



BRD - GROUP
RESULTS

2ND QUARTER AND 1ST HALF 2017

■
03 AUGUST 2017
■

YOUR BANK. YOUR TEAM



GRUPE SOCIETE GENERALE

DISCLAIMER

The consolidated and separate financial position and income statement for the period ended 30 June, 2017 were examined by the Board of Directors on August 1, 2017.

The financial information presented for the period ended June 30, 2017 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 may contain forward-looking statements relating to the targets and strategies of BRD, based on a series of assumptions. These forward-looking statements would 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 any 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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INTRODUCTION

H1 17: DOUBLED NET PROFIT, ON STRONG COMMERCIAL ACTIVITY AND NON RECURRING POSITIVE COST OF RISK ITEMS

Increased Group revenues from core businesses

Strong commercial activity on both Retail and Non Retail segments
Sustained pace of loan growth (+4.5% y/y)
Strong deposit collection (+6.8% y/y)

Core NBI*

RON 1,340m +2.1% vs H1 2016

Costs contained, improved operational performance

Core GOI*

RON 619m +2.0% vs H1 2016

Significant non recurring positive cost of risk items

Significant net release of provisions on recognition of insurance indemnities, recoveries on non retail defaulted loans, and gain on sale of NPL portfolio

NCR

RON 270m release

vs RON 282m charge in H1 2016

Doubled net profit

Net profit

RON 750m +96.8% vs. H1 2016

Sound capital and liquidity position

CAR: 19.4% vs 19.1% at Jun-16 end

ROE: 22.1% in H1 2017 vs. 12.1% in H1 2016

* NBI and GOI excluding non recurring items (gains on sale of Visa share and other AFS instruments)

Q2 17: VERY STRONG QUARTERLY NET RESULT

Steady core NBI growth

Core NBI* up +3.5% vs Q2 2016

Robust commercial dynamics across all customer segments

Retail loans up +6.0% y/y

Trend reversal on Non retail loans

Significant non recurring positive cost of risk items

Significant net release of provisions (+146 M RON) on recognition of insurance indemnities, recoveries on non retail defaulted loans, and gain on sale of NPL portfolio

Further improvement of risk profile

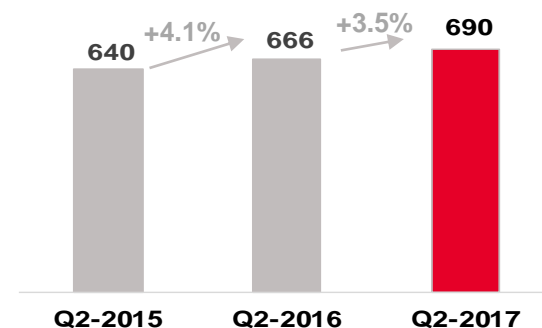
Lower NPL ratio : 8.5% vs 11.8% at Jun-16

Slightly higher coverage of defaulted loans : 75.0% vs 74.7% at Jun-16 end

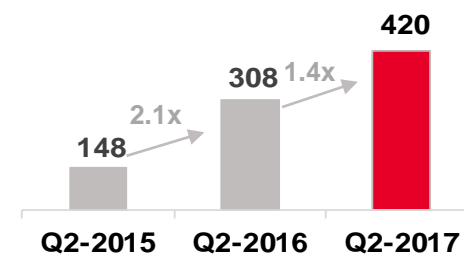
Strong increase in net profit

Net profit of RON 420m in Q2 17 vs RON 308m in Q2 16, +36.3% y/y

NBI excluding non recurring items (RON m)



NET PROFIT (RON m)



ROE: 24.2% in Q2 2017 vs. 19.3% in Q2 2016

* NBI excluding non recurring items (gains on sale of Visa share and other AFS instruments)

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MACROECONOMIC &
BANKING ENVIRONMENT

DYNAMIC GROWTH DRIVEN BY DOMESTIC DEMAND AND PROCYCLICAL FISCAL POLICY

Strong GDP growth outlook for 2017

GDP growth of 4.8% in 2016, with a 4.5 pp contribution of private consumption, which benefited from wage increases, VAT cuts, historically low inflation, and dynamic employment (unemployment at an eight-year low, at 5.3%)

GDP growth expected to remain strong in 2017, still supported by households' consumption that will continue to benefit from wage increases and dynamic employment

Investments on a positive trend

Gross fixed investments up +3.0% qoq in Q1 2017, with positive outlook.

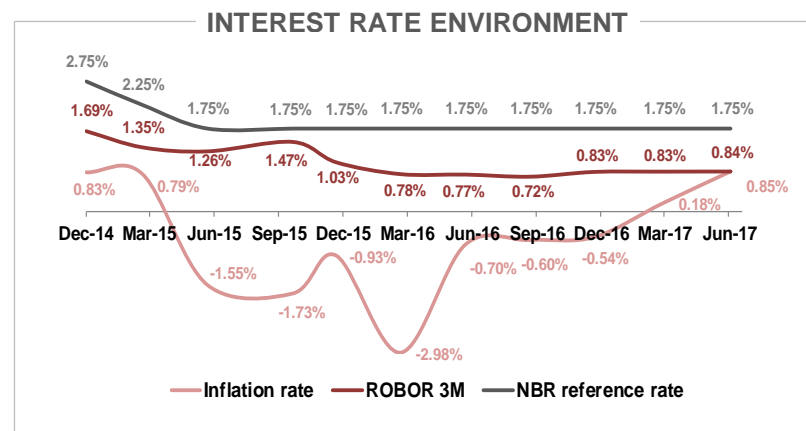
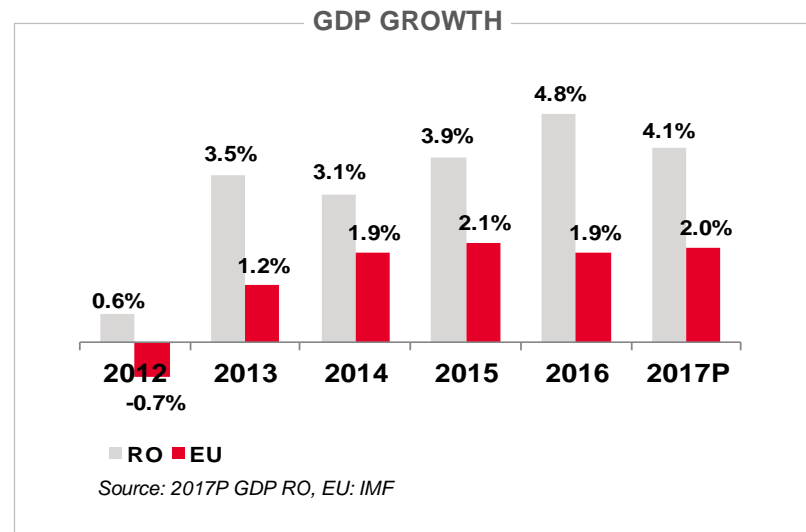
Inflation back into positive territory

