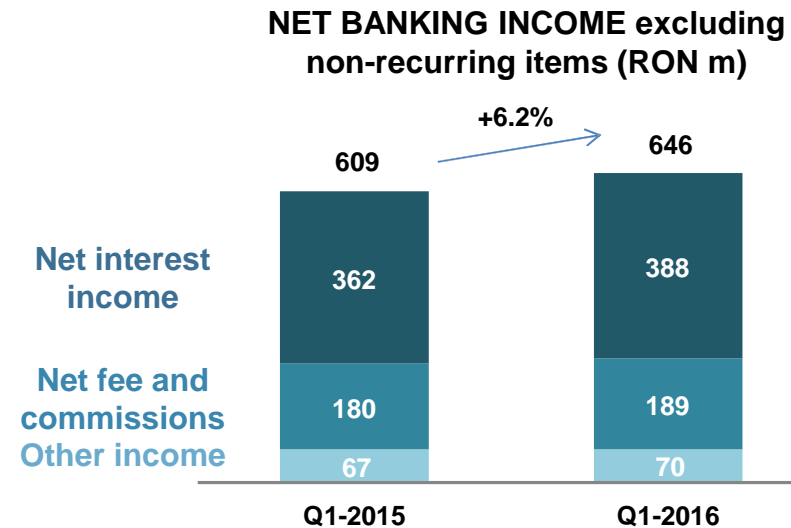
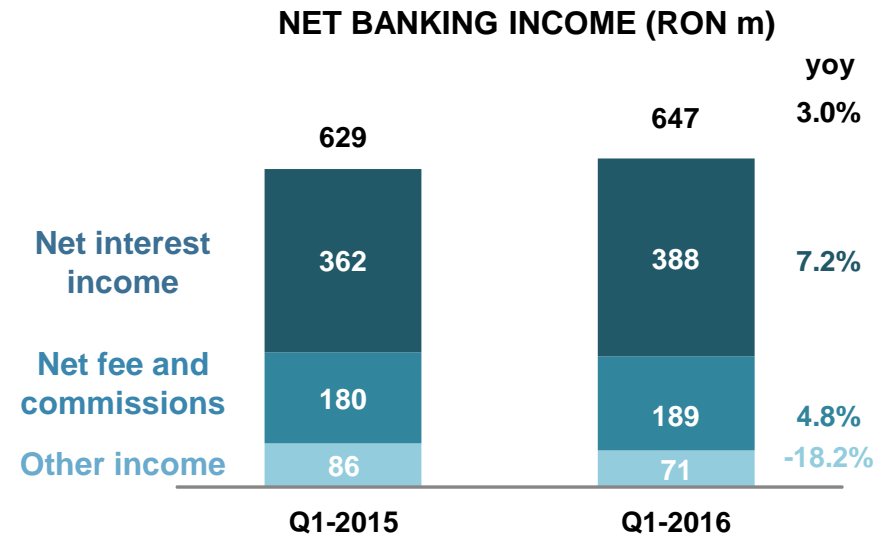
(*) Variations at constant exchange rate

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

Source: NBR

IMPROVED CORE INCOME GENERATION...

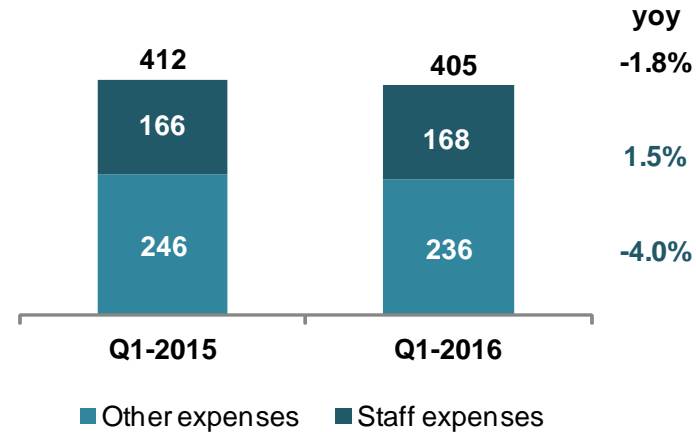
- Net banking income up by 3.0% versus Q1-2015 and by 6.2% excluding non-recurring items (sale of available for sale instruments of RON 20m in Q1-2015 compared to RON 1m in Q1-2016)
- Higher net interest income in Q1-2016, thanks to:
 - positive interest rate effect (reduction in cost of funding)
 - positive volume effects
- Higher net fees and commissions thanks to revenue growth on card activity
- Lower other banking income on an annual basis stemming from high base effect (non-recurring items)



