BRD – GROUPE SOCIETE GENERALE

CONSOLIDATED FINANCIAL STATEMENTS

Prepared in Accordance with
International Financial Reporting Standards

DECEMBER 31, 2007

BRD – GROUPE SOCIETE GENERALE S.A.
CONSOLIDATED BALANCE SHEET
AS OF December 31, 2007
(Amounts in thousands RON)

	Note	December 31, 2007	December 31, 2006
ASSETS			
Cash in hand	4	938,137	792,849
Accounts with Central Bank	5	10,287,975	7,656,066
Accounts and deposits with banks	6	801,358	524,179
Assets available for sale	7	118,221	29,092
Loans, net	8	25,224,949	17,576,635
Lease receivables	9	1,055,972	713,570
Investments in associates	10	61,392	41,616
Tangible assets, net	11	1,166,212	1,141,640
Goodwill, net	12	50,151	50,151
Intangible assets, net	13	36,884	26,296
Deferred tax asset, net	18	16,872	37,263
Other assets	14	224,457	89,727
Total assets		**39,982,580**	**28,679,084**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Demand deposits and current accounts	15	14,597,857	8,252,135
Term deposits	16	14,010,399	12,918,346
Borrowings	17	7,810,756	5,002,147
Current tax liability		90,153	11,454
Other liabilities	19	375,730	184,049
Total liabilities		**36,884,895**	**26,368,131**
Share capital	20	2,515,622	2,515,622
Reserves from revaluation of available for sale assets		699	3,035
Retained earnings/(Accumulated deficit)		554,513	(211,208)
Minority interest		26,851	3,504
Total shareholders' equity		**3,097,685**	**2,310,953**
Total liabilities and shareholders' equity		**39,982,580**	**28,679,084**

The financial statements have been authorized by the Bank's management on March 12, 2008 and are signed on the Bank's behalf by:

Patrick Gelin
President and Chief Executive Officer

Petre Bunescu
Deputy Chief Executive Officer

	Note	2007	2006
Interest income	22	2,837,724	2,021,349
Interest expense	23	(1,338,330)	(836,317)
Net interest income		**1,499,394**	**1,185,032**
Loans impairment		(143,678)	(71,793)
Net interest income less loans impairment		**1,355,716**	**1,113,239**
Fees and commissions, net	**24**	**632,313**	**395,859**
Foreign exchange income, net	25	324,780	214,069
Income from associates		5,725	696
Other income	26	42,752	47,269
Income before non-interest expense		**2,361,286**	**1,771,132**
Contribution to the Deposit Guarantee Fund	27	(11,682)	(14,406)
Salaries and related expenses	28	(552,519)	(402,799)
Depreciation, amortisation and impairment	29	(136,228)	(107,429)
Other operating expenses	30	(445,604)	(451,440)
Total non-interest expense		**(1,146,033)**	**(976,074)**
Profit before income tax		**1,215,253**	**795,058**
Current income tax expense	18	(175,025)	(119,772)
Deferred tax income/(expense)	18	(20,853)	28,344
Total income tax		**(195,878)**	**(91,428)**
Net profit for the year		**1,019,375**	**703,630**
Profit/(loss) attributable to minority interest		(2,261)	2,675
Profit attributable to parent company shareholders		1,021,636	700,955
Earnings per share (in RON)	36	**1.4660**	**1.0058**

BRD – GROUPE SOCIETE GENERALE S.A.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2007
(Amounts in thousands RON)

	Note	2007	2006
Cash flows from operating activities			
Profit before income tax		**1,215,253**	**795,058**
Adjustments for non-cash items			
Depreciation and amortization expense		126,618	105,473
Net (gain)/loss from disposals of tangible and intangible assets		(1,136)	(3,180)
Loss from investment revaluation		(4,432)	3,648
Net expenses/(income) from impairment of loans and from provisions		143,678	56,806
Operating profit before changes in operating assets and liabilities		**1,479,981**	**957,805**
Changes in operating assets and liabilities			
Current account with NBR		(2,745,889)	(3,376,180)
Collaterals at banks		(1)	57
Available for sale securities		(91,465)	10,705
Loans		(7,791,992)	(8,126,625)
Lease receivables		(342,402)	(139,161)
Other assets		(135,192)	(23,601)
Demand deposits		6,345,722	3,089,555
Term deposits		1,092,053	2,804,971
Other liabilities		190,407	49,428
Total changes in operating assets and liabilities		**(3,478,759)**	**(5,710,851)**
Income tax paid		(96,326)	(116,261)
Cash flow from operating activities		**(2,095,104)**	**(4,869,307)**
Investing activities			
Acquisition of equity investments		(15,344)	(10,955)
Proceeds from equity investments		-	4,923
Acquisition of tangible and intangible assets		(171,388)	(211,677)
Proceeds from sale of tangible and intangible assets		10,745	5,136
Cash flow from investing activities		**(175,987)**	**(212,573)**
Cash-flows from financing activities			
Increase in borrowings		2,808,609	2,608,495
Increase in share capital of subsidiary		25,608	-
Dividends paid		(254,640)	(213,606)
Net cash from financing activities		**2,579,577**	**2,394,889**
Net movements in cash and cash equivalents		**308,486**	**(2,686,991)**
Cash and cash equivalents at beginning of the period	31	**1,430,651**	**4,117,642**
Cash and cash equivalents at the end of the period	31	**1,739,137**	**1,430,651**