Inflation rate at +0.9% y/y at June 2017 end (vs -0.7% y/y at June 2016 end), and expected to rise steadily during the coming months, influenced by base effects from last year, growing demand, and strengthening cost pressures from the labor market

Still accommodative monetary policy

Key interest rate maintained at 1.75% since June 2015
Continued cycle of reduction of minimum reserves requirements (reserve requirements on FX liabilities reduced to 8% in May 2017 from 10% previously)

Money market interest rates remaining at a low level



LOANS TO COMPANIES REACHING A TURNING POINT, OVERALL CREDIT GROWTH SPEEDING UP

Further dynamic growth of loans to households

Sustained growth of housing loans (+10.1% y/y), with Prima Casa state program continuing to be a key factor of support
Favorable context (strong increase of disposable income)

Loans to companies showing first signs of improvement

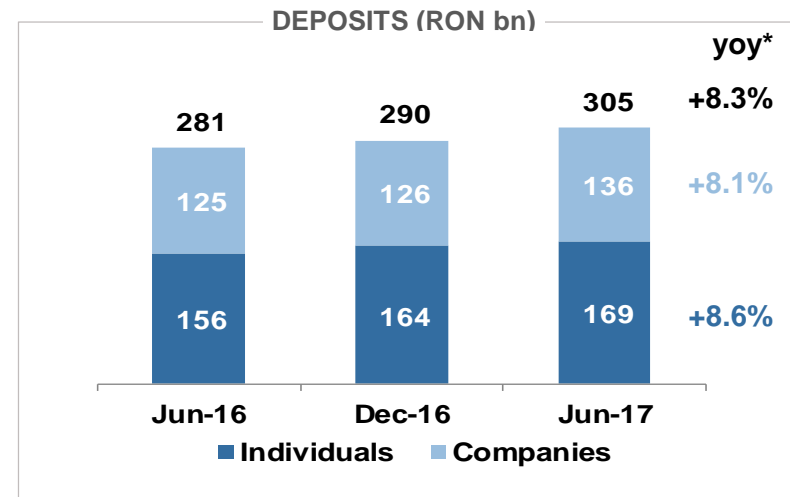
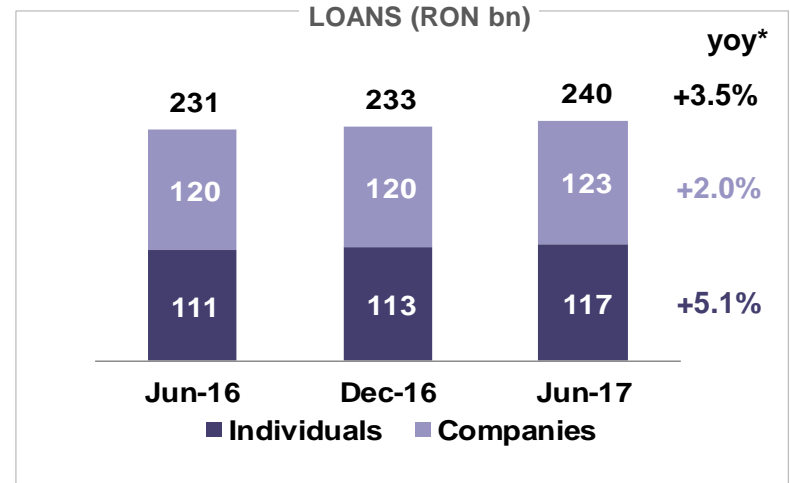
Credits to legal entities up +2.0% at June 2017 end (vs a slight contraction at March 2017 end)
Ongoing economic growth, favorable interest rate environment, and positive investment dynamics (benefiting from progressively improving EU fund absorption) expected to lead to a confirmation of this trend in the coming quarters

Overall credit growth speeding up to +3.5% y/y at June 2017 end

vs +2.3% y/y at March 2017 end

Strong deposit advance, in spite of low interest rates

Household deposits up +8.6% y/y, positively influenced by the significant wage increases
Still buoyant growth of deposits from companies



* Variation at constant exchange rate

CONTINUED IMPROVEMENT OF THE ROMANIAN BANKING SECTOR RISK PROFILE

Significantly reduced NPL ratio

NPL ratio at 8.3% at June 2017 end (vs 20.7% at Dec 14 end)
Write-off of fully provisioned NPLs from the banks' balance sheets and sale of NPL portfolios

Coverage ratio well above EU average

Highly liquid banking system

Loan to deposit ratio at a 10 year low (78% at 2016 end vs 116% in 2011)
System wide liquidity coverage ratio at 245% at September 2016 end

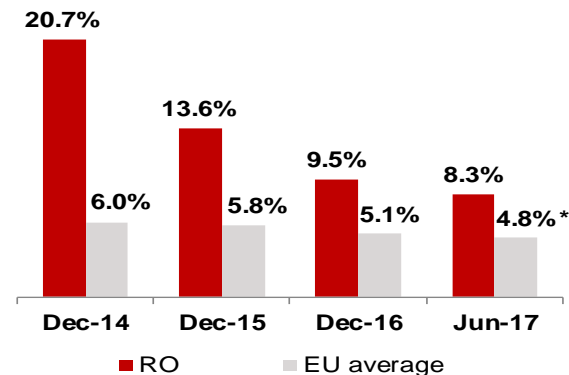
Well capitalized sector

Total capital ratio of around 19%

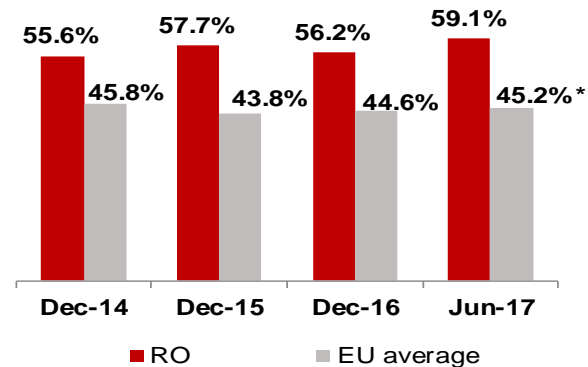
Restored profitability since 2015

Banking sector ROE above 10% in both 2015 and 2016

NPL RATIO



COVERAGE RATIO



* NPL and Coverage ratios, EU average, as of Mar-17 end

Source: EBA Risk Dashboard, NBR data

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2ND QUARTER AND 1ST HALF
2017 BRD GROUP RESULTS

