



BRD GROUP RESULTS

3RD QUARTER AND FIRST 9 MONTHS 2016

4 NOVEMBER 2016

YOUR BANK. YOUR TEAM



GRUPE SOCIETE GENERALE

DISCLAIMER

The consolidated and separate financial position and income statement for the period ended September 30, 2016 were examined by the Board of Directors on November 2, 2016.

The financial information presented for the period ended September 30, 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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Q3-2016 AND 9M 2016: STRONG INCREASE IN PROFITABILITY

Significantly higher profitability

- Higher net banking income by 3.2% vs Q3 2015 and by 9.6% vs 9M 2015 (+4.2% excluding non-recurring items) thanks to confirmed growth trend in net interest income and commissions
- Operating expenses up +1.7% vs Q3 2015 but lower by 0.9% for the first 9M of 2016 on strict cost management
- Substantial improvement in gross operating income (+4.6% versus Q3 2015 and +22.1% versus 9M 2015)
- Continuous downward trend of the net cost of risk (-57.1% vs Q3 2015 and -20.3% vs 9M 2015); strongly improved risk profile (NPL ratio at 10.8%** at September 2016 end compared to 15.3%** at September 2015, higher NPL coverage ratio)
- Net profit of RON 225m in Q3 2016, +75.7% vs Q3 2015
- Net profit of RON 606m in 9M 2016, +67.9% vs 9M 2015

Dynamic commercial activity

- Number of active individual customers on an upward trend versus September 2015 end (+54k)
- Solid deposits growth (+5.7%* y/y); strong increase of assets under management (+16.6% y/y)
- Credit growth (2.4%* y/y, +3.8%* ytd) driven by the positive momentum in retail production

Sound capital and liquidity positions

- Solvency ratio (Bank only) of 19.1% at September 2016 end (versus 17.2% at September 2015 end), comfortably above regulatory requirements
- Net loan/deposit ratio of 69.9%, lower y/y due to downward trend of FX component and higher deposit base

^(*) Variations at constant exchange rate

^(**) According to EBA methodology

BRD GROUP | KEY FIGURES

	Q3-2015	Q3-2016	Variation	9M-2015	9M-2016	Variation	
Financial results	Net banking income (RON m)	656	677	+3.2%	1,925	2,111	+9.6%
	Operating expenses (RON m)	(321)	(326)	1.7%	(1,042)	(1,032)	-0.9%
	Gross operating income (RON m)	335	350	+4.6%	884	1,079	+22.1%
	Cost of risk (RON m)	(185)	(79)	-57.1%	(454)	(362)	-20.3%
	Net result (RON m)	128	225	+75.7%	361	606	+67.9%
	Cost/Income	48.9%	48.2%	-0.7 pt	54.1%	48.9%	-5.2 pt
	ROE	8.6%	13.8%	+5.2 pt	8.2%	12.5%	+4.3 pt
	Adjusted Cost/Income ⁽¹⁾	52.3%	50.6%	-1.6 pt	53.0%	48.1%	-4.8 pt
	Adjusted ROE ⁽¹⁾	7.4%	12.9%	+5.6 pt	8.6%	12.7%	+4.2 pt

	Sep-15	Dec-15	Sep-16	vs. Sep-15	vs. Dec-15	
Capital adequacy	CAR ⁽²⁾	17.2%	18.1%	19.1%	+1.8 pt	+1.0 pt
	Net loans including leasing (RON bn) ⁽³⁾	27.6	27.6	28.4	+2.4%	+3.8%
Loans and deposits	Total deposits (RON bn) ⁽³⁾	38.3	41.1	40.6	+5.7%	-0.6%
	Net loans/deposits	72.2%	67.1%	69.9%	-2.2 pt	+2.8 pt
Franchise	No of branches	842	829	812	-30	-17
	No of active customers ⁽⁴⁾ (x 1000)	2,180	2,250	2,235	+55	-14

⁽¹⁾ Adjusted for IFRIC 21 impact; ⁽²⁾ Bank only, according to Basel 3, including the impact of prudential filters ⁽³⁾ Variations at constant exchange rate; ⁽⁴⁾ Bank only; number of customers at September 2015 end was restated in order to be comparable to September 2016 end figure



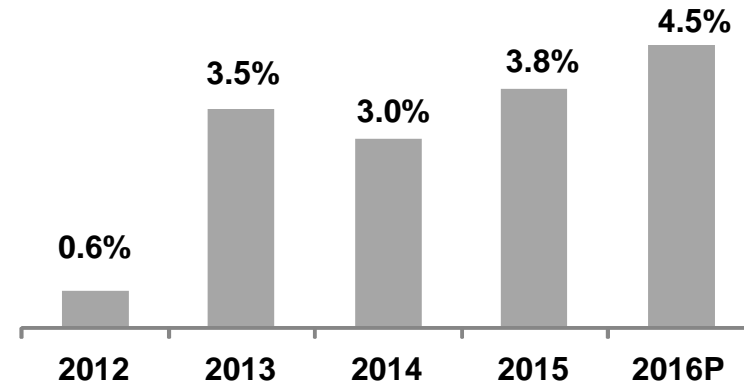
CHAPTER 02

MACROECONOMIC AND BANKING ENVIRONMENT

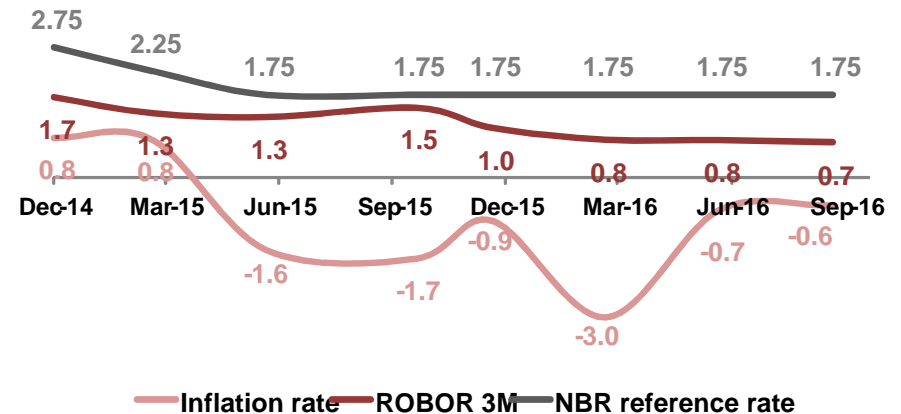
SOLID ECONOMIC GROWTH, MOSTLY DRIVEN BY DOMESTIC DEMAND

- Strong GDP growth in Q2 2016, up 5.9%* year on year and 1.5%* quarter on quarter, driven by significant advance of private consumption and to a smaller extent by higher investment activity.
- CPI reached -0.6% y/y as of September 2016 end, still influenced by January VAT rate cut.
- NBR maintained an accommodative monetary policy by keeping the key interest rate unchanged at 1.75%, since May 2015. During the first 9 months of 2016, the minimum reserve requirements for FX liabilities were reduced twice (from 14% to 10%) and left at the same level for RON liabilities (at 8%).

