



Innovation is the Key to Development

An Interview with Sorin-Mihai Popa,
Co-Chief Executive Officer, BRD – Groupe Société Générale

EDITORS' NOTE Sorin-Mihai Popa has held his current post since September 2011. He joined Société Générale Bucharest Branch in 1993 and successively held the positions of General Auditor and Executive Manager between 1996 and 1999. In 1999, he was appointed Director of BRD's Branches Network Department. In 2003, he was appointed Deputy CEO and member of the Board of Directors. Since 2004, he has directly managed BRD's development, as well as its network diversification project, with more than 700 new branches opened in just 4 years. In 2005, he directly managed the most successful marketing and sales operation in the Romanian banking system, with more than 500,000 banking cards sold in only two months, a world record at VISA International. Sorin-Mihai Popa was awarded the "Banker of the Year" prize in 2005 and in 2008 by Saptamana Financiara magazine. He is a graduate of the Academy of Economic Studies in Bucharest. He earned a B.A. in Finance and an international M.B.A. diploma from the Ecole Supérieure de Gestion in Toulouse, France.



Sorin-Mihai Popa

COMPANY BRIEF BRD – Groupe Société Générale (www.brd.ro/en/the-bank) is the second Romanian bank in terms of assets and market share and the second largest company by market capitalization at the Bucharest Stock Exchange. BRD is part of Société Générale Group, one of the leading banking groups in the Euro zone. The bank has more than 2,400,000 customers, its activities being focused among three core businesses: retail and SME's, large corporations, and investment banking. Its ancestor is the National Company for Industrial Lending, created in 1923 as a public institution, whose mission was to finance the development of the industrial sector in Romania. Pursuant to the Nationalization Law of June 1948, the National Company for Industrial Lending passed into the property of the State, becoming, under different names, the Investment Bank of the Romanian State. In 1990, the monopoly that the specialized banks used to exercise in their specific fields of business ended. The Romanian Bank for Development was set up as a commercial bank, taking over the assets and the liabilities of the Investment Bank and was granted a universal banking license. In December 1998, Société Générale bought the majority stake of BRD in the framework of a privatization process. Taking benefit of SocGen's know-how, BRD – Groupe Société Générale is now present in all sectors of the economy. BRD has succeeded in creating a financial group that offers, in connection with the

business lines of Société Générale, expertise in investment banking operations such as M&As and structured finance, asset management or real estate development, and life insurance. BRD is also present in the market of private pension funds. The bank has been implementing a policy for the past six years aimed at the development of its retail arm market in which it holds a share of approximately 20 percent with a network of more than 930 branches. The bank is also a substantial player in the local corporate banking market.

What is your bank's mission in the context of an emerging economy such as Romania, a country that struggles to modernize and align itself to EU standards?

The natural mission of any bank is to finance. Our history, distant as well as recent, shows that BRD is one of the most involved banks in the Romanian economy. We have a tradition that we treasure – that of being a corporate bank – and we have enriched this tradition ever since Société Générale took over BRD. With the help of SocGen's expertise, we have developed financing solutions for all economic actors, be they SMEs, large multinational corporations, public local authorities, or the State. Our contribution is important, as we are involved in all sectors of the economy – industry, agriculture, services. For instance, we pioneered the field of financing projects developed all over the country by local authorities with the help of bond issues and we are ready to do this for Bucharest in order to support its future development.

How important is it to have one of the largest banking groups in Europe as majority shareholder, especially in a time of turmoil within the financial markets?

SocGen's commitment to Romania is obvious – it has been present here for more than 30 years and acquired BRD, the first Romanian bank that was privatized in 1999, and over the years, it has provided its support to all major projects of the Romanian economy, as in the building of the second unit of the Cernavodă nuclear plant. In fact, BRD counts this among the top three most important subsidiaries of Société Générale, since it deployed important know-how and resources here. Société Générale has reaffirmed its support for BRD: financing will be maintained at a comfortable level, so as to be able to contribute to the bank's business in Romania.

Infrastructure is important to Romania and to Bucharest. What is your position regarding financing infrastructure projects?

We have always stated that we are ready to finance infrastructure projects. Bucharest is particularly active in modernizing its infrastructure and we would be happy to help the city build, thus providing more urban comfort to its inhabitants. The years to come are crucial as far as filling the gap between Romania and the developed countries in the EU, and we are willing to contribute to this effort.

What is your bank's strategy for the short and medium term? How do you see the banking market? Is there room left for growth?

There is. But the paradigm has changed; we are no longer acting on a market philosophy of "business as usual". Innovation will be the main driver in getting customers to come to a bank, so banks need to focus on this primarily. BRD is well placed in this competition, as innovation is a way of life for us. We have sufficient arguments for that: the champions banking cards, the first ever customizable cards on the Romanian market, and the contactless cards.

What kind of activity do you anticipate for your bank in Bucharest for the long term and how do you envision life in Bucharest five years from now?

Bucharest is no doubt Romania's main economic center and it is of utmost importance to us. As a result, we have deployed the most innovative branch concepts, and in five years, we will go further with the development of our network. Bucharest should evolve from its status as the economic center for Romania to that of a business hub for the whole region. And we will be there to help the city achieve that goal. ●