ONGOING TRANSFORMATION OF RETAIL BANKING BUSINESS MODEL



Increased autonomy on day-to-day banking transactions

Stock of remote banking contracts up +27% YoY at Jun-17 end (+17% internet and +59% mobile banking)

MyBRD Net and MyBRD Mobile penetration rates reaching 42% (+6pts y/y) and 19% (+7pts y/y) respectively, at Jun 2017

Deployment of over 200 digital corners in selected branches

Upgrade of more than 75% of the ROBO fleet in the last 12 months, with additional functionalities on the new machines

Continuation of physical footprint resizing (-28 branches YoY at Jun 17)



Enhanced digital offer

Fully online subscription to investment funds (MyBRD Net) and real time access to investment funds portfolios (MyBRD Net and Mobile)

Western Union incomings directly through MyBRD Net and MyBRD Mobile

Fingerprint authentication for mobile users

Accelerating digital transformation



Front-to-back process automation

Time-to-Yes/Time-to-Cash reduced on optimized workflows, increased level of automation

Processes dematerialization implemented for retail lending

Prerequisite for fully digital end-to-end processes

STRONG COMMERCIAL MOMENTUM, ACCELERATING MIGRATION TO DIGITAL CHANNELS

Dynamic client acquisition



2.27m active clients

Stock of active clients increased by **+ 24,000 y/y**

More intense commercial relationships

Average equipment rate of individual clients up to 4.13 from 3.99 at Jun-16.

Increased penetration of internet and mobile banking

Accelerating migration to digital channels

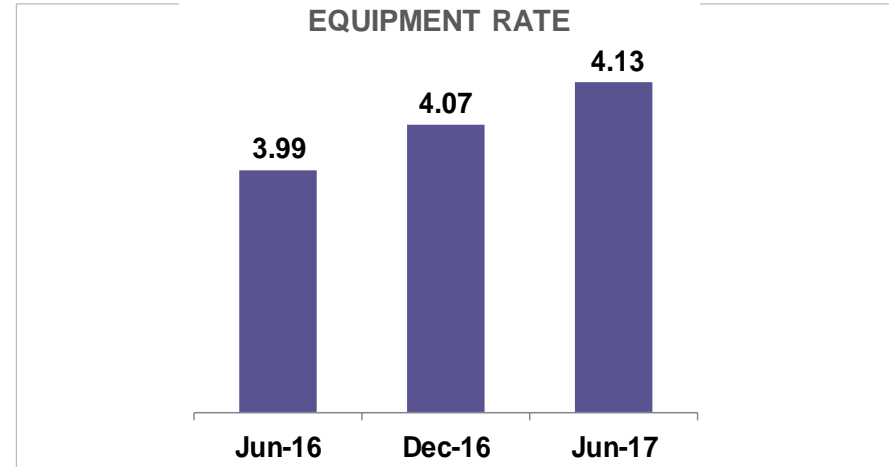


1.25m contracts (MyBRD Net & MyBRD Mobile) **+27%** vs Jun-16 end

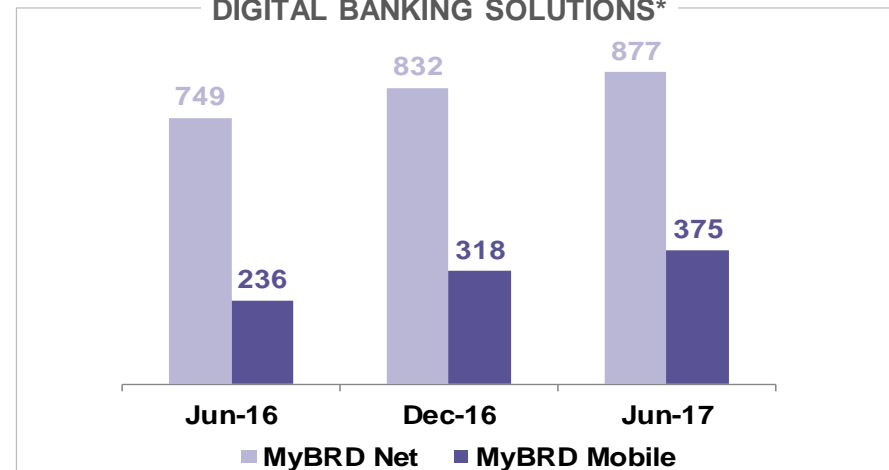
+31% nb of transactions, H1-17 vs. H1-16

+40% nb of connections H1-17 vs. H1-16

AVERAGE INDIVIDUAL CUSTOMER EQUIPMENT RATE



DIGITAL BANKING SOLUTIONS*



* Nb of contracts: MyBRD Mobile, MyBRD Net

SOLID GROWTH IN CREDIT OUTSTANDING ACROSS ALL SEGMENTS

Robust increase in loans to individuals' production

Further advance of new consumer loans, driven by successful commercial campaigns and rising private demand

Housing loans' production constrained by Prima Casa envelope availability

Enhanced offer

Launch of "La Casa Mea", a convenient alternative to Prima Casa credit

Growing lending activity on non retail segment

Overall net loans to non retail customers up +1.6% y/y

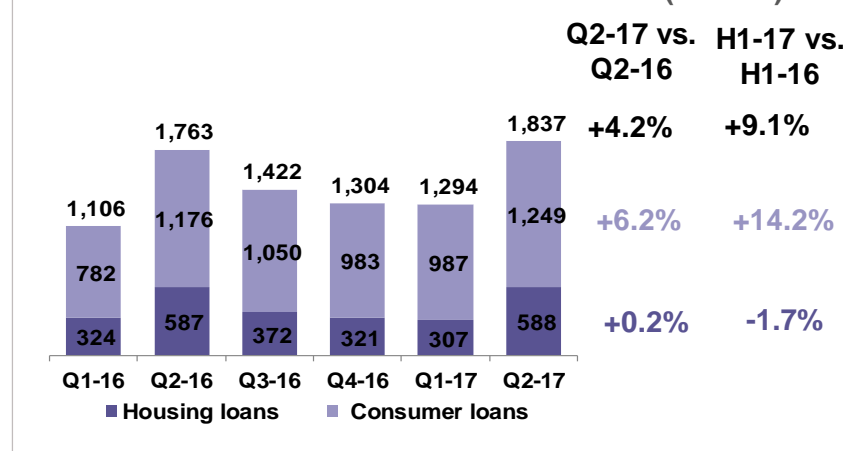
Credits to large companies up +5.4% y/y, providing further evidence of BRD strong position on the sub segment