BRD – GROUPE SOCIETE GENERALE S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007
(Amounts in thousands RON)

	Note	Share capital	Reserves from revaluation of available for sale assets	Minority interest	Retained earnings / (Accumulated deficit)	Total
December 31, 2005		**2,515,622**	**4,987**	**829**	**(696,887)**	**1,824,551**
Net (loss)/profit in 2006		**-**	**-**	2,675	700,955	**703,630**
Distribution of dividends for 2005		**-**	**-**		(215,277)	**(215,277)**
Changes in fair value of available for sale assets		**-**	(1,952)	**-**	**-**	**(1,952)**
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 in 2007				(2,261)	1,021,636	**1,019,375**
Distribution of dividends for 2006					(255,916)	**(255,916)**
Changes in fair value of available for sale assets			(2,336)			**(2,336)**
December 31, 2007	20	**2,515,622**	**699**	**26,851**	**554,513**	**3,097,685**

1. Corporate information

BRD Groupe Societe Generale (the "Bank" or the "Group") is a joint stock company incorporated in Romania. The Bank commenced business as a public limited corporation 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 Societe Generale France (the "Parent").

The Bank has 806 units throughout the country (December 31, 2006: 600). The average number of employees during 2007 was 8,013 (2006: 6,605), and the number of employees as of the year-end was 8,534 (December 31, 2006: 7,286).

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

BRD Groupe Societe Generale 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, 2007	**December 31, 2006**
Societe Generale France	58.32%	58.32%
SIF Oltenia	5.41%	5.34%
SIF Muntenia	5.27%	5.27%
SIF Moldova	5.03%	5.05%
SIF Banat Crisana	4.60%	4.60%
SIF Transilvania	5.00%	5.00%
European Bank for Reconstruction and Development ("EBRD")	5.00%	5.00%
Other shareholders	11.37%	11.42%
Total	**100.00%**	**100.00%**

2. Basis of preparation

a) Basis of accounting

The consolidated financial statements of the Bank and all its subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board (IASB) and 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, 2007. 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 Societe Generale SA and the following subsidiaries: BRD Sogelease IFN S.A (99.96% ownership, 2006: 99.96%), BRD Finance IFN S.A (49% ownership, 2006: 49%), BRD Securities - Groupe Société Générale S.A. (99.82% ownership, 2006: 99.82%), BRD Corporate Finance SRL (100 % ownership, 2006: 51.25%), and ALD Automotive SRL (20 % ownership, 2006: 20%). All the subsidiaries have their headquarters on 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 IFRSs

The Bank adopted the following interpretation and amendments to IFRSs as of January 1, 2007 and during the year 2007.

- ***IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures*** *(effective for financial years beginning on or after 1 January 2007)*

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation.
The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Bank assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to interest rate risk and the capital

- ***IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies*** *(effective for financial years beginning on or after 1 March 2006)*

IFRIC 7 requires entities to apply *IAS 29 Financial Reporting in Hyper-inflationary Economies* in the reporting period in which an entity first identifies the existence of hyperinflation in the economy of its functional currency as if the economy had always been hyperinflationary.
IFRIC 7 is not relevant to the Bank's operations.

- ***IFRIC 8, Scope of IFRS 2*** (effective for financial years beginning on or after 1 May 2006).

IFRIC 8 clarifies that IFRS 2 *Share-based payment* will apply to any arrangement when equity instruments are granted or liabilities (based on the value of an entity's equity instrument) are incurred by an entity, when the identifiable consideration appears to be less that the fair value of the instruments given.
IFRIC 8 is not relevant to the Bank's operations.

- ***IFRIC 9, Reassessment of Embedded Derivatives*** *(effective for financial years beginning on or after 1 June 2006)*

IFRIC 9 requires an entity to assess whether a contract contains an embedded derivative at the date an entity first becomes a party to the contract and prohibits reassessment unless there is a change to the contract that significantly modifies the cash flows.
The Bank assessed the impact of this new interpretation and concluded that does not have a significant impact on the financial statements.

- ***IFRIC 10, Interim Financial Reporting and Impairment*** *(effective for financial years beginning on or after 1 November 2006).*

This Interpretation may impact the financial statements should any impairment losses be recognized in the interim financial statements in relation to available for sale equity investments, unquoted equity instruments carried at cost and goodwill as these may not be reversed in later interim periods or when preparing the annual financial statements.

2. Basis of preparation (continued)

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 2008 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.

