BRD – Groupe Société Générale S.A.

CONSOLIDATED FINANCIAL STATEMENTS

Prepared in Accordance with
International Financial Reporting Standards

DECEMBER 31, 2008

BRD – Groupe Société Générale S.A.
CONSOLIDATED BALANCE SHEET
as of December 31, 2008
(Amounts in thousands RON)

	Note	December 31, 2008	December 31, 2007
ASSETS			
Cash in hand	4	913,750	938,137
Accounts with Central Bank	5	13,312,740	10,287,975
Accounts and deposits with banks	6	583,786	801,358
Assets available for sale	7	865,616	118,221
Loans, net	8	31,934,749	25,224,949
Lease receivables	9	1,365,857	1,055,972
Investments in associates	10	82,787	61,392
Tangible assets, net	11	1,211,052	1,166,212
Goodwill, net	12	50,151	50,151
Intangible assets, net	13	55,414	36,884
Deferred tax asset, net	18	65,060	16,872
Other assets	14	478,641	224,457
Total assets		**50,919,603**	**39,982,580**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Demand deposits and current accounts	15	17,260,919	14,597,857
Term deposits	16	19,686,109	14,010,399
Borrowings	17	9,071,189	7,810,756
Current tax liability		123,189	90,153
Other liabilities	19	510,573	375,730
Total liabilities		**46,651,979**	**36,884,895**
Share capital	20	2,515,622	2,515,622
Reserves from revaluation of available for sale assets		(9,900)	699
Retained earnings		1,714,545	554,513
Minority interest		47,357	26,851
Total shareholders' equity		**4,267,624**	**3,097,685**
Total liabilities and shareholders' equity		**50,919,603**	**39,982,580**

The financial statements have been authorized by the Bank's management on March 24, 2009 and are signed on the Bank's behalf by:

Patrick Gelin	Petre Bunescu
President and Chief Executive Officer	Deputy Chief Executive Officer

BRD – Groupe Société Générale S.A.
CONSOLIDATED INCOME STATEMENT
for the year ended December 31, 2008
(Amounts in thousands RON)

	Note	2008	2007
Interest income	22	4,135,938	2,837,724
Interest expense	23	(2,240,171)	(1,338,330)
Net interest income		**1,895,767**	**1,499,394**
Loans impairment		(297,215)	(143,678)
Net interest income less loans impairment		**1,598,552**	**1,355,716**
Fees and commissions, net	**24**	**774,481**	**632,313**
Foreign exchange income, net	25	481,766	324,780
Income from associates	26	273,351	5,725
Other income	27	86,446	42,752
Income before non-interest expense		**3,214,596**	**2,361,286**
Contribution to the Deposit Guarantee Fund	28	(18,376)	(11,682)
Salaries and related expenses	29	(672,380)	(552,519)
Depreciation, amortisation and impairment	30	(119,215)	(136,228)
Other operating expenses	31	(619,463)	(445,604)
Total non-interest expense		**(1,429,434)**	**(1,146,033)**
Profit before income tax		**1,785,162**	**1,215,253**
Current income tax expense	18	(265,826)	(175,025)
Deferred tax income/(expense)	18	48,311	(20,853)
Total income tax		**(217,515)**	**(195,878)**
Net profit for the year		**1,567,647**	**1,019,375**
Loss attributable to minority interest		(4,993)	(2,261)
Profit attributable to parent company shareholders		1,572,640	1,021,636
Earnings per share (in RON)	37	**2.2566**	**1.4660**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended December 31, 2008

(Amounts in thousands RON)

	Note	2008	2007
Cash flows from operating activities			
Profit before income tax		**1,785,162**	**1,215,253**
Adjustments for non-cash items			
Depreciation and amortization expense		129,459	126,618
Net gain from disposals of tangible and intangible assets		(10,244)	(1,136)
Gain from investment revaluation		(279,607)	(4,432)
Net expenses from impairment of loans and from provisions		294,149	143,678
Operating profit before changes in operating assets and liabilities		**1,918,919**	**1,479,981**
Changes in operating assets and liabilities			
Current account with NBR		(3,024,765)	(2,745,889)
Accounts and deposits with banks		(34,631)	(97,815)
Available for sale securities		(757,994)	(91,465)
Loans		(7,007,015)	(7,791,992)
Lease receivables		(309,885)	(342,402)
Other assets		(268,047)	(135,192)
Demand deposits		2,663,062	6,345,722
Term deposits		5,675,710	1,092,053
Other liabilities		136,364	190,407
Total changes in operating assets and liabilities		**(2,927,201)**	**(3,576,573)**
Income tax paid		(232,790)	(96,326)
Cash flow from operating activities		**(1,241,072)**	**(2,192,918)**
Investing activities			
Acquisition of equity investments		(48,240)	(15,344)
Proceeds from equity investments		306,452	-
Acquisition of tangible and intangible assets		(196,592)	(171,388)
Proceeds from sale of tangible and intangible assets		27,993	10,745
Cash flow from investing activities		**89,613**	**(175,987)**
Cash-flows from financing activities			
Increase in borrowings		1,260,433	2,808,609
Increase in share capital of subsidiary		25,499	25,608
Dividends paid		(411,063)	(254,640)
Net cash from financing activities		**874,869**	**2,579,577**
Net movements in cash and cash equivalents		**(276,590)**	**210,672**
Cash and cash equivalents at beginning of the period	32	**1,426,533**	**1,215,861**
Cash and cash equivalents at the end of the period	32	**1,149,943**	**1,426,533**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the year ended December 31, 2008
(Amounts in thousands RON)

	Note	Share capital	Reserves from revaluation of available for sale assets	Minority interest	Retained earnings / (Accumulated deficit)	Total
December 31, 2006		**2,515,622**	**3,035**	**3,504**	**(211,208)**	**2,310,953**
Increase in share capital		-	-	25,608	-	**25,608**
Net profit/(loss) in 2007		-	-	(2,261)	1,021,636	**1,019,375**
Distribution of dividends for 2006		-	-	-	(255,916)	**(255,916)**
Changes in fair value of assets available for sale		-	(2,336)	-	-	**(2,336)**
December 31, 2007		**2,515,622**	**699**	**26,851**	**554,512**	**3,097,684**
Increase in share capital				25,499		**25,499**
Net profit/(loss) in 2008				(4,993)	1,572,640	**1,567,647**
Distribution of dividends for 2007					(412,607)	**(412,607)**
Changes in fair value of available for sale assets			(10,599)			**(10,599)**
December 31, 2008	20	**2,515,622**	**(9,900)**	**47,357**	**1,714,545**	**4,267,624**

(Amounts in thousands RON)

1. Corporate information

BRD – Groupe Société Générale (the "Bank" or the "Group") is a joint stock company incorporated in Romania. The Bank commenced business as a state owned credit institution in 1990 by acquiring assets and liabilities of the former Banca de Investitii. The Bank headquarters is 1-7 Ion Mihalache Blvd, Bucharest.

The ultimate parent is Société Générale France (the "Parent").

The Bank has 930 units throughout the country (December 31, 2007: 806). The average number of employees during 2008 was 9,110 (2007: 8,013), and the number of employees as of the year-end was 9,502 (December 31, 2007: 8,534).

BRD offers a wide range of banking and financial services to corporates and individuals, as allowed by law. The Bank accepts deposits from the public and grants loans and leases, carries out funds transfer in Romania and abroad, exchanges currencies and provides other financial services for its commercial and retail customers.

BRD – Groupe Société Générale is quoted on First Tier of Bucharest Stock Exchange ("BVB") since January 15, 2001.

The shareholding structure of the Bank is as follows:

	December 31, 2008	**December 31, 2007**
Societe Generale France	58.54%	58.32%
SIF Oltenia	5.51%	5.41%
SIF Muntenia	5.27%	5.27%
SIF Moldova	5.00%	5.03%
SIF Banat Crisana	4.65%	4.60%
SIF Transilvania	5.02%	5.00%
European Bank for Reconstruction and Development ("EBRD")	5.00%	5.00%
Other shareholders	11.01%	11.37%
Total	**100.00%**	**100.00%**

2. Basis of preparation

a) Basis of accounting

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, BRD prepared consolidated financial statements for the year ending December 31, 2008 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU") and in force at that date (these standards are available on European Commission Website http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission)

The consolidated financial statements include consolidated balance sheet, income statement, cash flow statement, statement of changes in shareholders' equity and notes.

The consolidated financial statements are presented in Romanian lei ("RON"), which is the Bank's and its subsidiaries' functional and presentation currency, rounded to the nearest thousand and are prepared under the historical cost convention, modified to include the fair value of certain types of financial instruments.

b) Basis for consolidation

The consolidated financial statements comprise the financial statements of the credit institution and its subsidiaries as at December 31, 2008. The financial statements of the subsidiaries are prepared for the same reporting period, using consistent accounting policies.

A subsidiary is an entity over which the Bank exercises control. Control is presumed to exist when direct or indirect ownership exceeds 50% of the voting power of the enterprise. The consolidated financial statements include the financial statements of BRD – Groupe Société Générale S.A. and the following subsidiaries: BRD Sogelease IFN S.A. (99.98% ownership, 2007: 99.96%), BRD Finance IFN S.A (49% ownership, 2007: 49%), BRD Securities - Groupe Société Générale S.A. (99.9996% ownership, 2007: 99.82%), BRD Corporate Finance SRL (100 % ownership, 2007: 100%), ALD Automotive SRL (20 % ownership, 2007: 20%) and BRD Asset Management SAI SA (94.83% ownership, 2007: 0%). The address of the Bank's registered office is 1-7 Ion Mihalache Blvd, Bucharest. All intercompany transactions, balances and unrealized gains and losses on transactions between consolidated entities are cancelled.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date such control ceases.

