BRD
2011 Financial Results

Individual Financial Statements
according to Romanian Accounting Standards

February 14th, 2012

Content

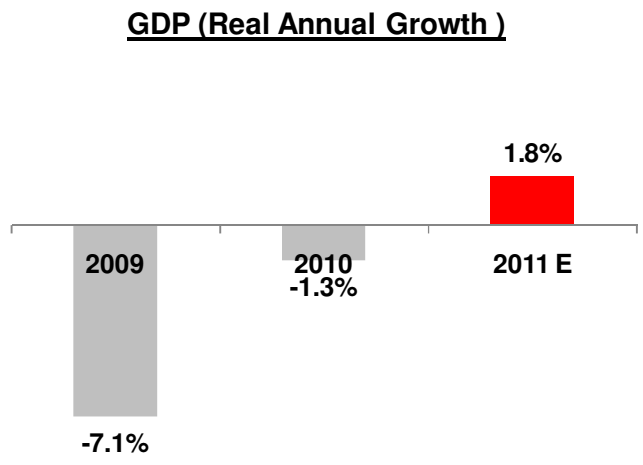
- Macroeconomic and banking environment
- Key business trends
- Financial performance

Content

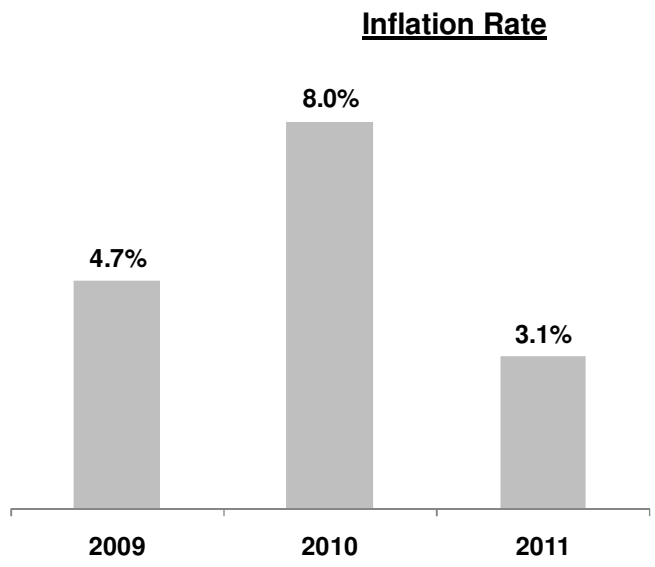
- **Macroeconomic and banking environment**
- **Key business trends**
- **Financial performance**

A timid economic recovery

- Stronger than expected agricultural output had a favorable effect on GDP growth in H2 2011
- But private consumption remained subdued
- And slowdown in European growth is to affect external demand, with a predictable negative impact on industry dynamics in 2012



- CPI fell in 2011 after the peak recorded in 2010 (on the back of VAT increase), reaching its lowest level since 1990 at 3,1%
- Rapid decline in inflationary pressures created the grounds for an acceleration of the monetary easing cycle (reference rate cut twice since end 2011)



Sources: NBR, NIS, MoF

A more constrained environment

- **Impact of OUG 50 implementation**
  - interest rates to be either fixed or linked to an index (suppression of discretionary rates)
  - elimination / cap of early reimbursement fees
- **Increased contribution to the guarantee fund of deposits (from 0,2% in 2010 to 0,3% in 2011) and set up of a supplementary special payment fund** (BRD's contribution for 2011 = 7 M RON);
- **Lending to individuals : new regulatory framework strictly restricting loans in foreign currencies and limiting the duration of consumer loans enforced in 2012;**
- **New market and regulatory environment (Basel III) translating into increased pressures on scarce resources (capital and liquidity).**

Content

- Macroeconomic and banking environment
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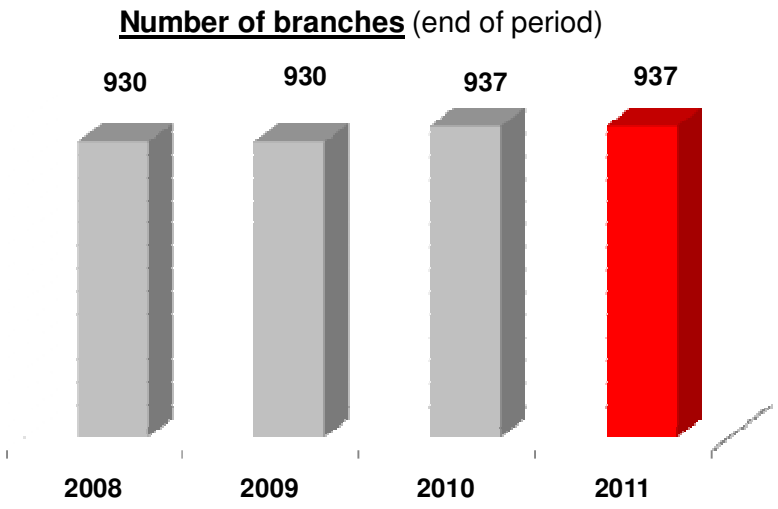
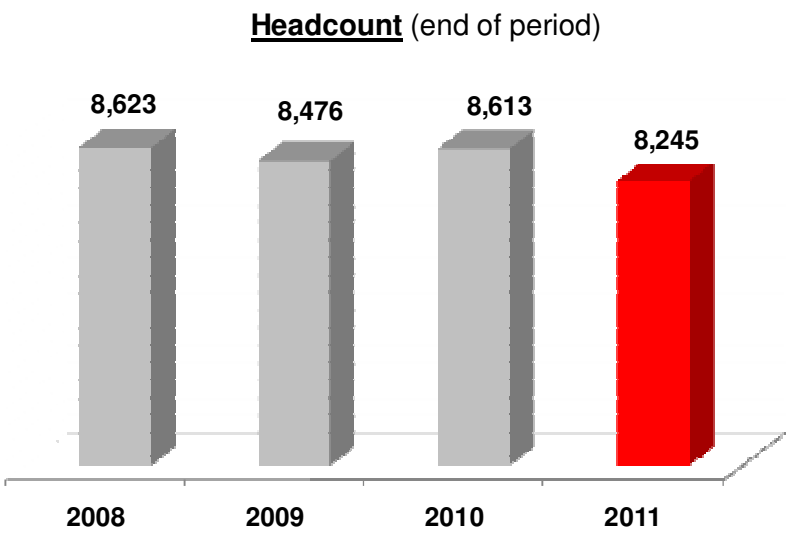
A powerful network
An enhanced operational efficiency

