

Quarterly Report

March 31, 2017

according to National Securities Commission Regulation
no 1/2006

YOUR BANK. YOUR TEAM



GRUPE SOCIETE GENERALE

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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, 2016, 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 March 31, 2017 the Bank had the following ratings:

Fitch Ratings (<i>rating date: 20-Oct-2016</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: 28-Feb-2017</i>)	Rating
Global Local Currency Short-Term Deposit	Prime
Global Local Currency Long-Term Deposit	Baa3
Foreign Currency Short-Term Deposit	Prime
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 30 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 on the leading edge of digital innovation;
- *International retail banking, financial services and insurance* with a presence in emerging 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 March 31, 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, financial services division (IBFS) that aims to offer a broad range of products and services to individuals, professionals and corporates, and whose 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 specialized businesses, leaders in their markets: Insurance, Car Renting and Fleet Management, Equipment and Vendor Finance.

KEY FIGURES

	The Group	Q1-2016	Q1-2017	Variation
Financial results	Net banking income (RONm)	647	650	0.4%
	Operating expenses (RONm)	(405)	(384)	-5.1%
	Cost of risk (RONm)	(152)	124	-1.6x
	Net profit (RONm)	73	330	4.5x
	Cost / income ratio	62.5%	59.1%	-3.4 pt
	ROE	4.6%	19.3%	14.7 pt
		Mar-16	Mar-17	Variation
Loans and deposits	Total net loans including leasing (RON bn)	27.5	28.7	4.3%
	Total deposits (RON bn)	38.5	41.4	7.5%

	The Bank	Q1-2016	Q1-2017	Variation
Financial results	Net banking income (RONm)	611	601	-1.6%
	Operating expenses (RONm)	(386)	(365)	-5.3%
	Cost of risk (RONm)	(145)	130	-1.8x
	Net profit (RONm)	63	307	4.9x
	Cost / income ratio	63.2%	60.8%	-2.4 pt
	ROE	4.2%	18.9%	14.7 pt
		Mar-16	Mar-17	Variation
Capital adequacy*	Own funds (RONm)	5,175	5,289	2.2%
	RWA (RON bn)	26.5	26.6	0.1%
	CAR	19.5%	19.9%	0.4 pt
Loans and deposits	Total net loans (RON bn)	26.5	27.6	3.9%
	Total deposits (RON bn)	38.6	41.5	7.5%
Franchise	No of branches	829	810	(19)
	No of active customers (x 1000)	2,210	2,281	70

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

Note: Own funds reflect 2016 net profit, net of approved dividends;