Equity and net income attributable to minority interests are shown separately in the balance sheet and income statement, respectively.

Acquisition of minority interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. a discount on acquisition) is recognized directly in the income statement in the year of acquisition.

2. Basis of preparation (continued)

c) Changes in accounting policies and adoption of revised/amended IFRS

The following new interpretations became mandatory for the first time for the financial year beginning 1 January 2008 and are relevant for the Group.

- IFRIC 11, IFRS 2-Group and Treasury Share Transactions *(effective for financial years beginning on or after 1 March 2007)*
This Interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by an entity even if the entity chooses or is required to buy those equity instruments from another party, or the shareholders of the entity provide the equity instruments needed. The Interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for schemes when their employees receive rights to equity instruments of the parent.
This Interpretation applies to the way the Group's subsidiaries account, in their individual financial statements, for options granted to their employees to buy equity shares of the Company.

- IFRIC 12, Service Concession Arrangements *(effective for financial years beginning on or after 1 January 2008)*
IFRIC 12 outlines an approach to account for contractual (service concession) arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognise a financial asset and/or an intangible asset. IFRIC 12 is not relevant to the Group. This Interpretation has not yet been endorsed by the EU.

- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction *(effective for financial years beginning on or after 1 January 2008)*
IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits. It also explains how this limit, also referred to as the "asset ceiling test", may be influenced by a minimum funding requirement and aims to standardize current practice.
The Group assessed the impact of this Interpretation and concluded that it has no impact on its financial position or performance as the defined benefit schemes are unfunded.

d) Standards and Interpretations that are issued but have not yet come into effect

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2009 or later periods but which the Bank has not early adopted, as follows:

- IFRS 8, Operating Segments *(effective for financial years beginning on or after 1 January 2009)*
IFRS 8 replaces IAS 14 *Segment Reporting* and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences.
The Group is in the process of assessing the impact of this standard on its financial statements.

2. Basis of preparation (continued)

d) Standards and Interpretations that are issued but have not yet come into effect (continued)

- IAS 23 (revised), Borrowing Costs *(effective for financial years beginning on or after 1 January 2009)*
The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements of the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

- IFRIC 13, Customer Loyalty Programmes *(effective for financial years beginning on or after 1 July 2008)*
IFRIC 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group expects that this Interpretation will have no impact on its financial statements as no such schemes currently exist.

- Amendment to IAS 39, "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures; Reclassification of Financial Assets" *(effective from 1 July 2008 and cannot be applied retrospectively to reporting periods before the effective date).*
The amendment to IAS 39 permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss ("FVTPL") category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The amendments do not permit reclassification into FVTPL. The amendment to IFRS 7 relates to the disclosures required to financial assets that have been reclassified.

- IFRS 7, "Financial Instruments: Disclosures" (Amended)*(effective for annual periods beginning on or after 1 January 2009).*
This amendment removes the reference to 'total interest income' as a component of finance costs.

- IAS 1 Presentation of Financial Statements (*effective for annual periods beginning on or after 1 January 2009)*
IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. Of the main revisions are the requirement that the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income"; and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period, i.e. a third column on the balance sheet. The Group will make the necessary changes to the presentation of its financial statements in 2009.

- IFRS 2 Share Based Payment – Vesting Conditions and Cancellations *(*effective for annual periods beginning on or after 1 January 2009)
The amendment clarifies two issues: The definition of 'vesting condition', introducing the term 'non-vesting condition' for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty.
The Group expects that this Interpretation will have no impact on its financial statements.

2. Basis of preparation (continued)

d) Standards and Interpretations that are issued but have not yet come into effect (continued)

- IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements *(effective for annual periods beginning on or after 1 July 2009)*
A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements were issued by IASB on January 10, 2008. IFRS 3R introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). IAS 27R requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction.
Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.
The changes introduced by IFRS 3R and IAS 27R must be applied prospectively and will affect future acquisitions and transactions with minority interests.
Therefore such a change will have no impact on goodwill, nor will it give raise to a gain or loss. The revised IFRS 3 and amendments to IAS 27 have not yet been endorsed by the EU

- IAS 32 and IAS 1 Puttable Financial Instruments *(effective for annual periods beginning on or after 1 January 2009)*
The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity.
The Group does not expect these amendments to impact the financial statements of the Group.

- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items *(effective for annual periods beginning on or after 1 July 2009)*
The amendment to IAS 39 clarifies the application of existing principles that determine whether specific risk or portions of cash flows are eligible for designation in a hedging relationship. The amendments shall be applied retrospectively for annual periods beginning on or after 1 July 2009. The Group does not expect these amendments to impact the financial statements of the Group.

- IFRIC 15, "Agreements for the Construction of Real Estate" *(effective for financial years beginning on or after 1 January 2009 and is to be applied retrospectively).*
IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 'Construction Contracts' or IAS 18 'Revenue' and, accordingly, when revenue from such construction should be recognised. This Interpretation has not yet been endorsed by the EU. IFRIC 15 will not have any impact on the financial statements because the Group does not conduct real estate activity.

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation *(effective for annual periods beginning on or after 1 October 2008)*
IFRIC 16 applies to entities that hedge the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. The main expected change is to eliminate the possibility of an entity qualifying for hedge accounting for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial statements. IFRIC 16 is not relevant to the Bank's operations. This Interpretation has not yet been endorsed by the EU.

2. Basis of preparation (continued)

d) Standards and Interpretations that are issued but have not yet come into effect (continued)

- IFRIC 17 "Distributions of Non-cash Assets to Owners" *(effective for annual periods beginning on or after 1 July, 2009).* IFRIC 17 clarifies the following issues, namely:

- a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity;
- an entity should measure the dividend payable at the fair value of the net assets to be distributed;
- an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss; and
- an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation.

IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions. It is to be applied prospectively and earlier application is permitted. The Group is in the process of assessing the impact of this interpretation. This Interpretation has not yet been endorsed by the EU.

- IFRIC 18, "Transfers of Assets from Customers"*(effective for financial years beginning on or after 1 July 2009 and is to be applied prospectively. However, limited retrospective application is permitted.)* This Interpretation is of particular relevance for the utility sector as it clarifies the accounting for agreements where an entity receives an item of PP&E (or cash to construct such an item) from a customer and this equipment in turn is used to connect a customer to the network or to provide ongoing access to supply of goods/services. This interpretation is not applicable for the Group.

e) Significant accounting judgments and estimates

In the process of applying the Group's accounting policies, management is required to use its judgments and make estimates in determining the amounts recognized in the financial statements. The most significant use of judgments and estimates are as follows:

Impairment losses on loans and receivables

The Bank reviews its problem loans and advances at each reporting date to assess whether an allowance for impairment should be recorded in the income statement. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances against individually significant loans and advances, the Bank also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any deterioration in country risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

Impairment of goodwill

The Bank determines whether the goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Bank to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as of December 31, 2008 was 50,151 (2007: 50,151).

(Amounts in thousands RON)

2. Basis of preparation (continued)

e) Significant accounting judgments and estimates (continued)

Retirement benefits
The cost of the defined benefit retirement plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The assumptions are described in Note 19.

f) Impact of inflation

IFRS require that financial statements prepared on a historical cost basis should be adjusted to take account of the effects of inflation, if this has been significant. IAS 29 provides guidance on how financial information should be prepared in such circumstances. The standard requires that financial statements should be restated in terms of measuring unit current at the balance sheet date and that any gain or loss on the net monetary position should be included in the income statement and disclosed separately. The restatement of financial statements in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power.

IAS 29 suggests that economies should be regarded as hyperinflationary if, among other factors, the cumulative inflation rate over a period of three years is approaching, or exceeds, 100%. The annual increase in the general price index as issued by the "National Institute for Statistics and Economic Studies" ("INSSE") over the years 2006 to 2008 was as follows:

	Movement in consumer price index
Year ended December 31, 2006	4.9%
Year ended December 31, 2007	6.6%
Year ended December 31, 2008	6.3%

There are other factors to be considered when deciding whether the restatement of financial statements in accordance with IAS 29 is necessary. These include, but are not limited to the following: the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency and amounts of local currency held are immediately invested to maintain purchasing power; the general population regards monetary amounts not in terms of local currency but in terms of a relatively stable foreign currency and prices may be quoted in that currency; sales and or purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short; interest rates, wages and prices are linked to a price index.

The financial statements of the Bank have been restated to take into account the effects of inflation until December 31, 2003 in accordance with the provisions of and guidance on IAS 29.

g) Segment information

The operations undertaken by the Bank's entities are subject to similar risks and returns both from economic environment point of view and type of activity point of view. Therefore, the Bank has not identified reportable segments which should be reported separately.

(Amounts in thousands RON)

3. Summary of significant accounting policies

a) Foreign currency translation

Transactions in foreign currencies are initially recorded at the functional currency rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The exchange rates of the currencies with the most significant impact on the Bank's financial statements as of December 31, 2008 and 2007 were as follows:

	December 31, 2008	December 31, 2007
RON/ USD	2.8342	2.4564
RON/ EUR	3.9852	3.6102

b) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise cash in hand, current accounts and short-term placements at other banks, excluding collaterals, treasury bills and other short-term highly liquid investments, with less than 90 days maturity from the date of acquisition.

c) Current accounts and deposits with banks

These are stated at amortized cost, less any amounts written off and provisions for impairment.

d) Loans and advances to customers and finance lease receivables

Loans and advances to customers and finance lease receivables originated by the Bank by providing money directly to the borrower are recognized when the cash is advanced to those parties. They are measured initially at fair value including arrangement costs. Loans and advances to customers are subsequently measured at amortized cost.