Leasing portfolio increasing by +16.5%** y/y

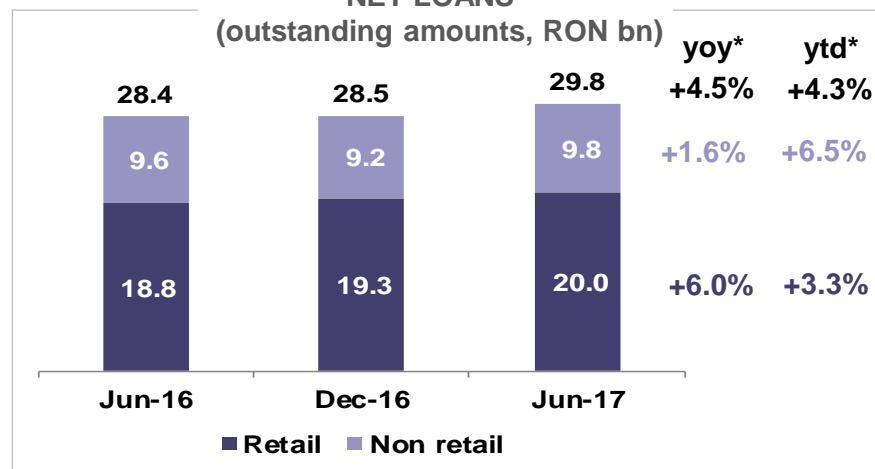
Accelerating overall loan outstanding growth

Credit outstanding growth reaching +4.5% y/y overall at June 2017 end, vs +3.5% y/y at March 2017 end and +1.7% y/y at June 2016 end

LOANS TO INDIVIDUALS PRODUCTION (RON m)



NET LOANS (outstanding amounts, RON bn)



* Variations at constant exchange rate

** Including operational leasing

STRONG DEPOSIT INFLOWS

Strong increase of deposit inflow on both segments

Retail +7.0% YoY vs June 2016 end

Non retail +6.5% YoY vs June 2016 end

Significant advance of deposits on current accounts

+26% y/y vs June 2016 end

Priority given to off balance sheet financial savings

BRD Group assets under management up +15% yoy

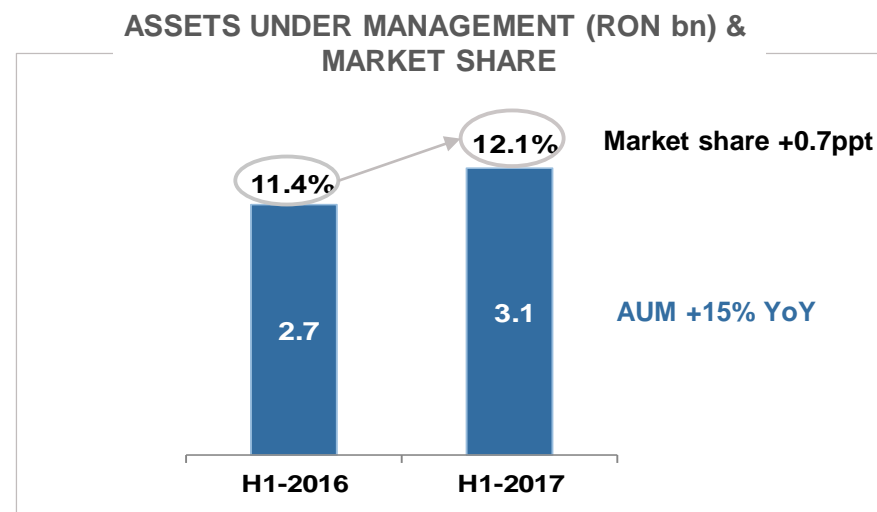
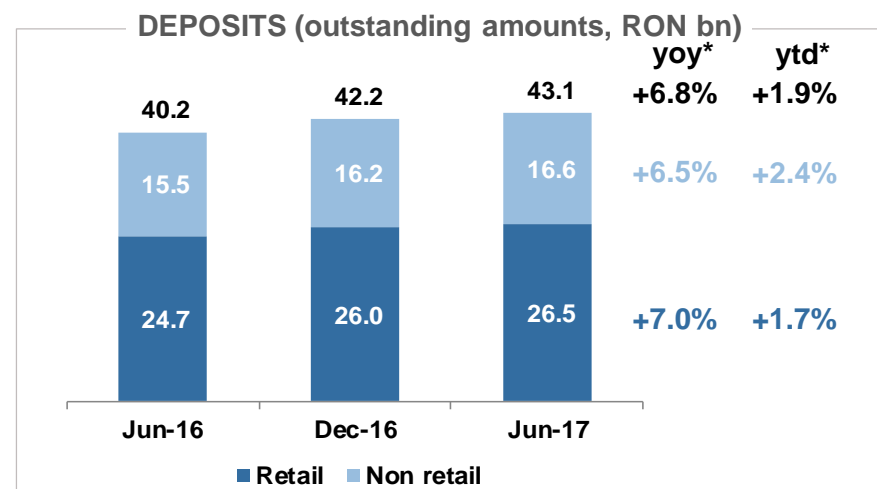
Market share on open end mutual funds up by +0.7ppt yoy

Self sustaining with minimal reliance on parent funding

Loan to deposit ratio at 69.1%

Share of deposits in total liabilities growing from 69% at 2011 end to 94% at June 2017 end

Parent funding at less than 2% of total liabilities at June 2017 end



HEALTHY INCREASE IN CORE NET BANKING INCOME

Healthy increase in core NBI

NBI up +3.5% in Q2 2017 and +2.1% in H1 2017 after adjusting for non recurring items (gains on sale of Visa share and other AFS instruments)

Net interest income driven up by volume growth

Net interest income up +5.8% in Q2 2017 and +5.5% in H1 2017

Driven by solid volume growth

H1 average outstanding of loans up +3.7% (retail loans up +5.8%)

