

Quarterly Report

September 30, 2017

according to National Securities Commission Regulation
no 1/2006

YOUR BANK. YOUR TEAM



GRUPE SOCIETE GENERALE

CONTENTS

1. THE COMPANY AND ITS SHAREHOLDERS.....	3
2. ECONOMIC AND BANKING ENVIRONMENT.....	7
3. COMMERCIAL ACTIVITY	8
4. FINANCIAL RESULTS AND RATIOS.....	11
5. CONCLUSIONS	16

1. THE COMPANY AND ITS SHAREHOLDERS

BRD – GROUPE SOCIÉTÉ GÉNÉRALE PROFILE

BRD - Groupe Société Générale („BRD” or „the Bank”) was set up on December 1st, 1990 as an independent bank with the legal status of a joint-stock company and with the share capital mainly held by the Romanian State, by taking over the assets and liabilities of Banca de Investitii (the Investment Bank).

In March 1999, Société Générale (“SG”) bought a stake representing 51% of the share capital, increasing its holding to 58.32% in 2004, through the acquisition of the residual stake from the Romanian State. As at September 30, 2017, SG was holding 60.17% of the share capital.

Starting 2001, BRD-Groupe Société Générale operates as an open joint-stock company, admitted to trading on a regulated market, according to the companies’ legislation, banking legislation, capital market regulations, provisions of the Articles of Incorporation and other internal regulations.

BRD identification data are the following:

- **Head Office:** Blvd. Ion Mihalache No. 1-7, sect. 1, Bucuresti
- **Phone/Fax:** 021.3016100 / 021.3016800
- **Sole registration number with the Trade Registry:** 361579/10.12.1992
- **Fiscal Code:** RO 361579/10.12.1992
- **Order number with the Trade Registry:** J40-608-1991
- **Number and date of registration in the Credit Institutions Register:** RB - PJR - 40 – 007/18.02.1999
- **Share capital subscribed and paid:** 696.901.518 RON
- **Regulated market on which the issued securities are traded:** Bucharest Stock Exchange Premium Tier
- **The main characteristics of securities issued by the company:** ordinary shares with a nominal value of 1 RON

EXTERNAL RATING

As at September 30, 2017 the Bank had the following ratings:

Fitch Ratings (<i>rating date: Oct-2017</i>)	Rating
Foreign-Currency Short-Term Issuer Default Rating	F2
Foreign-Currency Long-Term Issuer Default Rating	BBB+
Support Rating	2

Moody's (<i>rating date: Aug-2017</i>)	Rating
Global Local Currency Short-Term Deposit	Prime 2
Global Local Currency Long-Term Deposit	Baa2
Foreign Currency Short-Term Deposit	Prime 3
Foreign Currency Long-Term Deposit	Baa3

BRD GROUP („GROUP”) consolidates the following entities:

- BRD - Groupe Société Générale S.A.;
- BRD Sogelease IFN SA;
- BRD Finance IFN SA;
- BRD Asset Management SAI SA;

SOCIÉTÉ GÉNÉRALE PROFILE

Société Générale was set up in 1864 as a banking company, registered in France. Its head office is located on 29 Boulevard Haussmann, 75009, Paris, France, and its shares are listed on the Paris Stock Exchange.

Société Générale is one of the largest European financial services groups. Based on a diversified universal banking model, the Group combines financial solidity with a strategy of sustainable growth, and aims to be the reference for relationship banking, recognised on its markets, close to clients, chosen for the quality and commitment of its teams.

Société Générale has been playing a vital role in the economy for 150 years. With more than 145,000 employees, based in 66 countries, Société Générale accompanies 31 million clients throughout the world on a daily basis. Société Générale's teams offer advice and services to individual, corporate and institutional customers in three core businesses:

- *Retail banking in France* with the Société Générale branch network, Credit du Nord and Boursorama, offering a comprehensive range of multi channel financial services at the leading edge of digital innovation;
- *International retail banking, financial services and insurance* with a presence in developing economies and leading specialised businesses;
- *Corporate and investment banking, private banking, asset management and securities services*, with recognized expertise, top international rankings and integrated solutions.