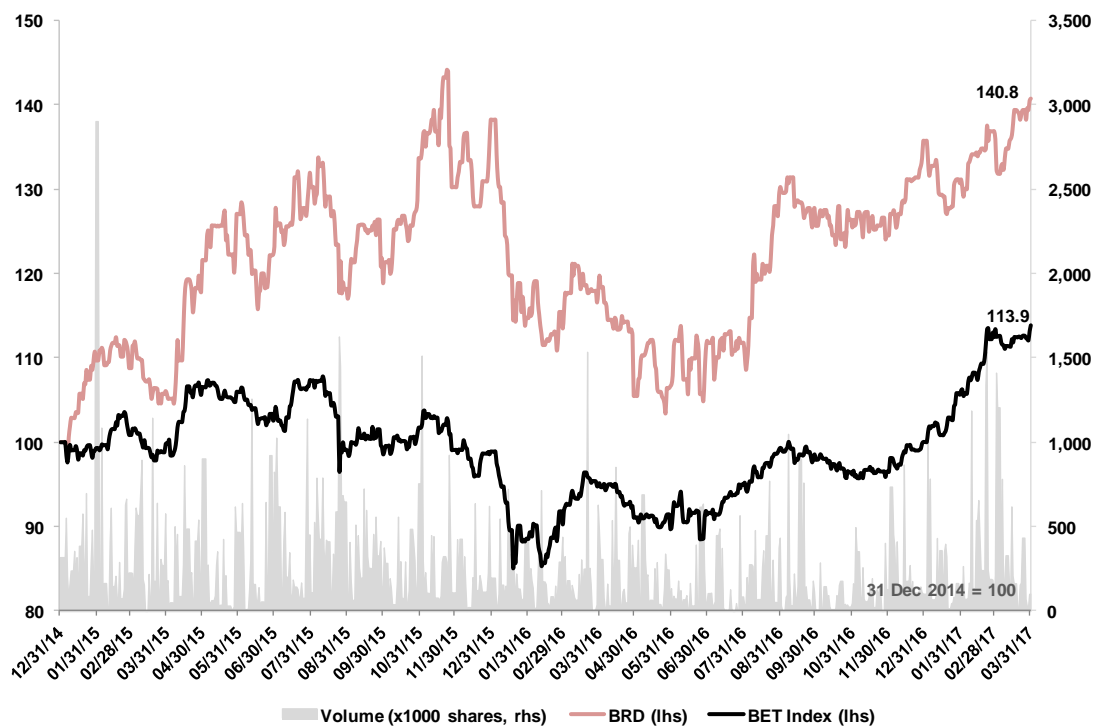
BRD SHARE

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 March 31, 2017, was of 12.32 RON/share (RON 11.88 /share at December 31, 2016 and RON 10.48/share at March 31, 2016). On the same date, the market capitalization was RON 8,585.8 million (RON 8,279.2 million at December 31, 2016 and RON 7,303.5 million March 31, 2016).

During January – March 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 – March 31, 2017



Source: Bloomberg

2. ECONOMIC AND BANKING ENVIRONMENT

Romania's GDP advanced by 4.8% in 2016, the highest increase since 2008, with private consumption the main contributor to growth. Private consumption was up by 6.9% against 2015, being sustained by the increase in household disposable income (increase in the minimum wage, higher wages in the public sector).

Starting with 2017 the inflation rate entered into positive territory, as expected, with the annual inflation rate reaching 0.18% at March 2017 end, as the effect of the VAT rate cut from January 2016 had faded. However, the inflation rate remains at low levels given the new fiscal easing measures approved at the beginning of the year (VAT decreased from 20% to 19%, while fuel excise duties reduced, both starting with January 2017).

NBR sustained a relaxed monetary policy by maintaining the key policy rate at the historical low level of 1.75% since May 2015, given the fiscal easing measures approved by the Government and in line with the accommodative monetary policies adopted by the ECB and other regional central banks. The minimum reserve requirements were left unchanged, at 8% for RON liabilities and 10% for FX liabilities, at the last monetary policy meeting on April 5, 2017.

The lending activity continues to be supported by loans granted to individuals (which grew by 4.8%* compared to February 2016) while lending to corporate remained in negative territory on a yearly basis, lower by 1.2%* vs. February 2016 end.

Banking system deposits increased by 8.7%* vs. February 2016, driven by both individuals and corporate customers savings.

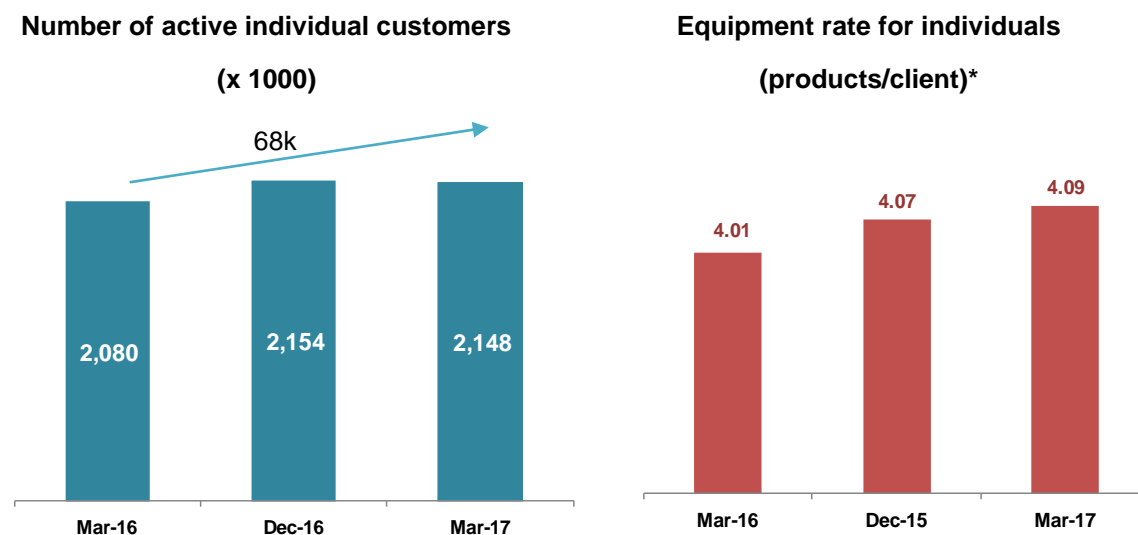
The NPL ratio (according to European Banking Authority definition) for the banking system reduced gradually from 20.2% at March 2015 end, to 13.52% at March 2016 end and further to 9.8% at January 2017 end, driven by write-offs and non performing loans sales operations performed by banks.