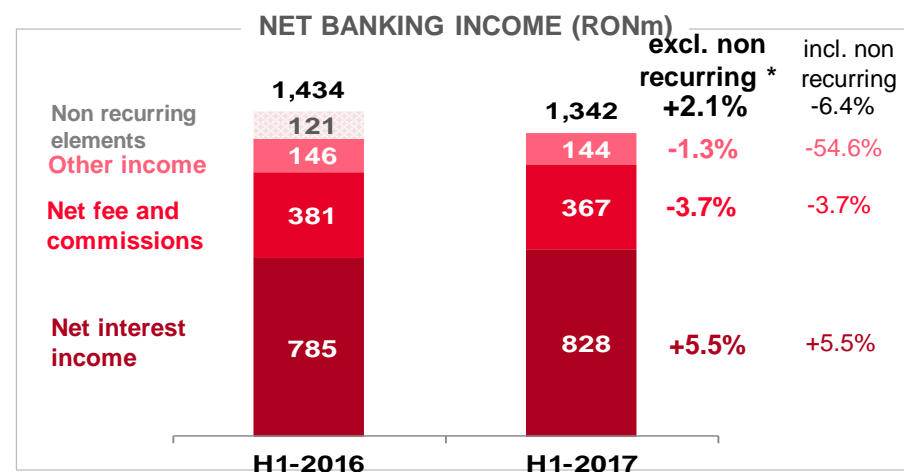
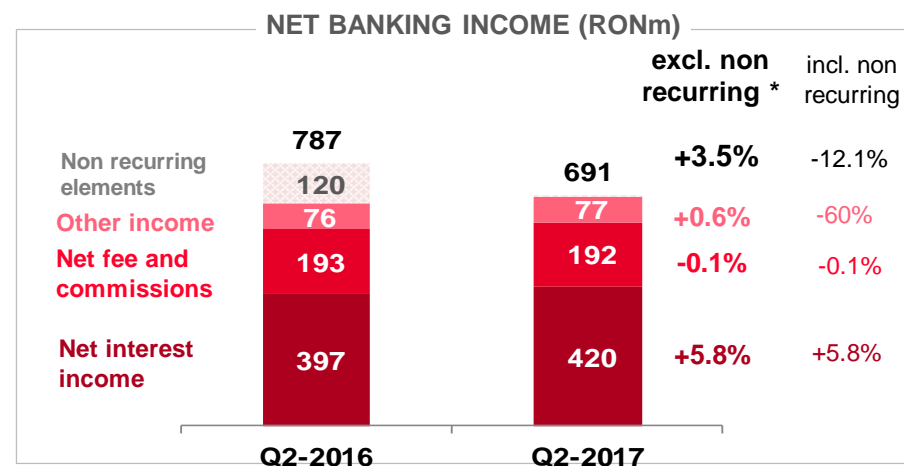
H1 average outstanding of deposits up +7.1%

Resilient net fee income in Q2 2017

Revenue growth on card activity

Higher commissions from capital market services

Lower income on transactional banking, due to increased competitive pressures and continuous structure changes in channel mix



* Non recurring items include gains on sale of Visa share and other AFS instruments

COSTS UNDER CONTROL DESPITE INVESTMENTS IN TRANSFORMATION

Q2 2017 operating expenses up +4.6% excluding Q2 2016 adjustment on contribution to FGDB

Other expenses up +7.9%

Higher consulting expenses (mostly related to insurance files and sale of NPL portfolio operation)

Impact of IT related investments in transformation

Higher investments in transformation and business development

Total investments significantly up vs H1 2016

Investments in transformation representing 80% of the overall effort

Cost increase contained at +2.1% in H1 2017

Stable staff expenses

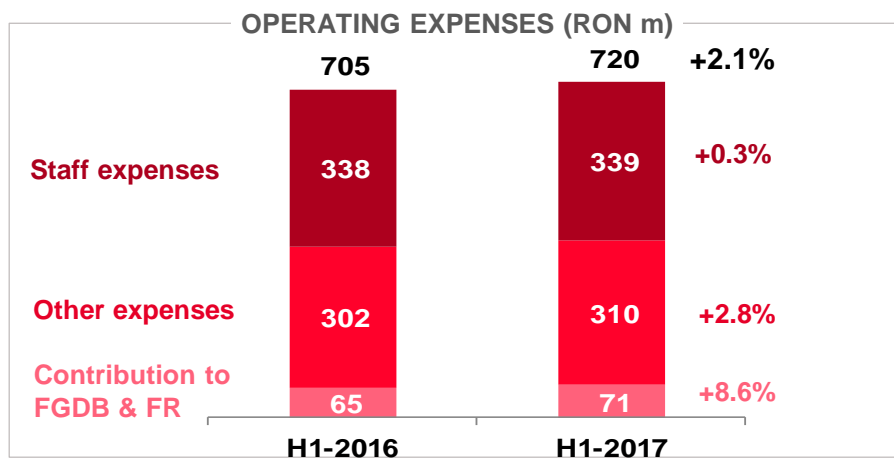
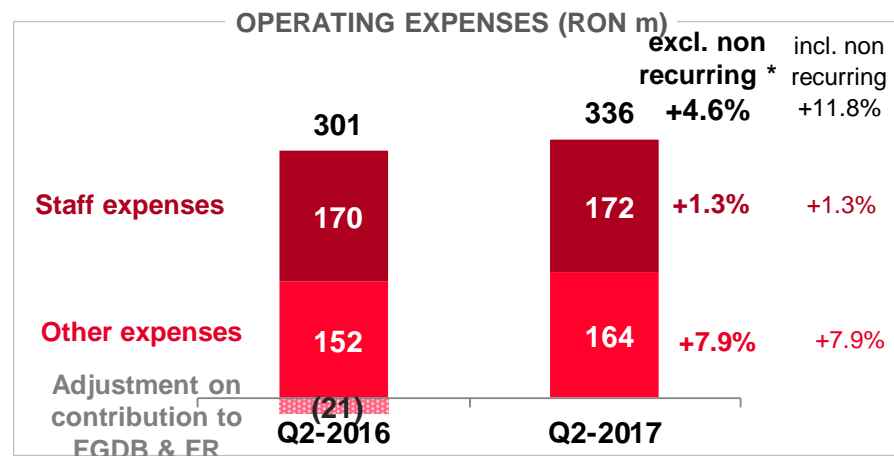
Excluding contributions to FGDB and FR, cost increase contained at +1.3%

Core GOI * up +2% in H1 2017 and +2.5% in Q2 2017

Improved core C/I ** at 51.1% in H1 2017 vs 51.3% in H1 2016

*GOI excluding gains on VISA transaction and other AFS securities and excluding Q2 2016 adjustment on contribution to FGDB

** C/I excluding gains on VISA transaction and other AFS securities, excluding Q2 2016 adjustment on contribution to FGDB, and based on annualized contributions to FGDB and FR



IMPROVED ASSET QUALITY

Loan portfolio market mix

62% on individuals market segments
38% on legal entities market segments

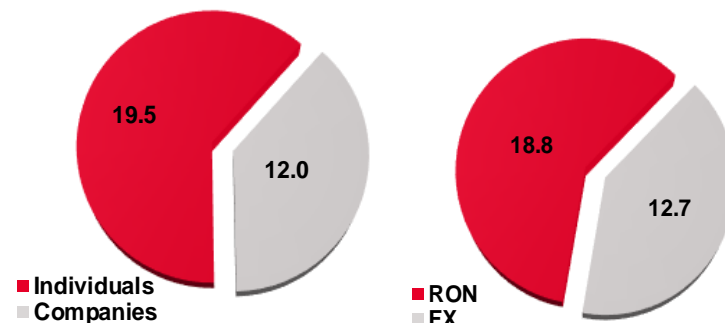
Consolidation of RON lending

Share of RON denominated loans at 59.7% (versus 54.1% as of 06/2016)
Trend in line with market evolution