As at September 30, 2017, the ratings of Société Générale were:

- Standard and Poor's: A
- Moody's: A2
- Fitch: A

BRD POSITION WITHIN SOCIÉTÉ GÉNÉRALE

SG has been present in Romania since 1980, being the only significant bank from Western Europe that was present in Romania during the communist era.

In 1999, it takes part in the process of privatization of Banca Română pentru Dezvoltare and acquires 51% of the bank's share capital.

Starting with this period, BRD lined up its operational procedures and business practices to those of the parent company.

BRD is part of the international network of Société Générale, managed by the International retail banking and financial services division (IBFS) that aims to offer a broad range of products and services to individuals, professionals and corporates. Its global development is built upon:

- The international universal banking and consumer credit networks, organised around three regions: Europe, Russia and Africa / Asia / Mediterranean Basin & Overseas;
- Three specialised businesses, leaders in their markets: Insurance, Car Renting and Fleet Management, Equipment and Vendor Finance.

KEY FIGURES

	The Bank	9 months to 30-Sep-2016	9 months to 30-Sep-2017	Variation
Financial results	Net banking income (RONm)	2,015	1,962	-2.7%
	Operating expenses (RONm)	(975)	(1,003)	2.8%
	Cost of risk (RONm)	(349)	281	n/a
	Net profit (RONm)	586	1,044	78.0%
	Cost / income ratio	48.4%	51.1%	2.7 pt
	ROE	12.6%	21.1%	8.5 pt
		Sep-16	Sep-17	Variation
Capital adequacy*	Own funds (RONm)	5,006	5,221	4.3%
	RWA (RON bn)	26.4	28.2	7.0%
	CAR	18.5%	18.5%	0.0 pt
Loans and deposits	Total net loans (RON bn)	27.3	29.4	7.6%
	Total deposits (RON bn)	40.7	42.8	5.2%
Franchise	No of branches	812	783	(29)
	No of active customers (x 1000)	2,235	2,269	34
	The Group	9 months to 30-Sep-2016	9 months to 30-Sep-2017	Variation
Financial results	Net banking income (RONm)	2,111	2,061	-2.4%
	Operating expenses (RONm)	(1,032)	(1,063)	3.0%
	Cost of risk (RONm)	(362)	271	n/a
	Net profit (RONm)	606	1,066	75.8%
	Cost / income ratio	48.9%	51.6%	2.7 pt
	ROE	12.5%	20.5%	8.1 pt
		Sep-16	Sep-17	Variation
Loans and deposits	Total net loans including leasing (RON bn)	28.4	30.7	8.1%
	Total deposits (RON bn)	40.7	42.7	4.9%

(*) according to Basel 3 including the impact of prudential filters;

