

**Quarterly report according to the C.N.V.M. Regulation no.1/2006**

**Date of report: June 30, 2011**

**BRD – Groupe Société Générale SA**

**Head Office: Bd. Ion Mihalache, nr. 1-7, sect. 1, Bucuresti**

**Tel/Fax: 301.61.00 /301.66.36**

**Sole registration number with the Office of the Trade Register: 361579**

**Order number with the Trade Register: J40-608-1991**

**Share capital subscribed and paid: RON 696.901.518**

**Regulated market on which the issued securities are traded: Bucharest Stock Exchange – Ist Category**

## **1. Economic and financial situation**

In the current economic environment, BRD's commercial and financial performances during the first six months of 2011 were satisfactory. The net result as at June 30, 2011, was of RON 282 million, inferior by 23.3% compared to the same period of the last year.

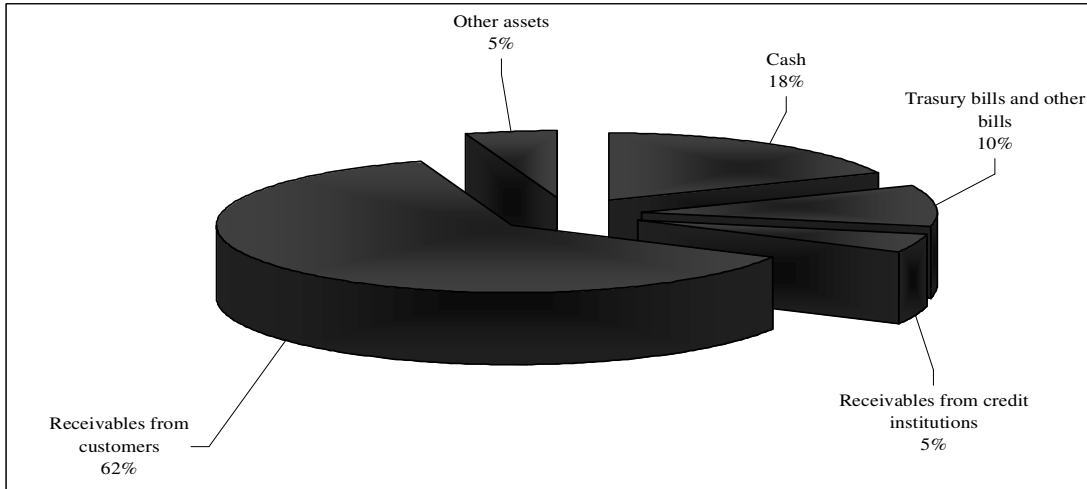
During the first 6 months of the year, the main modifications of the macroeconomic factors were:

- The national currency appreciated against the euro by approximately 1.2% as compared to the end of 2010 and by 3.2% as compared to June 30, 2010.
- The monetary policy rate of the National Bank of Romania maintained constant at 6.25% in the period 30 June 2010-30 June 2011. The interest rate on the interbank market ROBOR 3 months as at June 30, 2011, was of 5.49%, decreasing by 167 p.b. against June 30, 2010 and by 68 p.b. against December 31, 2010.
- As at June 30, 2011, the inflation rate was of 2.75% as compared to December 2010, and of 7.93% as compared to June 2010.

**1.1. a.) BALANCE SHEET**

Total balance sheet as at June 30, 2011, is of RON 47,629 million, 0.3% increased compared to December 31, 2010, and decreased by 2.1% compared to June 30, 2010.

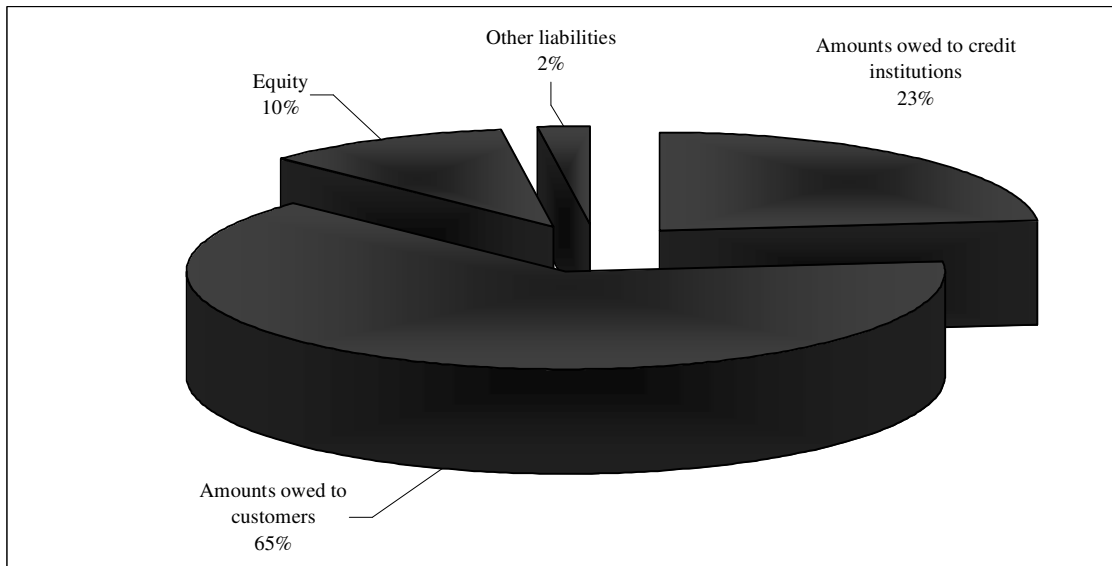
Structure of the balance-sheet assets :