If there is objective evidence that the Bank will not be able to collect all amounts due (principal and interest) according to the original contractual terms of the loan / finance lease, such loans / finance leases are considered impaired. The amount of the impairment is the difference between the carrying amount and the recoverable amount of each loan / finance lease receivable, being the present value of expected cash flows discounted at the loan's original effective interest rate including the amounts expected to be recovered from collateral, if the loan / finance lease receivable is collateralized and foreclosure is probable.

Impairment and recoverability are measured and recognized item by item for loans and receivables that are individually significant, and on a portfolio basis for similar loans and receivables that are not individually identified as impaired. The carrying amount of the asset is reduced to its estimated recoverable amount by a charge to income statement through the use of an allowance for loan impairment account. If the amount of the impairment subsequently decreases due to an event occurring after the impairment, the release of the allowance is credited to the income statement. A write off is made when the entire loan / finance lease receivable is deemed uncollectible. Write offs are charged against previously established impairment allowances and reduce the principal amount of a loan / finance lease receivable. Recoveries of loans and receivables written off in earlier period are included in income.

3. Summary of significant accounting policies (continued)

e) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Bank as a lessor

Finance leases are those which transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item and are recognized as assets at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are allocated both to the principal and the income statement on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.

Leases where the Bank retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in income on a straight-line basis over the lease term.

f) Investment in associates

An associate is an enterprise in which the Bank exercises significant influence and is neither a subsidiary nor a joint venture. Associates are accounted using the equity method.

Under the equity method, an investment in an associate is carried in the balance sheet at cost plus post-acquisition changes in the Bank’s share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The Bank does an assessment of any additional impairment loss with respect to the net investment in associate. The income statement reflects the share of the results of operations of associates. Where there has been a change recognized directly in the equity of the associate, the Bank recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

The reporting dates of associates and the Bank are identical and the associates’ major accounting policies conform to those used by the Bank for like transactions and similar events in similar circumstances.

g) Investments and other financial assets classified as available for sale

Available for sale financial assets are recognized initially at fair value plus directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognized on the settlement date. Fair value movements between trade date and settlement date are recognized in equity. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the period generally established by regulation or convention in the marketplace.

After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

3. Summary of significant accounting policies (continued)

g) Investments and other financial assets classified as available for sale (continued)

If an available-for sale asset carried at fair value is impaired, an amount comprising the difference between its cost and its current fair value less any impairment loss previously recognized in profit or loss account is transferred from equity to income statement. Reversals in respect of equity instruments classified as available-for sale are not recognized in income statement.

If the fair value cannot be reliably determined (for investment where there is no active market), available-for sale financial assets are measured at cost less any impairment loss. If there is objective evidence that the impairment loss has been incurred, for an item carried at cost, the amount of loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

h) Tangible assets

Buildings and other tangible assets are stated at cost less accumulated depreciation and any impairment loss.

In accordance with IAS 29 "Reporting in Hyperinflationary Economies", tangible assets have been restated, as appropriate, by applying the change in the consumer price index from the date of acquisition through December 31, 2003.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset, as stated below:

Asset type	*Years*
Buildings and special constructions	10-40
Computers and equipment	3-6
Furniture and other equipment	10
Vehicles	5

Land is not depreciated. Construction-in-progress is not depreciated until used. Expenses for repairs and maintenance are charged to operating expenses as incurred. Subsequent expenditure on property and equipment is recognized as an asset under the same general recognition principle used at initial recognition.

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where the carrying amount of a tangible asset is greater than the estimated recoverable amount, it is written down to its recoverable amount.

Tangible assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

i) Borrowing costs

Borrowing costs are recognized as an expense when incurred.

3. Summary of significant accounting policies (continued)

j) Investment properties

Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

Transfers are made to investment property when and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party, or ending of construction or development. Transfers are made from investment property when and only when, there is a change in use evidenced by commencement of owner-occupation or commencement of development with a view to sale.

The depreciation of buildings included in investment properties is computed using the linear method over the useful lives as presented in note 3. h).

k) Held for sale assets

The Bank classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are those that are available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and their sale is highly probable.

Assets held for sale are initially recognized and subsequently measured at the lower of their carrying amount and fair value less costs to sell.

The Bank recognizes a gain for any subsequent increase in fair value less costs to sell to the extent of the cumulative impairment loss/decrease in value that has been recognized either in accordance with IFRS 5 or previously in accordance with other IFRS.

l) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Starting January 1, 2004 goodwill is not amortized any longer and is reviewed for impairment at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of cash-generating unit is less than the carrying amount, an impairment loss is recognized.

3. Summary of significant accounting policies (continued)

m) Intangible assets

Intangible assets are measured initially at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

In accordance with IAS 29 "Reporting in Hyperinflationary Economies", intangible assets have been restated, as appropriate, by applying the change in the consumer price index from the date of acquisition through December 31, 2003.

All intangible assets of the Bank carried as of December 31, 2008 and 2007 have finite useful lives and are amortized on a straight-line basis over the estimated useful life of up to 3 years. The amortization period and the amortization method are reviewed at least at each financial year end.

At each balance sheet date, intangibles are reviewed for indication of impairment or changes in estimated future benefits. Where the carrying amount of an asset is greater than the estimated recoverable amount, it is written down to its recoverable amount.

n) Derivative financial instruments

The Bank uses derivative financial instruments such as forward currency contracts, currency swaps, currency options, forward and swaps on interest rate as products offered to its clients but also to hedge its risks associated with interest rate, liquidity and foreign currency. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest swap contracts is determined by reference to market values of similar instruments.

The Bank did not apply hedge accounting.

o) Borrowings

Borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. Subsequently borrowings are stated at amortized cost using the effective interest rate method.

Gains and losses are recognized in net profit or loss when the liabilities are derecognized as well as through the amortization process.

p) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle or realize on a net basis.

3. Summary of significant accounting policies (continued)

q) Sale and repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet as securities and are measured in accordance with the applicable accounting policies. The liability for amounts received under these agreements is included in customers' deposits. The difference between sale and repurchase price is treated as interest expense using the effective yield method. Assets acquired with a corresponding commitment to resell at a specified future date (reverse repos) are recorded as loans and advances.

r) Customers' deposits and current accounts

Customers' current accounts and other deposits are carried at amortized cost using the effective interest rates.

s) De-recognition of financial assets and liabilities

Financial assets
A financial asset is derecognized where:

- The rights to receive cash flows from the assets have expired;
- The Bank retains the right to receive cash flows from the asset , but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Bank has transferred its rights to receive cash flows from the asset and either a) has transferred substantially all the risks and rewards of the asset, or b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially changed, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts are recognized in profit or loss.

t) Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the benefits can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest and similar income

For all financial instruments measured at amortized cost and interest bearing financial instruments classified as available-for-sale or held for trading, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any origination fees and incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

3. Summary of significant accounting policies (continued)

t) Recognition of income and expenses (continued)

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original effective interest rate applied to the new carrying amount.

Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

(i) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include asset management, custody and other management and advisory fees.

(ii) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

Dividend income
Revenue is recognized when the Bank's right to receive the payment is established.

Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and dividends for financial assets and financial liabilities held for trading.

u) Employee benefits

Short-term employee benefits:
Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expense when services are rendered.

Social Security Contributions:
The Bank and its subsidiaries as well as its employees are legally obliged to make contributions described in the financial statements as social security contributions to the National Pension Fund, managed by the Romanian State Social Security (a defined contribution plan financed on a pay-as-you-go basis). The Bank has no legal or constructive obligation to pay future benefits. Its only obligation is to pay the contributions as they fall due. If the members of the Romanian State Social Security plan cease to be employed by either the Bank or its subsidiary, there will be no obligation on the Bank to pay the benefits earned by these employees in previous years. The Bank's contributions are included in salaries and related expenses.

Post-employment benefits:
The Bank has a contractual obligation to pay to retiring employees a benefit calculated taking into account the salary at the date of retirement and the number of years served by the individual. The cost of providing benefits under defined benefit plans is estimated annually using the projected unit credit actuarial valuation method and is recognized to the income statement on an accruals basis.

3. Summary of significant accounting policies (continued)

u) Employee benefits (continued)

The surplus or deficit, arising from changes in the discount rate and from other actuarial assumptions is recognized as income or expense over the expected average remaining working lives of the employees participating in the plan.

Termination benefits:
As defined by the Romanian Law, the Bank pays termination indemnities in cases of termination of employment within the framework of reduction in the labor force, connected or not with reorganization. Expenses related to termination indemnities are accrued when Management decides to adopt a plan that will result in future payments of termination benefits and by the balance sheet date either starts to implement the restructuring plan or communicates the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation that the Bank will carry out the restructuring. Until the present time, the Bank's Management has not initiated any action in this direction.

v) Taxation

The current tax is the amount of income taxes payable in respect of the taxable profit, reported in the statutory financial statements, computed in accordance with Romanian tax rules and accrued for in the period to which it relates.

Deferred income tax liabilities are recognized for all taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date for financial reporting purposes, which will result in taxable amounts in future periods.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unutilized tax losses to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and carry-forward of unutilized tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize all or part of the deductible temporary differences or tax losses.

Deferred income tax assets and liabilities are measured at the amount that is expected to be paid to or recovered from the tax authorities after taking into account the tax rates and legislation that have been enacted or substantially enacted until the balance sheet date.

Current and deferred tax assets and liabilities are offset when they arise from the same tax reporting entity and relate to the same tax authority and when the legal right to offset exists.