- 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 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 11 is not relevant to the Bank's operations.

- 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.

2. Basis of preparation (continued)

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

- 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.

- 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 recognised 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 expects that this Interpretation will have no impact on its financial position or performance as all defined benefit schemes are currently in deficit.

- 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.

- 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. Therefore such a change will have no impact on goodwill, nor will it give raise to a gain or loss.

2. Basis of preparation (continued)

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

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.

- 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.

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 take 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, 2007 was 50,151 (2006: 50,151).

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 28.

2. Basis of preparation (continued)

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 2005 to 2007 was as follows:

	Movement in consumer price index	Increase / (decrease) in the exchange rate of the EUR vs. RON
Year ended December 31, 2005	8.6%	(7.29%)
Year ended December 31, 2006	4.9%	(8.03%)
Year ended December 31, 2007	6.6%	6.76%

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.

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, 2007 and 2006 were as follows:

	December 31, 2007	December 31, 2006
RON/ USD	2.4564	2.5676
RON/ EUR	3.6102	3.3817

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 uncollectibility 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.

3. Summary of significant accounting policies (continued)

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.

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 asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

3. Summary of significant accounting policies (continued)

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 IFRSs.

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 from January 1, 2004 goodwill is not amortized 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, 2007 and 2006 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 and currency options as well as interest rate forward and swaps as hedging products offered to its clients and to hedge its balance-sheet risks associated with interest rate and foreign currency fluctuations. 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 does not currently 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.

3. Summary of significant accounting policies (continued)

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 financial investments, 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.
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 related interest income or expense and dividends for financial assets and financial liabilities held for trading.

3. Summary of significant accounting policies (continued)

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. 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.

3. Summary of significant accounting policies (continued)

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.

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.

3. Summary of significant accounting policies (continued)

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, 2007 and 2006 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 to settle 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.

4. Cash in hand

	December 31, 2007	December 31, 2006
Cash in vaults	622,572	569,900
Cash in ATM	315,565	222,949
Total	**938,137**	**792,849**

5. Accounts with the Central Bank

	December 31, 2007	December 31, 2006
Current accounts	10,287,975	7,542,086
Deposits	-	113,980
Total	**10,287,975**	**7,656,066**

The National Bank of Romania (NBR or Central Bank) requires commercial banks to maintain a minimum 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 all customer deposits. As of December 31, 2007 the rate for RON and foreign currency denominated compulsory reserves was 20% respectively 40% (2006: 20% and 40%).
The required level of the minimum compulsory reserve for the last calculation period of the year was 9, 402,689 (2006: 6,804,051).

The interest paid by the NBR for the compulsory reserves during 2007 was 1.9% to 2.50% p.a. for RON deposits (2006: 1.5% - 1.90% p.a.), and 0.80% to 1.35% p.a. for EUR deposits (2006: 0.70% - 0.80%).

6. Current accounts and deposits with banks

	December 31, 2007	December 31, 2006
Deposits at Romanian banks	241,878	240,409
Deposits at foreign banks	373,570	213,065
Current accounts at Romanian banks	39	7,974
Current accounts at foreign banks	185,871	62,731
Total	**801,358**	**524,179**

As of December 31, 2007 the above balances include pledged accounts of 358 (2006: 357).

The interest rates earned on current accounts in foreign currency ranged between 0.1% and 6% p.a. (2006: 0.1%-4.65% p.a.). The interest rates earned on bank deposit in RON ranged between 1.25% and 30% p.a. (2006: 1.20%-21% p.a.). For foreign currency deposits the rates ranged between 1.95% and 8.70% p.a. (2006: 1.30%-7.80% p.a.).

7. Assets available for sale

	December 31, 2007	December 31, 2006
Treasury bonds	96,100	4,890
Equity investments	4,534	7,766
Other securities	17,587	16,436
Total	**118,221**	**29,092**

Treasury bonds

Treasury bonds consist of RON interest bearing notes issued by the Romanian Ministry of Public Finance with maturities between 2 and 5 years (2006: between 2 and 15 years).

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), Mobiasbanca SA, ECS International Romania SA, Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati SA and TransFond.

Other securities

The Bank holds units in a monetary fund ("Simfonia 1") and a balanced fund ("Concerto") amounting to 6,995 (6,577 as of December 31, 2006) respectively 10,592 (9,859 as of December 31, 2006).

Simfonia 1 invests on the monetary market and in liquid debt instruments (treasury bills and bonds, corporate bonds, municipal bonds). The Bank held as of the year-end a total number of 309,497 units (2006: 309,497) with a unit value of RON 22.60 (2006: 21.25)

Concerto invests in monetary market instruments, debt instruments as well as equities traded on Bucharest Stock Exchange. As of the year-end the Bank held a number of 90,353 units (2006: 90,353) with a unit value of RON 117.23 (2006: 109.12).