- BRD is the first private bank by the number of branches
- Actions of optimization are facilitated by the flexible structure of the network

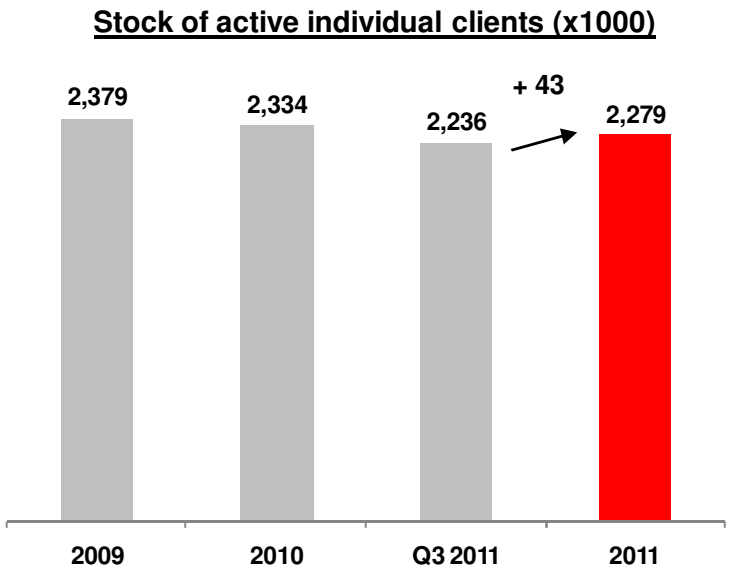


- Operational efficiency enhancement measures allowed a 5% reduction in the headcount

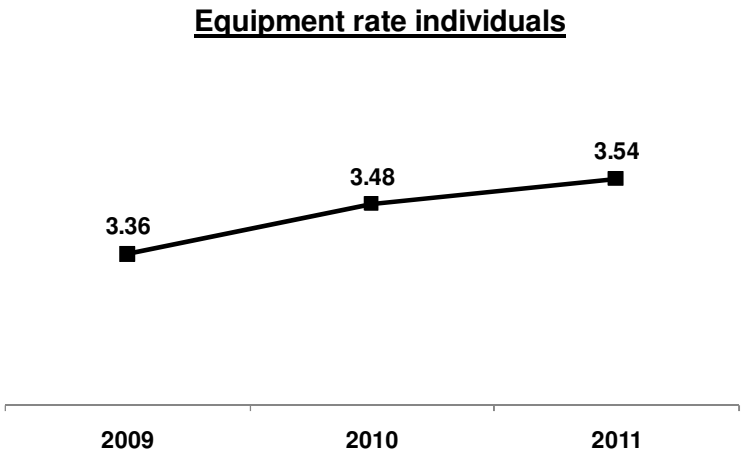


Robust business franchises

- Robust client base
- Slightly decreasing trend in the number of active individual clients reversed in Q4 2011



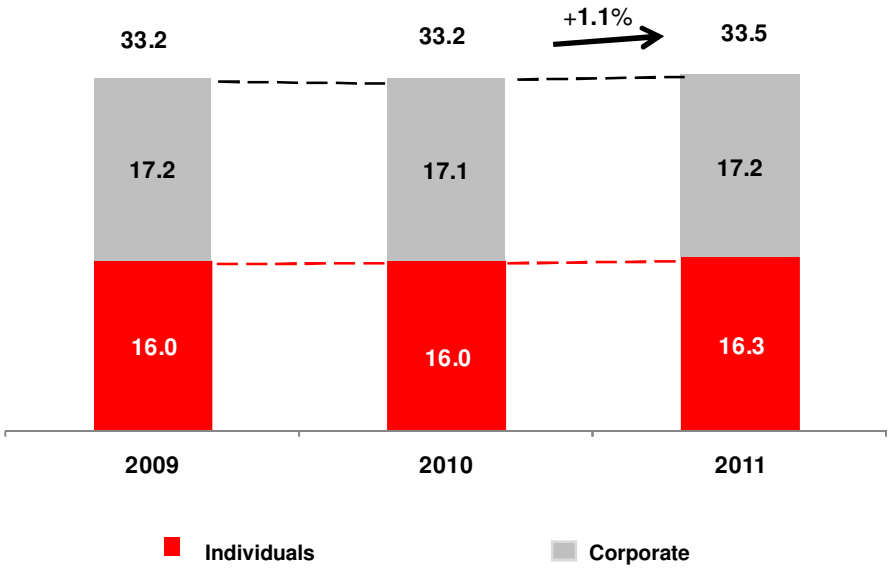
- Focus on increasing equipment rate (number of products/client) and customers' loyalty
- Strong contribution of innovative products ("A la carte" cards, contactless cards…) and internet banking



An increased lending activity

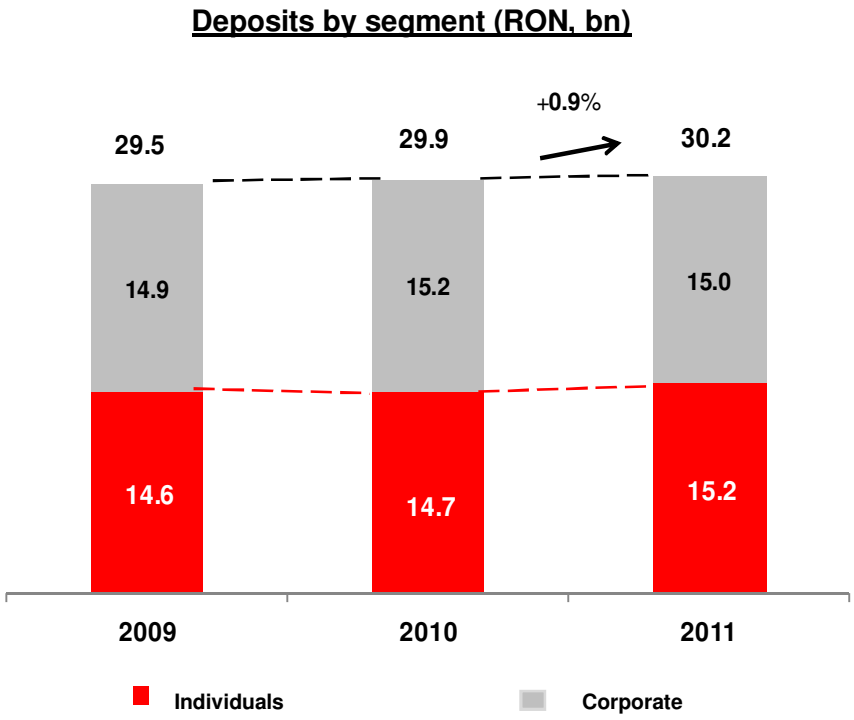
- In a still difficult economic environment, both loans to households and corporate loans' portfolios registered a growth
- Maintained positions on credits to households with a production mainly fueled by housing loans and refinancing programs
- Corporate loans : good resilience across all segments in a very competitive market