Income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

w) Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as borrowing cost.

3. Summary of significant accounting policies (continued)

x) Contingencies

Contingent liabilities are not recognized in the financial statements but they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

y) Earnings per share

Basic earnings per share are calculated by dividing net profit for the reporting period attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. As of December 31, 2008 and 2007 there were no dilutive equity instruments issued by the Bank.

z) Related parties

Parties are considered related with the Bank when one party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control or significantly influence the other party in making financial and operating decisions.

Related party transaction represents a transfer of resources or obligations between related parties, regardless of whether a price is charged.

aa) Subsequent events

Post - balance sheet events that provide additional information about the Bank's position at the balance sheet date (adjusting events), or those that indicate that the going concern assumption is not appropriate are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when significant.

bb) Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances.
Financial guarantees are initially recognized in the financial statements at fair value, in 'Other liabilities', being the premium received / receivables. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amortized premium and the best estimate of expenditure required settling any financial obligation arising as a result of the guarantee.
Any increase in the liability relating to financial guarantees is taken to the income statement in 'Loans impairment'. The premium received is recognized in the income statement in 'Net fees and commission income' on a straight line basis over the life of the guarantee.

(Amounts in thousands RON)

4. Cash in hand

	December 31, 2008	December 31, 2007
Cash in vaults	612,849	622,572
Cash in ATM	300,901	315,565
Total	**913,750**	**938,137**

5. Accounts with the Central Bank

	December 31, 2008	December 31, 2007
Current accounts	13,312,740	10,287,975
Total	**13,312,740**	**10,287,975**

The National Bank of Romania (NBR or Central Bank) requires commercial banks to maintain an amount on current account with NBR ("minimum compulsory reserve"), calculated as a percentage of the average funds borrowed by the Bank during the previous month including customer deposits. As of December 31, 2008 the rate for RON and foreign currency denominated compulsory reserves was 18% respectively 40% (2007: 20% and 40%).
The required level of the minimum compulsory reserve for the last calculation period of the year was 12,141,101 (2007: 9,402,689).

The interest paid by the NBR for the compulsory reserves during 2008 was 2.50% - 5.15% p.a. for RON deposits (2007: 1.9% - 2.50% p.a.), and 1.25% - 2.75% p.a. for EUR deposits (2007: 0.80% - 1.35%).

6. Current accounts and deposits with banks

	December 31, 2008	December 31, 2007
Deposits at Romanian banks	81,440	241,878
Deposits at foreign banks	345,936	373,570
Current accounts at Romanian banks	6	39
Current accounts at foreign banks	156,404	185,871
Total	**583,786**	**801,358**

As of December 31, 2008 there is no amount pledged (2007: 358).

The interest rates earned on current accounts in foreign currency ranged between 0.14% and 5.25% p.a. (2007: 0.1%-6% p.a.). The interest rates earned on bank deposit in RON ranged between 3.00% and 56.05% p.a. (2007: 1.25%-30% p.a.). For foreign currency deposits the rates ranged between 0.02% and 7.30% p.a. (2007: 1.95%-8.70% p.a.).

(Amounts in thousands RON)

7. Assets available for sale

	December 31, 2008	December 31, 2007
Treasury notes	756,913	91,900
Equity investments	9,391	5,184
Other securities	99,312	21,137
Total	**865,616**	**118,221**

Treasury notes

Treasury notes consist of RON interest bearing bonds with initial maturities between 2 and 5 years (2007: between 2 and 5 years) amounting to 53,427 (2007: 91,900) and treasury bills with maturities between 3 months and 1 year amounting to 703,486 (2007: 0) issued by the Romanian Ministry of Public Finance. As of December 31, 2008 treasury notes amounting to 756,913 (2007: 0) have been pledged to NBR for a 5 days period.

Equity investments

Other equity investments represent shares in Victoria Business Centre S.A, Romanian Commodities Exchange, Bucharest Clearing House (the former Romanian Securities Clearing and Depository Company), Thyssen Krupp Bilstein Compa S.A., Depozitarul Central S.A. (Shareholders' Register for the National Securities Commission), ECS International Romania SA, Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati SA, TransFond and Visa International Service Association.

Other securities

The Group holds units in a monetary fund ("Simfonia 1") and a balanced fund ("Concerto") amounting to 86,559 (6,995 as of December 31, 2007) respectively 9,149 (10,592 as of December 31, 2007).

Simfonia 1 invests on the monetary market and in liquid debt instruments (treasury bills and bonds, corporate bonds, municipal bonds). The Group held as of the year-end a total number of 3,491,676 units (2007: 309,497) with a unit value of RON 24.79 (2007: 22.60)

Concerto invests in monetary market instruments, debt instruments as well as equities traded on Bucharest Stock Exchange. As of the year-end the Group held a number of 90,353 units (2007: 90,353) with a unit value of RON 101.26 (2007: 117.23).

Other securities include corporate bonds issued by Estima Finance amounting to 3,604 (2007: 3,550).

(Amounts in thousands RON)

8. Loans

	December 31, 2008	December 31, 2007
Loans, gross	32,887,940	25,988,188
Loans impairment	(953,191)	(763,239)
Total	**31,934,749**	**25,224,949**

The structure of loans as at 31 December 2008, 2007 is the following:

	December 31, 2008	December 31, 2007
Working capital loans	8,697,908	7,331,317
Loans for equipment	7,079,791	5,438,940
Trade activities financing	337,890	315,619
Acquisition of real estate, including mortgage for individuals	2,503,719	1,757,424
Consumer loans	12,826,735	9,429,144
Other	1,441,897	1,715,744
Total	**32,887,940**	**25,988,188**

As of December 31, 2008, balances relating to factoring amount to 301,744 (261,915 as of December 31, 2007) and those relating to forfeiting 35,708 (53,471 as of December 31, 2007).

Working capital loans include an amount of 41,222 (2007: 159,120) representing fair value of letters of credit with deferred payment.

The analysis of portfolio by type of ownership

Type of ownership	December 31, 2008	December 31, 2007
Private companies	15,873,758	12,030,559
State owned companies	464,994	391,031
Individuals	16,549,188	13,566,598
Total	**32,887,940**	**25,988,188**

Sector analysis

	December 31, 2008	December 31, 2007
Manufacturing	9.3%	9.8%
Food industry	3.2%	3.7%
Transportation and other services	2.4%	2.9%
Trade	19.6%	18.1%
Agriculture	1.7%	1.9%
Constructions	6.6%	4.3%
Individuals	49.0%	51.0%
Other	8.2%	8.3%
Total	**100.0%**	**100.0%**

Loans to individuals include mortgage loans, consumer loans and overdrafts.

(Amounts in thousands RON)

8. Loans (continued)

As of December 31, 2008 the amortized cost of loans granted to the 20 largest corporate clients (groups of connected borrowers) amounts to 1,231,162 (887,837as of December 31, 2007), while the value of letters of guarantee and letters of credit issued in favor of these clients amounts to 3,000,713 (1,888,403 as of December 31, 2007).

Impairment allowance for loans

Balance as of December 31, 2006	**567,135**
Reversals given write offs and recoveries	(222,975)
Provision expense	409,513
Foreign exchange losses	9,566
Balance as of December 31, 2007	**763,239**
Reversals given write offs and recoveries	(397,952)
Provision expense	562,785
Foreign exchange losses	25,119
Balance as of December 31, 2008	**953,191**

The impairment allowance includes the provisions for the loans specifically identified as impaired as well as the provision for the collective impairment. The value of loans for which a specific provision is made is 964,763 (December 31, 2007: 1,146,463). The value of the provision for the collective impairment is 232,536 (December 31, 2007: 92,225).

Ageing analysis of past due but not impaired loans per class of financial assets

December 31, 2008

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate lending	653,603	121,430	87,600	-	862,633
Small business lending (retail)	295,275	69,100	26,685	-	391,060
Consumer lending	1,006,629	216,326	92,333	-	1,315,288
Residential mortgages	124,463	24,749	7,314	994	157,520
Total	**2,079,970**	**431,605**	**213,932**	**994**	**2,726,501**

December 31, 2007

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate lending	397,166	19,750	1,584	5,514	424,014
Small business lending (retail)	161,228	26,470	17,603	1,159	206,460
Consumer lending	777,817	166,785	67,648	59,753	1,072,003
Residential mortgages	69,854	11,648	3,617	-	85,119
Total	**1,406,065**	**224,653**	**90,452**	**66,426**	**1,787,596**

(Amounts in thousands RON)

8. Loans (continued)

Carrying amount of loans whose terms have been renegotiated

	December 31, 2008	December 31, 2007
Corporate lending	1,243	946
Small business lending (retail)	675	133
Total	**1,918**	**1,079**

Analysis of not impaired loans by collateral coverage

December 31, 2008

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	862,633	859,304	12,434,448	11,813,713
Retail lending	1,863,868	1,753,675	16,762,225	15,230,497
Total	**2,726,501**	**2,612,979**	**29,196,673**	**27,044,210**

December 31, 2007

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	424,014	415,126	8,759,182	8,815,842
Retail lending	1,363,582	1,220,644	14,294,948	12,830,658
Total	**1,787,596**	**1,635,770**	**23,054,130**	**21,646,500**

As of December 31, 2008 the carrying value of repossessed assets is 39 (2007: 39), representing a residential building. During 2008 the Bank did not repossessed any asset.