3. COMMERCIAL ACTIVITY

As at March 31, 2017 the Bank had 810 branches (31.03.2016: 829 branches, 31.12.2016: 810 branches), ensuring the distribution of its products and services throughout the whole country.

The Bank's number of active individual customers rose by circa 68,000 at March 31, 2017 compared to March 31, 2016 reaching 2.15 million customers.

The equipment rate for individuals continued to rise on growing number of remote banking contracts (My BRD Net and My BRD Mobile).



^(*) 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)

BRD held a market share of 12.9% of total assets at December 31, 2016.

	Mar-16	Dec-16	Feb-17
TOTAL ASSETS	12.6%	12.9%	n.a.
LOANS	13.1%	13.2%	13.0%
<i>Individuals</i>	<i>16.8%</i>	<i>16.9%</i>	<i>16.8%</i>
<i>Companies</i>	<i>9.9%</i>	<i>9.7%</i>	<i>9.5%</i>
DEPOSITS*	14.3%	14.1%	13.9%
<i>Individuals</i>	<i>13.9%</i>	<i>14.0%</i>	<i>14.0%</i>
<i>Companies</i>	<i>14.8%</i>	<i>14.3%</i>	<i>13.7%</i>

* Deposits, include public administration

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

RON bln	Mar-16	Dec-16	Mar-17	vs. Dec-16	vs. Mar-16
Retail	18.1	19.1	19.3	0.6%	6.4%
Individuals	17.5	18.5	18.6	0.7%	6.7%
Small business	0.6	0.7	0.6	-4.0%	-1.0%
Non-retail	8.8	8.7	8.8	0.8%	-0.3%
SMEs	3.0	2.6	2.6	-1.6%	-12.2%
Large corporate	5.8	6.0	6.2	1.9%	5.7%
Total net loans	26.9	27.8	28.0	0.7%	4.2%
Financial lease receivables	0.6	0.7	0.7	-1.9%	10.4%
Total net loans, including leasing	27.5	28.5	28.7	0.6%	4.3%

The net loans outstanding amount reached RON 28.7 billion, higher by 4.3% compared to the end of March 2016, driven by sustained performance on both individuals and large corporate segments.

On the retail segment, loan growth was sustained by favorable dynamics of individuals' unsecured consumer and housing loans. Thus, loans production for individuals registered a robust increase, reaching RON 1.3 billion in Q1 2017, up by 17% compared to the same period of last year, on strong origination of consumer loans, up by 26.3% compared to Q1 2016, to RON 987 million.

On the non retail segment, net loans outstanding remained stable against March 2016 end as the increase on loan portfolio registered on the large corporate clients fully offset the contraction of SMEs loan portfolio.

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

RON bln	Mar-16	Dec-16	Mar-17	vs. Dec-16	vs. Mar-16
Retail	23.7	26.0	26.2	0.6%	10.4%
Individuals	20.6	22.5	22.9	1.7%	11.1%
Small business	3.1	3.5	3.3	-6.2%	5.7%
Non-retail	14.8	16.2	15.3	-5.6%	3.0%
SMEs	5.7	6.3	6.2	-1.7%	9.2%
Large corporate	9.1	9.8	9.0	-8.2%	-1.0%
Total deposits	38.5	42.2	41.4	-1.8%	7.5%

The customer deposit base expanded both on retail and non retail segments, reaching RON 41.4 billion, up by 7.5% compared to end of March 2016. In the context of persistently low interest rates environment, collection on current accounts increased compared to the same period of the last year. Retail deposits growth reached 10.4% versus March 2016 end (o/w current accounts were up by 30%) while for non retail deposits the increase was of 3.0% versus March 2016 (o/w current accounts were up by 5.1%).

