

BRD – Groupe Société Générale

Board of Directors' Report

on consolidated financial statements

2007

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1. HISTORY AND PROFILE

History

On December 1, 1990, the Romanian Bank for Development (*Banca Română pentru Dezvoltare*) was set up as an independent bank with the legal status of a joint-stock company, taking over the assets and liabilities of Banca de Investitii, with a full banking licence. Banca Română pentru Dezvoltare was registered in February 1991 as a joint-stock company the share capital of which was held by the Romanian State.

In March 1999, Société Générale (SG) bought a stake in Banca Română pentru Dezvoltare from "Fondul Proprietății de Stat" (a state ownership fund) and, at the same time, increased the share capital of Banca Română pentru Dezvoltare to reach a 51 per cent. holding of its shares.

Since January 2001, the Bank's shares have been admitted to trading and quoted on the First Tier of the Bucharest Stock Exchange, which is governed by Capital Markets Law no. 297/2004 (as amended).

In 2004, SG bought the residual stake in Banca Română pentru Dezvoltare from the Romanian State, thereby increasing its holding of shares in the Issuer to 58.32 per cent.

On May 27, 2004 the legal name of Banca Română pentru Dezvoltare was changed to BRD-Groupe Société Générale SA.

Profile of BRD – Groupe Société Générale

BRD - Groupe Société Générale is the second bank in Romania, holding a market share, as at December 31, 2007, of 18% to 20% depending on customer segment and product. At the end of 2007, BRD is the second issuer on the Bucharest Stock Exchange with a market capitalisation of approximately EUR 5.4 billion

The Bank counts almost 2,400,000 customers, over 8,500 employees and a network of more than 800 units.

Ratings

- ▶ Fitch A- (negative perspective)
- ▶ Moody's Baa3 (positive perspective)

Profile of Société Générale

Société Générale was set up in 1864 as a banking company, registered in France. Its head office is located on 29 Boulevard Haussmann, 75009, Paris, France, and its shares are listed on the Paris Stock Exchange.

Société Générale is one of the main financial groups worldwide and the seventh largest French company in terms of market capitalisation (EUR 46.2 billion as at December 31, 2007). SG employs about 151,000 people and is located in more than 82 countries.

Société Générale focuses on the three following complementary lines of business:

- ▶ Retail Banking and financial services;
- ▶ Asset Management and Private Banking;
- ▶ Corporate & Investment Banking.

Société Générale has over 27 million retail banking customers worldwide (including Russia, after purchase of Rosbank).

Société Générale is the largest bank in France by size, having two distribution networks, Société Générale and Crédit du Nord, with 9.4 million retail banking customers and 2,997 branches, at the end of 2007.

The Société Générale retail banking network outside France covers three key geographic regions:

- ▶ Central and Eastern Europe
- ▶ the Mediterranean area and
- ▶ Africa and the former French territories.

Société Générale is the fourth asset manager in the Euro zone, with a portfolio of approximately EUR 435 billion under management as at December 31, 2007, and the third largest European bank in terms of assets, which as at December 31, 2007 totalled EUR 2,583 billion.

Société Générale is the third largest financing and investment bank in the Euro zone, in terms of net banking income. It is present in over 45 countries, in Europe, Asia and on the American continent.

At present, the credit ratings given to Société Générale by the main rating agencies are:

- ▶ Standard and Poor's: AA- (negative perspective)
- ▶ Moody's: Aa2 (stable perspective)
- ▶ Fitch IBCA: AA- (stable perspective)

Position of BRD within SG

SG has been present in Romania since 1980, being the only significant bank in Western Europe that was present in Romania during the communist era.

The Bank is part of the international network of Société Générale, managed by the Division of Retail Banking outside Metropolitan France (BHF_M) - a structure created in March 1998 to coordinate the international retail banking activities of Société Générale in three key

geographical regions. The Bank's operational procedures and commercial practices are derived from those of its parent company.

2 GROUP STRATEGY AND BUSINESS

Strategy

BRD is a universal bank that provides services to both individuals and companies. Its strategy combines sustained growth and high profitability.

In the coming year, business will continue to develop at a rapid pace through organic growth. The bank will keep monitoring carefully the trends in the economy and on the financial services market and considering them when making its own decisions.

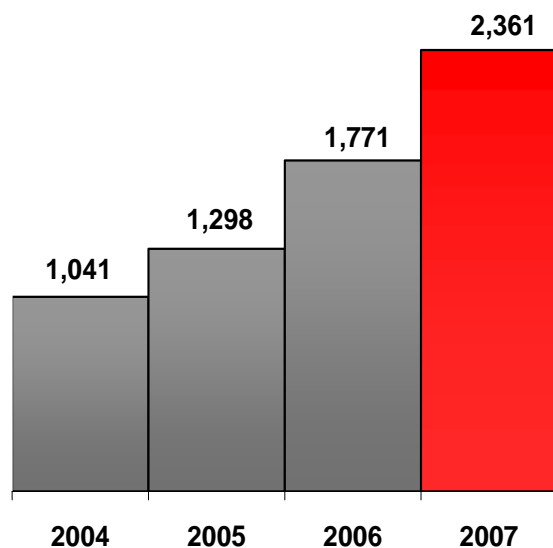
BRD is the second largest bank in Romania holding the following market shares (strictly related to the bank) as at December 31, 2007 and December 31, 2006:

	December 31, 2007	December 31, 2006
	(%)	(%)
Total assets	15.4	16.5
Corporate loans	15.9	16.7
Corporate deposits	21.5	21.5
Loans to individuals	18.1	22.7
Deposits to individuals	17.6	16.8

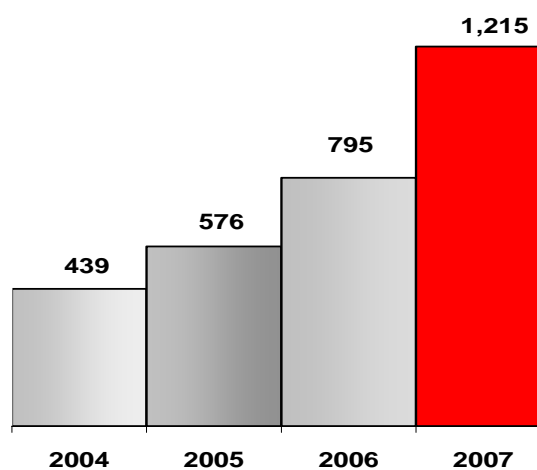
3. KEY FIGURES*, SHARE AND DIVIDENDS

**according to IFRS*

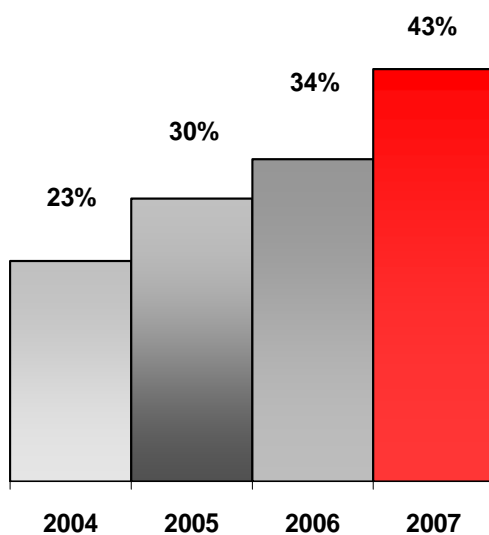
Net Banking Income
(Million RON)



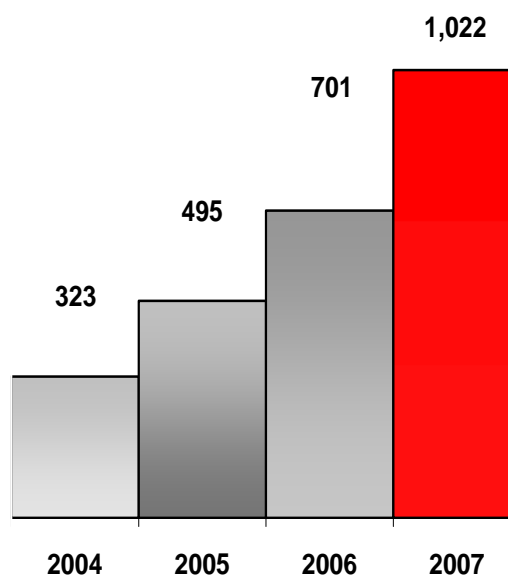
Gross Operating Result
(Million RON)