Gross loans by segment (RON, bn)

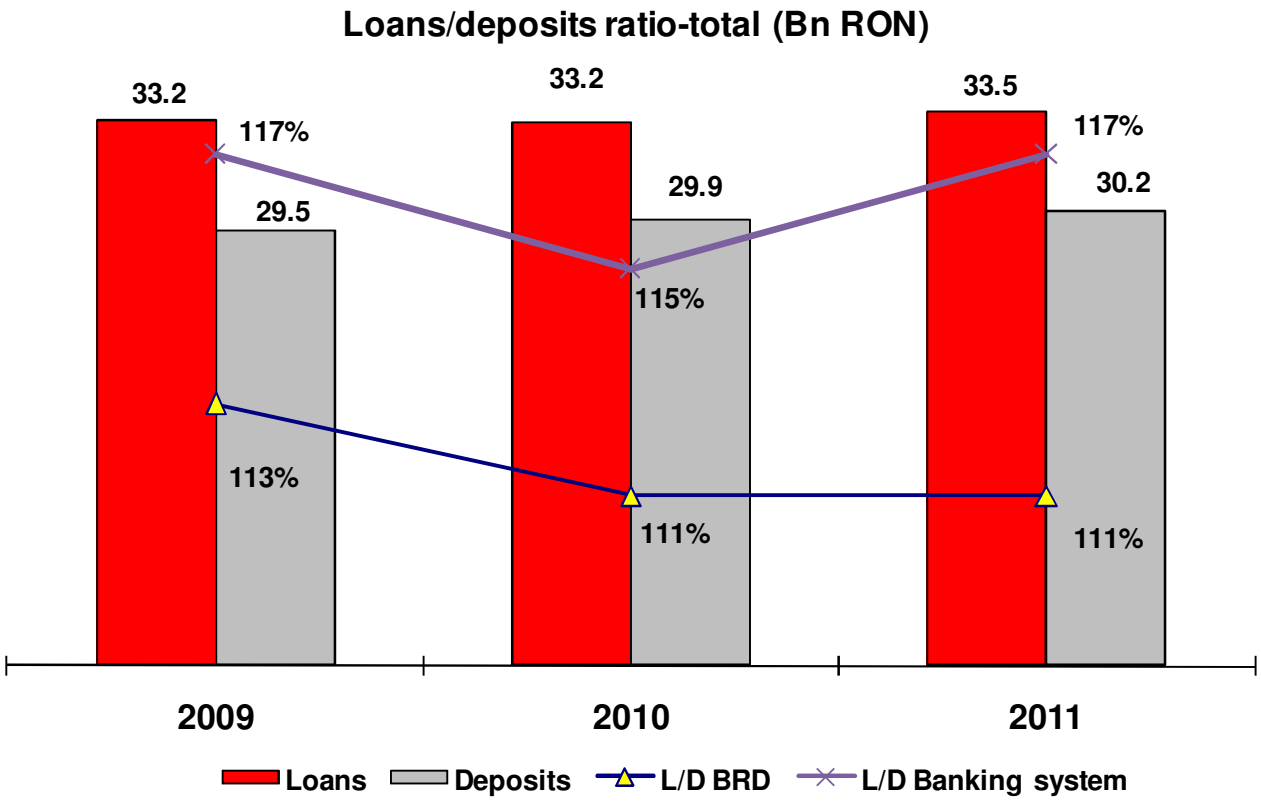


Dynamic growth of deposits from individuals

- In a context of heavy price competition, commercial deposits grew by almost 1% in 2011
- Deposits from individuals up +3,5% vs end of 2010 (with term deposits being the major growth driver)
- Slightly down corporate deposits, under the influence of large enterprises' segment (volatile and highly interest rate linked resources)



Lower than peers loans to deposits ratio



Content

- Macroeconomic and banking environment
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- **Financial performance**

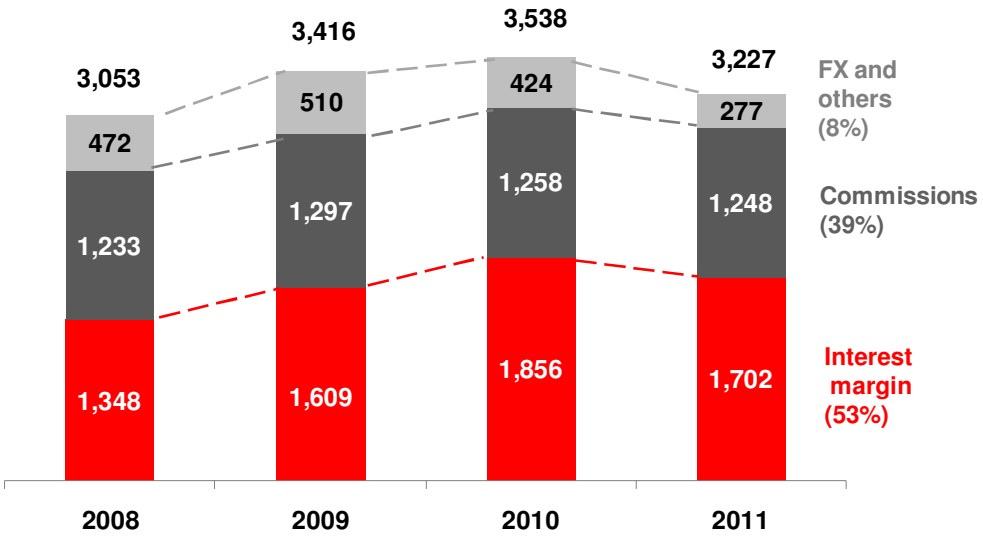
Revenues : decline of interest margin, but strong resilience of fees and commissions