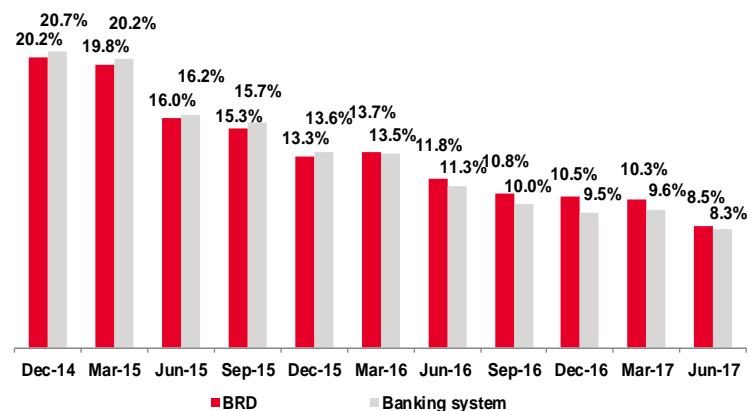
Declining NPL ratio

Declining trend in line with the evolution observed at the level of the Romanian banking sector
Reflecting write-offs performed during the 2015-2017 period as well as improving NPL recovery performance
Some further write-offs to be performed (in line with the Bank's write-off policy)
NPL portfolios sale activities to continue, for both retail and non retail segments

GROSS LOANS – June 30, 2017
breakdown by segment and currency (RON bn)



NPL RATIO – EBA methodology



All figures at individual level

COST OF RISK STRONGLY INFLUENCED BY POSITIVE EXCEPTIONAL ITEMS

Q2 2017 NCR highlights

Near 70 MRON in positive NCR impact from a non retail NPL portfolio sale transaction

Strong level of recovery performance from legal entities NPL exposures: near 74 MRON in net provision reversals

Extraordinary insurance indemnities related to previous losses: around 85 MRON positive NCR

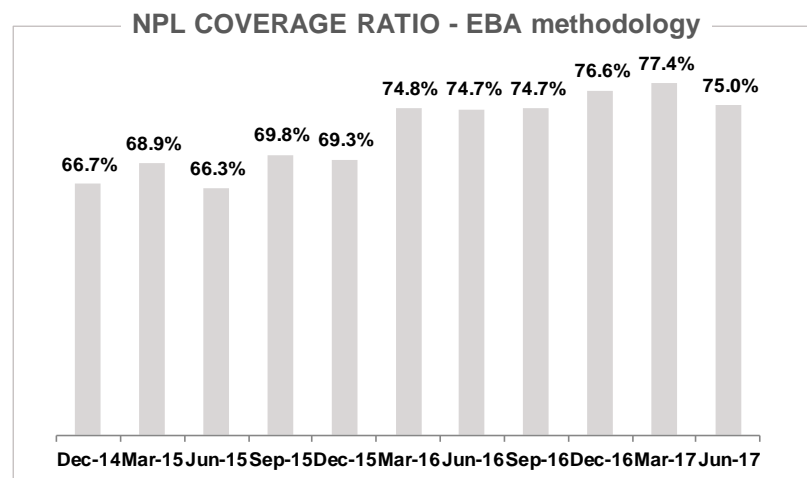
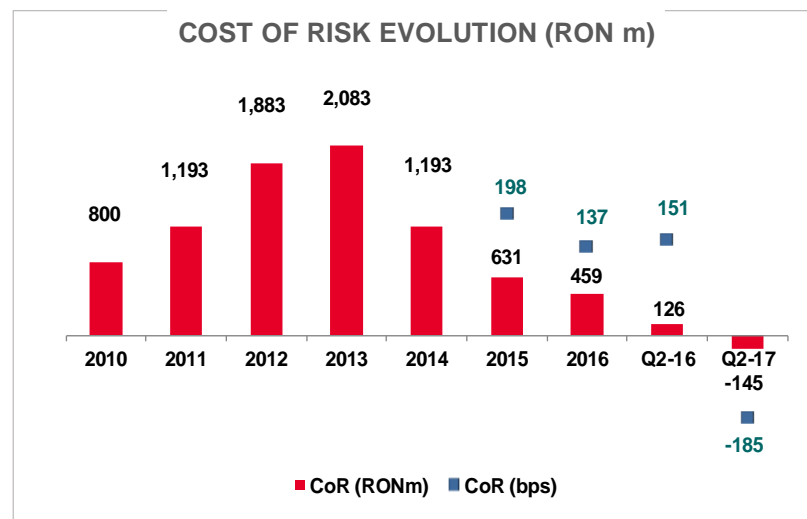
Low level in net provisions recorded in individuals NPL exposures: around 20 MRON

Increase in collective non defaulted exposures for nearly 60 MRON

Key ratios evolution

Net cost of risk at -185 bp for Q2 2017 (versus -169 bp in Q1 2017)