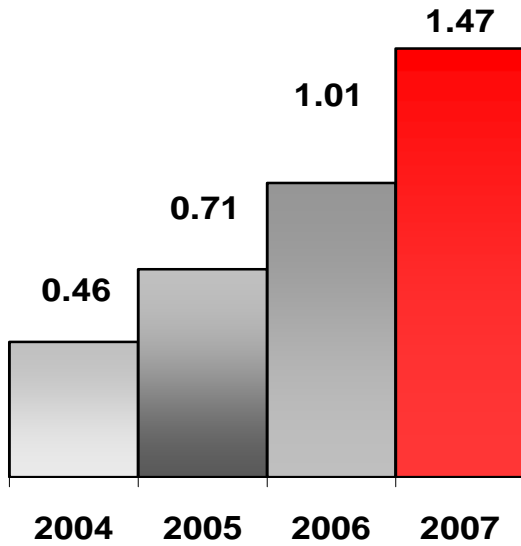
Return on Equity (ROE)



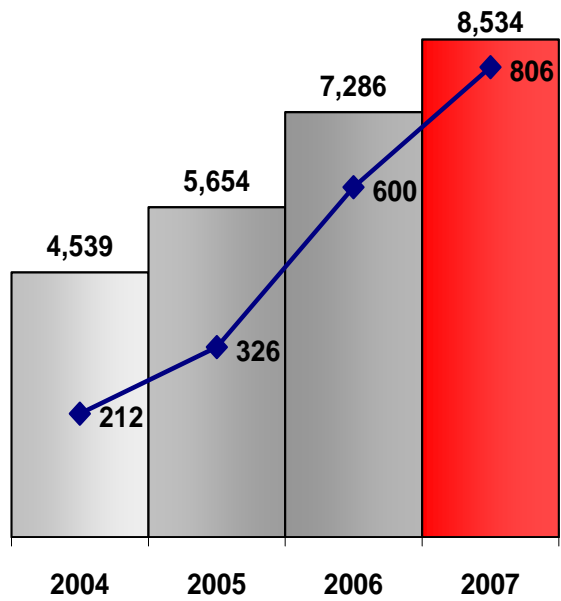
Net Income (million RON)



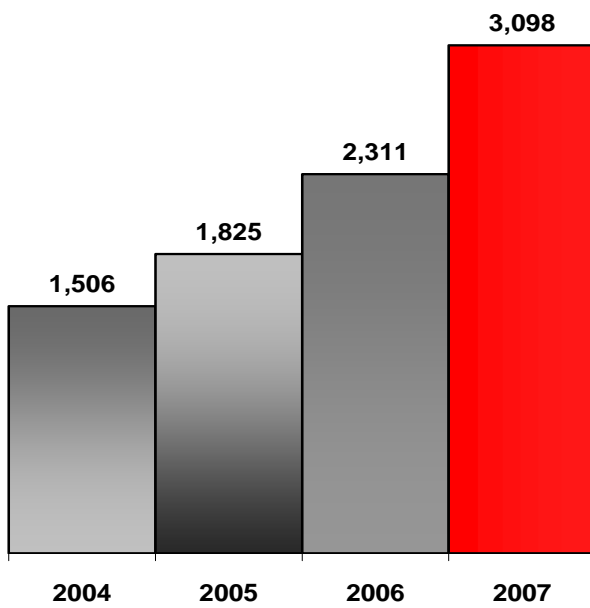
Earnings per share
(RON)



Number of employees / number of units



Own equity
(Million RON)



BRD share

Stock exchange information

The market capitalisation of the Bank reached RON 19.5 billion (EUR 5.4 billion) at the end of 2007, compared to RON 13 billion (EUR 4 billion) as at December 2006, BRD ranking second among the listed companies and first among the companies in the financial sector. Since January 2001, the date of listing on the stock exchange, the BRD stock price multiplied by 18.4 in EUR equivalent.

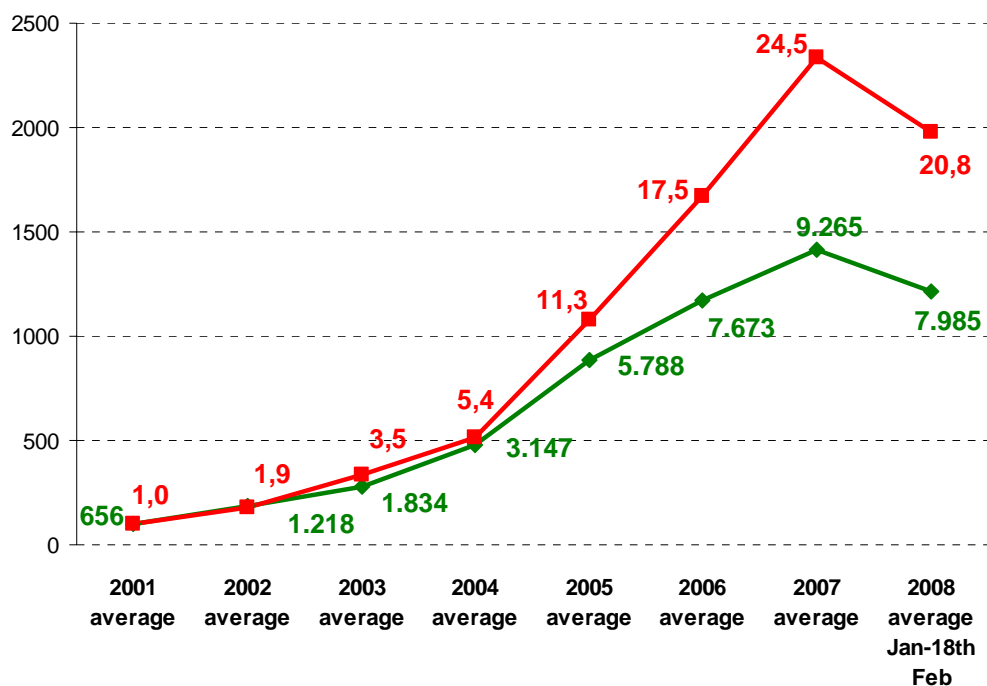
Thus, in 2007, the trades of BRD shares represented 7.5% of the total amount traded on the stock exchange, while the market capitalization of BRD represented 22.70% of the total market capitalisation at the end of 2007.

The daily average value traded in 2007 amounted to RON 4.3 million (EUR 1.29 million).

During 2007, the yield of BRD shares was of 51% in RON and of 42% in EUR.

The following table shows the evolution of the main stock exchange ratios over the last three years.

		2007	2006	2005	2004
Equity IFRS (MRON)		3,098	2,311	1,825	1,506
Stock Exchange capitalization (MRON)		19,513	12,893	9,548	5,200
Net profit/share (RON)	nominal (*)	1.47	1.01	0.71	0.23
	base 2007 (*)	1.47	1.01	0.71	0.46
Net Assets/share (RON)	nominal (*)	4.44	3.32	2.62	1.08
	base 2007 (*)	4.44	3.32	2.62	2.16
Price (RON)	Base 2007				
	last	28.0	18.5	13.7	7.5
	maximum		19.8	14.7	7.6
	minimum		14.0	3.7	4.0



Stock exchange indexes

The BRD share is part of the BET index (representing 19.66% of its value) and of the ROTX index, on the Vienna Stock Exchange, which takes into consideration the most traded stocks on the Bucharest Stock Exchange. BRD shares are also part of the “New Europe Blue Chip Index” index (NTX), on the Vienna Stock Exchange. This regional index summarizes the evolution of the stock exchange markets from the Central and Eastern Europe countries by analyzing the 30 most important companies quoted on the national stock exchanges.