8. Loans, net

	December 31, 2007	December 31, 2006
Loans, gross	25,988,188	18,143,770
Loans impairment	(763,239)	(567,135)
Total	**25,224,949**	**17,576,635**

The structure of loans as at 31 December 2007, 2006 is the following:

	December 31, 2007	December 31, 2006
Working capital loans	7,331,317	5,369,790
Loans for equipment	5,438,940	3,468,645
Trade activities financing	315,619	242,793
Acquisition of real estate, including mortgage for individuals	1,757,424	899,175
Government loans	-	968
Consumer loans	9,429,144	7,213,996
Other	1,715,744	948,403
Total	**25,988,188**	**18,143,770**

As of December 31, 2007, balances relating to factoring amount to 261,915 (189,332 as of December 31, 2006) and those relating to forfeiting 53,471 (53,307 as of December 31, 2006).

The annual interest rates for the loans in RON ranged between 5% and 30% p.a. (2006: 5% - 30% p.a.) and for foreign currency between 5.75% and 18% p.a. (2006: 6.5%-13% p.a.)

Working capital loans include an amount of 159,120 (2006: 65,656) representing customers' liabilities under accepted letters of credit.

The analysis of portfolio by type of ownership:

Type of ownership	December 31, 2007	December 31, 2006
Private companies	12,030,559	8,345,459
State owned companies	391,031	499,204
Individuals	13,566,598	9,299,107
Total	**25,988,188**	**18,143,770**

8. Loans, net (continued)

Sector analysis

	December 31, 2007	December 31, 2006
Manufacturing	9.8%	12.0%
Food industry	3.7%	3.8%
Transportation and other services	2.9%	7.6%
Trade	18.1%	16.3%
Agriculture	1.9%	1.5%
Constructions	4.3%	3.2%
Individuals	51.0%	49.2%
Other	8.3%	6.4%
Total	**100.0%**	**100.0%**

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

As of December 31, 2007 the amortized cost of loans granted to the 20 largest corporate clients (groups of connected borrowers) amounts to 887,837 (1,095,515 as of December 31, 2006), while the value of letters of guarantee and letters of credit issued in favor of these clients amounts to 1,888,403 (510,048 as of December 31, 2006).

Impairment allowance for loans

Balance as of December 31, 2005	**554,119**
Net provison expenses / (income)	22,746
Foreign exchange (gains) / losses	(9,730)
Balance as of December 31, 2006	**567,135**
Net provison expenses / (income)	185,571
Foreign exchange (gains) / losses	10,533
Balance as of December 31, 2007	**763,239**

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 1,097,302 (December 31, 2006: 733,238).

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

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	745,395	155,940	63,904	-	965,239
Residential mortgages	69,854	11,648	3,617	-	85,119
Total	**1,373,643**	**213,808**	**86,708**	**6,673**	**1,680,832**

8. Loans, net (continued)

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

December 31, 2006

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate lending	379,769	20,692	2,047	1,317	403,825
Small business lending (retail)	66,653	11,759	3,401	214	82,027
Consumer lending	577,305	104,303	40,506	-	722,114
Residential mortgages	65,491	7,539	2,884	-	75,914
Total	**1,089,218**	**144,293**	**48,838**	**1,531**	**1,283,880**

Carrying amount of loans whose terms have been renegotiated

	December 31, 2007	December 31, 2006
Corporate lending	946	2,860
Small business lending (retail)	133	0
Total	**1,079**	**2,860**

Analysis of past due but not impaired loans by collateral coverage

December 31, 2007

	Loans	Covered by collaterals	Covered by personal guarantees
Corporate lending	424,014	18,843	536,018
Retail lending	1,256,818	167,966	61,643
Total	**1,680,832**	**186,809**	**597,661**

December 31, 2006

	Loans	Covered by collaterals	Covered by personal guarantees
Corporate lending	403,825	7,221	365,697
Retail lending	880,055	74,063	20,198
Total	**1,283,880**	**81,284**	**385,895**

9. Lease receivables

	December 31, 2007	December 31, 2006
Gross investment in finance lease:		
Maturity under 1 year	490,593	278,343
Maturity between 1 and 5 years	713,775	527,713
Maturity higher than 5 years	1,186	18,120
	1,205,554	**824,176**
Unearned finance income	(149,582)	(110,606)
Net investment in finance lease	**1,055,972**	**713,570**
Net investment in finance lease:		
Maturity under 1 year	415,043	229,460
Maturity between 1 and 5 years	639,774	467,131
Maturity higher than 5 years	1,155	16,979
	1,055,972	**713,570**

