GROUPE SOCIETE GENERALE

From:	**Board of Directors**	Date: 13 March 2014
To:	**Ordinary General Shareholders' Assembly**	Visa of the Chairman – CEO:
In reference to:	**2014 Objectives and Budget**	

Decision draft:

The Ordinary General Shareholders' Assembly approves the objectives and the budget for 2014

SUMMARY

Annex: 2014 Objectives and Budget

BRD – Groupe Société Générale S.A.
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http://www.brd.ro

CAPITAL SOCIAL IN RON: 696.901.518 lei; R.C. J40/608/19.02.1991; RB - PJR - 40 - 007 /18.02.1999;
C.U.I./C.I.F.:RO 361579
Prelucrare înscrisă în registrul de evidență a prelucrărilor de date cu caracter personal sub nr. 1788.
Atestat CNVM nr.255/06.08.2008

BRD

Budget 2014

General Shareholders Assembly

BANCA TA. ECHIPA TA

BRD

GROUPE SOCIETE GENERALE

Banking and economic environment

Economic Scenario

- GDP growth of 2,5% in 2014
- Increase of inflation (3,4% in 2014 vs 1,6% in 2013), mostly due to a statistical base effect
- Average Robor 3m assumption set at 3,5%
- Hypothesis of stability of the exchange rate

Banking Scenario

- 5% increase of the overall deposit volume (after +7% in 2013)
- Households' propensity to save to remain relatively high (deposits attracted from individuals : +6%)

- Weak growth of gross loans' volume (expectation of about +1%)
- Continuing contraction of consumer credits' outstanding amounts, and increasing housing loans' volume
- Still low demand for credit from companies
- Significant decline in foreign currency financing for companies, following regulatory changes enforced in 2013

Commercial Strategy

On individuals' market

- Initiate the deployment of an action plan aiming at reducing customer attrition
- Strengthen our position on the savings market
- Continue to actively promote housing loans, support the production of consumer credits through specific campaigns
- Actively promote the newly upgraded remote banking offer in order to raise alternative channels' utilization levels
- Continue to focus on actions aiming at further improving the quality of service

On enterprises' market

- Resume financing volumes' growth
- Deploy a sectorial strategy fully consistent with market opportunities, targeting in priority the sectors of energy, agriculture / agro-industry, infrastructure, large retailers, and large exporters
- Be the reference banking partner on national and European development programmes
- Reinforce position on cash management

Organization and structure

Adjustments of the commercial organization and structure

- Maintain a strong network of branches, while continuing to perform pragmatic adjustments, on an ongoing basis
- Accelerate the transition towards a fully relational banking model
- Increase the number of account officers, through staff redeployments
- Continue to extend the branches' working hours
- Reorient daily banking transactions to remote banking channels and automats

Adjustments of back-offices and support functions' organization and structure

- Continue the standardization, the automation and the simplification of processes

Funding Mix evolution

Continue the policy of diversification of funding sources

- Focus on retail deposits
- Continue to attract and place funds from the international financial institutions
- Improve consequently the financial autonomy of the bank :
    - higher weight of customer deposits in total liabilities : +12 pts between 2012 end and 2014 end
    - reduced share of parent funding in total liabilities : -8 pts between 2012 end and 2014 end

Profitability Evolution

Net Banking Income

- Overall NBI to further contract in 2014, mostly affected by a still generally sluggish lending activity and unfavorable base effects
- Net interest income decrease to be anticipated, mostly due to adverse volume and structure effects
- Commissions income pushed up by the increase in clients' equipment levels

Operating Expenses

- Implementation of cost optimization measures to be continued
- Operating expenses' increase to consequently remain very moderate, at a below inflation level

Cost of Risk

- Expected normalization, after the significant coverage improvement effort performed in 2013

Net Result

- Return to profit, thanks to a reduced cost of risk

Main activity indicators (BRD standalone, IFRS standards)

		Actual 2012	Actual 2013	Evolution 13/12	Budget 2014	Evolution B14/ 13
Clients (thousands)		2,321	2,279	-1.8%	2,333	2.4%
Net loans (RON bn)	Total	31.5	27.8	-11.8%	28.9	4.0%
	Individuals	*16.3*	*16.2*	*-0.4%*	*16.0*	*-1.5%*
	Corporates	*15.2*	*11.6*	*-24.0%*	*12.9*	*11.8%*
Deposits (RON bn)	Total	31.8	36.1	13.5%	34.8	-3.6%
	Individuals	*16.2*	*16.8*	*3.4%*	*18.1*	*7.5%*
	Corporates	*15.6*	*19.4*	*24.1%*	*16.8*	*-13.3%*
Loans/deposits		99%	77%	*-22 pts*	83%	*6 pts*

Main profitability indicators (BRD standalone, IFRS)

	M RON	Actual 2012	Actual 2013	Evolution 13/12	Perspectives for 2014
Financial Results	NET BANKING INCOME	2,913	2,713	-6.9%	*Anticipated contraction, due to net interest income decrease*
	OPERATING EXPENSES	(1,354)	(1,278)	-5.6%	*below inflation increase*
	GROSS OPERATING INCOME	1,559	1,435	-8.0%	
	NET COST OF RISK	(1,937)	(2,083)	7.5%	*significant decrease*
	NET RESULT	(331)	(385)	16.2%	*return to profit*
Ratios	*COST/INCOME RATIO*	46.5%	47.1%	*+0.6 pts*	
	ROE	-5.8%	-7.2%	*-1.4 pts*	