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 March 31, 2017, BRD Sogelease's net outstanding of leasing financing was 651 million RON, compared to RON 590 million, as of March 31, 2016. New leasing production was slightly hampered compared to first quarter of 2016 by the currency depreciation and harsh weather conditions, which altogether reduced the investment appetite. However, demand picked up starting with the second part of March.

At December 31, 2016, BRD Sogelease had a market share of 7.7%, from 6.4% at December 31, 2015.

BRD FINANCE IFN SA

BRD Finance results for the first quarter of 2017 continued the positive trend from previous periods: increase of net loans outstanding amount by 12%, higher loan production by 15% which was particularly driven by the favorable dynamics of credit cards and car loans. The net banking income amounted to RON 24 million, up by 11% compared to the same period of the last year.

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 11.78% and RON 2.86 billion under assets management at the end of March 2017. BRD Asset Management revenues for the first quarter of 2017 were up 2% compared to the first quarter of 2016.

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 Eurofond (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 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 fund is focused on stocks, as well as BRD Index which is an index tracker fund.

4. FINANCIAL RESULTS AND RATIOS

FINANCIAL POSITION ANALYSIS

The below financial position analysis is made based on the separate and consolidated financial statements prepared according to the International Financial Reporting Standards, for the period ended March 31, 2017 and the comparative periods.

FINANCIAL POSITION – ASSETS

The total assets increased at March 31, 2017 by around 8% both for the Group and for the Bank compared to March 31, 2016 and decreased slightly versus December 31, 2016.

The structure is presented below:

THE GROUP

Assets (RONm)	Mar-16	Dec-16	Mar-17	% total	vs. Dec-16	vs. Mar-16
Cash and current accounts with Central Bank	5,781	7,140	4,728	9.2%	-33.8%	-18.2%
Loans and advances to credit institutions	2,331	1,998	2,531	4.9%	26.7%	8.6%
Net loans and advances to customers	26,893	27,839	28,020	54.6%	0.7%	4.2%
Financial lease receivables	590	664	651	1.3%	-1.9%	10.4%
Other financial instruments	10,682	12,947	14,093	27.4%	8.9%	31.9%
Tangible and intangible assets	979	988	987	1.9%	-0.1%	0.9%
Other assets	261	306	353	0.7%	15.3%	35.3%
Total assets	47,515	51,881	51,363	100.0%	-1.0%	8.1%

THE BANK

Assets (RONm)	Mar-16	Dec-16	Mar-17	% total	vs. Dec-16	vs. Mar-16
Cash and current accounts with Central Bank	5,781	7,140	4,728	9.4%	-33.8%	-18.2%
Loans and advances to credit institutions	2,303	1,971	2,504	5.0%	27.0%	8.7%
Net loans and advances to customers	26,529	27,384	27,559	55.0%	0.6%	3.9%
Other financial instruments	10,696	12,947	14,083	28.1%	8.8%	31.7%
Tangible and intangible assets	966	976	976	1.9%	0.0%	1.0%
Other assets	197	239	300	0.6%	25.5%	52.1%
Total assets	46,472	50,658	50,149	100.0%	-1.0%	7.9%

LOANS AND ADVANCES TO CUSTOMERS

The net loans' outstanding amount to customers increased both for the Group and the Bank compared to March 2016 end and December 2016, due to favourable dynamic registered on individuals and large corporate customers.

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 21% versus December 31, 2016 for both the Bank and the Group and by 11% versus March 31, 2016. These items represented about 14% of total assets for the Group compared to 18% at December 31, 2016 and 17% at March 31, 2016.

The minimum compulsory reserve held with the National Bank of Romania accounted for more than half of this aggregate at March 31, 2017 and increased to RON 3,722 million compared to RON 3,670 million at December 31, 2016, increase generated by the higher volumes of deposits from customers. The minimum reserves decreased by 3% against the same period of the last year (RON 3,851 million

at March 2016) driven by the decrease in FX reserve requirements to 10% for March 2017, compared to 12% for March 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. These items, which represent nearly 30% of the Bank and Group total assets, in amount of RON 14,090 million, registered a 32% increase compared to March 31, 2016 and 9% increase compared to December 31, 2016, driven mainly by further investments in government bonds.