The evolution of dividends

The following table sets out the evolution of dividend distributed in the last three years.

	2007	2006	2005
Number of shares (x 1000)	696.902	696.902	696.902
Total dividend (million RON)	412	256	215
Dividend per share (RON), nominal	0,59205	0,36722	0,30890
Distribution rate *	45%	45%*	45%*

(*) After incorporation of the credit risk reserve / general risk reserve for the years it was made.

Payment of dividends

The dividends are distributed to the shareholders proportionally to their participation in the share capital. The dividend income is subject to withholdings tax.

According to the Articles of Incorporation of the Bank, dividends are paid within no more than 3 months from the approval date of the annual financial statements for the year then ended, in cash or by bank transfer, according to the shareholders' choice.

Unclaimed dividends are prescribed within 3 years from the payment start date, according to legal provisions.

BRD started the payment of the 2006 dividends on June 8, 2007.

4. COMMERCIAL ACTIVITY

BRD, an universal bank:

Retail bank: 2,259,000 individual customers

- ▶ The outstanding loans extended to individual customers represent almost RON 13.6 billion (+46 % compared to December 2006).
- ▶ Out of the above figure, BRD Finance, the subsidiary specialised in extending credits at the point of sale, had RON 608 million outstanding loans – which represents a 25% increase of the credits.
- ▶ BRD Fond de Pensii, subsidiary of SOGECAP (SG line of business in charge with life insurance) and an associated entity of BRD, started its activity in 2007, at the same time with the launch of pillar II (compulsory pensions).

Corporate bank: 146,000 corporate customers

- ▶ The outstanding loans to corporate customers represent over RON 15.3 billion (+ 44% compared to December 2006).
- ▶ **Factoring:** Leader on the Romanian market, with a market share of over 40%.
- ▶ **BRD Sogelease:** among the first 5 leasing companies, subsidiaries of banks or financial institutions, with a market share of 11%.
- ▶ **ALD Automotive:** management of a fleet of over 2,616 vehicles after 18 months in the business.
- ▶ New business lines of Société Générale have been set up in Romania, through two entities associated to BRD: ECS International Romania, providing leasing services for IT and office equipment and SOGEPROM Romania – real estate developer.

Investment banking

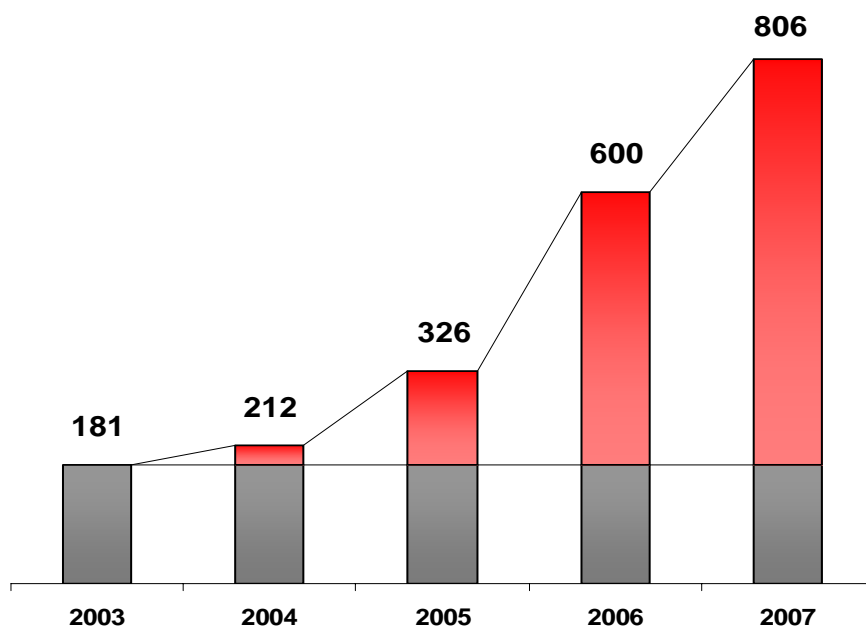
- ▶ **BRD Corporate Finance:** Complete consultancy services for mergers – acquisitions and privatisations.
- ▶ **BRD-Securities:** one of the first brokerage companies in Romania
- ▶ **BRD Asset Management:** an entity associated to BRD and subsidiary of SGAM France, in the field of asset management.

BRD network – at the customers' service

In 2007, BRD pursued the expansion of its network by opening over 200 agencies, continuing thus to cover the large and medium cities, as well as the rural areas with potential (*blitz* agencies).

This development was accompanied by an ambitious recruiting and training programme of new employees: over 2,400 employments in 2007.

In 2007, BRD achieved the performance of being designated the “*Best Bank in Romania*” by 3 international financial publications: *Euromoney*, *The Banker* and *Global Finance*.



A proximity bank that also offers alternative communication channels

Apart from the rapid expansion of the agency network, BRD permanently develops and (improves) the alternative, fast and practical channels of remote banking in order to facilitate the banking operations and satisfy the customers' needs: Vocalis Call Centre, Mobile Banking services, Internet Banking and E-Commerce.

BRD signed collaboration agreements that facilitate the invoice payments to the providers of electricity, gas and other utilities through various channels, such as ATMs, ROBO BRD, the network of partner traders or the direct debit, internet or mobile banking services.

Also for the payment of invoices, BRD launched in 2007 the GADGET card, which enables both customers and non-partners to pay their invoices without waiting at the bank desks.

PRIVATE BANKING

With 806 agencies, BRD is the commercial bank with the largest network in Romania. We seek to be close to our customers, through modern concepts:

- ▶ the BRD Express agencies, present in the areas with a high development potential and in small and medium towns;
- ▶ the Blitz agencies – present in the rural areas with potential;
- ▶ our agencies in shopping centres, public institutions and universities.

The commercial campaigns have brought us excellent results among the youngsters, the employees, the private banking/patrimonial customers, but also among the Romanians working abroad and the expatriates. The dynamism of the bank loans and cards offers

represented also an important way of approaching the customers. BRD ended the year 2007 with 2,259,000 active individual customers, meaning an increase of over 270,000 customers, compared with December 2006.

In 2007, the consumer loan offer was structured according to the credit periods. Following the new credit conditions approved by NBR, the new offer of real estate/mortgage loans triggered a production boom and, consequently, the growth of this type of loans in the bank portfolio.

Apart from loans, the **saving products** of BRD offer numerous possibilities that adapt to all the categories of customers, whatever their age and income.

Markets and products

In 2007, BRD launched an offer of products and services, differentiated by clientele segments, the final objective being the increase in the number of products and services per customer. Thus, the “Clasic” and “Select” packages were created in the first half of 2007, about 200,000 of such packages being sold during the year, 15% of which to new customers.

Also, BRD launched the Gadget card, the first proprietor card meant to encourage the utilities payments by card; 170,000 such cards being issued in 2007, 80% of which representing new customers.

Young people, especially students, have continued to represent a priority segment to BRD. Thus, in 2007, the development of our partnerships with universities, the addition of new products and services to our offer and the commercial animation actions made in collaboration with our partners attracted more than 180,000 new young customers.

In March 2007, BRD launched the *Work & Travel Credit* – a product dedicated to students and meant to finance the costs involved by the participation in the Work&Travel programme. Promoted through our partner companies, the credit was a success, the number of extended loans representing 46% of the production of student loans.

In October 2007, BRD launched the following Packages of products and services for youngsters: STUDENT Package (for students) and SPRINT Package (for minors over 14 years old). These packages regroup, under preferential price conditions, the dedicated products and services (current account, card, Confort insurance, Vocalis, BRD-NET), free card operations, discounted fees and attached extra-banking advantages.

The **private banking / patrimonial customers** enjoy special attention from the bank, by means of its specialised Private Banking agency, through the international network of the Société Générale Group and its dedicated customer consultants, spread all over the country, as well as through its products and services tailored to their specific needs.