Analysis of neither impaired nor past due loans by credit rating

December 31, 2008

		Credit rating					
	Loans	1 - very good	2 - good	3 - rather good	4 - acceptable	5 - performing but sensitive	6 - sensitive - credit risk not acceptable
Corporate lending	12,434,448	360,891	524,585	908,615	9,597,080	931,516	111,761
Retail lending	16,762,225	-	-	-	16,664,758	86,749	10,718
Total	**29,196,673**	**360,891**	**524,585**	**908,615**	**26,261,838**	**1,018,265**	**122,479**

(Amounts in thousands RON)

8. Loans (continued)

Analysis of neither impaired nor past due loans by credit rating (continued)

December 31, 2007		Credit rating					
	Loans	1 - very good	2 - good	3 - rather good	4 - acceptable	5 - performing but sensitive	6 - sensitive - credit risk not acceptable
Corporate lending	8,759,182	307,710	105,181	1,824,515	5,435,136	760,286	326,354
Retail lending	14,294,948	-	-	1,534	14,255,686	613	37,115
Total	**23,054,130**	**307,710**	**105,181**	**1,826,049**	**19,690,822**	**760,899**	**363,469**

9. Lease receivables

	December 31, 2008	December 31, 2007
Gross investment in finance lease:		
Maturity under 1 year	615,766	491,882
Maturity between 1 and 5 years	915,759	715,762
Maturity higher than 5 years	50,059	1,189
	1,581,584	**1,208,833**
Unearned finance income	(206,843)	(149,582)
Net investment in finance lease	**1,374,741**	**1,059,251**
Net investment in finance lease:		
Maturity under 1 year	522,558	416,332
Maturity between 1 and 5 years	812,481	641,761
Maturity higher than 5 years	39,702	1,158
	1,374,741	**1,059,251**

	December 31, 2008	December 31, 2007
Net investment in the lease	1,374,741	1,059,251
Accumulated allowance for uncollectible minimum lease payments receivable	(8,884)	(3,279)
Total	**1,365,857**	**1,055,972**

(Amounts in thousands RON)

10. Investments in associates

	Field of activity	December 31, 2008 (%)	December 31, 2007	Additions in 2008	Disposals in 2008	Profit /(loss) recognised under the equity method	December 31, 2008
Mobiasbanca Groupe Societe Generale S.A.	Financial institution	20.00%	-	29,017	-	3,971	32,988
BRD Asigurari de Viata SA	Insurance	49.00%	-	13,532	-	-	13,532
Fondul de Garantare a Creditului Rural "FGCR"	Loans guarantee	33.33%	12,987	372	-	4,887	18,246
Asiban S.A	Insurance	0.00%	36,255	-	(36,255)	-	-
Romcard S.A.	Card transaction processing	20.00%	425	-	-	187	612
Biroul de Credit S.A.	Credit bureau	18.85%	2,170	6	-	366	2,542
BRD Fond de Pensii S.A.	Pension fund management	49.00%	9,379	5,312	-	-	14,691
BRD Sogelease Asset Rental SRL	Operational leasing	0.00%	136	-	-	-	136
SOGEPROM Romania SRL	Real estate development	20.00%	40	-	-	-	40
			61,392	**48,239**	**(36,255)**	**9,411**	**82,787**

The associates' headquarters' addresses are as follows:

Associate	**Address**
Mobiasbanca Groupe Societe Generale S.A.	81 Stefan cel Mare si Sfint Street, Kishinev, Republic of Moldova
BRD Asigurari de Viata SA	64 Blvd. Unirii Bl. K4, sector 3, Bucharest
Fondul de Garantare a Creditului Rural "FGCR"	5 Occidentului Street, Bucharest
Romcard S.A.	38 Stefan Mihaileanu Street, Bucharest
Biroul de Credit S.A.	15 Calea Victoriei, Bucharest
BRD Fond de Pensii S.A.	64 Unirii Blvd, Bucharest
BRD Sogelease Asset Rental SRL	1-7, Ion Mihalache Street, Bucharest
SOGEPROM Romania SRL	1-7, Ion Mihalache Street, Bucharest

During 2008, the Bank sold its share in Asiban SA for a consideration of 306,452 (EUR million 87.5), recognizing a gain of 262,687 before tax.

(Amounts in thousands RON)

11. Tangible fixed assets, net

	Land	Buildings	Office equipments	Materials and other assets	Construction in progress	Total
Net book value as of December 31, 2006	**26,000**	**895,634**	**54,329**	**94,175**	**71,502**	**1,141,640**
Transfers and additions	127	85,717	30,462	28,784	25,405	170,495
Net book value of disposals	(288)	(8,854)	(13)	(676)	-	(9,831)
Transfers to held for sale assets	(9,320)	(9,252)	-	-	-	(18,572)
Depreciation	-	(56,531)	(37,348)	(23,641)	-	(117,520)
Net book value as of December 31, 2007	**16,519**	**906,714**	**47,430**	**98,642**	**96,907**	**1,166,212**
Transfers and additions	4,788	117,887	18,304	34,297	(8,032)	167,244
Net book value of disposals	(75)	(2,954)	-	(733)	-	(3,762)
Depreciation	-	(59,448)	(36,405)	(22,789)	-	(118,642)
Net book value as of December 31, 2008	**21,232**	**962,199**	**29,329**	**109,417**	**88,875**	**1,211,052**

The balance of tangible fixed assets includes investment properties. The movement of investment properties is presented below.

Net book value as of December 31, 2006	**51,757**
Transfers and additions	(8,701)
Net book value of disposals	(7,289)
Depreciation	(4,039)
Net book value as of December 31, 2007	**31,728**
Transfers and additions	1,860
Net book value of disposals	-
Depreciation	(1,704)
Net book value as of December 31, 2008	**31,884**

12. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net identifiable assets transferred from Société Générale Bucharest to the Bank in 1999. The goodwill is no longer amortized starting with January 1, 2004 (see accounting policies). During 2008 there was no impairment of the goodwill.

(Amounts in thousands RON)

13. Intangible assets, net

The balance of the intangible assets as of December 31, 2008 and 2007 represents mainly software.

Net book value as of December 31, 2006	**26,296**
Additions in 2007	19,465
Amortization expense	(8,877)
Net book value as of December 31, 2007	**36,884**
Additions in 2008	29,346
Net book value of disposals	(1)
Amortization expense	(10,815)
Net book value as of December 31, 2008	**55,414**

14. Other assets

	December 31, 2008	December 31, 2007
Advances to suppliers	104,080	78,863
Sundry debtors	57,459	60,889
Fair value of derivatives	175,159	24,703
Held for sale assets	3,548	18,572
Materials and consumables	29,548	5,680
Miscellaneous assets	108,848	35,750
Total	**478,642**	**224,457**

The sundry debtors balances are presented net of an impairment allowance of 16,610 (December 31, 2007: 9,792) related to amounts under litigation.

Held for sale assets represent buildings and related land that are intended to be sold in less than 1 year:

Carrying value as of December 31, 2006	**-**
Additions	18,572
Carrying value as of December 31, 2007	**18,572**
Disposals	(15,024)
Carrying value as of December 31, 2008	**3,548**

(Amounts in thousands RON)

15. Demand deposits and current accounts

	December 31, 2008	December 31, 2007
Individuals and legal entities	15,340,699	14,526,356
Romanian Banks	386,067	2,966
Foreign banks	1,534,153	68,535
Total	**17,260,919**	**14,597,857**

The annual interest rates offered by the Bank for current accounts and demand deposits of individuals and companies ranged between 0.10% p.a. and 12.25% p.a. (between 0.25% p.a. and 7.25% p.a. during 2007) for RON and between 0.10% p.a. and 5.25% p.a. for foreign currencies (between 0.25% p.a. and 3.75% p.a. during 2007).

The maximum interest rate offered by the Bank for Loro accounts was 0.25% p.a. for foreign currency (0.25% p.a. in 2007).

16. Term deposits

	December 31, 2008	December 31, 2007
Individuals and legal entities	13,614,204	13,344,451
Foreign banks	5,725,254	271,004
Romanian banks	346,651	394,944
Total	**19,686,109**	**14,010,399**

The annual interest rates paid by the Bank for the RON term deposits of individuals and companies ranged between 4.00% and 14.00% p.a. (2007: 0.25%-8.25% p.a.) and for foreign currency deposits between 2.20% and 7.25% p.a. (2007: 2.20%-4.50% p.a.).

The annual interest rates paid by the Bank for deposits from bank ranged between 5.75% and 40.00% p.a. for RON (2007: 0.5%-30% p.a.) and for foreign currency deposits between 0.75% and 6.2% p.a. (2007: 3.25%-5.50% p.a.).

(Amounts in thousands RON)

17. Borrowings

	December 31, 2008	December 31, 2007
Borrowings from related parties	5,500,102	5,681,295
Borrowings from international financial institutions	1,069,237	578,427
Borrowings from other istitutions	1,715,532	761,398
Bonds issued	735,618	734,791
Other borrowings	50,700	54,845
Total	**9,071,189**	**7,810,756**

The interest rates for the borrowings in EUR ranged between 3.05% p.a. and 6.10% p.a. The interest rates for the borrowings in USD ranged between 1.77% p.a. and 4.59% p.a. Refer to notes 40 and 41 for the maturity structure, respectively the re-pricing gap of the borrowings.

The bonds represent RON denominated notes issued in December 2006 on the Luxembourg market in an amount of 735,000 for five years at a fixed rate of 7.75%.

Borrowings from related parties include an amount of EUR 200,000,000 (2007: EUR 200,000,000) representing two subordinated loans, EUR 100,000,000 received in 2005, at EURIBOR6M+0.5%, due in 2015 and a EUR 100,000,000 loan received in 2006, at EURIBOR6M+0.99%, due in 2013.

18. Taxation

Current income tax is calculated on the taxable income per the tax statement derived from stand alone accounts.