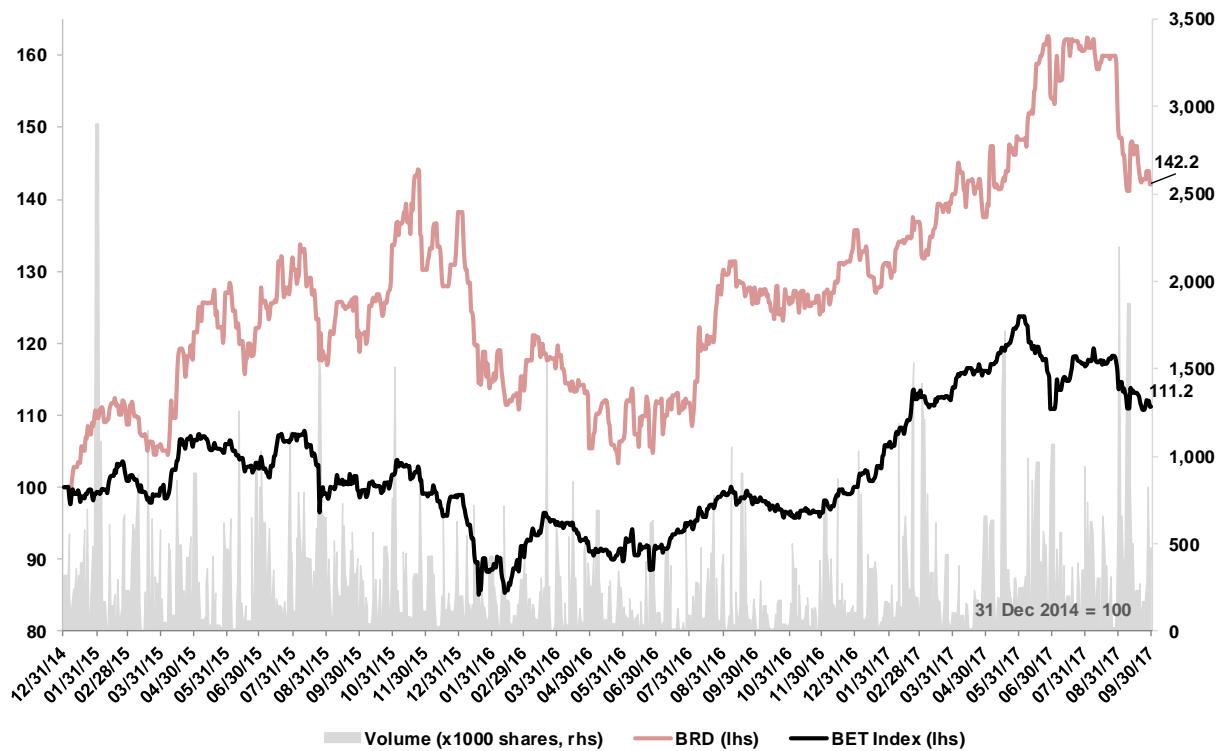
BRD SHARE

Starting with January 15th, 2001, the Bank's shares are listed in the Premium category of the Bucharest Stock Exchange. The shares are included in the BET, BET Plus, BET-XT, BET-XT-TR, BET-BK, BET-TR and ROTX indexes. The Bank's shares are ordinary, nominative, dematerialized and indivisible. According to the Articles of Incorporation, article 17, letter k, the shares of the Bank are traded freely on those capital markets set by General Assembly of Shareholders („AGA”), while complying with the legislation on the trade of shares issued by bank institutions.

The closing price for BRD share as at September 30, 2017, was of 12.44 RON/share (RON 11.88/share at December 31, 2016 and RON 11.00/share at September 30, 2016). On the same date, the market capitalization was RON 8,669.45 million (RON 8,279.19 million at December 31, 2016 and RON 7,665.92 million September 30, 2016).

During January – September 2017, neither the Bank, nor its subsidiaries bought back own shares.

Evolution of BRD's share price versus the BET Index and BRD's volume of shares for the period December 31, 2014 – September 30, 2017



Source: Bloomberg

2. ECONOMIC AND BANKING ENVIRONMENT

Romania GDP increased by 5.9% YoY in the second quarter of 2017, further driven by private consumption advance (+7.4%YoY) while fixed investments contracted by 0.3% YoY.

The annual inflation rate continued to rise in September (+1.8% YoY) and the increasing dynamics were shared by prices for both food (+2.74% YoY) and non-food products (+1.89% YoY) while tariffs of services registered a minor decrease (-0.16% YoY).

NBR decided to narrow the symmetrical corridor of interest rate on the standing facilities around the policy rate to $\pm 1.25\%$ from $\pm 1.50\%$ previously, giving a first signal of monetary policy tightening at the last monetary policy meeting on October 3rd, 2017. However, the key interest rate (1.75%) was left unchanged, as well as the minimum reserves requirements for RON and FX liabilities (both at 8%).

As of September 2017, the growth of the total gross loans granted by banks speeded up, reaching an increase of +5.7% YoY (from +3.5% YoY at June 2017 end and +2.3% YoY at March 2017 end). Both households and companies segments contributed to the favorable dynamic, as lending to households increased by +6.2% YoY while lending to companies accelerated to +5.2% in annual terms. The Prima Casa programme continued to sustain the advance of the housing loans (+10.7% YoY), whereas consumer loans recorded further gains (+1.5% YoY) pushed by the increase in the disposable income.