The Romanians living abroad represent another customer segment for which BRD developed in 2007 a special offer of products, such as service packages, international money transfers and simplified financing of their real estate projects in Romania, as well as the assistance service Vocalis International – the dedicated remote banking cell.

Products for the retired persons. Seizing the opportunity given by the legislation on the domiciliation of the pensions in bank accounts, BRD launched in 2007 the products for the new market segment represented by the pensioners.

Entry on the private pension market

BRD announced its entry on the compulsory private pension market (II pillar) in September 2007. BRD- Fond de Pensii, an associated BRD entity, is the result of the collaboration between Sogecap, the life insurance subsidiary of the Société Générale Group, and BRD, with 49% of the company.

So far, BRD Fond de Pensii has over 93,000 customers, ranking among the first 10 actors on the market.

CORPORATE BANKING

Certified freelancers customers

In the conditions of an increasingly stronger competition, BRD pursued its development on this market due to an organisation and an offer that have been specially conceived for liberal professions and other categories of certified freelancers (traders, taxi drivers, other providers of services), but also for the small businesses.

The range of investment loans dedicated to liberal professions was completed by specific offers (EXPERT range of loans) dedicated to medical doctors, lawyers and notaries, enabling them to finance their real estate properties, as well as other works.

Corporate customers

The corporate market is a major development axis for BRD. One of our priorities in 2007 continued to be the support given to the development of small and medium-sized enterprises, which represent a major component of our goodwill.

The operating structure is organised so as to allow us to maintain the geographic proximity to the customers and, at the same time, to bring the expertise of the specialists in the groups and at the Head Office (factoring, leasing, International etc.). Also, we have looked to capitalize on the synergies with the private customers market, whether they are employees or companies' top managements.

BRD launched in 2007 several products meant to complete the offer for small and medium-sized enterprises: **InvestissIMO Credit** – for the acquisition of real estate properties, **Investissimo Plus Credit** – for future constructions, purchase of land included in a real estate project, modernisation, expansion, finalisation of building, or **BRD Office** – internet banking adapted to the small entrepreneurs. BRD also acquired a new scoring application for liberal professions and SMEs.

The offer for farmers continued to diversify by the development of the range of products specific to this market, such as short-term loans, seasonal loans, investment loans, financing of agricultural campaigns, consultancy, etc.

Major corporate customers

For the major corporate customers, the year 2007 was marked by a significant growth of the loan production, as a result of the commercial action achieved during the year in the real estate, local and national public sectors, as well as of the value of direct foreign investments. BRD benefits once again from the synergies with the business lines of Société Générale.

BRD main projects in 2007:

- ▶ **Baneasa real estate project:** BRD main lender in a syndicated loan of **EUR 186 million**;
 - ▶ **Energomontaj:** BRD main lender in a syndicated loan of **EUR 120 million**;
 - ▶ **Masterange real estate project:** BRD main lender in a syndicated loan of **EUR 80 million**;
 - ▶ **Hidroconstructia:** BRD main lender in a syndicated loan of **EUR 60 million**;
 - ▶ **KazMunaiGaz: Société Générale and BRD** – participation of **USD 250 million** in a **USD 3 billion loan**.
-
- ▶ **Post-joining European funds:** BRD is actively involved in identifying financing solutions for the beneficiaries of European funds, by adapting its banking products and services to the customers' needs. The EUROBRD Programme – post-joining European funds was launched in December 2007.

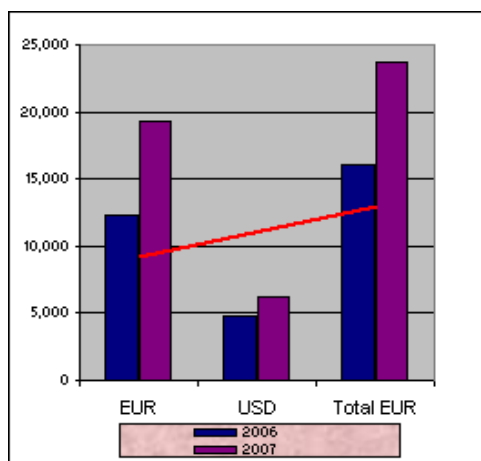
A market of companies sustained by specialised services

- ▶ The **international payments activity** increased its volume by 48% compared to 2006, to EUR 23.7 billion, reflecting BRD's special interest in the customers operating in foreign trade (SMEs and large companies).

By a complete offer of commercial services (letters of credit, collection, international guarantees, conditioned payment orders, stand-by letters of credit, cheques and avals) and Western Union money transfer services (both inbound and outbound), BRD offers to its customers the professionalism of its specialists' team and relationships with over 900 correspondent banks in 100 countries.

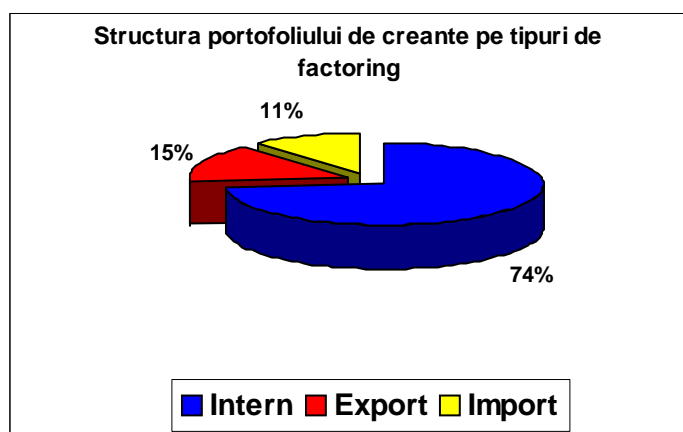
The large worldwide network of correspondents and the support of the Société Générale represent a real competitive advantage, bringing extra quality and promptness to our services dedicated to the international market.

Evolution of the international activity

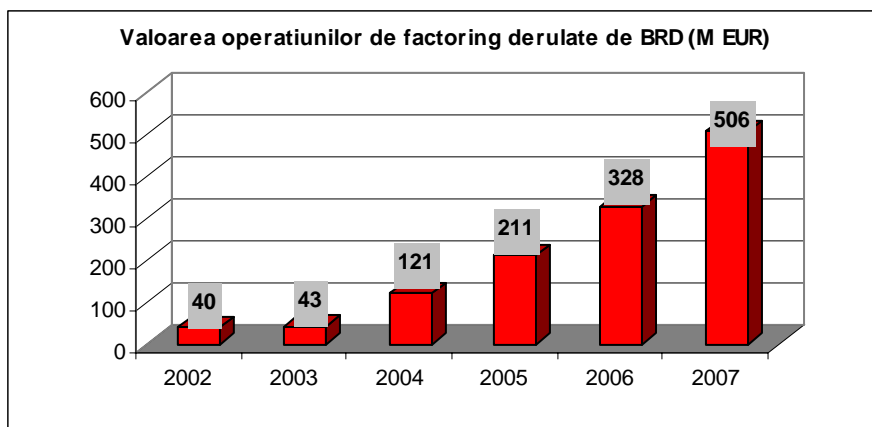


► **Factoring**

In 2007, the value of factoring claims progressed by 54%, reaching EUR 506 million, thus BRD strengthened its leading position on the Romanian market, with a market share of almost 40%.



In October 2007, **Factors Chain International** acknowledged the professionalism and quality of the factoring services provided by BRD, designating it no. 6 worldwide, “**The Best Export and Import Factor**”.