GDP EVOLUTION



INFLATION AND INTEREST RATES



(*) seasonally adjusted

Note: Estimates as per BRD Research

Sources: NIS, Eurostat, NBR

BANKING SECTOR: HIGHER PROPENSITY TO SAVE, STILL SUBDUED CORPORATE CREDIT DEMAND

- 10.5% deposit growth at September 2016 end versus September 2016 end:

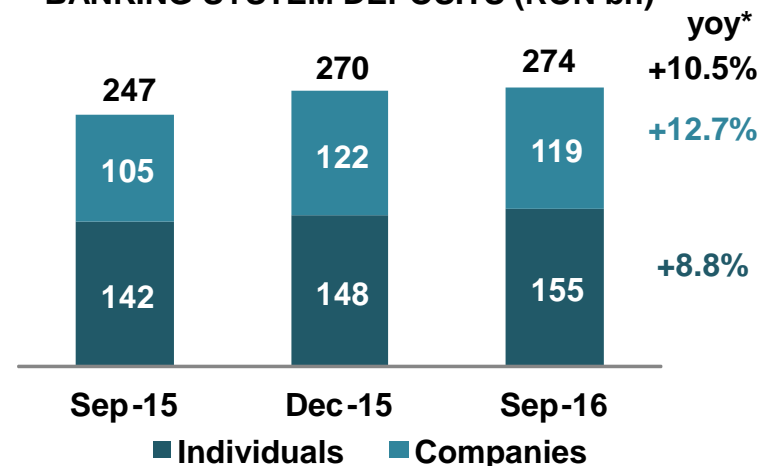
- 8.8% higher household savings
- 12.7% growth in company deposits

- 1.0% higher gross loans thanks to the rising demand from individuals; loans to companies continued to contract (influenced notably by portfolio clean up operations):

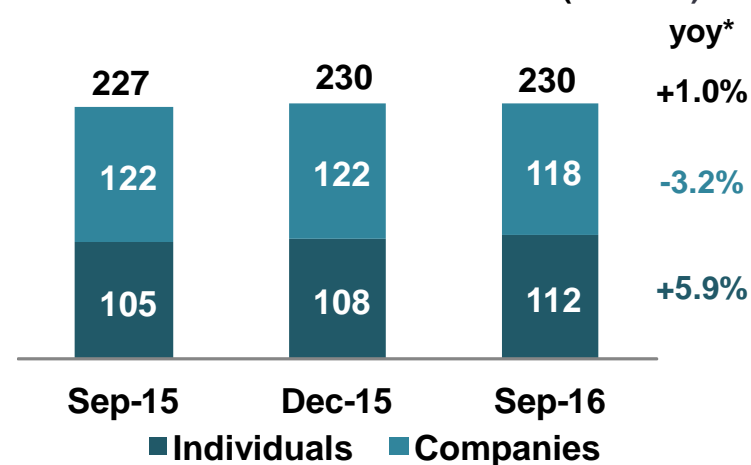
- 5.9% rise in loans to individuals, with consumer loans down by 2.6% and housing loans up by 15.5%, thanks to “Prima Casa” program support.

- 3.2% decline in loans to companies with sustained FX denominated loans downward trend only partly offset by RON denominated loans growth

BANKING SYSTEM DEPOSITS (RON bn)



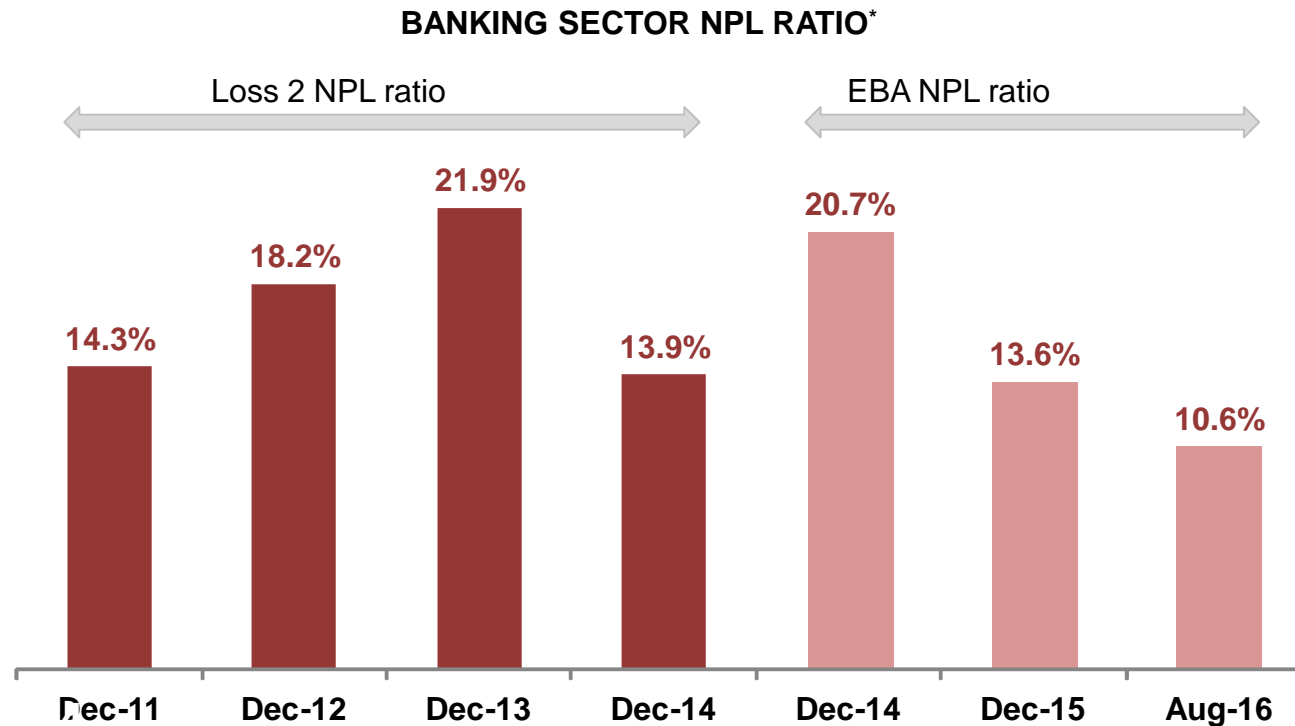
BANKING SYSTEM GROSS LOANS (RON bn)



(*) Variations at constant exchange rate

Source: NBR

BANKING SECTOR: FURTHER DECLINE OF NPL RATIO FOLLOWING PORTFOLIO CLEAN-UP OPERATIONS



- NPL ratio for the banking system continued to decline, driven by portfolio clean-up operations
- Coverage of non-performing loans as per EBA definition reached 56% at June 2016, quasi stable both versus December 2015 (57%) and December 2014 (56%)

(*) 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

3RD QUARTER AND FIRST 9 MONTHS 2016 GROUP RESULTS

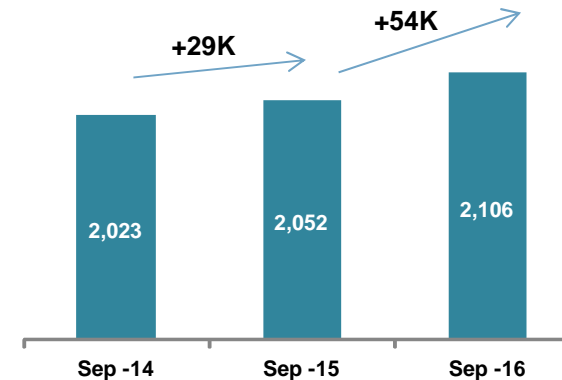
CONTINUOUSLY EXPANDING CUSTOMER BASE OVER THE LAST 2 YEARS

- Increasing growth pace in the number of active individual customers
 - +54K y/y at September 2016 end
 - +29K y/y at September 2015 end