- **Decrease in interest rates had a direct effect on net interest margin**
  (sharp decrease in ROBOR rates in H1 2011)

- **Very good resilience of fees and commissions, with revenues almost unchanged compared to 2010**
  (due to strong contribution of commissions on cards and off balance sheet items)

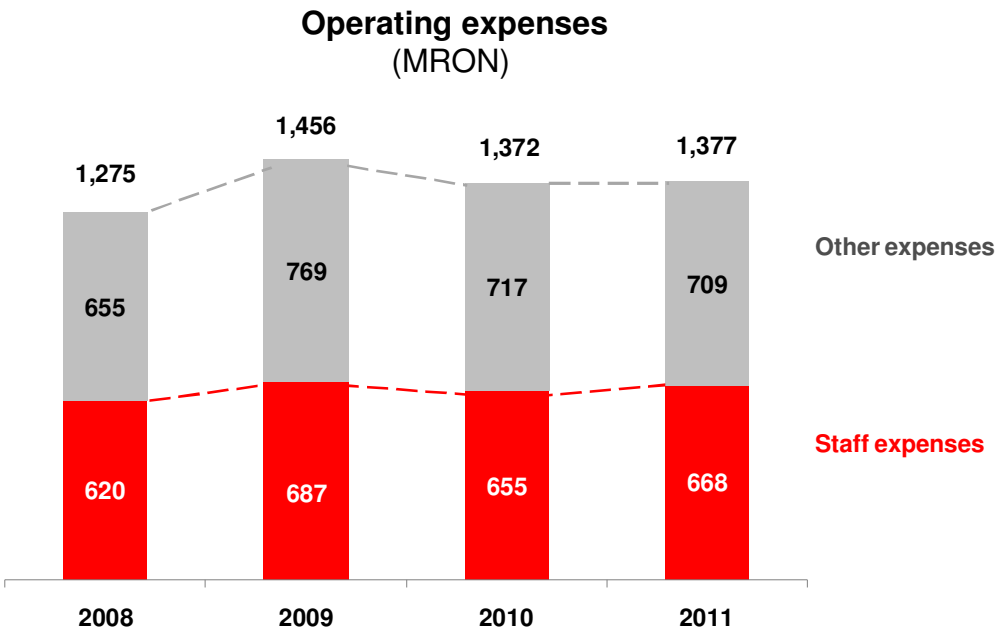
- **Contraction of other revenues due to :**
  - low economic activity leading to a decrease in volumes of FX transactions
  - Increased contribution to Deposit Guarantee Fund

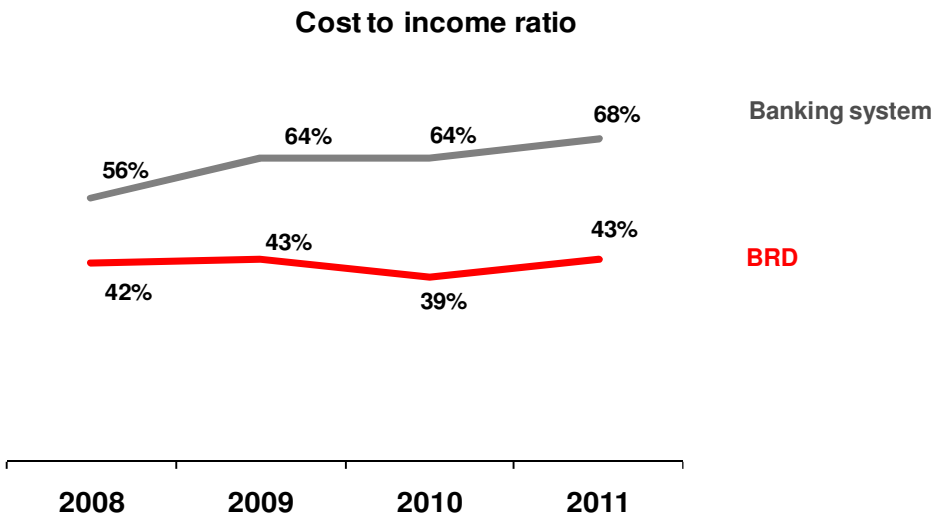
Net banking income
(MRON)



Cost base maintained under very strict control

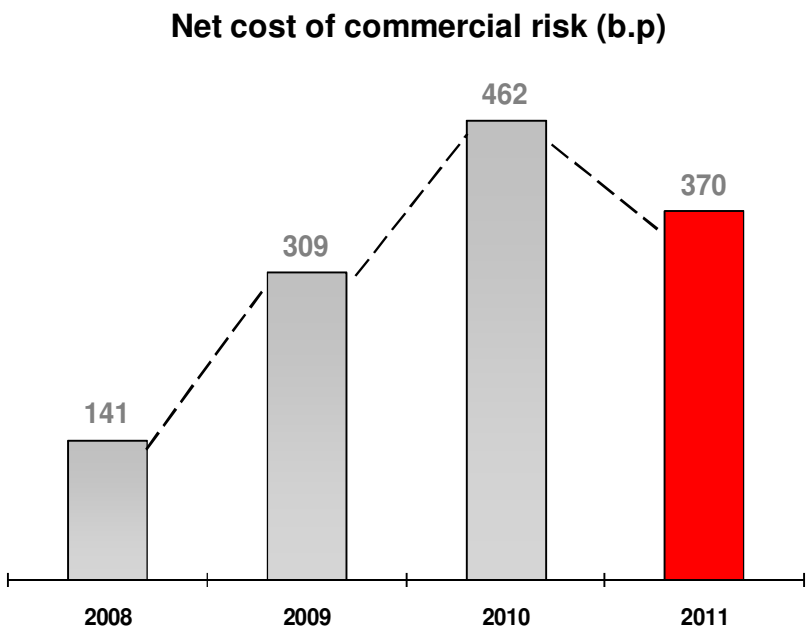
- Operating expenses kept at the same level as prior year
  - Very limited increase in personnel expenses, due notably to a 5% cut in headcount
  - Compression of other expenses, due to the implementation of a program of optimization measures
- C/I ratio at 43%, constantly lower than the average banking system (estimated at 68% for 2011)