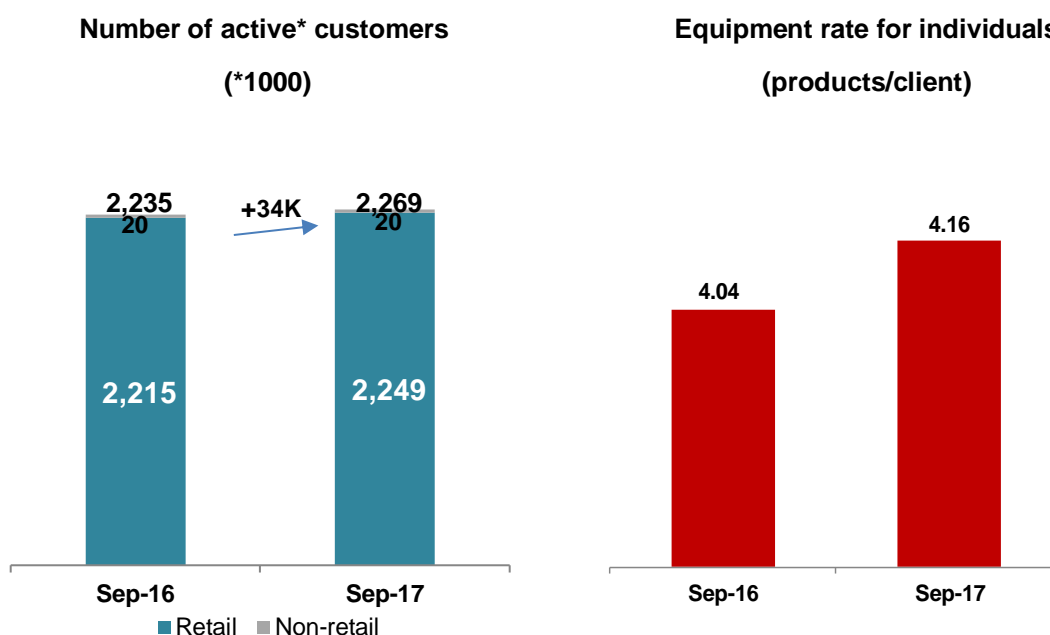
The ratio of non-performing loans for the banking system (defined according to European Banking Authority methodology) remained on a downward trend. NPL ratio dropped to 8.19% at the end of August 2017 from 10.56% at the end of August 2016 (NPL ratio of 16.02% at August 2015 end) influenced by write-off operations and sale of defaulted loans portfolios performed by the banks.

3. COMMERCIAL ACTIVITY

As at September 30, 2017 the Bank had 783 branches (September 30, 2016: 812 branches, December 31, 2016: 810 branches), ensuring the distribution of its products and services throughout the whole country.

The Bank registered an increased number of active individual customers by circa 31,000 at September 30, 2017 compared to September 30, 2016, reaching a total of 2.14 million individual customers.

The rising demand for online banking solutions drove a further increase in the equipment rate of individual customers, from 4.04 at September 30, 2016 to 4.16 at September 30, 2017



(*) Bank only (active clients are the clients who have at least one of the following types of bank products: active current account, active card, loan, deposit, savings account)

	Sep-16	Dec-16	Sep-17
TOTAL ASSETS	13.0%	12.9%	n.a.
LOANS	13.3%	13.2%	13.0%
<i>Individuals</i>	16.9%	16.9%	16.9%
<i>Companies</i>	10.0%	9.7%	9.3%
DEPOSITS	14.4%	14.1%	13.7%
<i>Individuals</i>	13.9%	14.0%	13.9%
<i>Companies</i>	15.0%	14.3%	13.6%

BRD held a market share of 12.93% in terms of total assets as of June 30, 2017.

The structure of the customer net **loans** at Group level evolved as follows:

RON bln	Sep-16	Dec-16	Sep-17	vs. Dec-16	vs. Sep-16
Retail	18.9	19.1	20.5	7.0%	8.6%
Individuals	18.2	18.5	19.8	7.0%	8.5%
Small business	0.6	0.7	0.7	6.2%	9.8%
Non-retail	8.9	8.7	9.5	9.1%	6.9%
SMEs	2.8	2.6	2.6	-0.3%	-5.5%
Large corporate	6.1	6.0	6.8	13.3%	12.5%
Total net loans	27.8	27.8	30.0	7.7%	8.0%
Financial lease receivables	0.6	0.7	0.7	7.5%	11.8%
Total net loans, including leasing	28.4	28.5	30.7	7.7%	8.1%

The net loan outstanding amount of BRD Group as of September 30, 2017 registered solid growth levels, increasing with nearly +8% as compared to both year end and the same period of last year, with a significant contribution from both retail and large corporate clients.