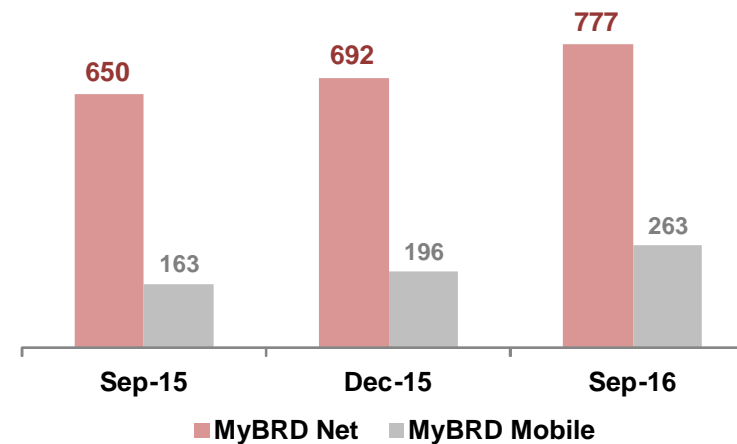
- Higher equipment rate (number of products per active client) of individual customers due to a better penetration rate of remote banking solutions: 4.04 (September 2016 end) versus 3.98 (September 2015 end)

- Stock of remote banking contracts up by 27.8% yoy at September 2016 end on a 19.5% increase in the number of internet banking contracts and 61.0% larger stock of mobile banking contracts

EVOLUTION OF ACTIVE INDIVIDUAL CUSTOMERS*
(x 1000)



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



(*) Bank only

Note: No of active individual customers using constant methodology

CONFIRMED POSITIVE MOMENTUM IN LOANS TO INDIVIDUALS PRODUCTION

- Production of loans to individuals up +14.1% versus Q3 2015 and +17.3% vs 9M 2015:

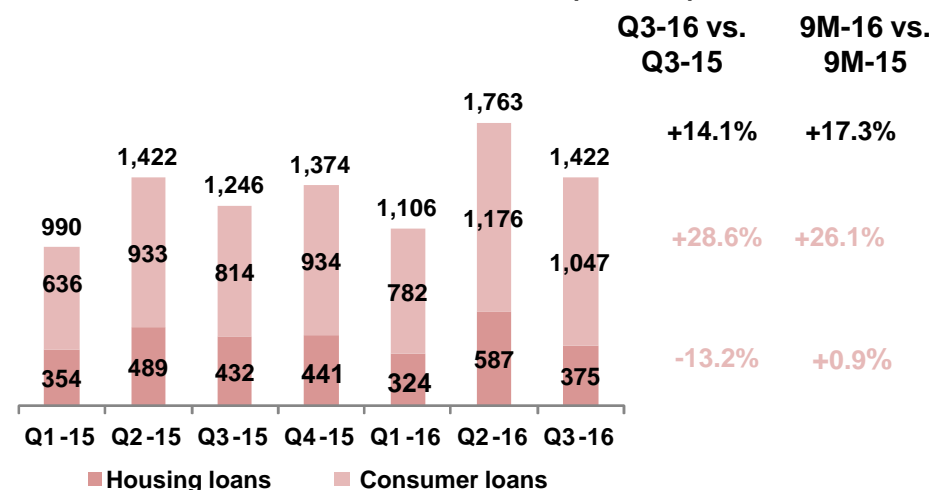
- solid advance on unsecured consumer loans (+28.6% in Q3 2016 and +26.1% yoy in the first 9 months of 2016) thanks to rising private demand, enhanced commercial offer and optimized granting process leading to a better time to cash

- housing loans production down -13.2% vs Q3 2015, mostly due to the exhaustion of Prima Casa envelop in September 2016

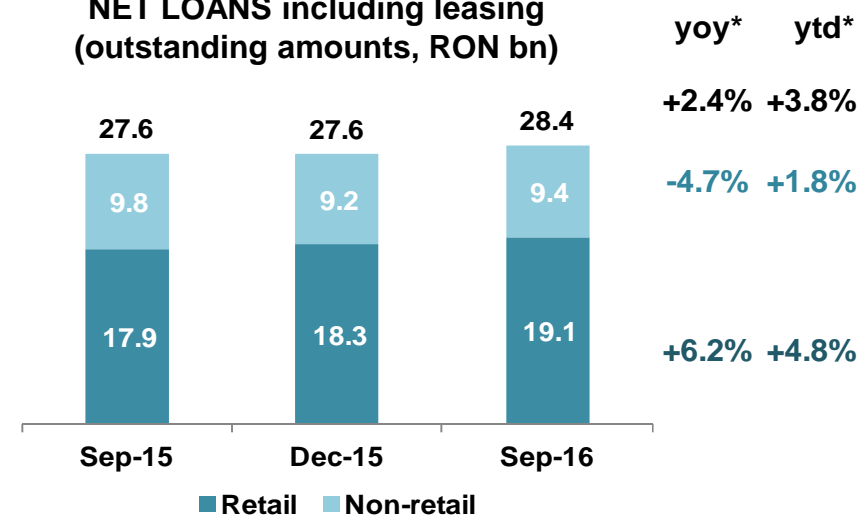
- Outstanding net loans for retail segment, rising by 6.2% yoy and 4.8% ytd, pushed by both unsecured consumer loans and housing loans portfolios growth

- Loan outstanding to large corporate clients on an increasing trend: +3.9% versus September 2015 end and +8.4% versus 2015 end

INDIVIDUALS' LOAN PRODUCTION (RON m)



NET LOANS including leasing (outstanding amounts, RON bn)



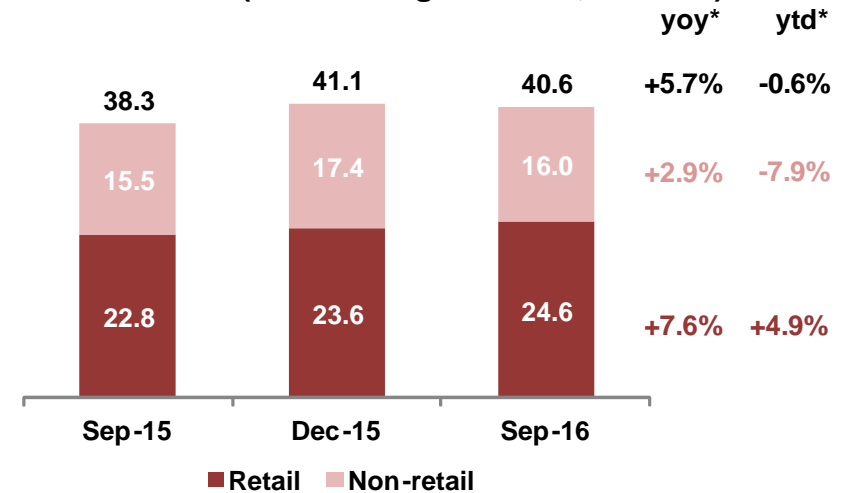
^(*) Variations at constant exchange rate