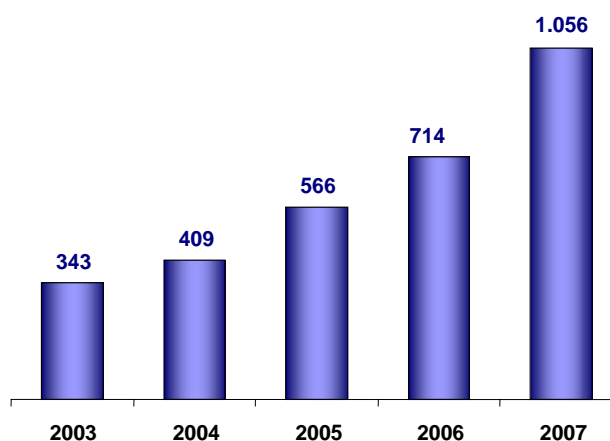
FINANCIAL SERVICES

Financing and services for legal entities

Leasing: BRD SOGELEASE

In an increasingly competitive environment, BRD Sogelease IFN, the leasing subsidiary of BRD-Groupe Société Générale, concluded in 2007 over 3,800 leasing contracts, the value of the financed assets amounting to EUR 225 million, which is 29% more than the previous year.

Balance of lease receivables



The structure of the BRD Sogelease IFN portfolio, at end December 2007 was as follows: industrial vehicles – 45%, passenger cars – 19%, constructions equipment – 16%, industrial, medical and agricultural equipment – 16%, IT equipment – 3%, real estate – 1%.

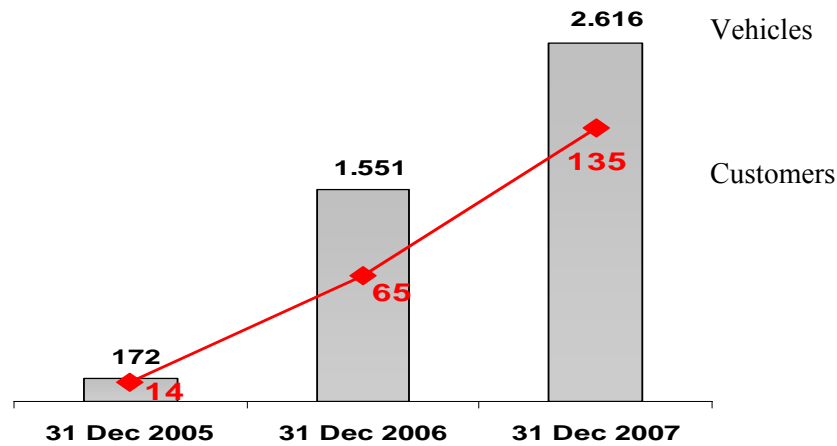
BRD Sogelease managed to successfully promote its leasing product through the BRD network, which provided an easy access to existing and potential customers of the bank, as well as a higher retention rate and the approach of competitive and efficient financing structures. Due to good customer knowledge, it was possible to develop strong partnerships with the suppliers (vendor finance) on the auto market, the construction equipment market and the medical equipment market, understanding that any distribution channel is useful in a mono-product environment, such as the leasing market.

ALD Automotive – full service operational leasing and car fleet management

Created in July 2005, ALD Automotive is the BRD subsidiary, specialised in car fleet full service operational leasing. This service enables companies to partially or totally outsource the management of their vehicle fleet.

From 1,550 cars managed in December 2006 for 65 customers, ALD Automotive was managing at end 2007 a fleet of over 2,600 vehicles for 135 customers.

Evolution of the number of customers and managed vehicles



At the end of 2007, ALD Automotive had a 42 person team and a network of over 700 providers on the entire Romanian territory (car dealers, car service points, insurers, road assistance, fuel providers, tires and replacement vehicles). ALD Automotive continued its territorial development in collaboration with the BRD network by a programme of mutual actions, among which the organisation throughout the year of business meetings with the local companies from various regions of the country.

ALD Automotive launched three new services: “Prerunner vehicle”, “Minilease” and “Car wash” and started to sell second-hand vehicles whose contracts came to an end in 2007.

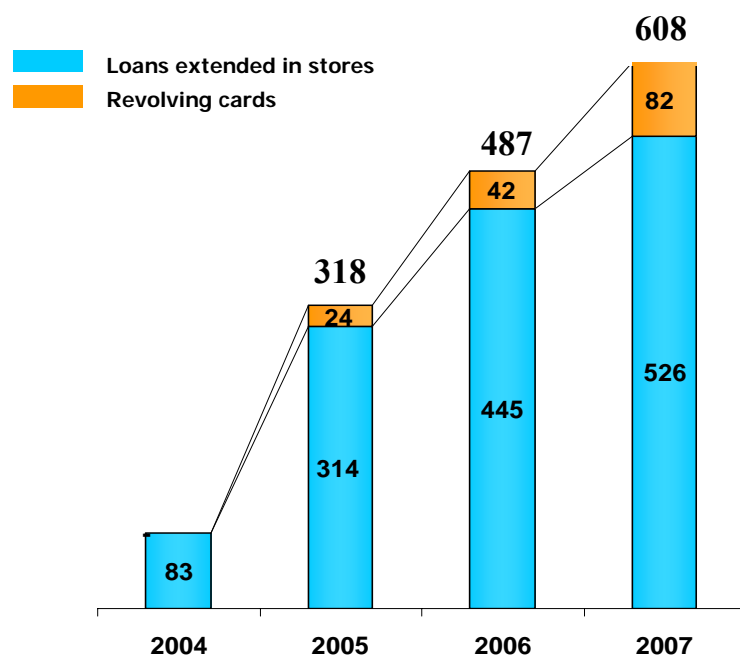
Financing of private customers

Financing on the point of sale: BRD Finance IFN

BRD Finance was set up in 2004 by BRD and Franfinance, one of the main European players on the consumer loan market.

Concerned with maintaining the quality of its services, BRD Finance has adapted its offer and permanently creates new flexible, customized products, adapted to its partners. On a highly competitive market, the granted loans increased by 25%.

Outstanding loans (MRON)



INVESTMENT BANKING

Brokerage

BRD Securities is one of the main brokerage companies in Romania, present both on the Bucharest Stock Exchange and on the Sibiu Derivatives Exchange. BRD Securities provides its customers with consultancy in investments and operating capacities, structuring and executing initial public offerings, issues of bonds for the corporate customers and municipalities.

Market operations

During 2007, BRD strengthened its presence on the financial markets. Thus, its market share in terms of volume of foreign exchange operations augmented from 15% in 2006 to 15.7% in 2007.

The active promotion of derivatives led to significant increases in the volume of forward exchange operations and to the introduction of the interest rate swap transactions.

Exceptional results were obtained by implementing the Internet e-trading platform for market operations – TRADirect - in partnership with Société Générale. The application grants easy and rapid access to the quotations, updated in real time, for the foreign exchange transactions and for the money market.

Asset Management

This activity is carried on through an associated asset management company, subsidiary of Société Générale Asset Management. The investment fund Simfonia 1 saw a slight decrease in net assets, of 7.4%, the investors being particularly interested in diversified funds and shares. Simfonia 1 remains, nevertheless, among the largest funds on the Romanian market, with net assets of RON 83 million (EUR 23 million).

The balanced fund Concerto, launched in 2006 to meet the individual investors' needs, recorded an increase of 15.4% in its net assets in 2007. The fund had, at end of 2007, net assets of RON 17.7 million (EUR 4.9 million).

Deposit/Custody

BRD has an over 10-year experience as a depository/custodian bank.

Benefiting from the experience of the Group Société Générale (the 3rd custodian in Europe and the 10th in the world, with a correspondent network covering 73 countries), BRD developed these services within dedicated departments, the personnel of which being specialised and authorized to provide services of deposit, custody and sub-custody for global custodians.

BRD is the first bank authorized by the Surveillance Commission of the Private Pension System for this type of activity. This, corroborated with the cautious policy regarding the computation and certification of the customers' assets, allowed us to attract a large share of the private pensions market (approximately 80%).

Consultancy

The consultancy activity for privatization and merger – acquisition operations completes the range of services made available by the Bank to its customers.

BRD Corporate Finance, the subsidiary by which this activity is carried on, works in tight cooperation with the Major Corporate Division, thus stressing on the synergies between the various business lines of the Bank.