10. Investments in associates

	Field of activity	December 31, 2007 (%)	31-Dec-2006	Additions in 2007	Disposals in 2007	Profit/(loss) from associates	December 31, 2007
Fondul de Garantare a Creditului Rural "FGCR"	Loans guarantee	30.78%	12,702	587	-	(302)	12,987
Asiban S.A	Insurance	25.00%	27,027	5,000	-	4,228	36,255
Romcard S.A.	Card transaction processing	20.00%	301	-	-	124	425
Biroul de Credit S.A.	Credit bureau	18.80%	1,586	-	-	584	2,170
BRD Fond de Pensii S.A.	Pension fund management	49.00%	-	9,379	-	-	9,379
BRD Sogelease Asset Rental SRL	Operational leasing	20.00%	-	136			136
SOGEPROM Romania SRL	Real estate development	20.00%	-	242		(202)	40
			41,616	15,344	-	4,432	61,392

The associates' headquarters' addresses are as follows:

Associate	Address
Fondul de Garantare a Creditului Rural "FGCR"	5 Occidentului Street, Bucharest
Asiban S.A	45 Mihai Eminescu Street, sector 1, 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

11. Tangible fixed assets, net

	Land	Buildings and special constructions	Computers and equipment	Materials and other assets	Construction in progress	Total
Net carrying value as of December 31, 2005	**26,091**	**878,702**	**37,097**	**76,961**	**30,067**	**1,048,918**
Transfers and additions	3	67,884	42,804	40,239	41,463	192,393
Net book value of disposals	(94)	(906)	(148)	(784)	(28)	(1,960)
Transfers to held for sale assets	-	-	-	-	-	-
Depreciation	-	(49,149)	(25,424)	(22,241)	-	(96,814)
Impairment loss	-	(897)	-	-	-	(897)
Net carrying 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)	(0)	(9,831)
Transfers to held for sale assets	(9,320)	(9,252)	-	-	-	(18,572)
Depreciation	-	(56,531)	(37,348)	(23,641)	-	(117,520)
Impairment loss						
Net carrying value as of December 31, 2007	**16,519**	**906,714**	**47,430**	**98,642**	**96,907**	**1,166,212**

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

Net carrying value as of December 31, 2005	**50,569**
Transfers and additions	6,140
Net book value of disposals	(273)
Depreciation	(3,782)
Impairment loss	(897)
Net carrying value as of December 31, 2006	**51,757**
Transfers and additions	(14,359)
Net book value of disposals	(7,289)
Depreciation	(4,039)
Impairment loss	-
Net carrying value as of December 31, 2007	**26,070**

12. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net identifiable assets transferred from Societe Generale Bucharest to the Bank in 1999. The goodwill is no longer amortized starting with January 1, 2004 (see accounting policies). During 2007 there was no impairment of the goodwill.

13. Intangible assets, net

The balance of the intangible assets as of December 31, 2007 and 2006 represents mainly software.

Net book value as of December 31, 2005	**14,770**
Additions in 2006	19,283
Impairment	-
Amortization expense	(7,757)
Net book value as of December 31, 2006	**26,296**
Additions in 2007	19,465
Impairment	-
Amortization expense	(8,877)
Net book value as of December 31, 2007	**36,884**

14. Other assets

	December 31, 2007	December 31, 2006
Advances to suppliers	78,863	36,914
Sundry debtors	60,889	21,564
Fair value of derivatives	24,703	5,052
Held for sale assets	18,572	-
Materials and consumables	5,680	5,833
Miscellaneous assets	35,750	20,364
Total	**224,457**	**89,727**

The sundry debtors balances are presented net of an impairment allowance of 9,792 (December 31, 2006: 7,927).

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, 2005	**4,734**
Additions	-
Disposals	(4,734)
Carrying value as of December 31, 2006	**-**
Additions	18,572
Disposals	-
Carrying value as of December 31, 2007	**18,572**

15. Demand deposits and current accounts

	December 31, 2007	December 31, 2006
Individuals and legal entities	14,526,356	8,114,562
Ministry of Public Finance	-	30,556
Romanian Banks	2,966	35,737
Foreign banks	68,535	71,280
Total	**14,597,857**	**8,252,135**

The annual interest rates offered by the Bank for current accounts and demand deposits of individuals and companies ranged between 0.25 % p.a. and 7.25% p.a. (between 0.25% p.a. and 7.00% p.a. during 2006) for RON and between 0.25 % p.a. and 3.75% p.a for foreign currencies (between 0.25% p.a. and 3.25% p.a. during 2006).

The maximum interest rate offered by the Bank for Loro accounts was 0.25% p.a. for foreign currency (0.25% p.a. in 2006). The average interest rates for demand deposits paid by the Bank during 2007 were 7.81% p.a for RON, 5.29% p.a. for USD and 4.31% p.a. for EUR (6.15% p.a. for RON, 5.54% p.a. for USD and 2.94% p.a. for EUR in 2006).

16. Term deposits

	December 31, 2007	December 31, 2006
Individuals and legal entities	13,344,451	11,972,154
Foreign banks	271,004	588,562
Romanian banks	394,944	357,630
Total	**14,010,399**	**12,918,346**

The annual interest rates paid by the Bank for the RON deposits ranged between 0.25% and 8.25% p.a. (2006: 0.25%-7.25% p.a.) and for foreign currency deposits between 2.20% and 4.50% p.a. (2006: 2.00%-4.25% p.a.)