Lending to individuals was fuelled by both housing and consumer loans. Production remained strong, reaching RON 4.8 billion during the first 9 months of 2017 (up +12.4% versus the same period of last year), and BRD consolidated its leadership position on loans to individuals, with a market share of 16.9% at Sep-17 end.

Non retail loan book totalled RON 9.5 billion at September 30, 2017, up as compared to both year end and September 30, 2016. The strong position on the large corporates segment is reflected by the healthy growth of the net loan outstanding on this segment (near +13% YoY and YTD), which more than offset the slightly negative evolution of SMEs lending.

The structure of customers' **deposits** at Group level evolved as follows:

RON bln	Sep-16	Dec-16	Sep-17	vs. Dec-16	vs. Sep-16
Retail	24.6	26.0	26.9	3.2%	9.1%
Individuals	21.3	22.5	23.3	3.5%	9.4%
Small business	3.4	3.5	3.6	1.7%	6.8%
Non-retail	16.0	16.2	15.8	-2.4%	-1.5%
SMEs	6.3	6.3	6.5	2.8%	3.7%
Large corporate	9.7	9.8	9.3	-5.7%	-4.8%
Total deposits	40.7	42.2	42.7	1.1%	4.9%

Client deposit base increased by +5% as compared to September 30, 2016 driven by strong inflows from retail customers, with a still rising collection of deposits in current accounts. Non retail savings decreased year on year and year to date, in the context of comfortable liquidity position enjoyed by the bank.

For the evolution of the main components of the net banking income please refer to "Financial results" section.

SUBSIDIARIES ACTIVITY

BRD SOGELEASE IFN SA

As of September 30, 2017, BRD Sogelease's net outstanding of leasing financing was RON 713.4 million (+12% YoY). New leasing production reached RON 321 million at the end of September 2017 end, with commercial vehicles and passenger cars having the largest weight, followed by agricultural, construction and industrial equipment.

According to the latest statistics issued by the Financial Companies Association in Romania (ALB) at December 31, 2016, BRD Sogelease had a market share of 7.7%, compared to 6.4% at December 31, 2015.

BRD FINANCE IFN SA

BRD Finance results for the first 9 months continued the positive trend from previous periods, showing an increase of +19% in net loans outstanding, driven by the good performance on new customer acquisition, especially through credit cards and car loans. The net banking income amounted to RON 72 million, +9% compared to the same period of previous year, while the net result reached RON 15 million, up +52%. The performance was sustained by the continuation of the commercial strategy based on the consolidation and development of key partnerships, combined with the constant optimization of internal processes and a strict control of costs and risks.

BRD ASSET MANAGEMENT SA

BRD Asset Management is one of the important actors on the Romanian UCITS market, with a market share of 12.5%* (vs 12.2% at September 2016) and RON 3.16 bn assets under management at September 2017 end. BRD Asset Management offers 7 different open-end funds, all with their specific portfolio structure, risks and target yield and recommended investment period. Among those, BRD Simfonia, BRD Obligatiuni (denominated in RON), BRD Euro Fond (denominated in Euro) and BRD USD Fond (denominated in USD) invest in bonds, fixed income and money market instruments and have no stock holdings. BRD Diverso (denominated in RON and Euro) is a balanced fund with investments in Central and Eastern Europe stock markets, the rest being invested mainly in money market and fixed income instruments for risk spread purposes. BRD Actiuni (denominated in RON and Euro) fund is focused on stocks, as well as BRD Index which is an index tracker fund.

- *market share computation based on total Open-end Funds assets under management*

4. FINANCIAL RESULTS AND RATIOS

FINANCIAL POSITION ANALYSIS

The below financial position analysis is based on the separate and consolidated financial statements prepared according to the International Financial Reporting Standards, for the period ended September 30, 2017 and the comparative periods.

FINANCIAL POSITION – ASSETS

As of September 30, 2017, total assets increased by +5.2% for the Bank and by +5.6% for the Group compared to September 30, 2016.