The deferred tax liability/asset is reconciled as follows:

	December 31, 2008		
	Temporary differences	**Consolidated Balance Sheet**	**Consolidated Income statement**
Deferred tax liability			
Loans	(32,494)	(5,199)	(33,976)
Investments and other securities	(34,170)	(5,467)	(1,250)
Total	**(66,664)**	**(10,666)**	**(35,226)**
Deferred tax asset			
Tangible and intangible assets	337,072	53,931	76,732
Other	136,221	21,795	6,805
Total	**473,293**	**75,726**	**83,537**
Taxable items according IAS 12	**406,629**	**65,060**	
Deferred tax income/(expense)			**48,311**

(Amounts in thousands RON)

18. Taxation (continued)

	December 31, 2007		
	Temporary differences	**Consolidated Balance Sheet**	**Consolidated Income statement**
Deferred tax liability			
Tangible and intangible assets	(142,504)	(22,801)	(3,974)
Investments and other securities	(25,589)	(4,094)	(329)
Total	**(168,093)**	**(26,895)**	**(4,303)**
Deferred tax asset			
Loans	179,858	28,777	(16,424)
Other	93,685	14,990	(126)
Total	**273,543**	**43,767**	**(16,550)**
Taxable items according IAS 12	**105,450**	**16,872**	
Deferred tax income/(expense)			**(20,853)**

Movement in deferred tax is as follows:

Deferred tax asset, net as of December 31, 2006	**37,263**
Deferred tax recognized in equity	462
Net deferred tax income	(20,853)
Deferred tax asset, net as of December 31, 2007	**16,872**
Deferred tax recognized in equity	(123)
Net deferred tax income	48,311
Deferred tax asset, net as of December 31, 2008	**65,060**

Reconciliation of total tax charge

	2008	**2007**
Gross profit (before income tax)	**1,785,162**	**1,215,253**
Income tax (16%)	285,626	194,440
Non-deductible elements	48,740	12,889
Non-taxable elements	(116,851)	(11,452)
Income tax at effective tax rate	**217,515**	**195,878**
Effective tax rate	12.2%	16.1%

(Amounts in thousands RON)

19. Other liabilities

	December 31, 2008	December 31, 2007
Fair value of derivatives	209,768	121,313
Sundry creditors	164,007	96,756
Other payables to State budget	44,301	56,706
Deferred income	30,116	52,435
Payables to employees	57,504	46,977
Dividends payable	1,544	1,276
Provisions	3,333	267
Total	**510,573**	**375,730**

Included in deferred income is an amount of 19,150 (2007: 12,627) representing the initial fair value of financial guarantees less subsequent amortization.

Payables to employees include, among other, bonuses relating to 2008 profit, amounting to 42,095 (2007: 31,988) and post-employment benefits amounting to 13,904 (2007: 12,073). The social security contributions relating to bonuses 11,690 (2007: 9,370) are included in Other payables to State Budget. Provisions are related to legal claims and penalties.

The movement in provisions is as follows:

Carrying value as of December 31,2007	**267**
Additional expenses	3,333
Reversals of provisions	(267)
Carrying value as of December 31, 2008	**3,333**

(Amounts in thousands RON)

19. Other liabilities (continued)

Post-employment benefit plan

This is a defined benefit plan under which the amount of benefit that an employee is entitled to receive on retirement depends on years of service and salary. The plan covers substantially all the employees and the benefits are unfunded. A full actuarial valuation by a qualified independent actuary is carried out annually.

Expenses recognised in profit and loss

	31 December 2008	31 December 2007
Current service cost	1,109	998
Interest cost on benefit obligation	1,076	792
Actuarial losses recognized during the year	247	181
Past service cost	20	20
Net benefit expense	2,452	1,991

Movement in defined benefits obligations

	31 December 2008	31 December 2007
Opening defined benefit obligation	**12,073**	**10,323**
Total service cost	1,129	1,018
Benefits paid	(621)	(241)
Interest cost on benefit obligation	1,076	792
Actuarial losses recognized during the year	247	181
Closing defined benefit obligation	**13,904**	**12,073**

Main actuarial assumptions

	31 December 2008	31 December 2007
Discount rate	6.32%	5.35%
Inflation rate	2.42%	2.00%

	2008	2007
Defined benefit obligation	13,904	12,073
Experience adjustment on plan liabilities	1,371	2,068

(Amounts in thousands RON)

20. Equity

Share capital

The nominal share capital, as registered with the Registry of Commerce is 696,901 (2007: 696,901). Included in the share capital there is an amount of 1,818,721 (2007: 1,818,721) representing hyper inflation restatement surplus.

Share capital as of December 31, 2008 represents 696,901,518 (2007: 696,901,518) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2007: RON 1).

During 2008 and 2007, the Bank did not buy back any of its own shares.

Retained earnings

Included in the Retained earnings there is an amount of 513,515 (2007: 513,515) representing legal reserves, general banking reserves and other reserves with a restricted use as required by the banking legislation.

21. Capital adequacy

For 2008, the adequacy of the Bank's capital is monitored using the local regulations that are based on the European Directive 2006/48/49/EC (Basel II). These requirements apply to the figures obtained based on the local accounting and financial reporting regulations (derived from European Directives on the accounting standards of credit institutions). During 2008 the Bank has complied in full with these requirements. The capital adequacy norms applicable during 2007 were based on different regulations, namely European Directive 2000/12/EC (Basel I).

As of December 31, 2008 the stand alone regulatory capital and the capital adequacy ratio determined in accordance with the above-mentioned regulations is 3,478,867 respectively 9.38% (2007: 3,599,462 respectively 12%).
The regulatory capital as of December 31, 2007 contains the profit to be retained for 2007. The regulatory capital as of December 31, 2008 does not include any profits for 2008. Consequently the figures for both regulatory capital and capital adequacy ratio are not comparable.

22. Interest income

	2008	2007
Interest on loans	3,759,301	2,654,721
Interest on deposit with banks	356,971	168,871
Interest on treasury notes	19,666	14,132
Total	**4,135,938**	**2,837,724**

The interest income on loans includes the accrued interest on impaired loans in amount of 47,969 (2007: 58,026).

(Amounts in thousands RON)

23. Interest expense

	2008	2007
Interest for term deposits	1,075,940	798,807
Interest for demand deposits	750,524	296,849
Interest for borrowings	413,707	242,674
Total	**2,240,171**	**1,338,330**

24. Fees and commissions, net

	2008	2007
Commission revenue from processing of transactions	810,935	641,049
Other commission revenue	57,642	59,283
Commission expense	(94,096)	(68,019)
Net commission revenue	**774,481**	**632,313**

25. Foreign exchange income, net

	2008	2007
Foreign exchange income	11,020,201	5,397,160
Foreign exchange expenses	(10,538,435)	(5,072,380)
Total	**481,766**	**324,780**

26. Income from associates

	2008	2007
Share of profit from associates	9,411	4,432
Dividends form associates	1,253	1,293
Net gain from sale of interest in associates	262,687	-
Total	**273,351**	**5,725**

27. Other income

Includes income from banking activities such as those relating to derivatives (except for foreign currency derivatives) offered to the clients and income from non-banking activities, such as income from rentals and sale of fixed assets. The net loss in respect of derivatives excluding foreign currency derivatives is 1,096 (2007: net gain 598).

28. Contribution to the Deposit Guarantee Fund

The deposits of individuals and certain entities including small and medium sized enterprises are insured up to a certain level, by the Deposit Guarantee Fund ("FGDSB"), an entity, whose resources are based mainly on the contributions made by the banks, calculated as a percentage of qualifying deposits.

(Amounts in thousands RON)

29. Salaries and related expenses

	2008	2007
Salaries	420,277	314,960
Social security	114,157	111,421
Bonuses	53,785	41,358
Other	84,161	84,780
Total	**672,380**	**552,519**

30. Depreciation and amortization expense

	2008	2007
Depreciation and impairment (see Note 11)	118,644	117,520
Amortisation (see Note 13)	10,815	8,877
(Gains)/Losses on disposal of tangible and intangible assets	(10,244)	9,831
Total	**119,215**	**136,228**

31. Other operating expense

	2008	2007
Administrative expenses	508,023	364,036
Publicity and sponsorships	47,168	34,443
Other expenses	64,272	47,125
Total	**619,463**	**445,604**

32. Cash and cash equivalents for cash flow purposes

For the purpose of the cash flow statements, cash and cash equivalents comprise the following balances, with less than 90 days maturity from the date of acquisition:

	December 31, 2008	December 31, 2007
Cash in hand (see note 4)	913,750	938,137
Current accounts and deposits with banks	236,193	488,396
Total	**1,149,943**	**1,426,533**

(Amounts in thousands RON)

33. Guarantees and other financial commitments

	December 31, 2008	December 31, 2007
Letters of guarantee granted	9,059,057	5,133,494
Financing commitments granted	3,477,619	3,616,645
Total commitments granted	**12,536,676**	**8,750,139**

Guarantees and letters of credit

The Bank issues guarantees and letters of credit for its customers. The primary purpose of letters of credit is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry a similar credit risk as loans.
The market and credit risk on these financial instruments, as well as the operational risk is similar to that arising from granting of loans. In the event of a claim on the Bank as a result of a customer's default on a guarantee these instruments also present a degree of liquidity risk to the Bank.

Credit related commitments

Financing commitments represent unused amounts of approved credit facilities. While there is some credit risk associated with the commitment, the risk is viewed as modest, since it results from the possibility of unused portions of loan authorizations being drawn by the client and, these amounts not being repaid subsequently when due.

The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The total outstanding contractual amount of commitments does not necessarily represent future cash requirements, since many of these commitments will expire or be terminated without being funded.