Receivables from customers decreased slightly by 0.6% against December 31, 2010, and by 6% as compared to June 30, 2010, reaching RON 29,575 million.

Cash (cash and current accounts with Central Bank) was of RON 8,778 million, decreasing by 13% against December 31, 2010 and against June 30, 2010, considering the diminution of the minimum compulsory reserve.

Structure of the balance-sheet liabilities:



Amounts owed to customers (including deposit certificates) were of RON 30,452 million, decreased by 4% as compared to June 30, 2010 and increased by 0.3% as compared to December 31, 2010.

Amounts owed to credit institutions amount to 23% of total liabilities as at June 30, 2011, and increased by 2% against June 30, 2010.

**Commercial activity**

Private customers

	<b>30.06.10</b>	<b>31.12.10</b>	<b>30.06.11</b>
No of active customers (million)	2.4	2.3	2.3
Loans (million RON)	16,555	16,044	16,052
Deposits (million RON)	15,404	14,682	14,710

Private customers' deposits augmented slightly against December 31, 2010 and decreased by 5% compared to June 30, 2010.

Private customers' loans grew slightly compared to December 31, 2010 and decreased by 3% compared to June 30, 2010.

Corporate customers

	<b>30.06.10</b>	<b>31.12.10</b>	<b>30.06.11</b>
Loans (million RON)	17,903	17,119	17,281
Deposits (million RON)	15,951	15,212	15,149

Corporate customers' loans decreased during June 30, 2010 - June 30, 2011 by 3.5%, and compared with 31 December 2010 increased by 1%. Consequently, the increase was of 4% compared to December 31, 2009 and of 9.2% compared to June 30, 2009.

Corporate customers' deposits decreased during this period by 0.4% compared to December 31, 2010 and 5% compared to June 30, 2010.

**1.1. b) PROFIT AND LOSS ACCOUNT**

Million RON

	<b>30.06.10</b>	<b>30.06.11</b>	<b>2011/2010</b> <b>(%)</b>
Net banking income, out of witch :	1750	1600	-9%
- Interest margin*	906	849	-6%
- Commissions	620	618	0%
Operating expenses	-682	-685	0%
Operating profit	1067	914	-14%
Net cost of risk**	-628	-581	-8%
Gross profit	439	334	-24%
Net profit	367	282	-23.3%

\* The difference between the incomes from interests on made placements and the expenses with interests on the attracted resources.

\*\* Expenses with provisions for the commercial business (including for off-balance-sheet loans) and reversals under related incomes, respectively other provisions for risks and expenses.

According to the Decision of the General Meeting of the Shareholders of April 14, 2011, the Bank distributed to the shareholders gross dividends of RON 125 million of the profit on 2010, the gross dividend being of 0.17957 lei/share. Consequently, dividends were paid within no more than 60 days since the date on which the Decision of the General Meeting was published in the Official Gazette.

**1.1.c) CASH FLOW**

The statement on the modifications of the cash flows from operation, investment and financing activities is presented in Appendix 1 to this report.

## 2. Banking activity analysis

### 2.1. Synthesis ratios:

The financial performances obtained through the business carried out by BRD are synthetically presented based on the following ratios:

<b>Ratio</b>	<b>30.06.10</b>	<b>31.12.10</b>	<b>30.06.11</b>
Capital adequacy ratio	12.9%	14.6%	14.3%
Return on equity (ROE) <sup>1</sup>	16.1%	11.6%	11.0%
Cost/Income ratio <sup>2</sup>	39.0%	38.8%	42.8%
Net commissions/Net banking income	35.5%	35.6%	38.6%

<sup>1</sup>Net profit/Equity average value

<sup>2</sup> Operating expenses/Net banking income

**2.2.** Total value of investments made between January – June 2011 was of approximately EUR 11.8 million, such investments being meant particularly to informatics systems improvement.

**2.3** Except for the alterations of the economic environment presented in chapter 1.1, no events, transactions or modifications of the economic situation, which would have significant consequences on the bank's incomes occurred.

### **3. Changes affecting the share capital and the bank management**

**3.1** During the first half-year of 2011, the Bank found itself in no such cases as to be unable to meet its financial obligations.

**3.2** In the period January – June 2011, no modifications occurred with respect to the rights of the Bank-issued securities holders..