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

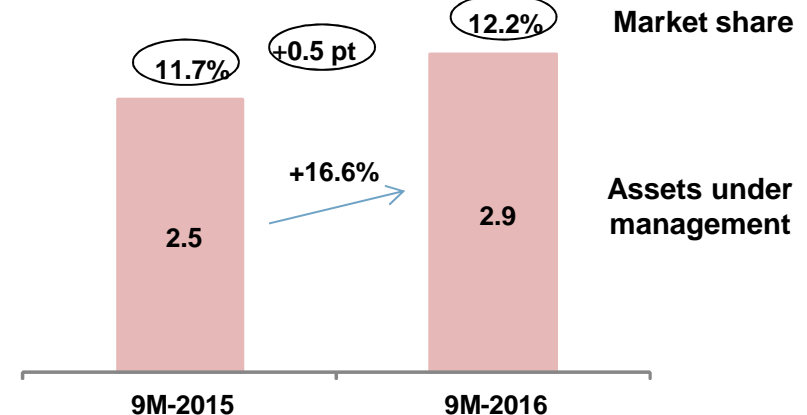
STRONG SAVINGS COLLECTION ON DIVERSIFIED SUPPORTS

- Deposits up 5.7%* compared to September 2015 end with savings from retail clients the main growth driver
- Year to date evolution influenced by the peak registered at 2015 end on seasonality grounds
- Substantial increase registered on deposits on current accounts for both segments: retail (+32.1%* vs September 2015 end) and non retail (+24.0%* vs September 2015 end)
- Priority given to off balance sheet savings:
 - BRD Group assets under management up +16.6% yoy
 - market share on open end mutual funds by 0.5 percentage points higher y/y

DEPOSITS (outstanding amounts, RON bn)



ASSETS UNDER MANAGEMENT (RON bn) & MARKET SHARE



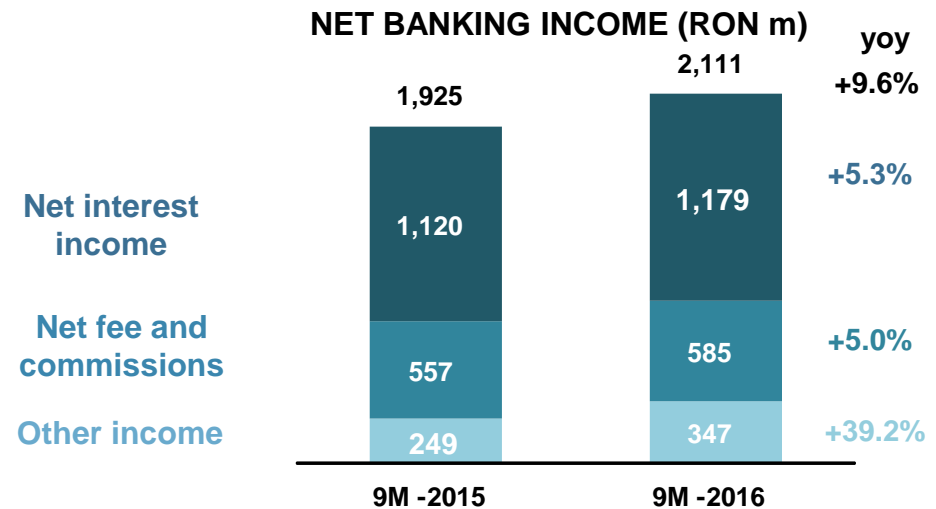
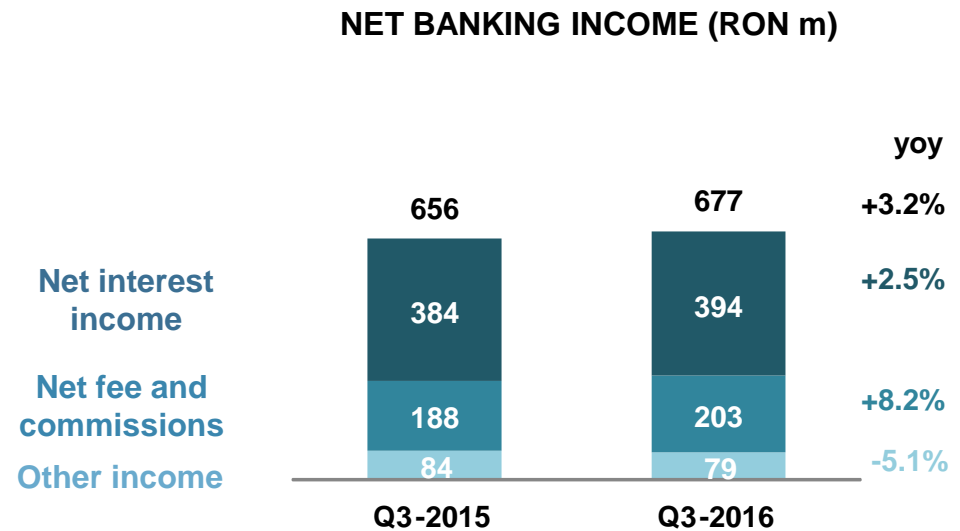
(*) Variations at constant exchange rate

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

Source: AAF

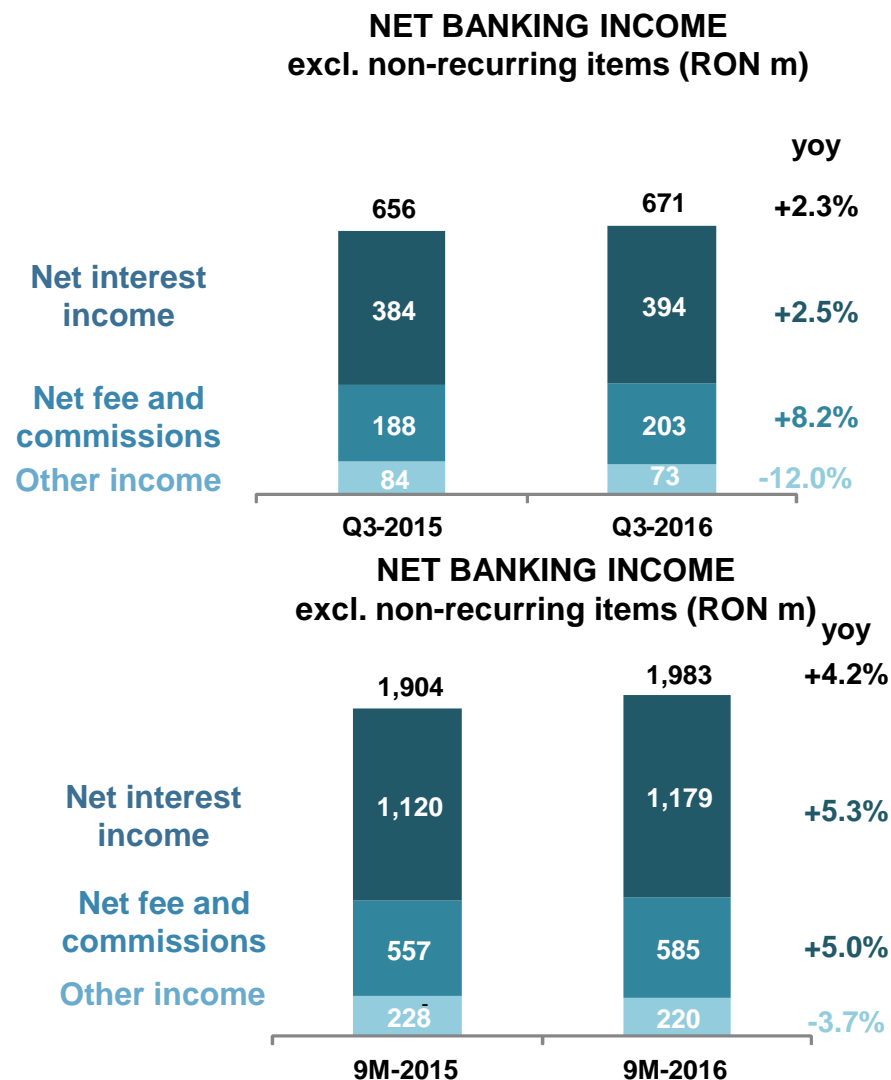
BROAD - BASED NET BANKING INCOME INCREASE

