GROUPE SOCIETE GENERALE

PRESS RELEASE

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BRD GROUP RESULTS H1-2015: SOLID FINANCIAL RESULTS

The main financial ratios of BRD-Groupe Société Générale are as at June 30, 2015 at consolidated level, unless otherwise stated, according to the International Financial Reporting Standards (IFRS):

- **Strong increase in net profit to RON 270 million in the first half of 2015, compared to RON 128 million in the first half of 2014, driven by ongoing improvement in risk costs and strict monitoring of operating expenses**
- **Decrease of net banking income on a year-on-year basis caused by the low interest rate environment (-5.0% versus H1-2014) but 2.4% quarter-to-quarter increase thanks to higher net interest margin and revenues from commissions**
- **Sharp decline in cost of risk (-46% compared to the first half of 2014)**
- **NPL ratio on a declining trend (18.8% at June 30, 2015 from 23.4% at June 30, 2014 for the Bank), due to write-off operations and sales of impaired receivables**
- **Strengthened coverage ratio of non-performing loans with IFRS provisions (72.9% at June 30, 2015 vs. 71.2% at June 30, 2014 for the Bank)**
- **High capital adequacy ratio: 16.3% at June 30, 2015 versus 16.6% at June 30, 2014 (Bank only)**
- **Dynamic individuals' loan production (up by 18% against January – June 2014) due to higher demand for housing loans**

As of June 2015, gross loans in the Romanian banking system declined against June 2014 (-0.6%*) as a result of the lower outstanding on the companies' segment. On the individuals' segment, the volume of RON-denominated consumer loans showed first signs of improvement and housing loans' growth proved resilient. Compared to the end of 2014, the outstanding of gross loans expanded by 2.2%*, the evolutions being positive on both segments. Both individuals and companies' savings advanced against June 30, 2014 therefore total deposits increased by 7.3%*.

BRD Group's outstanding net loans reached RON 27.0bn, down by 2.5%* year-on-year due to the contraction of the SME loan portfolio, but up by 1.1%* versus December 31, 2014 thanks to further expansion of the portfolio of credits to individuals and large corporate clients.

Net loans to individuals reached RON 17.0 billion, +2.6%* versus June 30, 2014 and +2.4%* versus December 31, 2014. The growth was sustained mostly by the expansion of the housing loan portfolio. Housing loan production during January – June 2015 soared to circa RON 0.8 billion (+78% versus the first half of 2014) as a result of BRD's leading position on the Prima Casa programme (Prima Casa loan production accounted for 76% of total new housing loans) and rising interest for standard mortgage loans. Production on the individuals' segment totaled RON 2.4 billion in the first six months of 2015, up by 18% versus the corresponding period of last year.

The portfolio of net loans to large corporate clients advanced by 6.6%* against December 31, 2014, and by +2.8%* against June 30, 2014 testifying to BRD's strong position on this highly competitive segment.

BRD Group's deposits grew by 9.5%* versus June 30, 2014 and by 4.9%* against December 31, 2014, reaching RON 37.7 billion due to good deposit collection from both retail and non-retail customers. Household deposits increased above the market growth rate, with a particularly sustained increase of deposits in current accounts (+23.6% up year-on-year). The large deposit base, which accounted for 89.4% of total liabilities,

together with a comfortable ratio of net loans to deposits (of 71.6% at June 30, 2015, -2.9 pts against December 31, 2014 and -8.7 pts against June 30, 2014) ensures a high financial autonomy.

Net banking income decreased by 5.0% compared to the first half of 2014 to RON 1,226 million, with the net interest margin narrowing mostly on adverse interest rate effect. The suppression or reduction of some commissions on retail segment and lower revenues from commitments and guarantees from the Bank translated into a 3.4% decline of net fees and commissions income. The BRD Group registered nonetheless higher revenues from internet and mobile banking, custody & depository services, asset management, syndicated loans and cash operations.

Operating expenses declined by 1.3% to RON 633 million compared to the corresponding period of last year. Further savings with regards to real-estate, communication and consultancy costs were achieved thanks to disciplined expense management. The cost/income ratio stood at 51.6%.

BRD registered a continued risk profile improvement. It reduced the non-performing loans (NPLs) ratio from 23.4% as of June 30, 2014 to 18.8% as of June 30, 2015, at Bank level, as a result of write-offs and NPL sale transactions. At the same time, it managed to increase the coverage of non-performing loans with IFRS provisions from 71.2% at June 30, 2014 to 72.9% at June 30, 2015. Net cost of risk declined by 46.2% at Group level, against the corresponding period of last year, with positive evolutions on both segments (individuals and companies).

BRD's capital adequacy ratio of 16.3% at individual level (under Basel III regulations) at June 30, 2015 is comfortably above the regulatory requirement and compares to 16.6% at June 30, 2014.

"The robust results for the first half of 2015 constitute the payoff for active risk management and cost saving efforts, and provide further confirmation of the solidity of BRD Group's universal bank model. In addition, positive signals started to appear regarding activity levels, as testified by the continued improvement of individuals' and large corporates' loan production and quarter-to-quarter increase in core banking revenues", said Philippe Lhotte, BRD CEO.

BRD Group financial results for 1st semester of 2015 are available to the public and investors on the website of the bank: **www.brd.ro** from 09h00 onwards. 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.

(*) Variations at constant foreign exchange rate

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 845 units. BRD has a leading position on the card market with 2.2m cards and a network acceptance over 26,000 POS, and 1,500 ATMs. With factoring operations of EUR 960m in 2014, BRD is the leader of the factoring market. Total assets of the Bank at June 2015 end amounted to RON 47.1 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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