TANGIBLE AND INTANGIBLE ASSETS

The tangible and intangible assets accounted for 2% of the total assets with land and buildings representing the largest part of the item.

The total value of investments during the first quarter of 2017 was of approximately RON 26 million for the Bank and RON 27 million for the Group, compared to RON 13 million for the Bank and the Group compared to the same period in 2016. Increased investments were registered mainly on IT and real estate related items. There is no capitalized research and development expenditure.

FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities is as follows:

THE GROUP

Liabilities and shareholders equity (RONm)	Mar-16	Dec-16	Mar-17	% total	vs. Dec-16	vs. Mar-16
Amounts owed to credit institutions	1,557	1,633	1,703	3.3%	4.3%	9.4%
Amounts owed to customers	38,548	42,193	41,443	80.7%	-1.8%	7.5%
Other liabilities	1,024	1,382	1,229	2.4%	-11.1%	20.0%
Shareholders equity	6,386	6,674	6,989	13.6%	4.7%	9.4%
Total liabilities and shareholders equity	47,515	51,881	51,363	100.0%	-1.0%	8.1%

THE BANK

Liabilities and shareholders equity (RONm)	Mar-16	Dec-16	Mar-17	% total	vs. Dec-16	vs. Mar-16
Amounts owed to credit institutions	789	670	764	1.5%	14.0%	-3.2%
Amounts owed to customers	38,624	42,291	41,536	82.8%	-1.8%	7.5%
Other liabilities	960	1,330	1,190	2.4%	-10.5%	23.9%
Shareholders equity	6,100	6,367	6,659	13.3%	4.6%	9.2%
Total liabilities and shareholders equity	46,472	50,658	50,149	100.0%	-1.0%	7.9%

AMOUNTS OWED TO CUSTOMERS

At March 31, 2017, amounts owed to customers increased by 7.5% as compared to March 31, 2016 for both the Bank and the Group and they accounted for more than 80% of the total assets.

AMOUNTS OWED TO THE CREDIT INSTITUTIONS

Amounts owed to credit institutions represent interbank deposits, borrowings from International Financial Institutions and the Parent, and stood at 1.5% of the total liabilities for the Bank and 3.3% for the Group at March 31, 2017.

BRD Group's borrowings from Société Générale totalled circa RON 0.9 billion (around 2% of total liabilities).

SHAREHOLDERS' EQUITY

The shareholders' equity increased by around 9% for the Group and the Bank as compared to March 2016 end, due to retained earnings and current year results.

The structure of the shareholders' equity evolved as follows:

THE GROUP

Shareholders' equity (RONm)	Mar-16	Dec-16	Mar-17	vs. Dec-16	vs. Mar-16
Share capital	2,516	2,516	2,516	0.0%	0.0%
Reserves from revaluation of available for sale assets	435	277	262	-5.5%	-39.8%
Reserves from defined pension plan	12	(5)	(5)	0.0%	-137.4%
Retained earnings and current result	3,373	3,836	4,163	8.5%	23.4%
Non-controlling interest	51	50	53	4.4%	3.6%
Total shareholders' equity	6,386	6,674	6,989	4.7%	9.4%

THE BANK

Shareholders' equity (RONm)	Mar-16	Dec-16	Mar-17	vs. Dec-16	vs. Mar-16
Share capital	2,516	2,516	2,516	0.0%	0.0%
Reserves from revaluation of available for sale assets	435	277	262	-5.5%	-39.8%
Reserves from defined pension plan	12	(5)	(5)	0.0%	-137.4%
Retained earnings and current result	3,137	3,580	3,886	8.6%	23.9%
Total shareholders' equity	6,100	6,367	6,659	4.6%	9.2%

LIQUIDITY POSITION

The Bank and the Group continued to maintain a balanced structure of resources and investments and a comfortable liquidity level in the first quarter of 2017.

The net loans to deposits ratio reached 66.3% at March 31, 2017 (from 64.8% at December 31, 2016 and 68.7% at March 31, 2016) for the Bank and 69.2% for the Group, including financial leasing receivables (from 67.6% at December 31, 2016 and 71.3% at March 31, 2016).