- Net banking income up both in the 3rd quarter and in the first 9 months of 2016
- Despite the low interest rate environment, higher net interest income on volume growth and favorable structure shifts
- Increased net fees and commissions thanks to growing revenues from card activity, internet and mobile banking subscriptions and insurance
- 9 months 2016 other banking income influenced by non recurring elements recorded in Q2 2016



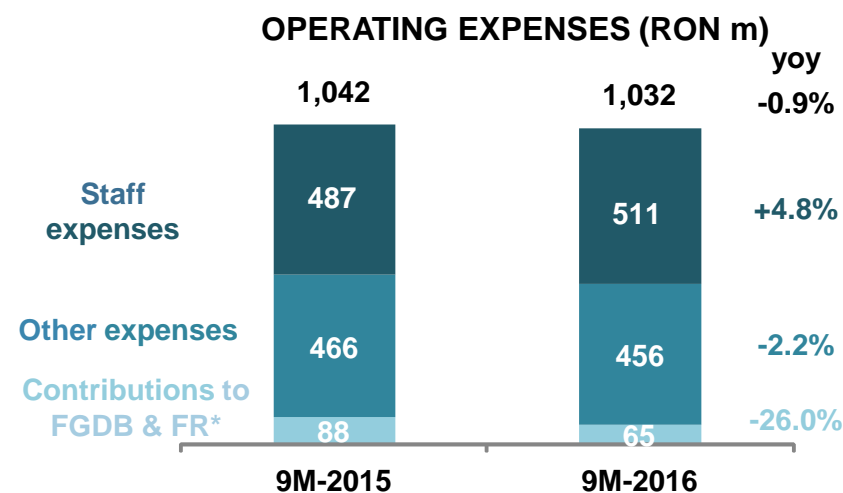
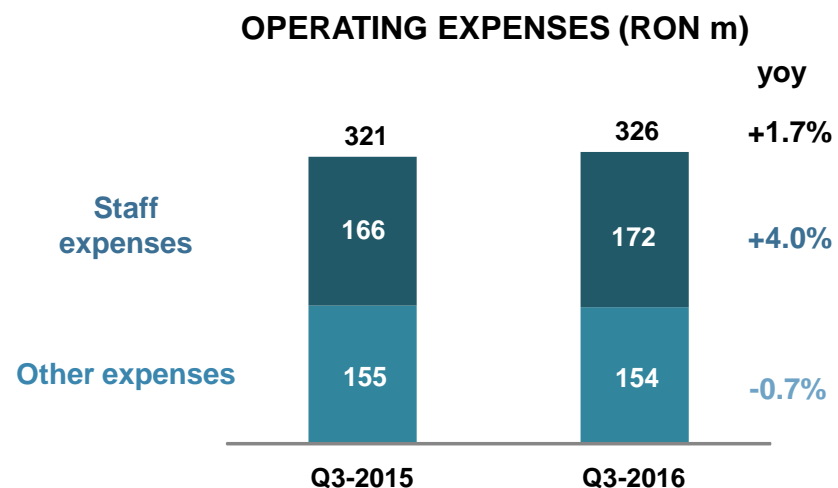
NET BANKING INCOME EXCLUDING NON-RECURRING ITEMS

- Net banking income up yoy excluding non-recurring items, in the 3rd quarter (+2.3%) as well as in the first 9 months of 2016 (+4.2%)
- Non-recurring elements booked in other income amounting to RON 5.9m in Q3 2016 (RON 0.1m in Q3 2015) and RON 127.3m in 9M 2016 (RON 21.2m in 9M 2015):
 - VISA Europe transaction gain (RON 103.1m)
 - Gain on sales of Government bonds and fund units booked as AFS (RON 5.9m in Q3 2016, RON 24.2m in 9M 2016).



COSTS MAINTAINED UNDER STRICT CONTROL

- Operating expenses further reduced by 0.9% in the first 9 months of 2016:
 - non staff expenses down 6.0% due to savings on real estate and sundry costs and lower contributions to the Bank Deposits Guarantee Fund and Resolution Fund (-26% year on year)
 - staff expenses up 4.8%, influenced notably by a base effect (reversal of provision for variable remunerations in June 2015)
- Operating expenses slightly up versus Q3 2015, on higher salary costs
- 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

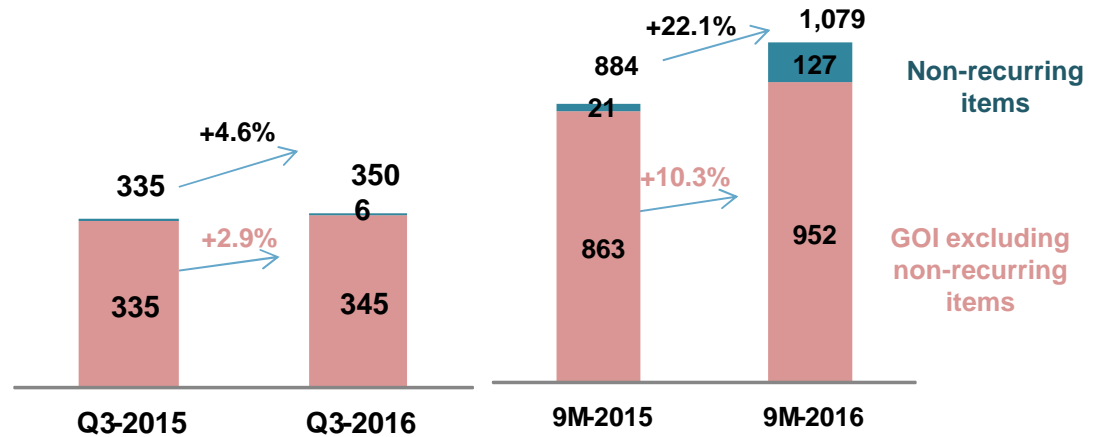


(*) The annual contributions to the Bank Deposit Guarantee Fund (FGDB) and Resolution Fund (FR) were booked in full in Q1 2016 following implementation of IFRIC 21 – Levies. Operating expenses for Q3 2015 and 9M 2015 were adjusted for comparability purposes.