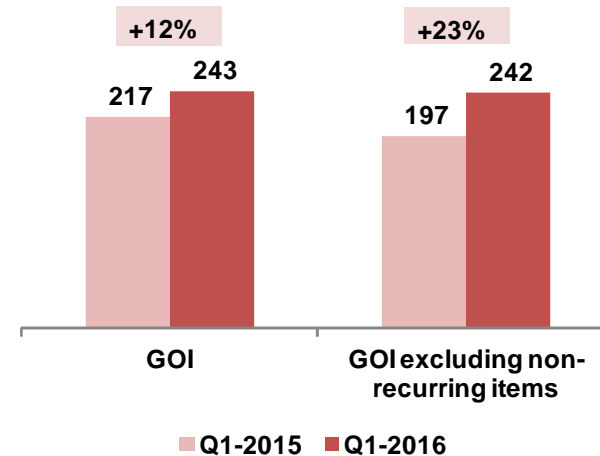
...AND COST CONTROL LED TO BETTER OPERATIONAL PERFORMANCE

- Strict expense control:
 - savings mostly on real estate and sundry expenses
 - staff expenses under control
- 11.4% overall decline in operating costs in 2015 versus 2011:
 - 7.6% lower staff costs in 2015 versus 2011 following a 6.4% reduction in the number of FTEs
 - 15.1% lower non-staff expenses in 2015 versus 2011 as a result of streamlining processes and savings mainly in IT and real-estate
- +22.8% higher gross operating income in Q1-2016 versus Q1-2015, excluding non-recurring items, due to improved core income generation sustained by continued effort towards further cost efficiency

OPERATING EXPENSES (RON m)



GROSS OPERATING INCOME (RON m)



ASSET QUALITY

- A relatively balanced loan portfolio from a market mix perspective:

- 60% on individuals segment
- 40% on companies segment

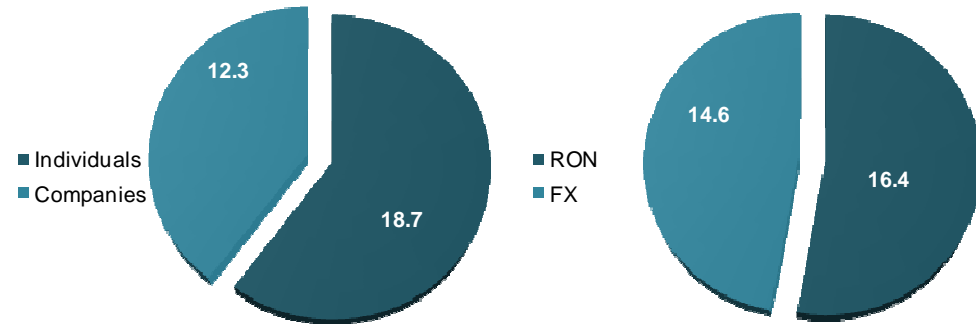
- Consolidation of RON lending:

- Share of RON-denominated loans around 53%, against 46% one year ago
- Evolution favoured by market context

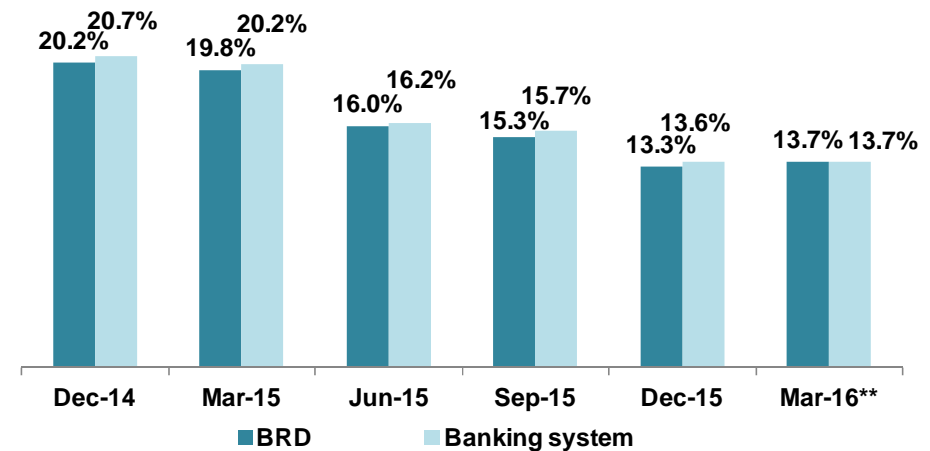
- NPL ratio:

- Decreasing ratio - in line with the trend observed at the level of the whole Romanian banking sector
- Reflecting write-offs performed in 2014 and 2015
- Expected acceleration of portfolio sales and further write-offs to be performed in line with the Bank's policy

**GROSS LOANS – March 31, 2016
BREAKDOWN BY SEGMENT &
CURRENCY (RON bn)**



NPL RATIO – EBA methodology *



(*) At individual level (**) Ratio for the Banking system - as of February 2016

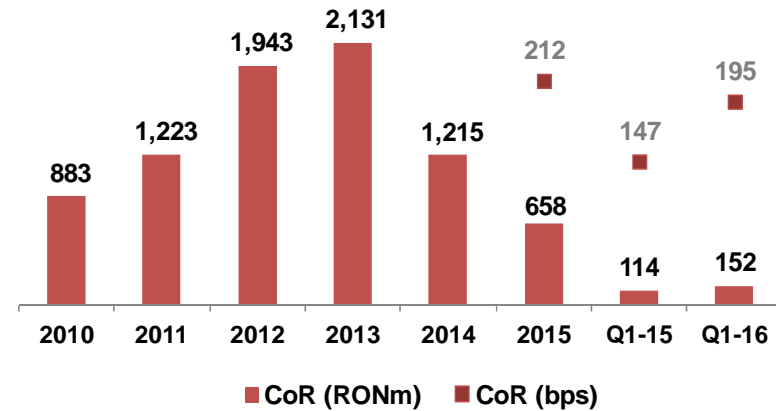
COVERAGE RATIO AND COST OF RISK

- Highlights:
 - Provisioning efforts focused on SMEs
 - Resilient risk profile for individuals

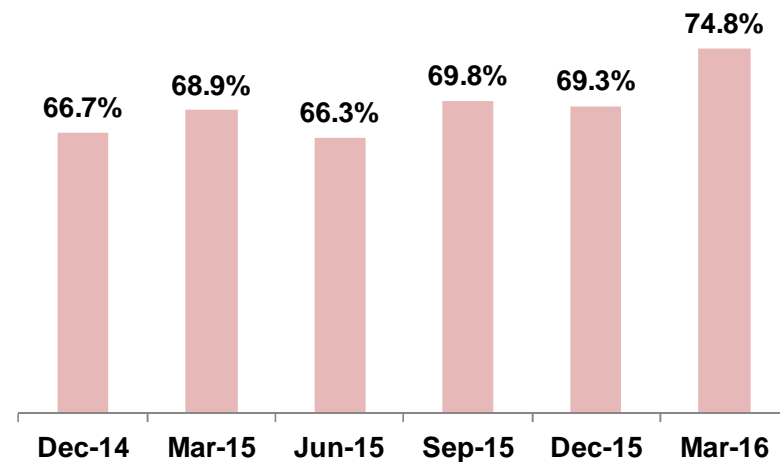
- Net cost of risk evolution
 - Q1-2016 net cost of risk at 195 bps versus 147 bps in Q1-2015
 - Upgrade of provisioning methodology for non-defaulted portfolio
 - Recalibration of provisioning parameters for defaulted portfolio

- Significant increase in NPL coverage ratio in Q1-2016

COST OF RISK EVOLUTION (RON m)