The structure is presented below:

THE BANK

Assets (RONm)	Sep-16	% total	Dec-16	Sep-17	% total	vs. Dec-16	vs. Sep-16
Cash and current accounts with Central Bank	5,083	10.4%	7,140	4,415	8.6%	-38.2%	-13.1%
Loans and advances to credit institutions	3,792	7.7%	1,971	3,707	7.2%	88.0%	-2.2%
Net loans and advances to customers	27,332	55.7%	27,384	29,422	57.0%	7.4%	7.6%
Other financial instruments	11,737	23.9%	12,947	12,668	24.6%	-2.2%	7.9%
Tangible and intangible assets	958	2.0%	976	975	1.9%	-0.1%	1.8%
Other assets	128	0.3%	239	394	0.8%	64.5%	207.3%
Total assets	49,029	100.0%	50,658	51,581	100.0%	1.8%	5.2%

THE GROUP

Assets (RONm)	Sep-16	% total	Dec-16	Sep-17	% total	vs. Dec-16	vs. Sep-16
Cash and current accounts with Central Bank	5,083	10.1%	7,140	4,415	8.3%	-38.2%	-13.1%
Loans and advances to credit institutions	3,817	7.6%	1,998	3,726	7.0%	86.5%	-2.4%
Net loans and advances to customers	27,752	55.3%	27,839	29,978	56.6%	7.7%	8.0%
Financial lease receivables	638	1.3%	664	713	1.3%	7.5%	11.8%
Other financial instruments	11,726	23.4%	12,947	12,676	23.9%	-2.1%	8.1%
Tangible and intangible assets	969	1.9%	988	985	1.9%	-0.3%	1.7%
Other assets	186	0.4%	306	462	0.9%	50.9%	148.7%
Total assets	50,171	100.0%	51,881	52,955	100.0%	2.1%	5.6%

LOANS AND ADVANCES TO CUSTOMERS

The net loan outstanding amount increased by around 8% as compared to September 2016 end as well as compared to 2016 end, at both Bank and Group levels, pushed by strong contributions from retail and large corporate segments.

CASH, CURRENT ACCOUNTS WITH THE CENTRAL BANK AND LOANS AND ADVANCES TO CREDIT INSTITUTIONS

Cash and current accounts with the central bank and loans and advances to credit institutions decreased by around 11% versus December 31, 2016 for both the Bank and the Group and by 8.5% versus September 30, 2016. The weight of this aggregate, reached 15% at the Group level at September 30, 2017 compared to 18% at both December 31, 2016 and September 30, 2016.

The decrease in cash with Central Bank is mainly related to the drop in the level of minimum reserve requirements. The compulsory reserves held with the Central Bank decreased to RON 3,449 million at September 30, 2017 from RON 3,670 million at December 2016 and RON 3,970 million at September 30, 2016.

OTHER FINANCIAL INSTRUMENTS

Other financial instruments mostly represent treasury bills and bonds issued by the Romanian Government, which are accounted as available for sale and trading instruments, and also derivatives. This item registered an increase as compared to September 2016 end, mainly related to higher investments in Government bonds.

TANGIBLE AND INTANGIBLE ASSETS

The tangible and intangible assets (out of which the largest part is represented by land and buildings) represent around 2% of the total assets.

Total value of investments during January – September 2017 reached approximately RON 95 million for the Bank and the Group (compared to RON 65 million for the Bank and the Group during January – September 2016) and were related mainly to change-the-bank initiatives.

There is no capitalized research and development expenditure.

FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities is as follows:

THE BANK

Liabilities and shareholders equity (RONm)	Sep-16	% total	Dec-16	Sep-17	% total	vs. Dec-16	vs. Sep-16
Amounts owed to credit institutions	792	1.6%	670	776	1.5%	15.8%	-2.0%
Amounts owed to customers	40,724	83.1%	42,291	42,833	83.0%	1.3%	5.2%
Other liabilities	1,097	2.2%	1,330	1,129	2.2%	-15.1%	3.0%
Shareholders equity	6,416	13.1%	6,367	6,842	13.3%	7.5%	6.6%
Total liabilities and shareholders equity	49,029	100.0%	50,658	51,581	100.0%	1.8%	5.2%