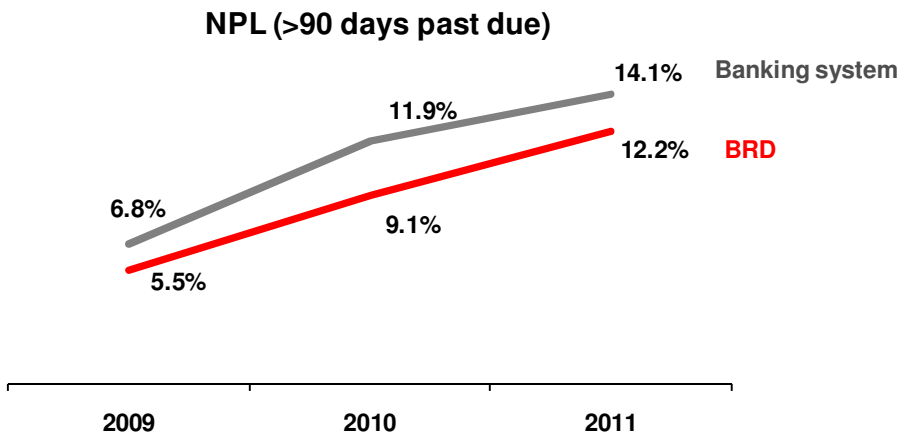


Still high cost of risk, although reduced
Lower than peers NPL ratio

- Net cost of risk remained high, although reduced as compared to 2010
- Improving trend on households, but SME segment still affected by the difficult macroeconomic situation



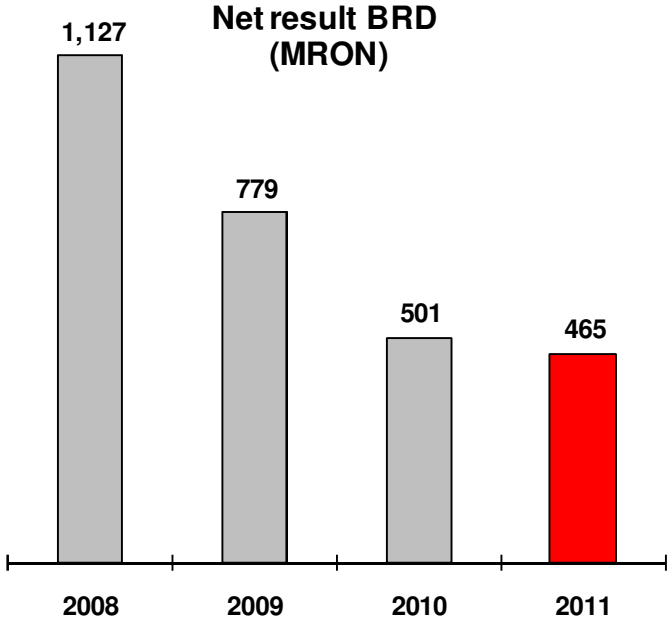
- Lower than average banking system NPL ratio
- Provision coverage ratio for doubtful loss standing at 60% at end 2011 (vs 49% at end 2010)

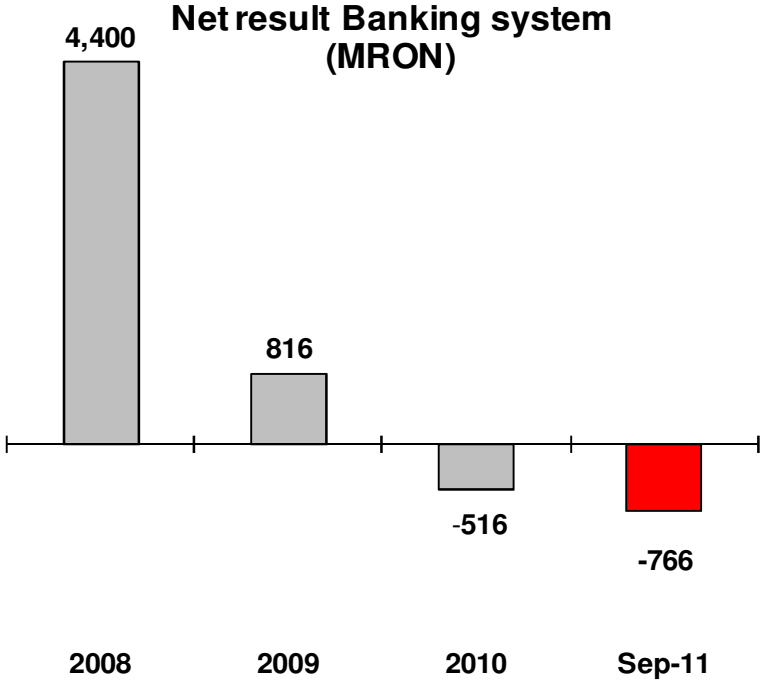


Resilient net income

in M RON	2,010	2011	Var 11 /10
NET BANKING INCOME	3,538	3,227	-9%
OPERATING EXPENSES	(1,372)	(1,377)	0%
GROSS OPERATING INCOME	2,166	1,850	-15%
Net cost of risk	(1,563)	(1,289)	-18%
OPERATING INCOME	603	561	-7%
NET RESULT	501	465	-7%