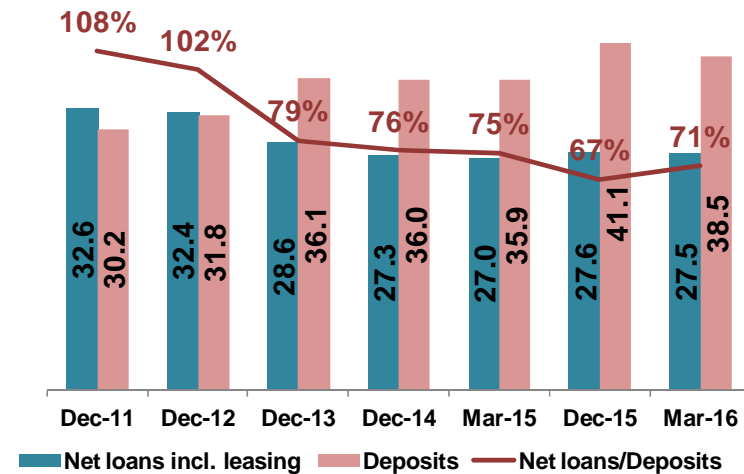
NPL COVERAGE RATIO – EBA methodology



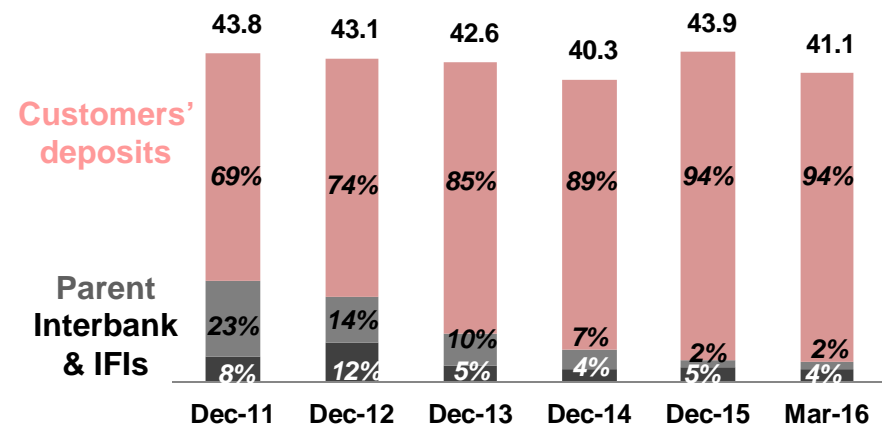
SELF-FUNDED ON A STANDALONE BASIS

- Consolidation of net loans/deposits ratio: 71% at March 2016 end versus 75% at March 2015 end, due to reduction of FX component from 97% at March 2015 end to 80% at March 2016 end
- Excess of liquidity primarily invested in Government bonds and interbank placements. Investment in Treasuries 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% at 2011 end to 94% at March 2016 end
 - Limited reliance on parent funding on a consolidated basis: decrease from 23% of total liabilities at 2011 end to 2% at March 2016 end
 - Self-funded on a standalone basis: parent funding accounted for 0.3% of the liabilities of the bank at March 2016 end

NET LOANS AND DEPOSITS (RON bn)



LIABILITIES STRUCTURE (RON bn)



CAPITAL ADEQUACY SAFELY ABOVE 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 19.5% as at March 2016 end compared to 17.6% at March 2015 end

Bank only	Mar-15	Dec-15	Mar-16
Capital adequacy ratio	17.6%	18.1%	19.5%
Own funds (RONm)	4,727	4,857	5,175
Total risk exposure amount (RONm)	26,931	26,862	26,526
Capital requirements (RONm)	2,155	2,149	2,122

Notes: Figures are with national discretions.



CHAPTER 04

CONCLUSIONS

CONCLUSIONS

- In 2015, BRD registered substantial rise in profitability, expansion of the individual customer base and consistent progress on strategic and sound client segments – individuals and large corporate clients.
- Q1-2016, BRD marked a good start to the year in terms of operational performance, as shown by the rise in gross operating income in an environment of low interest rates and moderate credit demand especially on companies' segment.
- Going forward, BRD is ready to take advantage of improved credit demand, by leveraging on its wide deposit base, comfortable solvency, powerful network and innovative capacity.

