

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BRD - Groupe Societe Generale S.A.

Report on the Audit of the consolidated and separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of BRD - Groupe Societe Generale SA (the Bank) with official head office in 1-7 Ion Mihalache Bd, identified by sole fiscal registration number RO 361579, which comprise the consolidated and separate statement of financial position as at December 31, 2017, the consolidated and separate profit or loss, the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Bank as at December 31, 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with the National Bank of Romania Order no 27/2010, approving the accounting regulations compliant with the International Financial Reporting Standards for credit institutions, with subsequent modifications and clarifications.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters

Impairment of loans and advances to customers

Management’s assessment of impairment indications and determination of the impairment allowance for loans and advances to customers is a complex process and involves judgement and use of estimates. Such an assessment is inherently uncertain, involving various assumptions in estimating expected future cash flows, expected net selling prices of collaterals and timing of recovery of collateral.

Special considerations are given to aspects that are new or experienced notable developments in 2017, like Law no. 151/2015 regarding insolvency procedure for individuals.

The use of different modelling techniques and assumptions could produce significantly different estimates of impairment allowance. Notes 2 e) and 10 to the financial statements present more information on the estimation of impairment allowance for loans and advances to customers.

Due to the significance of loans and advances to customers (representing 53.9% of total consolidated Bank’s assets and 54.2% of total separate Bank’s assets) and the related estimation uncertainty, we consider this a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included, among others, the assessment of the Bank's methodology regarding the identification of impairment indicators, assessment of specific impairment allowance and collective impairment allowance. We assessed the design and evaluated the operating effectiveness of internal controls over the monitoring of loans and advances to customers and over impairment calculations including the quality of underlying data and relevant systems.

For impairment allowance for loans assessed on an individual basis, our evaluation was focused on those loans with the most significant potential impact on the financial statements and considered the key assumptions underlying the impairment identification and quantification such as estimated future cash flows. Our internal valuation experts were involved, as appropriate, to assist us in performing our audit procedures.

For impairment allowance for loans assessed on a collective basis we evaluated the Bank's methodology, inputs and assumptions used, including model validations and back testing.

We further assessed the adequacy of the Bank's disclosures in the financial statements regarding exposure to credit risk.

Key audit matter

Provisions for litigations and other risks

The process for recording provisions is an estimation process involving a high level of judgement, therefore there is an inherent risk that the existing provisions at year-end may significantly differ from the actual outflow of economic resources in subsequent years. The Bank recognizes provisions for litigations and other risks, Notes 2 e), 17 and 22 to the financial statements present more information on their estimation. The main aspects for which the management exercised judgment are litigations for consumer protection issues and the litigation with the tax authorities following their tax inspection.

Provisions for litigation and other risks are significant to our audit because the assessment process is complex and judgmental.

How our audit addressed the key audit matter

The audit procedures performed included, among others, an assessment of the Bank's governance, processes and internal controls with respect to recognition and measurement of provisions as well as of the management's assumptions considering the supporting explanations from management and its internal legal advisors and documentation related to the significant provisions.

We obtained written confirmations from the external legal counsels and compared their opinions with management's assumptions and assessment regarding the impact and the disclosures in the financial statements related to significant litigations.

Our tax experts were involved to assist us in the analysis and corroboration of the assumptions used in determining the provisions and contingent liabilities by considering the relevant legal requirements.

We also evaluated the adequacy of the Bank's disclosures in the financial statements regarding provisions for risks and litigations.

Key audit matter

Information Technology (IT) systems relevant for financial reporting

A significant part of the Bank's operations and financial reporting process is reliant on IT systems involving automated processes and controls over the capture, storage and processing of information. An important component of this internal control system involves the existence of and adherence to appropriate user access and change management processes and controls. These controls are particularly important because they ensure that the access and changes to IT systems and data are made by authorized persons in an appropriate manner.

The IT environment of the Bank is complex with a significant number of interconnected systems and databases. Due to the high automation of the processes relevant for financial reporting and to the complexity of the IT environment of the Bank, a high proportion of the overall audit procedures was concentrated in this area. We therefore consider that this area represents a key audit matter.

How our audit addressed the key audit matter

We focused our audit procedures on those IT systems and controls that are significant for the financial reporting process. As the audit procedures over the IT systems require specific expertise, we involved our IT specialists in assisting us with performing the audit procedures.

Our audit included, among others, the following procedures:

- Understanding and assessing the overall IT control environment and the controls in place, including the ones over access to systems and data, as well as IT system changes. We tailored our audit approach based on the financial significance of the system and the existence of automated procedures supported by the respective system.
- We tested the operating effectiveness of controls over granting access rights to determine if only appropriate users had the ability to create, modify or delete user accounts for the relevant applications.
- We also tested the operating effectiveness of controls around the development and changes of applications to determine whether these are appropriately authorized, tested and implemented.

- Additionally, we assessed and tested the design and operating effectiveness of the application and IT-dependent controls in the processes relevant to our audit.

Other information

The other information comprises the Annual Board of Directors' Report which includes the Non-Financial declaration but does not include the financial statements and our auditors' report thereon. Management is responsible for the other information.

Our audit opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the National Bank of Romania Order no 27/2010, approving the accounting regulations compliant with the International Financial Reporting Standards for credit institutions, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Annual Board of Directors' Report, we have read the Annual Board of Directors' Report and report that:

- a) in the Annual Board of Directors' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying consolidated and separate financial statements as at December 31, 2017;
- b) the Annual Board of Directors' Report identified above includes, in all material respects, the required information according to the provisions of the National Bank of Romania Order no 27/2010, approving the accounting regulations compliant with the International Financial Reporting Standards for credit institutions, with all subsequent modifications and clarifications, Annex 1 points 11-14 and 37-38 respectively;
- c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the consolidated and separate financial statements as at December 31, 2017, we have not identified information included in the Annual Board of Directors' Report that contains a material misstatement of fact.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Bank by the General Meeting of Shareholders on April 20, 2017 to audit the consolidated and separate financial statements for the financial year ended December 31, 2017. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments as the statutory auditor, has been of 3 years, covering the financial periods end December 31, 2015 until December 31, 2017.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the consolidated and separate financial statements expressed herein is consistent with the additional report to the Audit Committee of the Bank, which we issued on the same date as the issue date of this report.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Bank and controlled undertakings and we remain independent from the Bank in conducting the audit. In addition to statutory audit services and services disclosed in the consolidated and separate financial statements, no other services were provided by us to the Bank and its controlled undertakings.

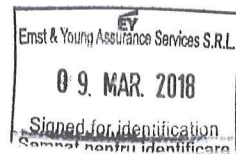
On behalf of,

Ernst & Young Assurance Services SRL

15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered with the Chamber of Financial Auditors in Romania

No. 77/15 August 2001



Name of signing person: Gelu Gherghescu

Registered with the Chamber of Financial Auditors in Romania

No. 1449/9 September 2002

Bucharest, Romania

9 March 2018