17. Borrowings

	December 31, 2007	December 31, 2006
Borrowings from related parties	5,681,295	3,747,762
Borrowings from international financial institutions	578,427	259,463
Borrowings from other credit istitutions	761,398	169,713
Bonds issued	734,791	785,801
Other borrowings	54,845	39,408
Total	**7,810,756**	**5,002,147**

The interest rates for the borrowings in EUR ranged between 3.75% p.a. and 7.70% p.a. The interest rates for the borrowings in USD ranged between 6.02% p.a. and 7.38% 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 (2006: 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, 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)
Others	-	-	-
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			**(20,853)**

18. Taxation (continued)

	December 31, 2006		
	Temporary differences	**Consolidated Balance Sheet**	**Consolidated Income statement**
Deferred tax liability			
Tangible and intangible assets	(117,666)	(18,827)	19,572
Investments and other securities	(26,414)	(4,226)	447
Others	-	-	919
Total	**(144,080)**	**(23,053)**	**20,939**
Deferred tax asset			
Loans	282,505	45,201	(3,686)
Other	94,471	15,115	11,091
Total	**376,976**	**60,316**	**7,405**
Taxable items according IAS 12	**232,896**	**37,263**	
Deferred tax income			**28,344**

Movement in deferred tax is as follows:

Deferred tax liability, net as of December 31, 2005	**8,548**
Deferred tax recognized in equity	371
Net deferred tax income	28,344
Deferred tax asset, net as of December 31, 2006	**37,263**
Deferred tax recognized in equity	462
Net deferred tax expense	(20,853)
Deferred tax asset, net as of December 31, 2007	**16,872**

19. Other liabilities

	December 31, 2007	December 31, 2006
Fair value of derivatives	121,313	114,758
Sundry creditors	96,756	1,681
Other payables to State budget	56,706	32,341
Deferred income	52,435	10,306
Payables to employees	46,977	24,696
Dividends payable	1,276	-
Provisions	267	267
Total	**375,730**	**184,049**

Included in deferred income is an amount of 12,627 (2006: 4,983) representing the initial fair value of financial guarantees less subsequent amortization.

19. Other liabilities (continued)

The movement in provisions is as follows:

Carrying value as of December 31,2006	**267**
Additional expenses	-
Reversals of provisions	-
Carrying value as of December 31, 2007	**267**

Payables to employees include, among other, bonuses relating to 2007 profit, amounting to 31,988 (2006: 20,001) and post-employment benefits amounting to 12,073 (2006: 10,323). The social security contributions relating to bonuses 9,370 (2006: 6,119) are included in Other payables to State Budget.

Post-employment benefit plan

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

Expenses recognised in profit and loss

	31 December 2007	31 December 2006
Current service cost	998	911
Interest cost on benefit obligation	792	639
Actuarial losses recognized during the year	181	272
Past service cost	20	20
Net benefit expense	1,991	1,842

Movement in defined benefits obligations

	31 December 2007	31 December 2006
Opening defined benefit obligation	10,323	8,563
Total service cost	1,018	931
Benefits paid	(241)	(82)
Interest cost on benefit obligation	792	639
Actuarial losses recognized during the year	181	272
Closing defined benefit obligation	12,073	10,323

Main actuarial assumptions

	31 December 2007	31 December 2006
Discount rate	5.35%	3.95%
Inflation rate	2.00%	2.11%

	2007	2006
Defined benefit obligation	12,073	10,323
Experience adjustment on plan liabilities	2,068	(1,109)

20. Equity

Share capital

The nominal share capital, as registered with the Registry of Commerce is 696,901 (2006: 696,901). Included in the share capital there is an amount of 1,818,721 (2006: 1,818,721) representing hyper inflation restatement surplus.

Share capital as of December 31, 2007 represents 696,901,518 (2006: 696,901,518) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2006: RON 1).

During 2007 and 2006, the Bank did not buy back any of its own shares.

Retained earnings / (Accumulated deficit)

Included in the Retained earnings there is an amount of 426,637 (2006: 426,637) representing legal reserves, general banking reserves and other reserves with a restricted use as required by the banking legislation.

21. Capital adequacy

For 2007, the adequacy of the Bank's capital is monitored using the local regulations that are in line with the European Directive 2000/12/EC. These requirements apply to the stand alone figures obtained based on the local accounting and financial reporting regulations (derived from European Directives on the accounting standards of credit institutions). During 2007 the Bank has complied in full with these requirements.

As of December 31, 2007 the regulatory capital and the capital adequacy ratio determined in accordance with the above-mentioned regulations is 3,599,462 respectively 12.0% (2006: 2,726,613 respectively 13.3%).