THE GROUP

Liabilities and shareholders equity (RONm)	Sep-16	% total	Dec-16	Sep-17	% total	vs. Dec-16	vs. Sep-16
Amounts owed to credit institutions	1,675	3.3%	1,633	1,930	3.6%	18.1%	15.2%
Amounts owed to customers	40,653	81.0%	42,193	42,652	80.5%	1.1%	4.9%
Other liabilities	1,136	2.3%	1,382	1,206	2.3%	-12.7%	6.2%
Shareholders equity	6,707	13.4%	6,674	7,168	13.5%	7.4%	6.9%
Total liabilities and shareholders equity	50,171	100.0%	51,881	52,955	100.0%	2.1%	5.6%

AMOUNTS OWED TO CUSTOMERS

Customer deposits represented 96% of total Group liabilities (93% of the Bank liabilities) at September 30, 2017, demonstrating high financial autonomy level. The weight is almost unchanged as compared to year end and September 30, 2016.

AMOUNTS OWED TO THE CREDIT INSTITUTIONS

Amounts owed to credit institutions (which comprise interbank deposits, borrowings from International Financial Institutions and the Parent) stood at circa 2% of the total liabilities for the Bank and near 4% for the Group at the end of the analysed period.

BRD Group's borrowings from Société Générale totalled near RON 1billion (2.3% of total liabilities) at September 30, 2017.

SHAREHOLDERS' EQUITY

The shareholders' equity increased by around 7% for the Bank and the Group compared to September 30, 2016, mainly due to higher current year profit.

The structure of the shareholders' equity evolved as follows:

THE BANK

Shareholders' equity (RONm)	Sep-16	Dec-16	Sep-17	vs. Dec-16	vs. Sep-16
Share capital	2,516	2,516	2,516	0.0%	0.0%
Other reserves	463	272	212	-22.1%	-54.2%
Retained earnings and capital reserves	3,438	3,580	4,115	15.0%	19.7%
Total shareholders' equity	6,416	6,367	6,842	7.5%	6.6%

THE GROUP

Shareholders' equity (RONm)	Sep-16	Dec-16	Sep-17	vs. Dec-16	vs. Sep-16
Share capital	2,516	2,516	2,516	0.0%	0.0%
Other reserves	463	272	215	-21.0%	-53.6%
Retained earnings and capital reserves	3,679	3,836	4,385	14.3%	19.2%
Non-controlling interest	49	50	53	5.0%	7.1%
Total shareholders' equity	6,707	6,674	7,168	7.4%	6.9%

LIQUIDITY POSITION

Both the Bank and the Group maintained a balanced structure of resources and placements and a solid liquidity position over January - September 2017.

The ratio of net loans to deposits reached 68.7% at September 30, 2017 (from 64.8% at December 31, 2016 and 67.1% at September 30, 2016) for the Bank and 72.0% for the Group, including financial lease receivables (from 67.6% at December 31, 2016 and 69.8% at September 30, 2016).

9 MONTHS 2017 FINANCIAL RESULTS

The comparative income statement of the Bank for the periods January – September 2017 and January – September 2016 is presented below:

RONm	9 months to 30-Sep-2016	9 months to 30-Sep-2017	Variation
Net banking income	2,015	1,962	-2.7%
<i>Net banking income w/o non recurring items</i>	1,888	1,953	3.4%
- net interest income	1,101	1,174	6.6%
- net commissions	559	543	-2.7%
- other banking income	356	244	-31.4%
Operating expenses	-975	-1,003	2.8%
- staff expenses	-478	-490	2.5%
- non-staff expenses	-497	-512	3.1%
Operating profit	1,040	959	-7.8%
<i>Operating profit w/o non recurring items</i>	913	950	4.0%
Net cost of risk	-349	281	n/a
Gross result	691	1,240	79.4%
Net result	586	1,044	78.0%

The comparative income statement of the Group for the periods January – September 2017 and January – September 2016 is presented below:

RONm	9 months to 30-Sep-2016	9 months to 30-Sep-2017	Variation
Net banking income	2,111	2,061	-2.4%
<i>Net banking income w/o non recurring items</i>	1,983	2,051	3.4%
- net interest income	1,179	1,260	6.8%
- net commissions	585	571	-2.4%
- other banking income	347	230	-33.7%
Operating expenses	-1,032	-1,063	3.0%
- staff expenses	-511	-524	2.7%
- non-staff expenses	-521	-539	3.4%
Operating profit	1,079	997	-7.5%
<i>Operating profit w/o non recurring items</i>	952	988	3.8%
Net cost of risk	-362	271	n/a
Gross result	717	1,268	76.9%
Net result	606	1,066	75.8%
Profit attributable to equity holders of the parent	601	1,058	76.0%

