

PRESS RELEASE

Bucharest, May 4, 2016

BRD GROUP RESULTS FOR Q1-2016: IMPROVED OPERATIONAL PERFORMANCE

The main financial ratios of BRD-Groupe Société Générale as at March 31, 2016 at consolidated level, unless otherwise stated, according to the International Financial Reporting Standards (IFRS):

- ▶ Increase of net banking income by 3.0% and by 6.2% excluding non-recurring items, in Q1-2016 versus Q1-2015, thanks to higher net interest income and net fees and commissions
- ▶ Decline of operating costs by 1.8% versus Q1-2015
- ▶ Higher gross operating income, by 12.0% versus Q1-2015, and by 22.8% excluding non-recurring items, thanks to growth in revenues and cost reduction
- ▶ Lower non-performing loans ratio, at 16.4% versus 20.3% at March 31, 2015 following write-off operations
- ▶ Net profit of RON 73 million compared to RON 85 million in Q1-2015, reflecting improved revenues, rigorous expense management and further provisioning of non defaulted loan exposures
- ▶ Further confirmation of activity growth on individual customers' segment: higher loan production (+12% versus Q1-2015) sustained by new consumer loans, increase in deposit market share (by +0.4 pts to 13.9%) and in consumer loan market share (+0.2% to 16.0%), larger stock of internet & mobile banking contracts (+38% year-on-year)

The Romanian lending market continues to grow, albeit moderately, underpinned by individual customers' demand for housing and consumer loans denominated in RON, while gross loans to companies show signs of incipient recovery. The annual dynamics of deposits continue to be positive on both customer segments.

BRD Group's net loans outstanding increased by 1.1% since March 31, 2015 thanks to unsecured consumer and housing loan growth as well as intensified commercial activity on large corporate clients.

Commercial performance improved further on individual customers' segment. The net loan outstanding increased by 4.9%* following the 12% rise in loan production, to RON 1.1bn. New loan volumes came especially from unsecured consumer loans (+23% versus Q1-2015) which represented 70% of loan production. BRD also continued to focus on digital banking: the stock of internet and mobile banking contracts (MyBRD Net and MyBRD Mobile) increased by 38% to more than 900,000 contracts.

The large clients' net loan outstanding was up by 8.5%* versus March 31, 2015, as this segment further delivered strong performance in a context marked both by an improvement of the macroeconomic situation and increased competitive pressures.

The deposit base expanded both on retail and non-retail segments and was by 6.9%* higher versus March 31, 2015, sustained by deposits on current accounts (+39%* versus March 31, 2015). BRD continued to attract significant funding from individual customers through deposits. Thus, the deposit market share on this segment increased to 13.9%, by 0.4 percentage points versus March 31, 2015, according to the Bank's internal calculations. Moreover, BRD AM's assets under management rose by 8.9% reaching RON 2.8 billion at March 31, 2016.

The ratio of net loans (including net financial lease receivables) to deposits was 71.3% (-4.0 pts versus March 31, 2015).

BRD Group's net banking income amounted to RON 647 million, up by 3.0% compared to Q1-2015, given the rise in net interest income (+7.2%) thanks both to positive interest rate and volume effects, and higher net fees and commissions (+4.8%) due to increased revenues on card activity. Excluding non-recurring items (gains on sale of available for sale instruments registered in Q1-2015), net banking income increased by 6.2%.

Cost discipline remained in focus: operating costs** were reduced by 1.8% to RON 405 million, primarily as a result of savings on real estate costs and sundry expenses. The cost/income ratio stood at 62.5%, by 3.0 pts lower versus Q1-2015. Gross operating income reached RON 243 million, rising by 12.0% and by 22.8% excluding non-recurring items, reflecting improved core income and cost savings.

Non-performing loans ratio (including net financial lease receivables) continued its downtrend as a result of write-off transactions, declining from 20.3% as of March 31, 2015 to 16.4% as of March 31, 2016. The coverage of non-performing loans with IFRS provisions increased from 72.8% at March 31, 2015 to 81.5% at March 31, 2016. Cost of risk was 195 bps compared to 147 bps in Q1-2015, mainly due to some adjustments made to the provisioning of non defaulted exposures.

In this context, BRD Group registered a net profit of RON 73 million in Q1-2016 (RON 85 million in Q1-2015). The gross operating result and the net result were influenced by the booking in the first quarter of the entire annual contributions to the Bank Deposit Guarantee Fund and the Resolution Fund.

BRD remained well capitalized having a capital adequacy ratio of 19.5% at individual level (under Basel 3 regulations, with national discretions) at March 31, 2016, versus 17.6% at March 31, 2015. The sound balance sheet led to a solvency ratio well above regulatory requirements.

"The first quarter marked a good start to 2016, illustrating a pronounced improvement in operating performance and dynamic activity on individual and large corporate customers. Going forward, BRD will continue to pursue market opportunities by capitalizing on its universal bank model, in order to further strengthen commercial activity, while ever increasing customer satisfaction", said Philippe Lhotte, BRD CEO.

BRD quarterly financial results for the three months ended March 31, 2016 are available to the public and investors on the website of the bank: www.brd.ro beginning with 09h00. Copies of the documents can also be obtained upon request, free of charge, at the head office of BRD-Groupe Société Générale, located at 1-7, Ion Mihalache Bd., 1st district, Bucharest.

(¹) Variations at constant foreign exchange rate

(²) The financial statements as of March 31, 2016 include the impact of IFRIC 21 - Levies, whereby the annual contributions to the Bank Deposit Guarantee Fund and to the Resolution Fund were booked in one tranche in the first quarter. The financial statements as of March 31, 2015 were restated accordingly, for comparison purposes.

BRD-Groupe Société Générale is the second bank in Romania considering the total assets' volume. BRD - Groupe Société Générale has 2.2 million active customers and operates a network of 829 units. BRD has a leading position on the card market with approx. 2.2m cards and a network acceptance of approx. 27,000 POS and 1,500 ATMs. With factoring operations of EUR 921m in 2015, BRD is the leader of the factoring market. Total assets of the Bank at March 31, 2016 end amounted to RON 46.5 bn.

BRD is part of the Société Générale Group, one of the largest European financial services groups. The group has 148,000 employees in 76 countries and 30 million customers worldwide in its three key activities:

- Retail banking in France
- International Retail Banking, Financial Services and insurance
- Corporate and investment banking, private banking, asset management and securities services

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