The capacity to provide services adapted to the customers' needs relies on the 10-year experience of the subsidiary BRD Corporate Finance on the local market and, in the case of significant trans-border operations, on the expertise of SG Corporate Finance and of the specialists dedicated to economic sectors in Paris, as well as on the support of the international network of mergers – acquisitions of the Group.

Organisation projects 2007

The accelerated development of the Bank impacted on the organisation of activities, as well as on the real estate solutions necessary to accommodate the increasing BRD family. Large investment projects destined to the reorganisation of the BRD activity were finished in 2007. Among the most important projects, were the following:

1. Building a new IT centre: the IT Production Centre of Berceni hosts over 280 servers, 100 network equipments and serves 80 computer applications of BRD and its subsidiaries. The centre manages the good functioning of the computer systems for more than 800 operating points located in agencies or at the point of sale.

Also, the new centre plays the role of regional platform for the internet banking services of BRD and of the Société Générale subsidiaries in Bulgaria, Russia, Ghana and the northern African area. The total investment amounted to EUR 15 million.

2. Regional customer service centre: since December 2007, this regional centre regroups the entire Back-Office activity of the territorial groups of Bucharest.

3. Modernisation of the Târgu Mureş Group headquarters: early December, the Târgu Mureş Group moved back to its modernized headquarters, inaugurated in the presence of the local officials and some customers of the bank.

5. CORPORATE GOVERNANCE

General Information

BRD is a joint-stock company registered with the Trade Register under no. J40/608/19.12.1991, tax registration no. 361579/10.12.1992.

The Bank is headquartered at BRD Tower, 1-7 Ion Mihalache Bd., Bucharest, code 011171, sector 1, Romania.

The Bank operates under Company Law no. 31/1990 (as subsequently amended) and is also subject to Emergency ordinance no. 99/2006 on credit institutions and capital adequacy (as subsequently amended).

As a company listed on the Bucharest Stock Exchange under Tier 1, the Bank is governed by the capital market legislation: Capital market law no. 297/2004, CNVM Regulation no. 1/2006, as further amended, the Code of the Bucharest Stock Exchange.

Pursuant to its Articles of Association, the company object of activity is conducting banking activities.

Governance of the Bank

Board of Directors

The Board of Directors of the Bank is made up of 11 administrators elected by the General Assembly of the Shareholders, and is run by Patrick Gelin, elected Chairman on October 16, 2004.

The Board of Directors establishes the direction of the Bank's activities and monitors their accomplishment. In accordance with the Bank's Articles of Incorporation, the Board examines the strategic orientation of the Bank, and the investment plan and deliberates on any modifications brought to the management structure, as well as on the operations likely to significantly affect the results of the institution, the structure of its balance sheet or its risk profile. The Board of Directors meets at least once a month.

The directors of the Bank, their respective position and their number of shares are:

Name	Principal Activities	Number of shares
Patrick GELIN	Chairman of the Board of Directors of BRD Chief Executive Officer of BRD Member of the Board of Directors of BRD Finance IFN Member of the Board of Directors of ALD Automotive Member of the Board of Directors of BRD Fond de Pensii Chairman of the Foreign Investment Council	10,000
Petre BUNESCU	Member of the Board of Directors of BRD Deputy Chief Executive Officer of BRD Vice-Chairman of the Romanian Banking Association Member of the Board of Directors of Transfond SA	340,150

Sorin-Mihai POPA	Member of the Board of Directors of BRD Deputy Chief Executive Officer of BRD Member of the Board of Directors of BRD Sogelease Member of the Board of Directors of BRD Fond de Pensii	0
Didier ALIX	Member of the Board of Directors of BRD Deputy Chief Executive Officer of Société Générale	0
Bogdan BALTAZAR	Member of the Board of Directors of BRD	0
Aurelian DOCHIA	Member of the Board of Directors of BRD Member of the Board of Directors of BRD/SG Corporate Finance	0
Anne FOSSEMALLE	Member of the Board of Directors of BRD Regional Manager for Eastern Europe, EBRD	0
Jean – Louis MATTEI	Member of the Board of Directors of BRD General Manager of the International Retail Banking Division – Groupe Société Générale	0
Dumitru D. POPESCU	Member of the Board of Directors of BRD	0
Sorin Marian COCLITU	Member of the Board of Directors of BRD President CEO of the Romanian Guarantee Fund for the Loans to Private Entrepreneurs	0
Ioan CUZMAN	Member of the Board of Directors of BRD Chairman of SIF Banat Crisana	3500

The members of the Board of Directors are bound to declare to the Bucharest Stock Exchange and the National Securities Commission the significant transactions (purchases or sales) performed with the Bank securities.

Executive Committee

The Executive Committee is responsible for the executive management of the Bank, under the authority of the CEO, Patrick Gelin. The Executive Committee meets once a week. Its members are mandated to manage and coordinate the daily activity of the Bank, except for the operations specifically pertaining to the Board of Directors and to the General Assembly of the Shareholders. Its members have the authority to bind the Bank, in compliance with the law.

The Executive Committee has the following members:

Name	Title
Patrick GELIN	Chief Executive Officer of BRD
Petre BUNESCU	Deputy Chief Executive Officer of BRD
Sorin-Mihai POPA	Deputy Chief Executive Officer of BRD
Herve BARBAZANGE	Deputy Chief Executive Officer of BRD

Same as the directors, the members of the Executive Committee are bound to declare to the Bucharest Stock Exchange and the National Securities Commission the significant transactions (purchases or sales) performed with the Bank securities.

Audit Committee

The Audit Committee is formed of three board members that are not members of the Executive Committee. The Audit Committee meets semi-annually or more frequently if circumstances require.

The following directors of the Bank are members of the Audit Committee:

Name	Title
Jean – Louis MATTEI	Chairman
Aurelian DOCHIA	Member
Sorin Marian COCLITU	Member

The Audit Committee's main responsibilities are: analyzing, independently from the executive management of the Bank, the relevance of accounting methods and internal procedures for the collection of information; assessing the quality of the audit and internal controls, and if necessary, proposing policies and procedures for the implementation and performing of specific analyses required by the Board of Directors.

Financial auditor

The bank statements are certified by an independent practice. The certification regards both the individual financial statements prepared in compliance with the individually applicable accounting standards, and the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). The external auditor is appointed by the Board of Directors and approved in the General Assembly of the Shareholders.

The auditor in charge with the certification of the statements is Ernst&Young Assurance Services SRL.

Risk Management Committee

Managed by the CEO, the Risk Management Committee meets on a quarterly basis and more frequently if circumstances require. Its objectives are to manage significant risks to the Bank, such as credit risk, market risk, operational risk and reputation risk.

Lending Committee

The weekly meetings of this Committee are chaired by the Deputy CEO who coordinates the network activity and relate to loans (both to private and corporate customers) exceeding, in terms of amount, the powers of the executive managers. The proposed loans unapproved in these meetings are subject to the approval of the Executive Committee.

Assets and Liabilities Management Committee

The Assets and Liabilities Committee meets on a monthly basis or more frequently, if circumstances require. Meetings are chaired by the CEO. The Committee mainly follows the exposure to the interest risk, the liquidity risk and the observance of the most important regulatory indicators.

Investor & Shareholders relations

BRD is concerned with providing all its shareholders, as well as the financial analysts, rigorous, homogenous and high-quality information, in compliance with the best practices on the market and with the recommendations of the stock market authorities.

A dedicated team

A dedicated team informs the Romanian and foreign institutional investors and financial analysts on the strategy, the significant evolutions and the financial results of the Bank. Thus, a team in charge of the “relationship with the shareholders” is completely at the service of the approximately 18,000 private shareholders of the bank.

Moreover, for a more efficient management of our relationship with the investors, the brokerage subsidiary – BRD Securities – maintains permanent contact with them, by specific meetings and the distribution of periodical reports and analyses.

Our fundamental principles

Our policy in terms of financial information resides on three principles:

- ▶ Equal access to information and its immediate availability for all shareholders;
- ▶ Respect of legal time limits for the publication of results;
- ▶ Transparency.