BRD Group's net banking income increased by 3.4% in the first 9 months of 2017 compared to the same period of last year, excluding non recurring items (gain from AFS instruments, RON 9m for 9M 2017 and RON 127 million for 9M 2016, related mainly to VISA Europe transaction). The increase in net banking income came from the robust growth in net interest income, +6.8% YoY, on positive volume effect. The decrease in net fees and commissions was mainly related to lower revenues on

transactional banking, due to increased competitive pressures and continuous structure changes in channel mix.

Operational expenses increased by 3% on a yearly basis. Staff expenses were influenced by the revalorisation of the compensation package, in line with the market practice. Non staff expenses increase stemmed mostly from change-the-bank initiatives (consulting services linked to transformation projects and higher depreciation charge driven by increased IT related investments).

Gross operating income increased by 3.8% YoY, when excluding non-recurring items (gain from AFS instruments, RON 9m for 9M 2017 and RON 127 million for 9M 2016, related mainly to VISA Europe).

Core Group cost/income ratio reached 51.8% for 9M 2017 compared to 52.0% for 9M 2016.

For the first 9 months of 2017, the Group registered a positive net cost of risk of RON 271m (vs. a negative cost of risk of RON 362 for 9M 2016) due to the recognition of insurance indemnities, recoveries on non-retail defaulted portfolios and gain on sale of non-performing loans.

The quality of assets further improved as shown by the continued reduction in non performing loans (as defined by EBA methodology). NPL ratio decreased to 7.8% as of September 30, 2017 vs 10.8% as of September 30, 2016, mainly as a result of non-performing loans portfolios sale activities and some further write offs. The level of coverage ratio increased to 75.0% at September 30, 2017 (vs. 74.8% at September 30, 2016).

BRD Group's net profit registered a strong growth, for the first 9 months of 2017, up by +75.8% YoY, to RON 1,066 billion (vs RON 606 million in the same period of the last year). This performance resulted both from a dynamic commercial activity leading to an acceleration of net banking income growth, and non recurring positive cost of risk items. The Bank recorded similar trends, with net profit reaching RON 1,044 billion (vs RON 586 million), up by +78% YoY.

CAPITAL ADEQUACY (THE BANK)

RONm	Sep-16	Dec-16	Sep-17
Tier 1 capital	5,006	5,212	5,221
TOTAL OWN FUNDS	5,006	5,212	5,221
Capital requirements	2,168	2,110	2,258
Risk weighted assets			
Credit risk (including counterparty risk)	24,310	23,601	25,769
Market risk	227	236	215
Operational risk	2,410	2,370	2,147
CVA risk	156	166	88
Total risk exposure amount	27,103	26,373	28,220
Regulatory CAR	18.5%	19.8%	18.5%

Note: regulatory CAR includes the 2016 net profit

The capital adequacy ratio (Bank level) stood at 18.5% at September 30, 2017 (Basel 3, including the impact of prudential filters), well above the regulatory requirement, and unchanged to September 30, 2016.

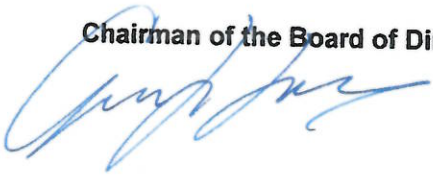
5. CONCLUSIONS

BRD registered a dynamic commercial activity in the first 9 months of 2017, leading to an acceleration of core net banking income growth. Combined with non recurring positive cost of risk items, this evolution translated into a very strong increase of the financial performance. Looking ahead, BRD will continue to invest in the improvement of the quality of its products and services and the refinement of its customer centric model, with a particular focus on the digital experience enhancement.

The interim financial report as at September 30, 2017 has not been audited.

Giovanni Luca SOMA

Chairman of the Board of Directors



Francois BLOCH

Chief Executive Officer



Petre BUNESCU

Deputy Chief Executive Officer



Stephane FORTIN

Chief Financial Officer