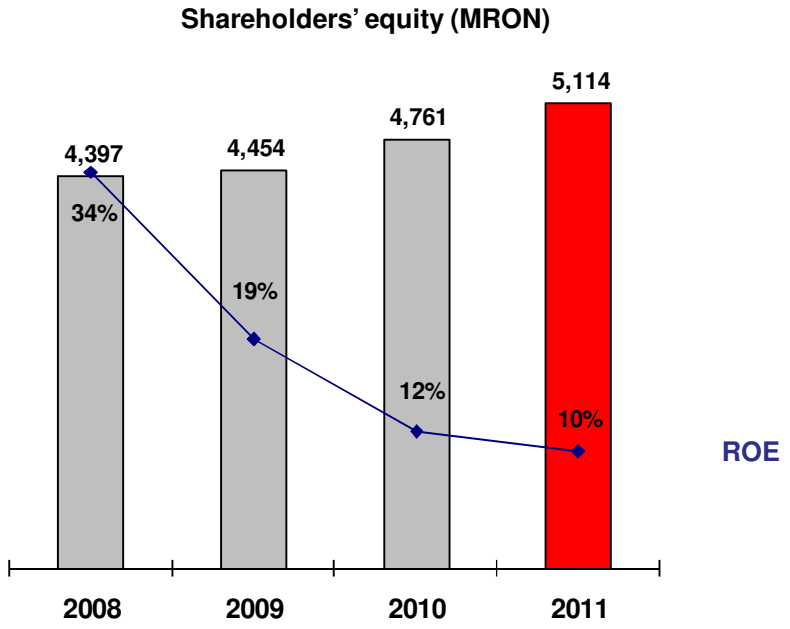
BRD comfortably profitable throughout the crisis

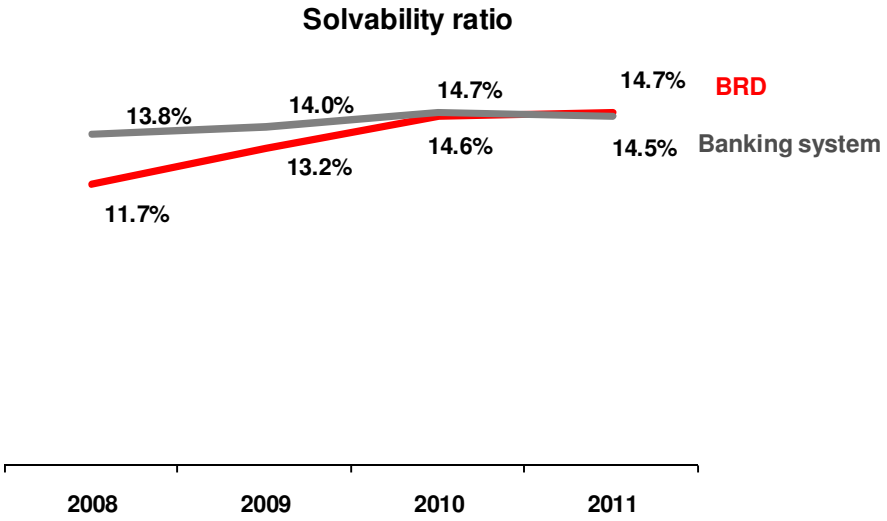




Strong capital base

- Strong capital base, due a steadily robust capacity of profit generation
- ROE remains close to 10%
- Capital adequacy ratio (*) standing well above the minimum regulatory requirements
- BRD Tier I – 12.3%.





(*) Including H1 profit according to NBR regulations;

Appendix

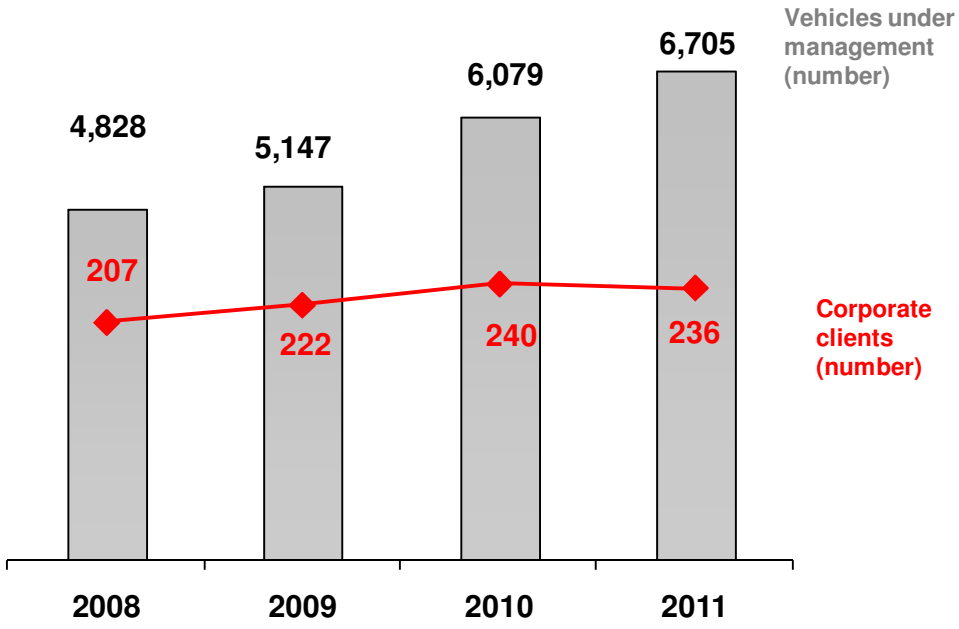
ALD - Operational vehicle leasing and fleet management

- **In 2011, the estimated market share of ALD Romania is 18%**

- **Fleet structure (December 2011) :**

  a) 5 316 -> Full Service Operational Leasing Contracts;