22. Interest income

	2007	2006
Interest on loans	2,654,721	1,796,197
Interest on deposit with banks	168,871	179,525
Interest on treasury notes	14,132	45,627
Total	**2,837,724**	**2,021,349**

23. Interest expense

	2007	2006
Interest for term deposits	798,807	604,683
Interest for demand deposits	296,849	130,940
Interest for borrowings	242,674	100,694
Total	**1,338,330**	**836,317**

24. Fees and commissions, net

	2007	2006
Commission revenue from processing of transactions	641,049	483,130
Other commission revenue	59,283	37,265
Commission expense	(68,019)	(124,536)
Net commission revenue	**632,313**	**395,859**

25. Foreign exchange income, net

	2007	2006
Foreign exchange income	5,397,160	2,463,636
Foreign exchange expenses	(5,072,380)	(2,249,567)
Total	**324,780**	**214,069**

26. Other income

Includes income from banking activities such as those relating to derivatives (except for FX derivatives) offered to the clients and income from non-banking activities, such as income from rentals and sale of fixed assets. The net income in respect of derivatives is 598 (2006: 1,058).

27. 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 by the contributions made by the banks, calculated as a percentage of qualifying deposits.

28. Salaries and related expenses

	2007	2006
Salaries	314,960	235,600
Social security	111,421	90,810
Bonuses	41,358	26,120
Other	84,780	50,269
Total	**552,519**	**402,799**

29. Depreciation and amortization expense

	2007	2006
Depreciation and impairment (see Note 11)	117,520	97,711
Amortisation (see Note 13)	8,877	7,757
Loss on disposal of tangible and intangible assets	9,831	1,961
Total	**136,228**	**107,429**

30. Other operating expense

	2007	2006
Administrative expenses	364,036	384,247
Publicity and sponsorships	34,443	31,019
Other expenses	47,125	36,174
Total	**445,604**	**451,440**

31. Cash and cash equivalents analysis 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, 2007	December 31, 2006
Cash in hand	938,137	792,849
Current accounts and deposits with banks	801,000	523,822
Deposits and deposit certificates at NBR	-	113,980
Total	**1,739,137**	**1,430,651**

32. Guarantees and other financial commitments

	December 31, 2007	December 31, 2006
Letters of guarantee granted	2,666,605	1,701,366
Financing commitments granted	3,401,125	2,916,105
Total commitments granted	**6,067,730**	**4,617,471**

Guarantees and letters of credit

The Bank issues guarantees and letters of credit for its customers. The primary purpose of these instruments 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.

33. Capital commitments

	December 31, 2007	December 31, 2006
Tangible non-current assets	17,794	12,124
Intangible non-current assets	3,006	14,182
Total	**20,800**	**26,307**

34. 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:

	2007	2006
Assets		
Nostro accounts	117,577	25,579
Loans	183,610	183,100
Liabilities		
Loro accounts	30,557	66,116
Term deposits	271,004	385,217
Borrowings	4,942,309	3,058,902
Subordinated borrowings	738,985	688,860
Commitments		
Letters of guarantee received	133,038	26,506
Notional amount of foreign exchange transactions	4,094,484	520,564
Notional amount of interest rate derivatives	490,839	600,705
Interest and commision revenues	14,749	13,049
Interest and commission expense	156,619	95,967
Net gain/(loss) on interest rate derivatives	3,359	1,058
Net gain/(loss) on foreign exchange derivatives	(127,772)	(13,101)

The interest expenses include an amount of 32,503 (2006: 18,860) relating to subordinated loans.

As of December 31, 2007, the Board of Directors and Managing Committee members own 353,650 shares (2006: 571,010).

The short-term benefits relating to the key management personnel (salaries, bonuses, other emoluments and related social security contributions) amounted to 4,621 (2006: 2,378).

35. Contingencies

As of December 31, 2007 BRD is defendant in a number of lawsuits arising in the course of business, amounting to approximately 2,214 (2006: 1,167). 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.

36. Earnings per share

	December 31, 2007	December 31, 2006
Ordinary shares on the market	696,901,518	696,901,518
Result for the year	1,021,636	700,955
Earnings per share (in RON)	1.4660	1.0058

37. Dividends on ordinary shares

	2007	2006
Declared and paid during the year		
Dividends for 2006: 0.3672 RON (2005: 0.3089)	254,640	213,606
Proposed for approval at AGM		
Dividends for 2007: 0.5921 RON (2006: 0.3672)	412,607	255,916

The dividends payable amounting to 1,276 (2006: 1,681) are included in other liabilities.

38. 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.

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 of 1% in market interest rates (parallel shift in yield curves assumed). The balance sheet sensitivity measure as of December 31st, 2007 is a negative 72,378 (2006: 49,580) signifying that an increase by 1% in market interest would determine a reduction of the net present value of the balance sheet. The margin sensitivity as of December 31st, 2007 is negative 30,995.

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's approach to the management of liquidity begins with the liquidity strategy, approved by the Bank's management. The Bank permanently monitors the liquidity gaps focus on the development of the balance sheet and uses stress scenarios as part of liquidity risk management.