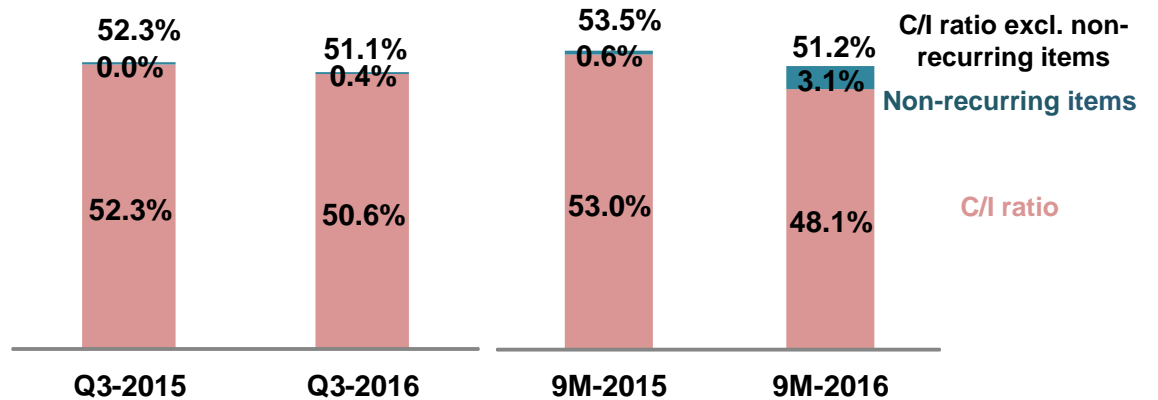
SOLID OPERATIONAL PERFORMANCE

- Sustained growth in gross operating income stemming from improved net banking income and costs containment
- Gross operating income up 22.1% (+10.3% excluding non-recurring items) versus 9M 2015
- 9M 2016 Cost/Income ratio adjusted for IFRIC 21 impact and excluding non-recurring items at 51.2%, by 2.3 pt lower versus 9M 2015

GROSS OPERATING INCOME (RON m)



COST/INCOME RATIO ADJUSTED FOR IFRIC 21

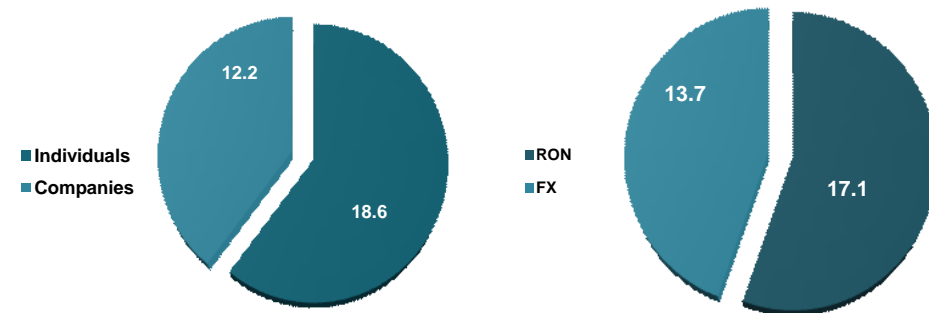


ASSET QUALITY

- Loan portfolio market mix
 - 60% on individuals segment
 - 40% on companies segment

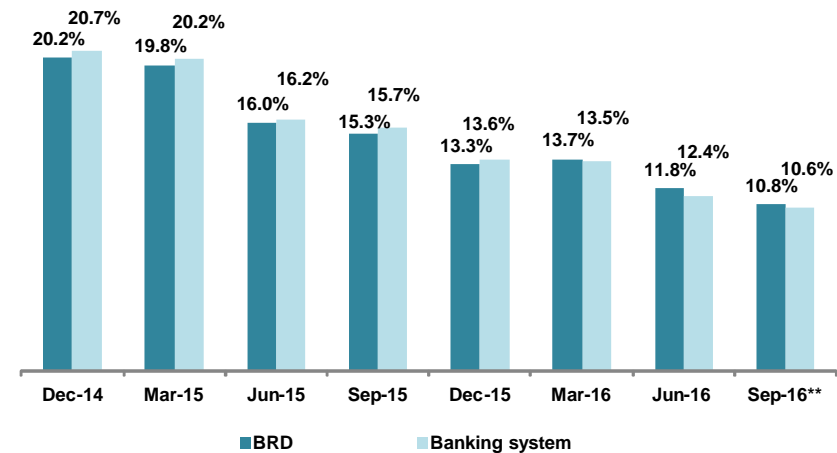
- Consolidation of RON lending
 - Share of RON denominated loans at around 55% (versus 49% at 09/2015)
 - Trend in line with market evolution

**GROSS LOANS - September 30, 2016
BREAKDOWN BY SEGMENT &
CURRENCY (in RON bn)**



- Declining NPL ratio
 - Decreasing trend in line with the evolution observed at the level of the Romanian banking sector
 - Reflecting write-offs performed during the 2014-2016 period
 - Expected acceleration of NPL portfolios sale and further write-offs to be performed (in line with the Bank's write-off policy)

NPL RATIO - EBA methodology *



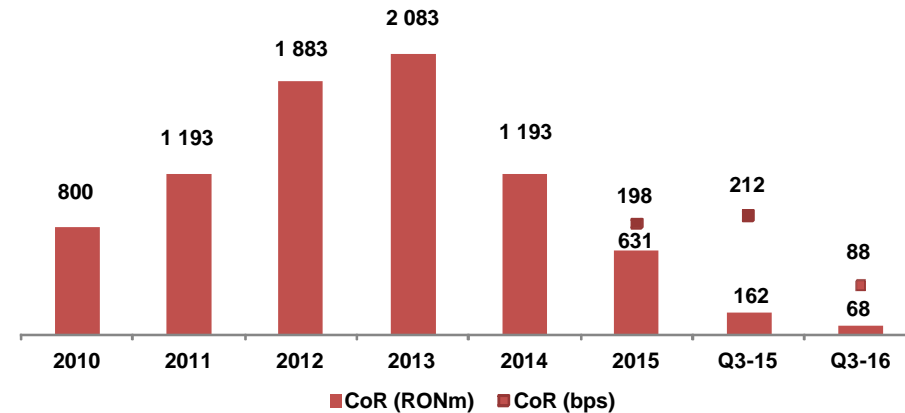
(*) At individual level (**) Ratio for the Banking system - as of August 2016

COST OF RISK AND COVERAGE RATIO

2016 highlights

- Overall resilient risk profile for individuals
- Confirmed limited impact from payment-in-kind legislation
- Some further upgrade of the Bank's provisioning methodology for non-defaulted portfolios
- Some further improvement in BRD's recovery performance recorded on defaulted non retail exposures

