

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

**Date of report:** June 30, 2008

**BRD – Groupe Société Générale SA**

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

**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 – I<sup>st</sup> Category

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

BRD's commercial and financial performances during the first 6 months of the year were according to the expectations. The net result as at June 30, 2008 was of RON 515 million, superior by 23% to the same period of last year.

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

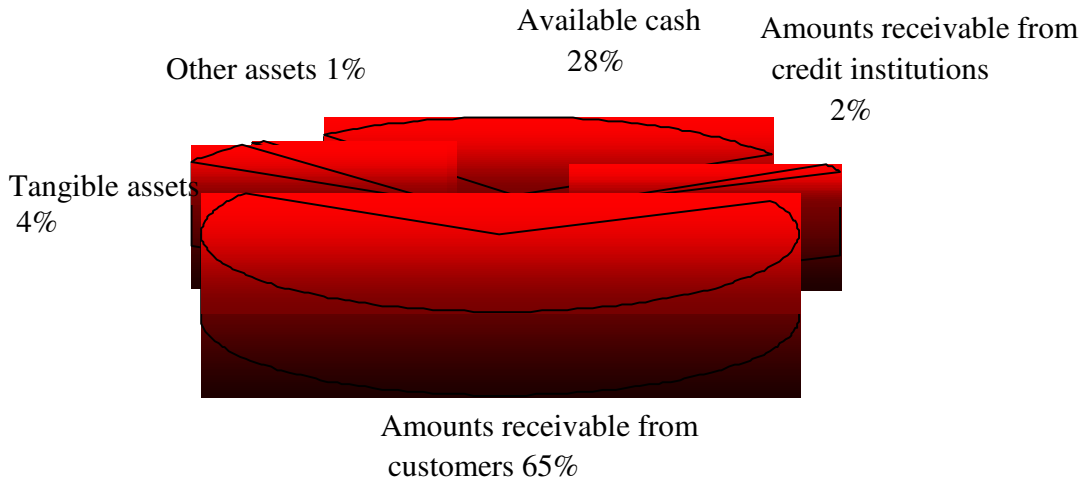
- The national currency continued to depreciate against the euro by about 1.03% as compared to the end of 2007, and by 16.4% as compared to June 30, 2007.
- The monetary policy rate of the National Bank of Romania increased from 7.50% in December 2007 to 10.00% as at end June 2008. The interest rate on the inter-banking market ROBOR 3 months as at June 30, 2008, was of 12.03%, increased by 436 b.p. as against June 30, 2007, and by 365 b.p. as against December 31, 2007.
- As at June 30, 2008, the inflation rate was of 3.57% as against December 2007, and of 8.61% as compared to June 2007.

BRD continued to develop its offer of products according to the identified needs of the clientele, by launching new products. Also, the bank continued to expand its network.

**1.1. a.) BALANCE SHEET**

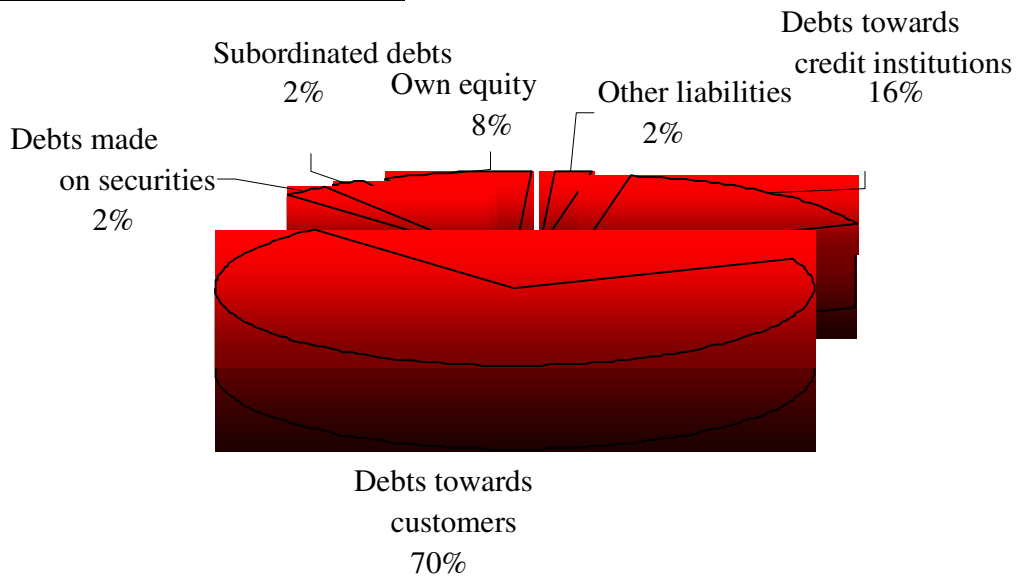
The total balance sheet as at June 30, 2008 is of RON 43,148 million, in growth by 11% as against December 31, 2007 and by 40% as compared to June 30, 2007.