Any information either financial or of another nature which is considered to influence the stock market price makes the object of an official statement made available to the shareholders through the Bucharest Stock Exchange and the National Securities Commission.

Financial communication schedule 2008

In compliance with the rules applicable to the issuers of securities and in line with the financial communication strategy of the Société Générale Group, BRD annually publishes a financial communication calendar.

This document, agreed upon with the Bucharest Stock Exchange and the National Securities Commission, governs all the financial events of the Bank.

The General Assembly represents an opportunity for the shareholders to be directly informed on the evolution of the Bank, to take part in the debates and to express their opinions on the resolutions proposed to them for approval. A press release is published following the General Assembly, approving the results. Every year, the Bank organizes a press conference to present its annual results, where the journalists, as well as the financial analysts and the investors, may get information on the performances of the bank and its development policy.

The financial calendar, the presentations and the quarterly, half-yearly and yearly financial reports may be consulted on the institutional site: www.brd.ro.

Telephone: (+40) 21 301 61 60

E-mail: investor@brd.ro

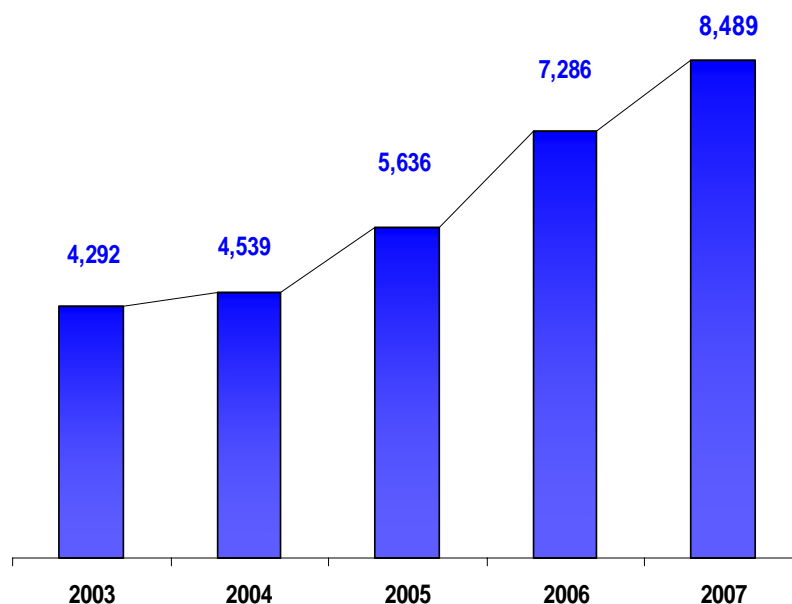
For 2008, the financial calendar is as follows:

Presentation of preliminary results as at December 31, 2007 within the meeting with the analysts	February 21, 2008
General Assembly of the Shareholders	April 22, 2008
Communication of annual results 2007	April 23, 2008
Communication of results on the 1st quarter	May 14, 2008
Communication of results on the 2 nd quarter	August 11, 2008
Communication of results on the 3rd quarter	November 10, 2008

6. HUMAN RESOURCES

During the last 4 years, the number of over 6,000 new employees has made BRD the Top employer in the Romanian banking system.

Number of employees
Year end (consolidated)



BRD is probably the first company in the market that focused on attracting applications from different fields of activity, other than banking. This is why we make available to the new employees integration and professional development programs, ensuring for them an understanding of our organizational culture and a practical dimension of their subsequent activity.

More specifically, during 2007, 1,500 de new employees have benefited from this complete initial training program, which represents more than 30.000 training days/person. BRD has 3 School Agencies set up in Bucharest, Iasi and Predeal, and 30 specialized trainers for these courses, which include information on the products and services, procedures and software applications, risk notions, behavioural aspects and practical examples.

The interest of the Bank in developing the skills of its partners does not only refer to the new employees. The evolution and the training needs of the employees are under constant monitoring. The development track is established together with the employee and it is sustained through personalized forming programs, to comply with a diversified range of needs.

Consequently, in 2007, the Bank approached two strategies. On one side, coaching new employees, and on the other side, development and implementation of programs meant for proximity management, leadership programs for the strategic management level and for accompanying individual development of the employees.

Key points regarding professional training in 2007:

- budget amounting RON 15.380.000
- over 5.773 trained persons
- 386.542 training hours

Year 2007 brought a major change to the training delivery quality plan. The e-learning platform was implemented in order to partially manage the training program. This way, the efficiency of the training programs was increased, the related costs were significantly decreased and a superior level of programs quality was achieved.

Career Management

Through its career management component, BRD disposes of its own system for attracting, developing and tracking the professional evolution of its employees. Specific measures were taken both in the area of high potential person management and in the area of retention of valuable personnel, with high performances. Specifically, a talent management program addresses a synergetic approach of several BRD processes:

- External and internal recruiting
- Integration
- Skills development (training)
- Career development (professional tracking)
- Performance evaluation (evaluation meeting)

Identification, evaluation and development of the employees with high potential

In the context of an existing program within Société Générale Group, BRD has initiated an internal program for identifying high professional potential employees, showing their interest in pursuing an international career within the Group.

The purpose of this program is to permanently ensure the existence of top quality employees in BRD, people with remarkable professional performances, having, at the same time, the necessary competences for an international career within the Group. During 2007, there were selected 244 persons, who are part of this program.

The integration program for the new employees represents a plus in the process of cohesion to the Société Générale Group practices, the clarification of the actors' roles, improving the information transmitting process and ensuring the monitoring and evaluation of the integration program.

Specifically, the new integration process implies:

- Clarification of roles and actors: new comers, manager, Human Resources counsellor/supervisor, coacher (experienced BRD employee, they have a facilitator role);
- Emphasizing the role of the coacher, by including *integration* in the list of objectives, previously agreed upon with the manager;
- Emphasizing the role of the Administrative Manager, by formalizing the meeting with the new operational execution employees, before and after the training, with the purpose of setting the aspects related to the integration phase, and respectively, the scoring obtained during the training;
- Global evaluation of the integration, performed both by the new employee and the coacher.

Prizes and awards

In 2007, BRD has proven again that it is *The most wanted employer* among young people. The Association of Romanian Economist Students (ASER) has designated BRD, the third year in a row "*The most wanted employer*". BRD is, also, the company with "The highest degree of involvement in the academic environment" – award offered by ASER in 2007.

7. CORPORATE SOCIAL RESPONSIBILITY

BRD - Groupe Société Générale wishes to actively participate in the development of the entire Romanian society.

Partnerships with the civil society are part of our culture of dialogue with the community and reflect our wish to plan our actions starting from the aspirations of the surrounding world.

In line with the worldwide strategy of Société Générale, and also with the local needs, we have chosen to get involved in five fields: **arts and culture, education, sports, humanitarian activities and environmental protection.**

1. Arts and culture

Diversity, innovation and independence are values we treasure and promote. They are best reflected in the artistic and cultural areas. That is why BRD promotes them by getting involved in cultural projects and events.

BRD supports projects in theatre, film, classical music, contemporary art and we get involved in the promotion of the Romanian cultural patrimony. Through the partnership with the French Cultural Institutes in Romania, the Bank promotes cultural exchanges between Romania and France. The traditional partnerships with the Romanian Opera, the National Museum of Contemporary Art, the National Art Museum of Romania, UNITER or the National University of Drama and Film “Ion Luca Caragiale” have continued and developed in 2007.

2. Education

The youngsters are the most important capital for the Romanian society of tomorrow, therefore for the companies operating in Romania, as well. BRD helps the youngsters to become real professionals, by getting involved both financially and personally – that is using the experience of its own employees.

BRD is active in the academic environment, through partnerships with students’ associations (AIESEC, ASER, BEST) and through other initiatives, as well, such as the Academic Scholarships or the education program for high school students “Înveți și câștigați cu BRD”. BRD is also involved in the extra-school education of the young people, through the Youth Bank programme – by which high school students are taught to conceive and develop community involvement programs.