34. Capital commitments

	December 31, 2008	December 31, 2007
Tangible non-current assets	14,175	17,794
Intangible non-current assets	1,117	3,006
Total	**15,292**	**20,800**

(Amounts in thousands RON)

35. Related parties

The Bank enters into related party transactions with its subsidiaries and associates. All related party transactions were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing for similar transactions with unrelated parties. The transactions/balances with related parties can be summarized as follows:

	2008	**2007**
Assets		
Nostro accounts	52,939	117,508
Deposits	24,653	-
Loans	182,940	183,610
Liabilities		
Loro accounts	2,022	30,557
Deposits	7,218,106	271,004
Borrowings	4,681,430	4,942,309
Subordinated borrowings	818,672	738,985
Commitments		
Letters of guarantee received	180,515	133,038
Notional amount of foreign exchange transactions	4,238,960	4,094,484
Notional amount of interest rate derivatives	489,780	490,839
Interest and commision revenues	21,380	14,749
Interest and commission expense	308,395	156,619
Net gain/(loss) on interest rate derivatives	(8,337)	3,359
Net gain/(loss) on foreign exchange derivatives	(152,834)	(127,772)

The interest expenses include an amount of 41,614 (2007: 32,503) relating to subordinated loans.

As of December 31, 2008, the Board of Directors and Managing Committee members own 361,850 shares (2007: 353,650).

The short-term benefits relating to the key management personnel (salaries, bonuses, other emoluments and related social security contributions) amounted to 4,939 (2007: 4,621).

36. Contingencies

As of December 31, 2008 BRD is defendant in a number of lawsuits arising in the course of business, amounting to approximately 4,834 (2007: 2,214). The management believes that the ultimate resolution of these matters will not have a material adverse effect on the Bank's overall financial position and performance.

An amount of 19,483 (5 millions Euro equivalent) was fined by the Competition Council following an audit of this authority held in October 2008 in several Romanian banks. The Bank considers the fine illegal and groundless and consequently challenged in court its application.

37. Earnings per share

(Amounts in thousands RON)

	December 31, 2008	**December 31, 2007**
Ordinary shares on the market	696,901,518	696,901,518
Result for the year	1,572,640	1,021,636
Earnings per share (in RON)	2.2566	1.4660

38. Dividends on ordinary shares

	2008	**2007**
Declared and paid during the year		
Dividends for 2007: 0.5921 RON (2006: 0.3672)	411,064	411,331
Proposed for approval at AGM		
Dividends for 2008: 0.72828 RON (2007: 0.5921)	507,544	412,607

The dividends payable amounting to 1,544 (2007: 1,276) are included in other liabilities.

(Amounts in thousands RON)

39. Risk management

The main financial assets and liabilities of the bank are the loans and advances, lease receivables, amounts placed with NBR, demand and term deposits and borrowings. These instruments are exposed to a series of risks such as credit risk, foreign exchange risk, interest rate risk and liquidity risk that are discussed below.

Credit risk

Credit risk represents the loss, which the Bank would suffer if a client or counterparty fails to meet its contractual obligations. The credit risk is inherent in traditional banking products – loans, commitments to lend and other contingent liabilities, such as letters of credit and fair value derivative contracts (refer to the notes 8, 9 and 32).

The Bank restricts its credit exposure to both individual counterparties and counterparty groups by using credit limits attributed when the Bank rates the client. The size of limit depends on the assessment of quantitative factors such as the clients' financial strength, industry position, and qualitative factors such as quality of management and shareholders structure, as well as the soundness of the securities provided by the client. The securities could take the form of collateral or personal guarantees. In the case of individuals the collaterals are mainly mortgages and vehicles and the personal guarantees are provided in most of the cases by close relatives. For companies most of the collaterals are mortgages on the production facilities or other owned real estate, pledges on equipment and stock while the personal guarantees are provided by parent, other companies in the group or by other banks. The exposures are monitored against limits on a continuous basis.

Maximum exposure to credit risk before considering any collaterals or guarantees

	December 31, 2008	December 31, 2007
ASSETS		
Accounts with Central Bank	13,312,740	10,287,975
Accounts and deposits with banks	583,786	801,358
Assets available for sale	865,616	118,221
Loans, net	31,934,749	25,224,949
Lease receivables	1,365,857	1,055,972
Investments in associates	82,787	61,392
Other assets	445,545	200,205
Total in balance sheet	**48,591,080**	**37,750,072**
Letters of guarantee granted	9,059,057	5,133,494
Financing commitments granted	3,477,619	3,616,645
Total commitments granted	**12,536,676**	**8,750,139**
Total credit risk exposure	**61,127,756**	**46,500,211**

(Amounts in thousands RON)

39. Risk management (continued)

Market risk

Market risk is the risk of loss arising from movements in observable market variables such as interest rates, and exchange rates.

Foreign exchange risk
The foreign exchange risk is the risk of loss resulting from changes in exchange rates. The Bank manages the foreign currency risk by using limits for the open foreign currency positions both by currency and at the level of global foreign currency position.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The only interest risk taken by the bank is non-trading and it is monitored by the means of an interest rate gap. The Bank has established limits on the interest rate risk position quantified under the form of the sensitivity of the balance sheet computed as being the change in the net present value of assets and liabilities to an increase/decrease of 1% in market interest rates (parallel shift in yield curves assumed).

December 31, 2008

Interest rate shift (b.p)	Profit and loss impact	Balance sheet sensitivity
100	(25,317)	(95,646)
(100)	25,317	99,754

December 31, 2007

Interest rate shift (b.p)	Profit and loss impact	Balance sheet sensitivity
100	(17,249)	(72,232)
(100)	17,249	76,256

Liquidity risk

The liquidity risk is associated either with the difficulty of an enterprise to raise necessary funds in order to meet commitments or with its inability to realize a financial asset quickly and for an amount close to its fair value.
The Bank permanently monitors the current liquidity gaps and forecasts regularly the future liquidity position. As well the Bank uses stress scenarios as part of liquidity risk management.

(Amounts in thousands RON)

40. Balance sheet structure by currency

	December 31, 2008			
ASSETS	**Total**	**RON**	**EUR**	**Other**
Cash and cash equivalents	913,750	680,705	206,715	26,330
Accounts with Central Bank	13,312,740	4,321,175	8,991,565	-
Current accounts and deposits at banks	583,786	427,288	110,091	46,407
Assets available for sale	865,616	863,829	-	1,787
Loans, net	31,934,749	15,650,702	15,734,509	549,538
Lease receivables	1,365,857	1,601	1,326,412	37,844
Goodwill	50,151	50,151	-	-
Deferred tax asset, net	65,060	65,060	-	-
Non current assets and other assets	1,827,894	1,804,025	21,893	1,976
Total assets	**50,919,603**	**23,864,536**	**26,391,185**	**663,882**
LIABILITIES				
Demand deposits and current accounts	17,260,919	10,527,987	6,326,369	406,563
Term deposits	19,686,109	8,046,279	10,812,902	826,928
Borrowings	9,071,189	2,278,708	6,744,602	47,879
Current income tax payable, net	123,189	123,189	-	-
Other payables	510,573	492,900	10,560	7,113
SHAREHOLDERS' EQUITY	4,267,624	4,267,624	-	-
Total liabilities and shareholders' equity	**50,919,603**	**25,736,687**	**23,894,433**	**1,288,483**

	December 31, 2007			
ASSETS	**Total**	**RON**	**EUR**	**Other**
Cash and cash equivalents	938,137	740,872	168,541	28,724
Accounts with Central Bank	10,287,975	4,330,374	5,957,601	-
Current accounts and deposits at banks	801,358	521,902	227,335	52,121
Assets available for sale	118,221	118,221	-	-
Loans, net	25,224,949	13,016,662	11,753,015	455,272
Lease receivables	1,055,972	-	1,039,175	16,797
Goodwill	50,151	50,151	-	-
Deferred tax asset, net	16,872	16,872	-	-
Non current assets and other assets	1,488,945	1,488,945	-	-
Total assets	**39,982,580**	**20,283,999**	**19,145,667**	**552,914**
LIABILITIES				
Demand deposits and current accounts	14,597,857	9,907,758	4,232,667	457,432
Term deposits	14,010,399	8,975,888	4,246,536	787,975
Borrowings	7,810,756	1,483,857	6,326,899	-
Current income tax payable, net	90,153	90,153	-	-
Other payables	375,730	338,882	-	36,848
SHAREHOLDERS' EQUITY	3,097,685	3,097,685	-	-
Total liabilities and shareholders' equity	**39,982,580**	**23,894,223**	**14,806,102**	**1,282,255**

(Amounts in thousands RON)

41. Maturity structure

The maturity structure of the Bank's assets and liabilities, based on the expected maturity as of December 31, 2008 and 2007 is as follows:

December 31, 2008	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash and cash equivalents	913,750	913,750	-	-	-	-	-
Accounts with the Central Bank	13,312,740	13,312,740	-	-	-	-	-
Current accounts and deposits at banks	583,786	343,846	57,000	18,294	73,176	91,470	-
Assets available for sale	865,616	3,663	283,331	420,096	53,427	105,099	-
Loans, net	31,934,749	2,263,118	2,646,682	8,011,481	9,767,743	9,245,725	-
Lease receivables	1,365,857	230,239	591,651	259,630	284,337	-	-
Goodwill	50,151	-	-	-	-	-	50,151
Deferred tax asset, net	65,060	723	(431)	7,301	(1,590)	5,125	53,932
Non current assets and other assets	1,827,894	-	478,642	-	-	-	1,349,252
Total assets	**50,919,603**	**17,068,079**	**4,056,875**	**8,716,802**	**10,177,093**	**9,447,419**	**1,453,335**
LIABILITIES							
Demand deposits	17,260,919	17,260,919	-	-	-	-	-
Term deposits	19,686,109	8,534,360	3,065,509	2,513,630	5,416,235	156,375	-
Borrowings	9,071,189	907,036	490,977	2,063,413	4,999,592	610,171	-
Current income tax liability	123,189	-	-	123,189	-	-	-
Other liabilities	510,573	299,261	211,312	-	-	-	-
Total liabilities	**46,651,979**	**27,001,576**	**3,767,798**	**4,700,232**	**10,415,827**	**766,546**	**-**
Total shareholders equity	**4,267,624**	**-**	**-**	**-**	**-**	**-**	**4,267,624**
Gap		**(9,933,497)**	**289,077**	**4,016,570**	**(238,734)**	**8,680,873**	**(2,814,289)**
Cumulated gap		**(9,933,497)**	**(9,644,420)**	**(5,627,850)**	**(5,866,584)**	**2,814,289**	**-**

(Amounts in thousands RON)

41. Maturity structure (continued)

December 31, 2007	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash and cash equivalents	938,137	938,137	-	-	-	-	-
Accounts with the Central Bank	10,287,975	10,287,975	-	-	-	-	-
Current accounts and deposits at banks	801,358	561,418	57,000	22,156	88,624	72,160	-
Assets available for sale	118,221	-			96,100	22,121	-
Loans, net	25,224,949	1,471,942	1,781,730	6,306,356	8,630,960	7,033,961	-
Lease receivables	1,055,972	141,766	393,761	249,502	270,429	514	-
Goodwill	50,151	-	-	-	-	-	50,151
Deferred tax asset, net	16,872	1,531	2,011	13,842	9,909	12,378	(22,800)
Non current assets and other assets	1,488,945	-	224,457	-	-	-	1,264,488
Total assets	**39,982,580**	**13,402,769**	**2,458,959**	**6,591,856**	**9,096,022**	**7,141,134**	**1,291,839**
LIABILITIES							
Demand deposits	14,597,857	3,663,869	541,653	1,571,241	5,505,663	3,315,431	-
Term deposits	14,010,399	4,786,053	1,259,480	2,242,668	5,720,480	1,718	-
Borrowings	7,810,756	724,297	181,440	2,246,023	3,886,591	772,405	-
Current income tax liability	90,153	-	-	90,153	-	-	-
Other liabilities	375,730	253,141	122,589	-	-	-	-
Total liabilities	**36,884,895**	**9,427,359**	**2,105,162**	**6,150,085**	**15,112,734**	**4,089,555**	**-**
Total shareholders equity	**3,097,685**	**-**	**-**	**-**	**-**	**-**	**3,097,685**
Gap		**3,975,410**	**353,797**	**441,771**	**(6,016,712)**	**3,051,577**	**(1,805,847)**
Cumulated gap		**3,975,410**	**4,329,207**	**4,770,979**	**(1,245,731)**	**1,805,847**	**-**

(Amounts in thousands RON)

42. Future undiscounted cash-flows

The tables below summaries the maturity profile of the financial liabilities as of December 31, 2008 and 2007 based on contractual undiscounted repayment obligations.

December 31, 2008	**Total**	**0-1 months**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Without defined maturity**
LIABILITIES							
Demand deposits	17,264,542	17,264,542	-	-	-	-	-
Term deposits	20,466,872	14,249,651	3,557,587	2,097,005	327,036	235,593	-
Borrowings	9,817,150	934,564	491,691	2,301,020	5,477,053	612,822	-
Current income tax liability	123,189	-	-	123,189	-	-	-
Other liabilities except for fair values of derivatives	320,288	318,744	1,544	-	-	-	-
Derivatives	(37,549)	(19,395)	(7,911)	(2,708)	(7,525)	(10)	-
Total liabilities	**47,954,492**	**32,748,106**	**4,042,911**	**4,518,506**	**5,796,564**	**848,405**	**-**

December 31, 2007	**Total**	**0-1 months**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Without defined maturity**
LIABILITIES							
Demand deposits	14,597,743	14,597,743	-	-	-	-	-
Term deposits	14,239,838	10,259,092	1,578,329	1,655,502	591,395	155,520	-
Borrowings	8,786,991	770,335	197,290	2,541,887	4,439,702	837,777	-
Current income tax liability	1,695,862	12,473	138,223	737,694	807,472	-	-
Other liabilities except for fair values of derivatives	254,417	253,141	1,276	-	-	-	-
Derivatives	(100,955)	(32,271)	(15,589)	(50,614)	(2,590)	109	-
Total liabilities	**39,473,896**	**25,860,513**	**1,899,529**	**4,884,469**	**5,835,979**	**993,406**	**-**

(Amounts in thousands RON)

43. Interest rate risk exposure

The items are allocated on time slots, based on either the residual maturity of each installment for the fixed rate items, or on the closest interest re pricing date, for those instruments with a changing rate before maturity.

December 31, 2008	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Cash and cash equivalents	913,750	-	-	-	-	913,750
Accounts with the Central Bank	13,312,740	-	-	-	-	13,312,740
Current accounts and deposits at banks	343,846	57,000	22,156	88,624	72,160	583,786
Assets available for sale	3,663	283,331	420,096	53,427	105,099	865,616
Loans, net	17,221,890	6,334,650	2,994,563	3,657,774	1,725,872	31,934,749
Lease receivables	230,238	591,651	259,631	284,337	-	1,365,857
Goodwill	-	-	-	-	50,151	50,151
Deferred tax asset, net	723	(431)	7,301	(1,590)	59,057	65,060
Non current assets and other assets	-	-	-	-	1,827,894	1,827,894
Total assets	**32,026,850**	**7,266,201**	**3,703,747**	**4,082,572**	**3,840,233**	**50,919,603**
Liabilities						
Demand deposits	17,260,919	-	-	-	-	17,260,919
Term deposits	19,666,098	16,961	3,050	-	-	19,686,109
Borrowings	3,785,192	3,310,144	882,869	1,040,741	52,243	9,071,189
Current tax liability	-	-	123,189	-	-	123,189
Other liabilities	299,261	211,312	-	-	-	510,573
Total liabilities	**41,011,470**	**3,538,417**	**1,009,108**	**1,040,741**	**52,243**	**46,651,979**
Total shareholders' equity	**-**	**-**	**-**	**-**	**4,267,624**	
Net position	**(8,984,620)**	**3,727,784**	**2,694,639**	**3,041,831**	**(479,634)**	

43. Interest rate risk exposure (continued)

(Amounts in thousands RON)

December 31, 2007	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Cash and cash equivalents	938,137	-	-	-	-	938,137
Accounts with the Central Bank	10,287,975	-	-	-	-	10,287,975
Current accounts and deposits at banks	561,418	57,000	22,156	88,624	72,160	801,358
Assets available for sale	-	-	-	96,100	22,121	118,221
Loans, net	13,852,208	3,360,046	3,071,678	3,466,343	1,474,674	25,224,949
Lease receivables	141,766	393,761	249,502	270,429	514	1,055,972
Goodwill	-	-	-	-	50,151	50,151
Deferred tax asset, net	1,531	2,011	13,842	9,909	(10,421)	16,873
Non current assets and other assets	-	-	-	-	1,488,945	1,488,945
Total assets	**25,783,035**	**3,812,818**	**3,357,178**	**3,931,405**	**3,098,144**	**39,982,581**
Liabilities						
Demand deposits	14,597,857	-	-	-	-	14,597,857
Term deposits	10,499,810	1,573,429	1,510,248	425,194	1,718	14,010,399
Borrowings	2,029,610	3,989,265	764,277	1,011,700	15,904	7,810,756
Current tax liability	-	-	90,153	-	-	90,153
Other liabilities	253,141	122,589	-	-	-	375,730
Total liabilities	**27,380,418**	**5,685,283**	**2,364,678**	**1,436,894**	**17,622**	**36,884,895**
Total shareholders' equity	**-**	**-**	**-**	**-**	**3,097,685**	
Net position	**(1,597,383)**	**(1,872,466)**	**992,500**	**2,494,511**	**(17,163)**	

(Amounts in thousands RON)

44. Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value is best evidenced by a quoted market price, if such exists.

Financial assets
Deposits with banks, loans originated by the Bank and leases are measured at amortized cost using the effective interest rates less any impairment allowance.

For deposits with banks, amortized cost is estimated to approximate fair value due to their short–term nature, interest rates reflecting current market conditions and no significant transaction costs.

Financial liabilities
The amortized cost of deposits from banks is considered to approximate their respective fair values, since these items have predominantly short maturities, carry interest rates reflecting current market conditions and are settled without significant transaction costs.

The following table presents the fair value and the carrying amount of loans to customers, deposits from customers and borrowings.

	Carrying value as of December 31, 2008	Fair value as of December 31, 2008
Loans and leases to customers	33,300,606	32,996,975
Customers deposits	28,954,903	28,901,161
Borrowings	9,071,189	8,970,910

The methods and significant assumptions applied in determining the fair value of the elements in the table above are listed below.

The fair value of fixed rate instruments is estimated by discounting the maturing cash flows with discount factors derived from the rates offered to similar clients, for similar products on similar maturities. The fair value of floating instruments is estimated by discounting from the next repricing date using as discount factors rates offered to similar clients, for similar products on similar time horizons.

Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of impairment is recognized separately by deducting the amount of the allowance for credit losses from both carrying and fair values.

For the purposes of the fair value disclosure, the interest accrued to date is included in the carrying value of the financial instruments.