Structure of the balance-sheet assets:



The receivables from customers augmented by 14% as against December 31, 2007 and by 39% as compared to June 30, 2007, reaching RON 28,396 million.

Structure of the balance-sheet liabilities:



The debts to customers and the deposit certificates as at June 30, 2008 are of RON 30,927 million, in increase by 10% as against December 31, 2007 and by 39% as against June 30, 2008.

### **Commercial business:**

#### Private customers

	<b><u>30.06.07</u></b>	<b><u>31.12.07</u></b>	<b><u>30.06.08</u></b>
Number of active customers (millions)	2.1	2.3	2.5
Loans (millions RON)	9,997	12,907	14,269
Deposits (millions RON)	9,014	12,075	13,049

The value of the private customers' deposits augmented by 8% as compared to December 31, 2007 and by 45% as compared to June 30, 2008.

The value of the loans to private customers increased by 11% as against December 31, 2007 and by 43% as against June 30, 2007. This increase was supported both by the evolution of the consumer loans and by the mortgage (real estate) loans.

#### Corporate customers

	<b><u>30.06.07</u></b>	<b><u>31.12.07</u></b>	<b><u>30.06.08</u></b>
Loans (millions RON)	10,765	12,531	14,706
Deposits (millions RON)	12,326	15,044	16,949

The corporate customers' deposits increased by 38% as compared to June 30, 2007, and by 13% as against December 31, 2007.

The balance of the loans to corporate customers augmented by 17% as compared to December 31, 2007 and by 37% as against June 30, 2007.

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

million RON

	<b>Sem. I 2007</b>	<b>Sem. I 2008</b>	<b>2008/2007 (%)</b>
Net banking income, out of which:	1080	1402	30%
- interest margin*	503	634	26%
- fees	425	588	38%
General expenses	488	632	29%
Gross operating income	592	770	30%
Net risk cost**	-95	-151	
Gross income	497	619	24%
Net income	417	515	23%

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

\*\* Expenses with provisions and losses from unrecoverable claims net of incomes from the use of provisions and from recoveries of amortized receivables, respectively the impact of the provisions for liabilities on the profit and loss account

The increase of the general expenses as opposed to the first half-year of 2007 represents the natural consequence of the expansion of the agency network of the bank.

The evolution of the net profit complies with the objectives set for 2008.

In compliance with the Decision of the General Meeting of the Shareholders of April 22, 2008, the Bank distributed to the shareholders gross dividends of RON 413 million of the profit on 2007, the gross dividend being of 0.59205 lei/share. Such 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 Annex 1 to this report.

## 2. Bank business analysis

### 2.1. Synthesis ratios:

The financial performances obtained due to the business carried out by BRD are synthetically presented by the bias of the following ratios:

<b>Ratio</b>	<b>30.06.07</b>	<b>31.12.07</b>	<b>30.06.08</b>
Capital adequacy ratio <sup>1</sup>	10.9%	12.0%	10.5%
Return on equity (ROE) <sup>2</sup>	38.1%	35.6%	32.4%
Operating ratio <sup>3</sup>	45.2%	43.5%	45.1%
Fees/net banking income	39.3%	40.0%	41.9%

<sup>1</sup>

<sup>2</sup>Net profit /average value of own equity

<sup>3</sup>General expenses/net banking income

**2.2.** The total value of the investments made since January until June 2008 was of approximately EUR 44 million, such investments being meant particularly to the expansion of the network.

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

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

**3.1** During the first half-year of 2008, the Bank found itself in no such cases as to be unable to meet its financial obligations.