3. Sports

Apart from victories and entertainment, sports represent a means of education of strong characters. This is the reason why BRD supports sports both within the company and in the communities where it activates.

The values which rugby promotes are also values within BRD: commitment, respect of your competitor, team spirit, tolerance. This is why the bank has been supporting Romanian rugby for over 8 years. Until 2007, we implemented together with the Romanian Rugby federation a program of recovery of this sport. We financed rugby with more than EUR 600,000.

Nevertheless, we support other sports, as well. BRD is the partner of the Romanian Tennis Federation, also being the official sponsor of the Romanian Davis Cup team. Since 1998, BRD has been the official sponsor of the Romanian Cycling Tour.

4. Humanitarian activities

People represent the centre of our preoccupations, which is why we try to help the underprivileged. Among those who benefit from our help, there are children, aged persons, disabled or homeless persons.

For many years now, we have been the partner of associations meant to help underprivileged children and aged persons: Samusocial, the "Valentina" Association, "Salvați Copiii" (Save the Children) Organization, the Association Supporting the Physically Disabled Children in Romania, the Humanitarian Association "Echilibre" supporting elderly persons, etc.

Employees volunteering. The most important volunteering action was the participation in the Eurohabitat Rădăuți 2007 project. Between September 3 and 7, 2007, Rădăuți hosted the largest volunteering action in Europe. Over 650 volunteers built 27 houses in just 5 days. BRD was the main partner and also participated with employees who volunteered to build a house.

5. Environmental protection

Our involvement in environmental protection means a lasting investment in the society we carry on our business.

BRD monitors and tries to reduce in its daily activity the consumption of resources with an impact on the environment. Also, the bank supports the initiatives of educating the population on environmental protection.

8. RISK MANAGEMENT

Framework

The Bank approaches risk prudently, in line with its long-term strategy. The risk management policies and activities are designed in line with the practices of Société Générale and focus on identifying and assessing risks as early as possible. The bank implements this approach by means of the risk management function that is independent from the business. The implementation combines centralised policy-making in risk management with decentralised risk control and monitoring.

Risk governance

The Bank's Board of Directors sets the strategic risk management view which is then translated into policies by the Executive Committee. The responsibilities of the Board of Directors are partially delegated to two main committees: the Risk Management Committee and the Assets and Liabilities Committee.

The Central Risk Management Unit (CRMU) is responsible for the monitoring and management of the credit risk, of the operational risk and of a part of the market risks, while the Finance Department monitors and manages the liquidity risk, interest risk and banking book risk.

Risk Management Function

The Risk Management Committee is the most senior structure with attributions delegated by the Executive Committee in credit, market and operational risk management. The committee is made up of the Chief Executive Officer and his deputies, the Head of the CRMU and other division and department heads of the bank. The Risk Management Committee follows periodically the main aspects of risk management, including:

- the risks generated by the launch of new products and activities,
- concentration of credit risk by industry and counterparty,
- the level of default by customers and portfolios,
- watch list customers,
- cost of risk and its future evolution,
- use of derivatives,
- exposure to sovereign risk,
- operational risk losses, and
- business continuity planning.

The risk management function is accomplished on two levels:

- the transversal risk management extended to local and departmental level,
- risk control performed by CRMU,

CRMU reports directly to the CEO. The credit risk management function is extended to the local level by the network risk controllers that have dual reporting lines to the network line structures and to the head of the CRMU.

Assets and Liabilities Management Function

The Assets and Liabilities Committee (**ALCO**) manages the Bank's balance sheet. The ALCO members come from the finance, treasury and risk functions, as well as from the business. Its main objective is the management of the exposure to the foreign exchange, interest and banking book liquidity risks and, consequently, the protection of the bank's capital and profitability against such risks.

Credit risk

Credit risk is mainly the risk that a counterparty may fail to fulfil its obligations towards the Bank and also that a counterparty's or an issuer's credit quality may deteriorate.

The Bank's management of credit risk is well integrated with SG's risk management processes. Some of the main principles employed in managing credit risk are as follows:

- ▶ Review and approval by senior management of new products and activities involving risks;
- ▶ Use of well-defined credit-granting criteria by type of customer, including thorough knowledge of the borrower as well as the purpose and structure of the credit, and of the source of repayment; the request of collateral or personal guarantees to mitigate credit risk;
- ▶ Well formalized processes for credit approval, including a clear system of delegated approval limits;
- ▶ Ongoing follow-up of exposures, at single or group level, if such may be the case;
- ▶ Regularly monitoring and reporting to senior management the quality of the credit portfolios;
- ▶ Regular internal independent review of lending activity by the Internal Audit position; and
- ▶ Identification and management of non-performing loans and various other workout situations, using objective indicators.

The Bank's primary exposure to credit risk arises through the loan and guarantees it issues.

Corporate credit risk

The main features of lending to commercial customers are as follows:

- ▶ Consolidation of the exposures to a single obligor: consolidation of all direct and indirect exposures to a given relationship first at the Romanian level and then worldwide (SG);
- ▶ Use of the internal rating system: the Bank's internal rating system is a version of SG's rating system, customized and calibrated to the local business environment.
- ▶ Transfer of non-performing customers to a division independent from the business.

Retail credit risk

Lending to individuals and to certain small and medium sized companies is approached in a standardized manner by designing products in line with identified market needs. The credit products have an identified target client or client segment and have standard risk acceptance

criteria attached, implemented by means of credit scores. BRD constantly monitors the risk of this portfolio, using objective and verifiable criteria, such as the debt service. Once a customer has reached a certain number of days of delay, the exposure is transferred to the responsibility of a well equipped recovery unit that is independent from the originating business function.

Interest rate risk and foreign exchange risk in banking book (structural risks)

The interest rate and foreign exchange risks incurred both on commercial and proprietary activities (transactions involving shareholders' equity, investments and bond issues) are hedged, to the extent possible, on an individual basis or by macro-hedging techniques; the remaining part is maintained within pre-established limits at prudent levels.

The main tool used in managing interest rate risk is the gap analysis along with a balance sheet oriented sensitivity measure. Limits are set for this sensitivity, and the compliance with these limits is reviewed by the ALCO on a monthly basis.

The Bank has a limit on its overall foreign exchange position (banking and trading book) which is monitored daily by the CRMU.

Liquidity risk

The Bank defines liquidity risk as the current or prospective risk arising from a bank's inability to meet its liabilities when they become due without incurring unacceptable losses.

The Bank's liquidity management has two main components:

- ▶ assessment of the Bank's financing requirements on the short, medium and long term, on the basis of forecasts and identification of appropriate funding solutions; and
- ▶ contingency planning including ongoing assessment of potential trends, events and uncertainties that could impact on the Bank's liquidity position.

For foreign currencies funding, the Bank's liquidity management is well integrated with SG's.

The ALCO validates the basic principles for the organization and management of liquidity risk, validates the Bank's financing programs, examines the reports on the future liquidity position, reviews the contingency scenarios and proposes appropriate actions to the Executive Committee.

Operational risk

Operational risk is the risk of losses resulting from inadequate or failed internal procedures, human errors, system-related errors and also external events.

The Bank employs the following three methodologies in managing operational risk: Risk and Controls Self-Assessment Methodology (**RCSA**); Operational Loss Data Collection (**OLDC**); and Key Risk Indicators Methodology (**KRI**).

RCSA is a structured preventive approach for identifying and assessing risks and implementing appropriate actions to prevent the risks identified and assessed as unacceptable, given the Bank's tolerance to such risks. OLDC is a methodology that allows for the systematic collection of operational risk losses exceeding a certain threshold, followed by direct reporting to the senior management. KRI is an approach using a set of indicators (by areas assessed as high risk) whose monitoring indicate possible adverse changes in the operational risk profile and triggers appropriate actions.

Besides these risk management methodologies the Bank mitigates certain operational risks through insurance policies.

**Chairman of the Board of Directors
Patrick Gelin**