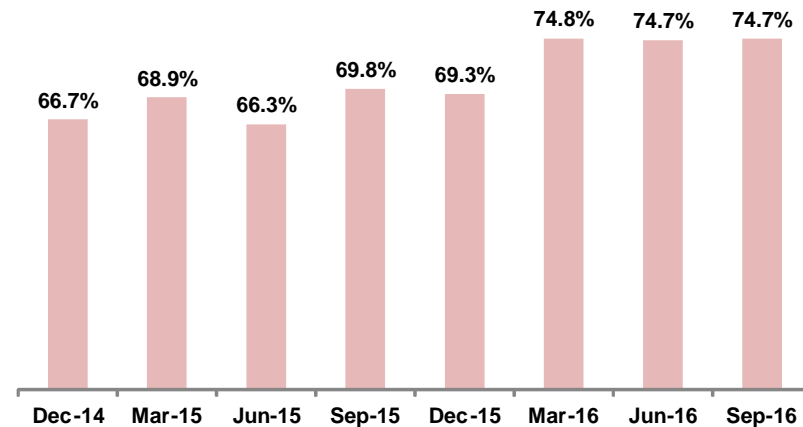
COST OF RISK EVOLUTION (in RON m)*



Key ratios evolution

- Q3 2016 net cost of risk at 88 bp versus 212 bp in Q3 2015
- Higher NPL provision coverage ratio y/y (despite continued write-offs activity)

NPL COVERAGE RATIO - EBA methodology



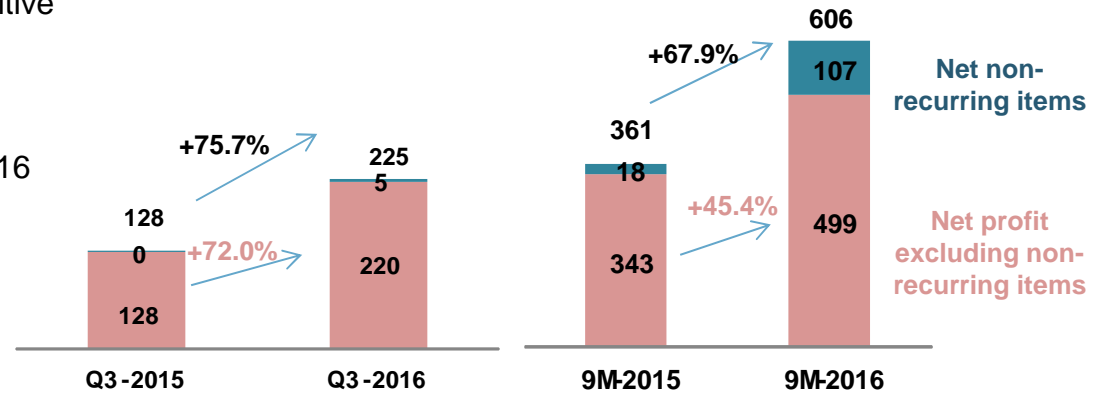
^(*) cost of credit risk only

SIGNIFICANT RISE IN NET PROFIT

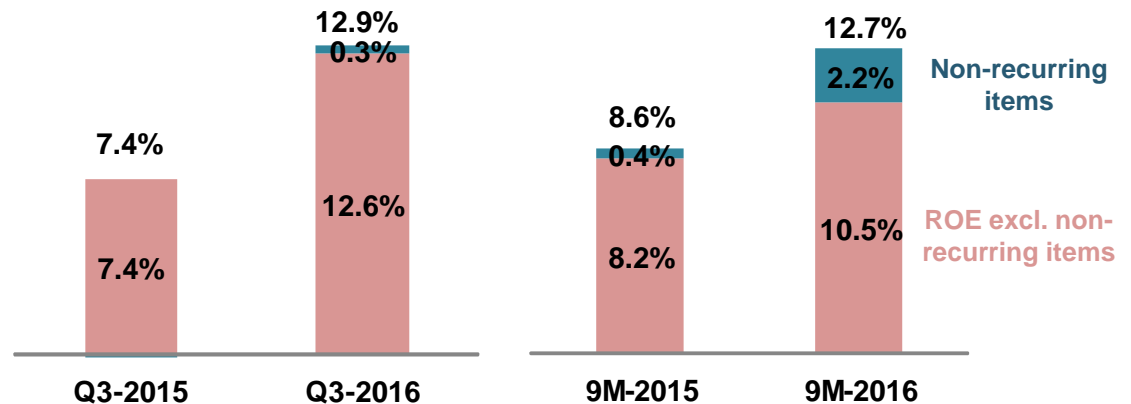
- Strong advance in net profit benefiting from positive contribution across all segments
 - up +75.7% y/y in Q3 2016
 - up +67.9% y/y in the first 9 months of 2016

- ROE (adjusted for IFRIC 21) on strong trend:
 - Q3 2016: 12.9% (vs 7.4% in Q3 2015)
 - 9M 2016: 12.7% (vs 8.6% in 9M 2015)

NET PROFIT (RON m)



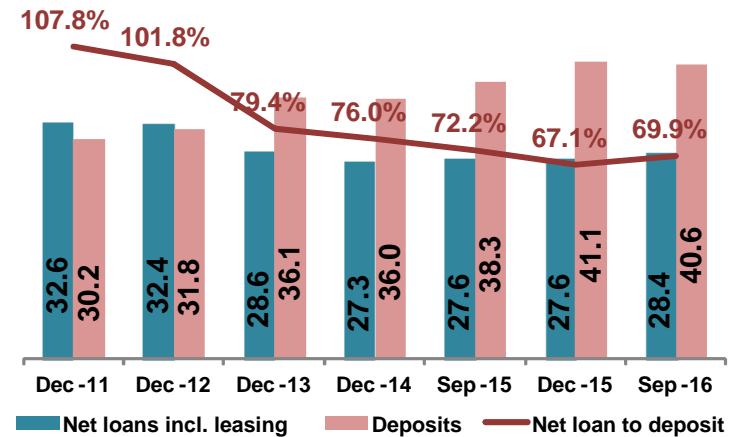
ROE ADJUSTED FOR IFRIC 21



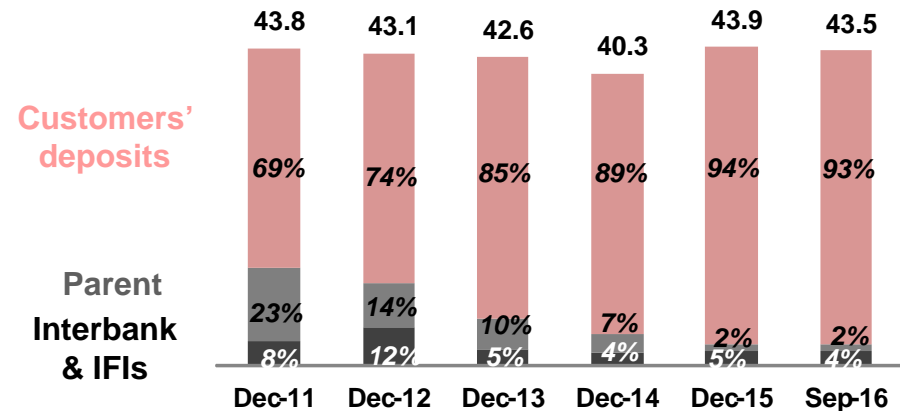
SELF-FUNDED ON A STANDALONE BASIS

- Consolidation of net loan to deposit ratio: 69.9% at September 2016 end versus 72.2% at September 2015 end, on lower FX loan to deposit ratio (from 82.7% to 77.1%) and wider deposit base (from RON 38.3bn to RON 40.6bn)
- Excess of liquidity primarily invested in Government bonds and interbank placements. Investment in Treasuries allows BRD to maintain an adequate liquidity buffer and to hedge its exposure to interest rate risk
- Policy of diversification of resources:
 - Growing deposit base: increase of the share of deposits in total liabilities from 69% at 2011 end to 93% at September 2016 end
 - Parent funding on a consolidated basis: decrease from 23% of total liabilities at 2011 end to 2% at September 2016 end
 - Self-funded on a standalone basis: parent funding accounted for 0.3% of the liabilities of the bank at September 2016 end