**3.2** In the period January – June 2008, 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 Annex 2.

Chairman - CEO

Patrick Gelin

Head of the  
Financial Department

Jean-Pierre TRAN QUAN NAM



<b>STATEMENT OF CASH FLOWS as at June 30, 2008</b>			
			RON
Name of ratio	No.	Previous period 30.06.2007	Current period 30.06.2008
<b>Net income</b>	01	<b>417,197,263</b>	<b>514,785,402</b>
<i>Net income components that do not generate cash flows related to the operating activity</i>		-	-
± making or regularization of provisions	02	149,624,488	79,305,714
+ amortization expenses	03	53,807,621	64,160,911
± other adjustments not generating cash flows	04	-	-
± adjustments of the elements included in investment or financing activities	05	(53,630,126)	(4,083,404)
± other adjustments	06	74,861,517	104,487,761
<b>Sub - total (lines 01 to 06)</b>	07	<b>641,860,762</b>	<b>758,656,385</b>
Modification of operating assets and liabilities after adjustments of the elements not generating cash flows related to the operating activity		-	-
± securities of a nature other than financial assets	08	(118,848,494)	18,985,894
± receivables from credit institutions	09	(81,799)	13,417,226
± minimum compulsory reserve	10	(377,502,011)	(1,609,610,575)
± receivables from customers	11	(2,784,629,787)	(3,536,815,090)
± associated receivables	12	(25,203,238)	(31,549,492)
± other operating assets	13	(93,132,666)	14,999,478
± debts to credit institutions	14	959,253,840	1,156,736,119
± debts to customers	15	1,508,926,040	2,921,024,200
± associated debts	16	36,382,815	5,711,623
± other operating liabilities	17	262,439,669	2,496,384
- payments in cash representing the corporate income tax	18	(140,723,282)	(135,577,417)
<b>Cash flows from operating activities (lines 07 to 18)</b>	19	<b>(131,258,153)</b>	<b>(421,525,267)</b>
<b>Cash flows from investment activities</b>		-	-
- payments in cash for the purchase of subunits	20	-	-
+ collections in cash from the sale of subsidiaries or other subunits	21	-	-
+ collections in cash representing received dividends	22	1,228,732	1,252,589
- payments in cash for the purchase of securities of the nature of financial assets	23	(34,424,948)	(39,253,061)
+ collections in cash from the sale of securities of the nature of financial assets	24	-	-
+ collections in cash related to received interests	25	-	-
- payments in cash for the purchase of lands and fixed assets, intangible assets and other long-term assets	26	(85,686,819)	(129,667,854)
+ collections in cash from the sale of lands and fixed assets, intangible assets and other long-term assets	27	5,488,353	27,013,800
- other payments in cash related to investment activities	28	-	-
+ other collections in cash from investment activities	29	-	-
<b>Cash flows from investment activities (lines 20 to 29)</b>	30	<b>(113,394,683)</b>	<b>(140,654,527)</b>
<b>Cash flows from financing activities</b>		-	-
+ collections in cash from debts made on securities and subordinated debts	31	-	-
- payments in cash related to debts made on securities and subordinated debts	32	(50,000,000)	-
+ collections in cash from the issuance of shares	33	-	-
-payments in cash for the purchase of own shares	34	-	-
+collections in cash from the sale of own shares	35	-	-
-payments in cash representing dividends	36	(237,877,816)	(387,290,320)
-other payments in cash related to financing activities	37	-	-
+other collections in cash from financing activities	38	-	-
<b>Cash flows from financing activities (lines 31 to 38)</b>	39	<b>(287,877,816)</b>	<b>(387,290,320)</b>
<b>Cash at the beginning of the period</b>	40	<b>1,943,240,182</b>	<b>2,213,061,632</b>
± Cash flows from operating activities (line 19)	41	<b>(131,258,153)</b>	<b>(421,525,267)</b>
±Cash flows from investment activities	42	<b>(113,394,683)</b>	<b>(140,654,527)</b>
±Cash flows from financing activities	43	<b>(287,877,816)</b>	<b>(387,290,320)</b>
± Exchange rate modification impact on the cash	44	-	-
<b>Cash at the end of the period (lines 40 to 44)</b>	45	<b>1,410,709,530</b>	<b>1,263,591,519</b>

**Annex 2**

	<b>Members of the Société Générale Group</b>	
	million RON	
<b>ASSETS</b>		
Placements, down payments and loans extended, related receivables included	659	642
Issued guarantees	1,419	731
Amounts to be received from forward and spot foreign exchange operations	3,940	1,126
Amounts to be received from operations on derivatives	998	1,336
<b>LIABILITIES</b>		
Received loans	4,216	2,772
Cash assets and deposits	695	211
Received guarantees	68	148
Amounts to be paid for forward and spot foreign exchange operations	3,982	1,141
Amounts to be paid for operations on derivatives	998	1332