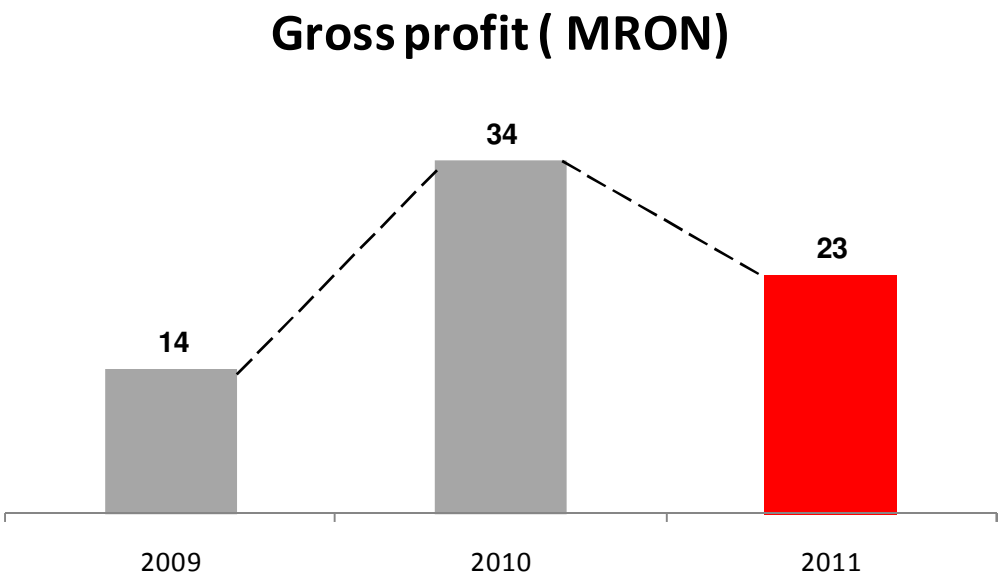
  b) 1 389 -> Fleet Management Contracts;



Focus on subsidiaries

BRD Sogelease - Leasing

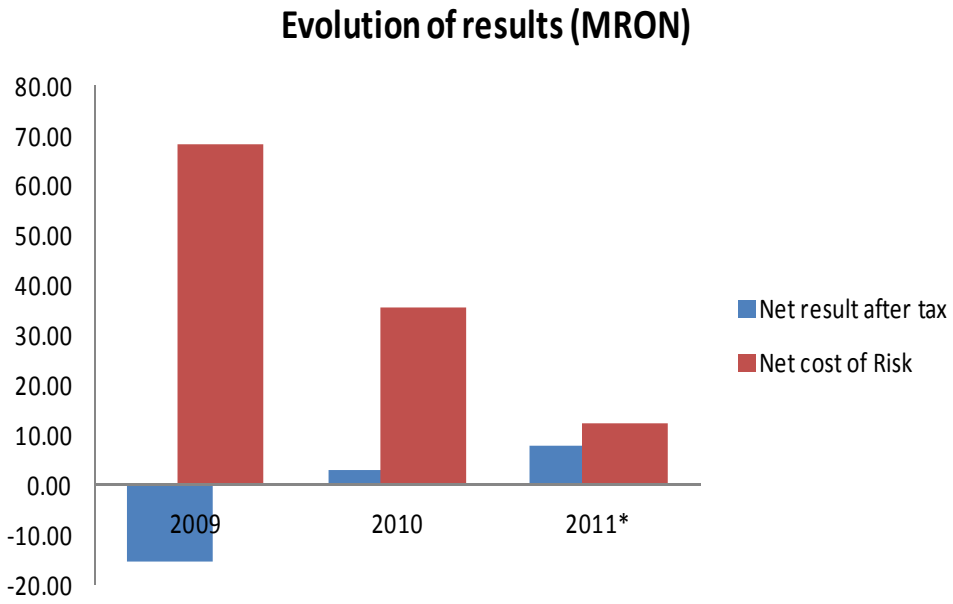
- Resilience of the activity despite the strong economic recession translating into a still satisfactory gross profit
- A key player in corporate asset financing
- Wide range of offers and financing solutions



Focus on subsidiaries

BRD Finance - Consumer Finance

- Sharp decrease in net cost of risk due to enhanced risk policy and recovery performances
- Improved profitability due to good management of interest margin, expenses and cost of risk
- Close partnership with main retailers in the market (Carrefour, Real, Altex, DOMO, Ikea, etc)
- Strong development of car finance business



2011 : preliminary result*

BRD
GROUPE SOCIETE GENERALE

Investors relationship
Phone : +4 021 - 301 61 33; Email : investor@brd.ro

Disclaimer: Preliminary unaudited financial results

DEPARTMENT 41
NAME OF THE CREDIT INSTITUTION: BRD GROUPE SOCIETE GENERALE
ADDRESS: BUCHAREST, 1st district
1-7 Ion Mihalache Bvd
PHONE: 301.68.25 FAX: 301.68.28
NUMBER WITH THE TRADE REGISTRY: J40/608/1991

FORM OF PROPERTY 34

BUSINESS (write the main business)
Other monetary intermediation activities
NACE Code 6419
SOLE REGISTRATION NUMBER 361579

BALANCE SHEET
as of DECEMBER 31, 2011

- RON -

ASSETS	Position code	Note	Financial period	
			31-Dec-10	31-Dec-11
A	B	C	1	2
Cash and current accounts with Central Banks	10		10,037,940,093	9,402,486,828
Treasury bills and other bills eligible for refinancing with Central Banks	20		3,861,463,777	4,781,276,175
- treasury bills and similar securities	23		3,861,463,777	4,781,276,175
- other bills eligible for refinancing with Central Banks	26		0	0
Loans and advances to credit institutions	30		1,693,145,468	994,837,960
- on demand	33		182,052,246	317,887,015
- others	36		1,511,093,222	676,950,945
Loans and advances to customers	40		29,755,088,902	30,446,605,334
Bonds and other fixed-income securities	50		0	95,583,118
- issued by public bodies	53		0	95,583,118
- issued by others, out of which:	56		0	0
- own-debt securities	58		0	0
Shares and other variable yield securities	60		52,936,465	58,949,368
Equity investments, out of which:	70		70,939,149	70,899,149
- equity investments in credit institutions	75		29,017,185	29,017,185
Investments in affiliated undertakings, out of which:	80		66,614,472	66,701,767
- Investments in credit institutions	85		0	0
Intangible assets, out of which:	90		89,648,053	84,891,260
- set-up costs	93		0	0
- goodwill, if acquired for good and valuable consideration	96		0	0
Tangible assets, out of which:	100		1,303,086,273	1,306,065,899
-land and buildings for the operating activity	105		986,040,843	1,002,909,625
Share capital subscribed and not paid in	110		0	0
Other assets	120		191,331,485	329,815,986
Prepaid expenses and accrued income	130		371,924,894	389,596,965
Total Assets	140		47,494,119,031	48,027,709,809