### **4. Significant transactions**

The major transactions in which the persons able to take concerted actions were involved are presented in Appendix 2. These transactions were made in normal market conditions, during the current activity and with no significant influence on BRD's financial position.

Chairman - CEO

Guy POUPET

Head of the  
Financial Department

Jean-Pierre TRAN QUAN NAM

**STATEMENT OF CASH FLOWS as at June 30, 2011**  
**(indirect method)**

Item	No	Previous period 30.06.2010	Current period 30.06.2011
<b>Net income</b>	01	366,910,375	281,591,752
<i>Net income items that do not generate cash flows related to the operating activity</i>			
± creation or regularization of provisions	02	462,453,910	455,016,537
+ depreciation expense	03	64,854,846	67,775,097
± other adjustments not generating cash flows	04	0	0
± adjustments on items related to investment or financing activities	05	-1,443,769	-1,809,240
± other adjustments	06	106,044,437	-6,496,427
<b>Sub-total (lines 01 to 06)</b>	07	<b>998,819,799</b>	<b>796,077,719</b>
<i>Modification of operating assets and liabilities after adjustments of the elements not generating cash flows related to the operating activity</i>			
± securities of a nature other than financial assets	08	-1,199,003,648	-907,973,859
± receivables related to credit institutions	09	-7,343,782	-321,432,190
± minimum compulsory reserve	10	-630,286,282	1,132,354,063
± receivables from customers	11	-1,172,527,744	-170,437,857
± related receivables	12	-143,771,720	-194,613,113
± other operating assets	13	-95,792,241	-132,608,932
± amounts owed to credit institutions	14	85,919,695	-122,267,274
± amounts owed to customers	15	1,696,545,181	91,910,479
± related debts	16	-30,886,207	47,080,965
± other operating liabilities	17	319,945,025	-28,447,320
- payments in cash representing income tax	18	-68,564,587	0
<b>Cash flows from operating activities (lines 07 to 18)</b>	19	<b>-246,946,511</b>	<b>189,642,680</b>
<b>Cash flows from investment activities</b>			
- payments in cash for acquisition of branches or other sub-units	20	0	0
+ collections of cash from sale of branches or other sub-units	21	0	0
+ collections of cash representing received dividends	22	1,765,259	2,410,129
- payments in cash for purchase of securities of the nature of financial assets	23	-6,591,360	0
+ collections of cash from sale of securities of the nature of financial assets	24	0	40,000
+ collections of cash representing received interest	25	0	0
- payments in cash for purchase of lands and fixed assets, intangible assets and other long-term assets	26	-39,060,107	-68,381,952
+ collections of cash from sale of lands and fixed assets, intangible assets and other long-term assets	27	285,365	17,430,311
- other payments in cash related to the investment activity	28	0	0
+ other collections of cash related to the investment activity	29	0	0
<b>Cash flows from investment activities (lines 20 to 29)</b>	30	<b>-43,600,843</b>	<b>-48,501,512</b>
<b>Cash flows from financing activities</b>			
+ collections of cash from debts evidenced by certificates and subordinated debts	31	-	-
- cash payments on debts evidenced by certificates and subordinated debts	32	28,120,000	-10,140,000
+ collections of cash from issuance of shares	33	-	-
- payments in cash for the purchase of shares or own shares	34	-	-
+ collections of cash from sale of shares or own shares	35	-	-
- payments in cash in the form of dividends	36	-166,411,524	-110,817,718
- other payments in cash related to the financing activity	37	-	-
+ other collections of cash related to the financing activity	38	-	-
<b>Cash flows from financing activities (lines 31 to 38)</b>	39	<b>-138,291,524</b>	<b>-120,957,718</b>
<b>Cash at the beginning of the period</b>	40	<b>2,469,352,814</b>	<b>2,225,437,615</b>
± Cash flows from operating activities (line 19)	41	-246,946,511	189,642,680
± Cash flows from investment activities (line 30)	42	-43,600,843	-48,501,512
± Cash flows from financing activities (line 39)	43	-138,291,524	-120,957,718
± Exchange rate impact on cash	44	-	-
<b>Cash at the end of the period</b>	45	<b>2,040,513,935</b>	<b>2,245,621,065</b>



<b>Items (RON)</b>	<b>2011</b>		
	<b>Group accounts</b>	<b>Associates</b>	<b>Board of Directors</b>
<b>LOANS</b>			
Loans and advance payments	342,695,275	8,506,084	1,296,002
Loans interests	7,241,011	180	3,127
<b>LIABILITIES</b>			
Credits received	7,461,858,989	-	-
Deposits	1,900,302,718	49,612,633	4,794,373
Deposits interests	40,777,199	135,038	9,432
<b>Interests and commissions income</b>	12,675,819	134,429	31,314
<b>Interests and commissions expenses</b>	69,977,525	746,253	59,761
<b>Off balance sheet items</b>			
Contingent liabilities	391,011,878	26,479,355	-
Commitments	82,501,968	-	120,563