NET LOANS AND DEPOSITS (RON bn)



LIABILITIES STRUCTURE (RON bn)



ROBUST CAPITAL POSITION SUPPORTIVE FOR FUTURE GROWTH

- Solid capital base composed of high quality Tier 1 eligible instruments: share capital, retained earnings, reserves
- Capital adequacy ratio well above regulatory requirements: CAR reached 19.1% as at September 2016 end compared to 17.2% at September 2015 end (Bank only)

Bank only	Sep-15	Dec-15	Sep-16
Capital adequacy ratio	17.2%	18.1%	19.1%
Own funds (RONm)	4,572	4,857	5,167
Total risk exposure amount (RONm)	26,544	26,862	27,103
Capital requirements (RONm)	2,124	2,149	2,168

Note: Figures are with national discretions.



CHAPTER 04

CONCLUSIONS

CONCLUSIONS

- BRD group delivered a strong operational and financial performance in the first 9 months of 2016. Net banking income continued to increase markedly in spite of the low interest rates, costs were contained, and the downward evolution of the net cost of risk was confirmed.
- Moreover, with its sound capital and liquidity profile, BRD is well positioned to capture growth across all its activities and business lines.

Q&A

Session

APPENDIX

BRD | KEY FIGURES FOR BANK ONLY

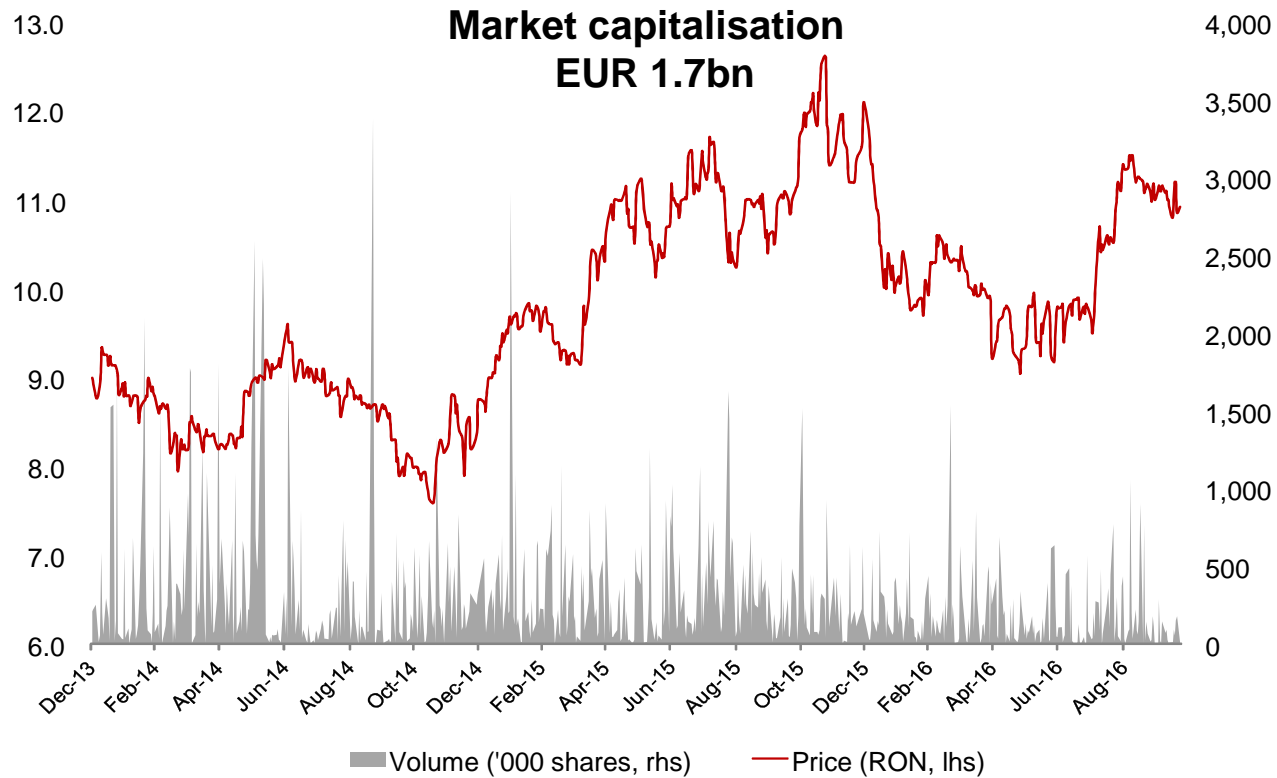
	Q3-2015	Q3-2016	Variation	9M-2015	9M-2016	Variation	
Financial results	Net banking income (RON m)	619	634	+2.4%	1,834	2,015	+9.9%
	Operating expenses (RON m)	(303)	(308)	1.6%	(987)	(975)	-1.2%
	Gross operating income (RON m)	316	326	+3.1%	847	1,040	+22.8%
	Cost of risk (RON m)	(171)	(79)	-54.0%	(427)	(349)	-18.1%
	Net result (RON m)	119	204	+71.6%	351	586	+67.3%
	Cost/Income	48.9%	48.6%	-0.3 pt	53.8%	48.4%	-5.4 pt
	ROE	8.4%	13.1%	+4.7 pt	8.3%	12.6%	+4.3 pt
	Adjusted Cost/Income ⁽¹⁾	52.5%	51.1%	-1.3 pt	52.6%	47.6%	-5.0 pt
	Adjusted ROE ⁽¹⁾	7.1%	12.2%	+5.1 pt	8.4%	12.9%	+4.5 pt

	Sep-15	Dec-15	Sep-16	vs. Sep-15	vs. Dec-15	
Capital adequacy	CAR ⁽²⁾	17.2%	18.1%	19.1%	1.8 pt	1.0 pt
Loans and deposits	Net loans (RON bn) ⁽³⁾	26.8	26.6	27.3	+1.7%	+3.4%
	Total deposits (RON bn) ⁽³⁾	38.4	41.2	40.7	+5.6%	-0.6%
	Net loans/deposits	69.7%	64.7%	67.2%	-2.5 pt	+2.5 pt
Franchise	No of branches	842	829	812	-30	-17
	No of active customers ⁽⁴⁾ (x 1000)	2,180	2,250	2,235	+55	-14

⁽¹⁾ Adjusted for IFRIC 21 impact; ⁽²⁾ According to Basel 3, including the impact of prudential filters ⁽³⁾ Variations at constant exchange rate;

⁽⁴⁾ number of customers at September 2015 end was restated in order to be comparable to September 2016 end figure

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 10.92 as of 24 October 2016, down by 9.8% yoy

Sources: Bloomberg, Bucharest Stock Exchange



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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