BALANCE SHEET
as of DECEMBER 31, 2011

- RON -

LIABILITIES	Position code	Note	Financial period	
			31-Dec-10	31-Dec-11
A	B	C	1	2
Amounts owed to credit institutions	300		10,418,908,719	10,967,856,475
- on demand	303		607,989,422	695,752,035
- at term	306		9,810,919,297	10,272,104,440
Amounts owed to customers	310		29,624,968,258	30,077,928,761
- deposits, out of which:	313		19,271,514,899	20,348,472,286
- on demand	314		3,097,028,403	2,893,714,338
- at term	315		16,174,486,496	17,454,757,948
- other liabilities, out of which:	316		10,353,453,359	9,729,456,475
- on demand	317		10,229,089,070	9,599,505,443
- at term	318		124,364,289	129,951,032
Debts evidenced by certificates:	320		735,000,000	0
- interbank debts evidenced by certificates, bonds, outstanding negociable debt securities	323		735,000,000	0
- other securities	326		0	0
Other liabilities	330		619,073,303	545,968,308
Deferred income and accruals	340		392,341,837	370,417,408
Provisions , out of which:	350		85,962,204	94,551,699
- provisions for pensions and similar obligations	353		39,100,728	48,258,305
- provision for taxes	355		0	0
- other provisons	356		46,861,476	46,293,394
Subordinated loans	360		856,960,000	863,940,000
Share capital	370		696,901,518	696,901,518
Share premium	380		0	0
Reserves	390		514,623,853	520,648,392
- legal reserves	392		244,156,714	244,156,714
- statutory or contractual reserves	394		0	0
- reserves for banking risks	396		269,358,296	269,358,296
- reserve for mutual aid	397		0	0
- mutual guarantee reserve	398		0	0
- other reserves	399		1,108,843	7,133,382
Revaluation reserves	400		498,547,767	497,074,062
Own shares (-)	410		0	0
Retained earnings				
- Profit	423		2,550,241,737	2,927,157,818
- Loss	426		0	0
Profit or loss for the financial year				
- Profit	433		500,589,835	465,265,368
- Loss	436		0	0
Distribution of the profit	440		0	0
Total liabilities	450		47,494,119,031	48,027,709,809

BALANCE SHEET
as of DECEMBER 31, 2011

- RON -

OFF-BALANCE SHEET ITEMS	Position code	Note	Financial period	
			31-Dec-10	31-Dec-11
A	B	C	1	2
Contingent liabilities, out of which:	600		8,379,271,301	7,401,820,708
- acceptances and endorsements	603		5,954,008,548	5,412,985,036
- collaterals and pledged assets	606		2,265,123,806	1,961,238,039
Commitments, out of which:	610		3,337,384,237	4,337,313,903
- commitments of sale and repurchase	615		-	-

DIRECTOR,

Last and first names
GUY MARIE CHARLES POUPET

Signature

Unit stamp

PREPARED BY**

Last and first names1

Capacity2

ADINA ILEANA RADULESCU
Head of General Accounting Division

Signature

Registration no. with the professional body

*** Government Ordinance no. 65/1994 regarding the organisation of forensic accounting and of certified public accountants, republished*

1 Annual financial statements are signed by the authorised persons, and also include their name in print.

2 The capacity of the person who prepared the financial statements is filled in as follows:

- economic manager, chierf-accountant or another person authorised to fill in this position, as per the law

OR

- natural or juridical persons, authorised according to the law, members of the Romanian Association of Chartered Acountants and Certified Public Accountants

INCOME STATEMENT
as of DECEMBER 31, 2011

- RON -

Name of item	Position Code	Note C	Financial period	
			31-Dec-10	31-Dec-11
Interest and similar income, out of which:	010		3,676,362,994	3,542,489,527
- from bonds and other fixed income securities	015		108,088,880	271,578,494
Interest and similar expenses	020		1,340,381,583	1,263,550,870
Income from securities, out of which	030		2,342,296	2,787,353
- income from shares and other variable yield securities	033		0	0
- income from equity investments	035		2,342,296	2,787,353
- income from investments in related parties	037		0	0
Commission income	040		762,637,820	797,519,326
Commission expenses	050		105,108,138	119,946,134
Net profit / loss from financial operations	060		546,816,724	333,621,576
Other operating income	070		91,990,982	105,107,412
General administrative expenses	080		1,129,060,310	1,151,748,224
- Staff expenses, out of which:	083		641,162,033	645,742,042
- Salaries	084		468,456,137	469,978,203
- Social security, out of which:	085		134,597,351	134,042,947
- pension related costs	086		101,041,515	100,122,082
- Other administrative expenses	087		487,898,277	506,006,182
Value adjustments in respect of tangible and intangible assets	090		128,711,970	138,591,375
Other operating expenses	100		230,357,370	261,009,916
Value adjustments on receivables and provisions for contingent liabilities and commitments	110		4,262,937,613	3,969,187,780
Reversal of value adjustments on receivables and provisions for contingent liabilities and commitments	120		2,713,729,319	2,680,422,375
Value adjustments on transferable securities - non-current financial assets - investments and shares held in related parties	130		0	39,999
Reversal of value adjustments on transferable securities - non-current financial assets - investments and shares held in related parties	140		6,669,959	4,130,152
Profit or loss on ordinary activities				
- Profit	153		603,993,110	562,003,423
- Loss	156		0	0
Extraordinary income	160		0	0
Extraordinary charges	170		0	0

INCOME STATEMENT
as of DECEMBER 31, 2011

- RON -

Denumirea indicatorului	Position Code	Note C	Financial period	
			31-Dec-10	31-Dec-11
Result of the extraordinary activity				
- Profit	183		0	0
- Loss	186		0	0
Total income	190		19,038,922,118	21,534,729,448
Total expenses	200		18,434,929,008	20,972,726,025
Gross result				
- Profit	213		603,993,110	562,003,423
- Loss	216		0	0
Income tax	220		103,403,275	96,738,055
Other taxes	230		0	0
Net result for the year				
- Profit	243		500,589,835	465,265,368
- Loss	246		0	0

DIRECTOR,

Last and first names
GUY MARIE CHARLES POUPET

Signature

Unit stamp

PREPARED BY**

Last and first names[1]

Capacity[2]

ADINA ILEANA RADULESCU
Head of General Accounting Division

Signature

Registration no. with the professional body

* *According to classification valid starting with 01.01.2008.*

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