Q&A

Session

APPENDIX

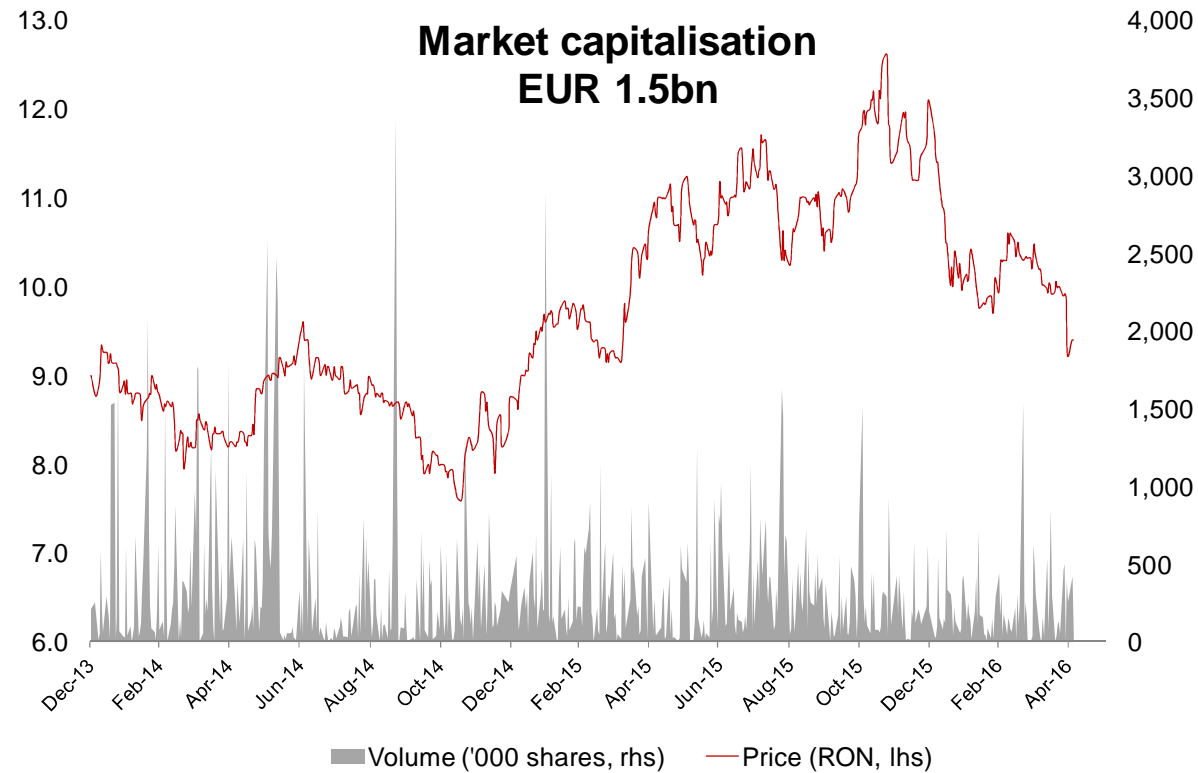
BRD | KEY FIGURES FOR BANK ONLY

		Q1-2015	Q1-2016	Variation
Financial results	Net banking income (RON m)	596	611	2.5%
	Operating expenses (RON m)	(393)	(386)	-1.9%
	Gross operating income (RON m)	203	225	10.9%
	Cost of risk (RON m)	(106)	(145)	36.7%
	Net result (RON m)	82	63	-23.2%
	Cost/Income	66.0%	63.2%	-2.8 pt
	ROE	5.9%	4.2%	-1.7 pt

		Mar-15	Mar-16	Variation
Capital adequacy	CAR ^(*)	17.6%	19.5%	2.0 pt
Loans and deposits	Net loans (RON bn) ^(**)	26.1	26.5	0.7%
	Total deposits (RON bn) ^(**)	35.9	38.6	6.9%
	Net loans/deposits	72.7%	68.7%	-4.0 pt
Franchise	No of branches	861	829	(32)
	No of active customers (x 1000)	2,205	2,210	5

^(*) According to Basel 3, including the impact of prudential filters, ^(**) Variations at constant exchange rate

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 domestic stock exchange
- BRD's share price reached RON 9.4 as of 4 May 2016, down by 14% yoy

Sources: Bloomberg, Bucharest Stock Exchange



GRUPE SOCIETE GENERALE

FINANCIAL CALENDAR FOR 2016

- **11th February: Preliminary 2015 financial results**
 - 11 February: Annual press conference
 - 12 February: Presentation of the preliminary financial results for 2015 (conference call and webcast)
- **14th April: General Shareholders Meeting**
- **14th April: Publication of the 2015 Board of Directors Report**
- **4th May: Q1-2016 results publication**
 - 6 May: Presentation of the Q1-2016 results (conference call and webcast)
- **3rd August: H1-2016 results publication**
- **3rd November: 9M-2016 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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