Slight increase in NPL provision coverage ratio vs. Jun-16



All figures at individual level

SIGNIFICANT INCREASE IN NET PROFIT ON STRONG COMMERCIAL ACTIVITY AND NON RECURRING POSITIVE COST OF RISK ITEMS

Significant increase in net profit

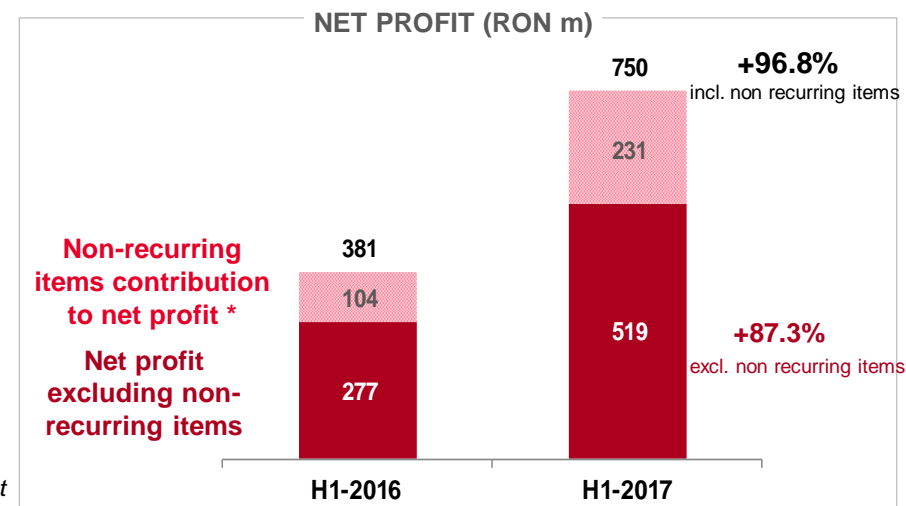
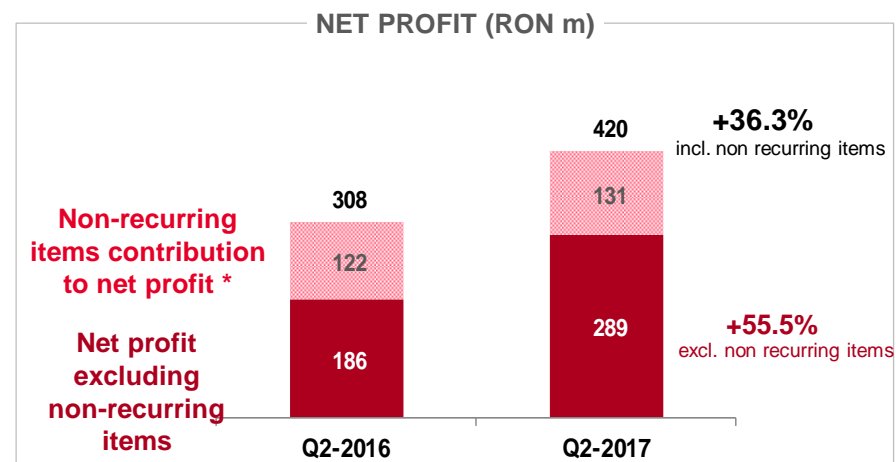
Q2 2017 net profit up +36.3% and +55.5% excluding non recurring items

H1 2017 net profit up +96.8% and 87.3% excluding non recurring items

Very strong ROE in H1 2017

Unadjusted ROE of 22.1%

Adjusted ROE** of 15.3% vs. 8.8% in H1 2016



* Non recurring items:

2016: gains on VISA transaction and sale of AFS instruments, downward adjustment to FGDB & FR contribution (impact in Q2 results only, H1 result not affected)

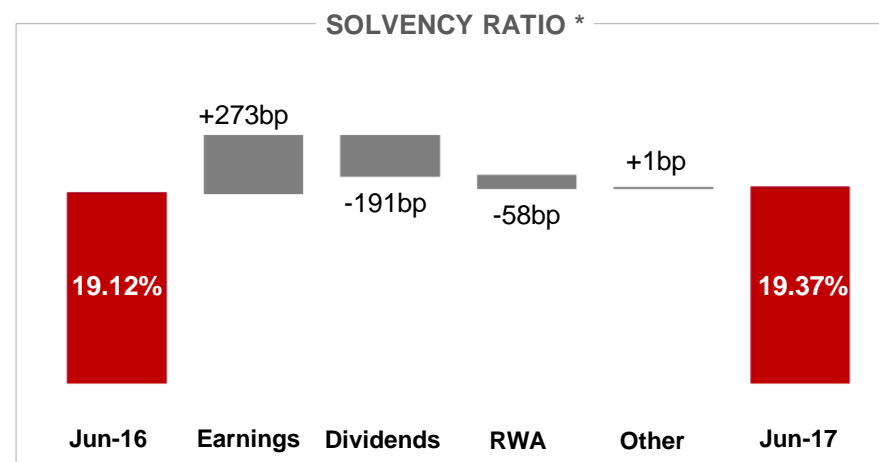
2017: insurance indemnities (impact in Q1 and Q2) and gain on sale of NPL portfolio (impact in Q2)

** ROE excluding non recurring items and based on annualized contribution to FGDB & FR

SOLID CAPITAL POSITION

Solid Tier 1 capital base

CAR at 19.37% at June 17, comfortably above regulatory requirement



Bank only	Jun-16	Jun-17
Capital adequacy ratio	19.12%	19.37%
Own funds (RONm)	5,098	5,319
Total risk exposure amount (RONm)	26,662	27,462
Capital requirements (RONm)	2,133	2,197

Note: Bank only, including the impact of prudential filters.

* Bank only, including impact of prudential filters

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CONCLUSIONS

CONCLUSIONS

- **Ongoing transformation of retail banking business model**
- **Strong commercial momentum, accelerating migration to digital channels**
- **Solid growth in credit outstanding across all segments**
- **Healthy increase in core net banking income**
- **Costs under control despite investments in transformation**
- **Improved asset quality**
- **Strong capital and liquidity positions**
- **Significant increase in net profit on strong commercial activity and non recurring positive cost of risk items**

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Q&A SESSION

APPENDIX



BRD GROUP | KEY FIGURES

	RON m	Q2-2017	Q2-2016	Change	H1-2017	H1-2016	Change
Reported financial results	Net banking income	691	787	-12.1%	1,342	1,434	-6.4%
	Operating expenses	(336)	(301)	+11.8%	(720)	(705)	+2.1%
	Gross operating income	355	486	-26.9%	621	728	-14.7%
	Net cost of risk	146	(131)	n/a	270	(282)	n/a
	Net profit	420	308	+36.3%	750	381	+96.8%
	Cost/Income	48.6%	38.2%	+10.4 pt	53.7%	49.2%	+4.5 pt
	ROE	24.2%	19.3%	+4.8 pt	22.1%	12.1%	+10.0 pt
Financial results excluding non recurring items	Net banking income	690	666	+3.5%	1,340	1,312	+2.1%
	Operating expenses	(336)	(322)	+4.6%	(720)	(705)	+2.1%
	Gross operating income	353	345	+2.5%	619	607	+2.0%
	Net cost of risk	(9)	(131)	n/a	(2)	(282)	n/a
	Net profit	289	186	+55.5%	519	277	+87.3%
	Cost/Income	51.3%	50.7%	+0.6 pt	51.1%	51.3%	-0.1 pt
	ROE	16.6%	11.7%	+5.0 pt	15.3%	8.8%	+6.5 pt
Non recurring items (RON m)							
NBI: gain on sale of AFS, incl. VISA		2	120		2	121	
Opex: adjustment on FGDB & RF			21				
NCR: insurance indemnities, gain on sale of NPLs		155			272		