3 MONTHS 2017 FINANCIAL RESULTS

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

RONm	Q1-2016	Q1-2017	Variation
Net banking income, <i>out of which</i>	647	650	0.4%
- net interest income	388	408	5.1%
- net commissions	189	175	-7.3%
- other banking income	71	67	-4.7%
Operating expenses	-405	-384	-5.1%
- staff expenses	-168	-167	-0.8%
- non-staff expenses	-236	-217	-8.1%
Operating profit	243	266	9.6%
Net cost of risk	-152	124	-1.6x
Gross result	91	390	4.3x
Net result	73	330	4.5x
Profit attributable to equity holders of the parent	71	328	4.6x

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

RONm	Q1-2016	Q1-2017	Variation
Net banking income, <i>out of which</i>	611	601	-1.6%
- net interest income	363	379	4.5%
- net commissions	181	166	-8.2%
- other banking income	67	56	-16.3%
Operating expenses	-386	-365	-5.3%
- staff expenses	-158	-157	-0.7%
- non-staff expenses	-228	-209	-8.5%
Operating profit	225	236	4.9%
Net cost of risk	-145	130	-1.8x
Gross result	80	365	4.6x
Net result	63	307	4.9x

BRD Group net banking income reached RON 650 million in Q1 2017, slightly up compared to Q1 2016, as the growth in net interest income exceeded the decrease in net fees and commissions. Net interest income was positively influenced by volume and structure effects, increasing by 5.1% year on year, while the regulatory decrease in interchange fees, coupled with the increased market pressure on the prices for transactional products drove net fees and commissions lower by 7.3% on a yearly basis.

Operating expenses were 5.1% lower compared to the first quarter of 2016, driven by lower Bank Deposit Guarantee and Resolution Fund contributions when compared to the booked amount in the

same period of last year. Accounting for the adjustment to Deposit Guarantee Fund booked in Q2 2016 (the amount recognized in the first quarter was adjusted downward in the second quarter of 2016) operating expenses were stable on a yearly basis. The Group cost/income ratio improved by 3.4 percentage points, to 59.1% in Q1 2017 compared to 62.5% in Q1 2016 (flat when including full Deposit Guarantee and Resolution Fund contributions booked in 2016).

Gross operating income was up by 9.6% versus Q1 2016.

BRD Group registered a continued improvement in asset quality: NPL ratio decreased to 10.3% at March 2017 end (vs. 13.7% at March 2016 end, EBA methodology) mainly due to write-offs and sales of non-performing loans. In parallel, coverage ratio was increased to 77.4% at March 2017 end (74.8% at March 2016 end). Recoveries on non retail defaulted exposure, coupled with the recognition of material insurance indemnities led to a positive net cost of risk of RON 124 million compared to a provision charge of RON 152 million in Q1 2016.

As a result, BRD Group's net profit amounted to RON 330 million in Q1 2017 compared to RON 73 million in Q1 2016 translating into an annualised return on equity of 19.3% (4.6% in Q1 2016) and return on assets of 2.6% (0.6% in Q1 2016). The net profit for the Bank amounted to RON 307 million in Q1 2017 compared to RON 63 million in Q1 2016.

Neither Bank's nor the Group's revenues depend on a single or group of connected customers; hence there is no risk that the loss of a customer might significantly affect the income level.

No important events were identified after the reporting date.

CAPITAL ADEQUACY (THE BANK)

RONm	Mar-16	Dec-16	Mar-17
Tier 1 capital	5,175	5,212	5,289
TOTAL OWN FUNDS	5,175	5,212	5,289
Capital requirements	2,122	2,110	2,125
Risk weighted assets			
Credit risk (including counterparty risk)	23,941	23,601	24,163
Market risk	217	236	379
Operational risk	2,191	2,370	1,874
CVA risk	178	166	141
Total risk exposure amount	26,526	26,373	26,557
Regulatory CAR	19.5%	19.8%	19.9%

Note: Own funds reflect 2016 net profit, net of approved dividends;

At Bank level, the capital adequacy ratio reached 19.9% at March 31, 2017 including the impact of prudential filters, comfortably above the regulatory requirement.

5. CONCLUSIONS

BRD Group delivered a robust performance in the first quarter of 2017, with a strong net profit, a good commercial momentum on retail and large corporate segments, strict cost discipline and further improved risk profile. Looking ahead, BRD will continue to focus its attention and investments on its customer centric model, as well as on its digital offer, and to restate its commitment towards sustainable creation of shareholder value

The interim financial report as at March 31, 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