BRD GROUP | KEY FIGURES

Loans and deposits	RON bn	Jun-16	Dec-16	Jun-17	vs. Jun-16	vs. Dec-16
Net loans including leasing (RON bn) ⁽¹⁾		28.4	28.5	29.8	+4.5%	+4.3%
Retail		18.8	19.3	20.0	+6.0%	+3.3%
Non retail		9.6	9.2	9.8	+1.6%	+6.5%
Total deposits (RON bn) ⁽¹⁾		40.2	42.2	43.1	+6.8%	+1.9%
Retail		24.7	26.0	26.5	+7.0%	+1.7%
Non retail		15.5	16.2	16.6	+6.5%	+2.4%
Loan to deposit ratio		70.7%	67.6%	69.1%	-1.5 pt	+1.6 pt
Capital adequacy	CAR ⁽²⁾	19.12%	19.8%	19.37%	+0.3 pt	-0.4 pt
Franchise	No of branches	818	810	790	(28)	(20)
	No of active customers ⁽³⁾ (x 1000)	2,249	2,285	2,272	+24	(13)

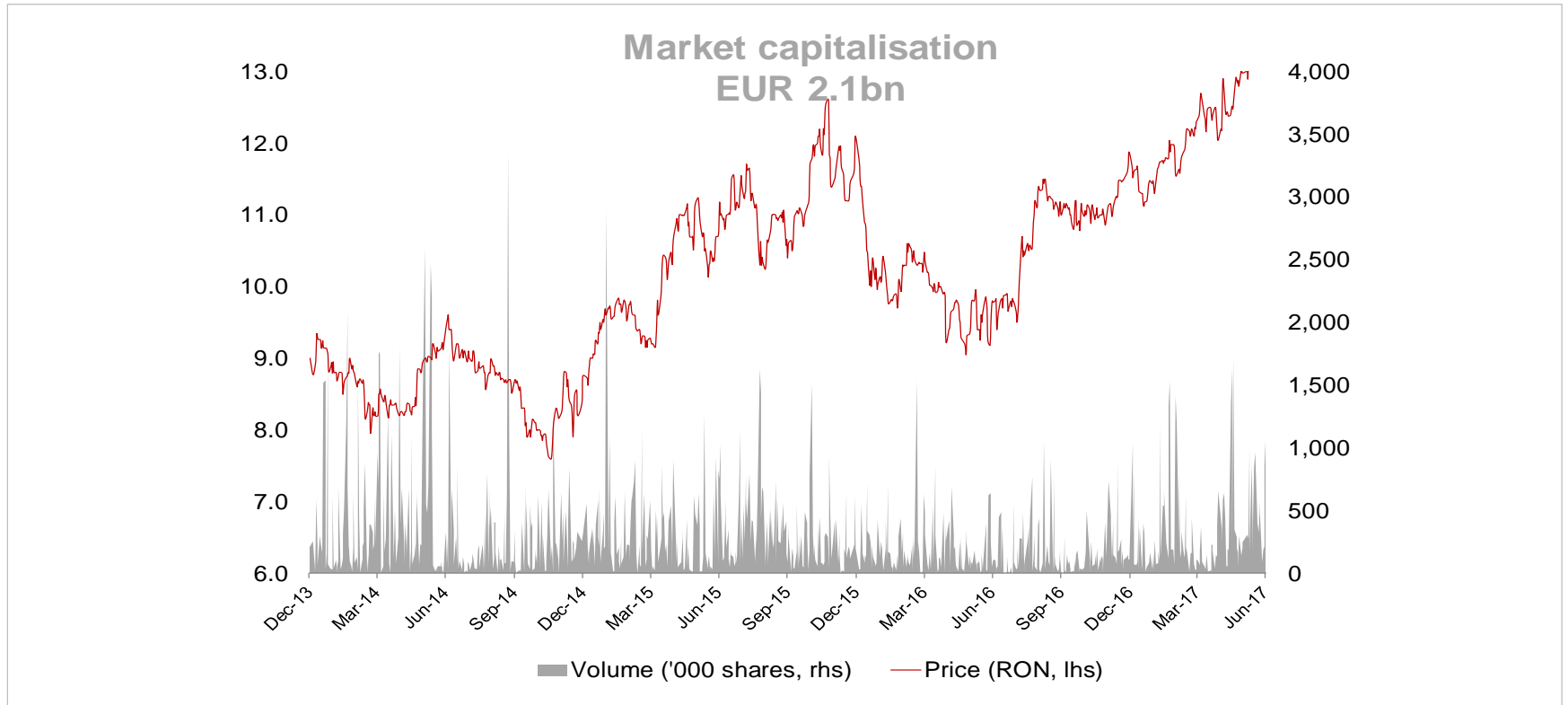
⁽¹⁾ Variations at constant exchange rate; ⁽²⁾ Bank only, according to Basel 3, including the impact of prudential filters; June 2017 end; ⁽³⁾ Bank only

BRD | KEY FIGURES FOR BANK ONLY

	RON m	Q2-2017	Q2-2016	Change	H1-2017	H1-2016	Change
Financial results	Net banking income	692	771	-10.2%	1,293	1,381	-6.4%
	Operating expenses	(316)	(281)	12.3%	(681)	(667)	+2.1%
	Gross operating income	377	490	-23.1%	612	714	-14.3%
	Net cost of risk	145	(126)	n.a	274	(270)	n.a
	Net profit	443	319	38.8%	750	382	96.3%
	Cost/Income	45.6%	36.5%	+9.1 pt	52.7%	48.3%	+4.4 pt
	ROE	27.3%	21.0%	+6.3 pt	23.1%	12.7%	+10.4 pt
Loans and deposits	RON bn		Jun-16	Dec-16	Jun-17	vs. Jun-16	vs. Dec-16
	Net loans (RON bn) ⁽¹⁾		27.4	27.4	28.6	+4.1%	+4.3%
	Retail		18.3	18.7	19.4	+5.8%	+3.4%
	Non retail		9.1	8.7	9.2	+0.8%	+6.0%
	Total deposits (RON bn) ⁽¹⁾		40.3	42.3	43.1	+6.8%	+1.8%
	Retail		24.7	26.0	26.5	+7.0%	+1.7%
	Non retail		15.6	16.3	16.6	+6.4%	+2.2%
	Loan to deposit ratio		68.0%	64.8%	66.3%	-1.7 pt	+1.5 pt
Capital adequacy	CAR ⁽²⁾		19.1%	19.8%	19.4%	+0.3 pt	-0.4 pt
Franchise	No of branches		818	810	790	(28)	(20)
	No of active customers (x 1000)		2,249	2,285	2,272	+24	(13)

⁽¹⁾ Variations at constant exchange rate; ⁽²⁾ according to Basel 3, including the impact of prudential filters

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 13.48 as of 30 June 2017, higher by 37.6% yoy and up by 13.5% ytd.

FINANCIAL CALENDAR FOR 2017

- 9th February: Preliminary 2016 financial results and annual press conference
- 20th April: General Shareholders Meeting
- 20th April: Publication of the 2016 Board of Directors Report
- 4th May: Q1-2017 results publication
- **2nd August: H1-2017 results publication**
- **3rd November: 9M-2017 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.



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