39. Balance sheet structure by currency

	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	25,224,950	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	**39,982,581**	**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**

	December 31, 2006			
ASSETS	**Total**	**RON**	**EUR**	**Alte**
Cash and cash equivalents	792,849	662,585	109,889	20,375
Accounts with Central Bank	7,656,066	3,325,058	4,331,008	-
Current accounts and deposits at banks	524,179	443,935	36,345	43,899
Assets available for sale	29,092	29,092	-	-
Loans, net	17,576,635	10,608,142	6,537,730	430,763
Lease receivables	713,570	-	696,773	16,797
Goodwill	50,151	50,151	-	-
Deferred tax asset, net	37,263	37,263	-	-
Non current assets and other assets	1,299,279	1,299,111	165	3
Total assets	**28,679,084**	**16,455,337**	**11,711,910**	**511,837**
LIABILITIES				
Demand deposits and current accounts	8,252,135	5,484,064	2,304,990	463,081
Term deposits	12,918,346	7,945,556	3,874,552	1,098,238
Borrowings	5,002,147	813,381	4,187,960	806
Current income tax payable, net	11,454	11,454	-	-
Other payables	184,049	147,201	-	36,848
SHAREHOLDERS' EQUITY	**2,310,953**	**2,310,953**	**-**	**-**
Total liabilities and shareholders' equity	**28,679,084**	**16,712,609**	**10,367,502**	**1,598,973**

40. Maturity structure

The maturity structure of the Bank's assets and liabilities, based on the remaining maturity as of December 31, 2007 and 2006 is as follows:

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	14,597,857	-	-	-	-	-
Term deposits	14,010,399	4,666,700	1,289,685	2,255,740	5,720,480	77,794	-
Borrowings	7,810,756	778,450	201,748	2,410,648	3,647,505	772,405	-
Current income tax liability	90,153	-	-	90,153	-	-	-
Other liabilities	375,730	253,141	122,589	-	-	-	-
Total liabilities	**36,884,895**	**20,296,148**	**1,614,022**	**4,756,541**	**9,367,985**	**850,199**	**-**
Total shareholders equity	**3,097,685**	**-**	**-**	**-**	**-**	**-**	**3,097,685**
Gap		**(6,893,379)**	**844,937**	**1,835,314**	**(271,963)**	**6,290,935**	**(1,805,846)**
Cumulated gap		**(6,893,379)**	**(6,048,443)**	**(4,213,129)**	**(4,485,090)**	**1,805,846**	**-**

40. Maturity structure (continued)

December 31, 2006	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash and cash equivalents	792,849	792,849	-	-	-	-	-
Accounts with the Central Bank	7,656,066	7,656,066	-	-	-	-	-
Current accounts and deposits at banks	524,179	341,239	-	18,294	91,470	73,176	-
Assets available for sale	29,092	-			4,890	24,202	-
Loans, net	17,576,635	986,767	1,013,471	5,044,455	6,451,073	4,080,869	-
Lease receivables	713,570	28,858	121,611	200,515	354,672	7,914	-
Goodwill	50,151	-	-	-	-	-	50,151
Deferred tax asset, net	37,263	3,555	-	4,179	-	29,529	-
Non current assets and other assets	1,299,279	-	89,727	-	-	-	1,209,552
Total assets	**28,679,084**	**9,809,334**	**1,224,809**	**5,267,443**	**6,902,105**	**4,215,690**	**1,259,703**
LIABILITIES							
Demand deposits	8,252,135	8,252,135	-	-	-	-	-
Term deposits	12,918,346	4,273,759	1,532,726	2,328,327	4,620,065	163,469	-
Borrowings	5,002,147	704,711	185,640	847,369	2,588,087	676,340	-
Current income tax liability	11,454	-	-	11,454	-	-	-
Other liabilities	184,049	69,291	114,758	-	-	-	-
Total liabilities	**26,368,131**	**13,299,896**	**1,833,124**	**3,187,150**	**7,208,152**	**839,809**	**-**
Total shareholders equity	**2,310,953**	**-**	**-**	**-**	**-**	**-**	**2,310,953**
Gap		**(3,490,562)**	**(608,315)**	**2,080,293**	**(306,047)**	**3,375,881**	**(1,051,250)**
Cumulated gap		**(3,490,562)**	**(4,098,877)**	**(2,018,584)**	**(2,324,631)**	**1,051,250**	**-**

41. 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 repricing date, for those instruments with a changing rate before maturity.

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)**	

41. Interest rate risk exposure (continued)

December 31, 2006	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Cash and cash equivalents	792,849	-	-	-	-	792,849
Accounts with the Central Bank	7,656,066	-	-	-	-	7,656,066
Current accounts and deposits at banks	341,239	-	18,294	91,470	73,176	524,179
Assets available for sale	-	-	-	4,890	24,202	29,092
Loans, net	11,350,165	2,135,581	1,120,033	2,178,918	791,938	17,576,635
Lease receivables	28,858	121,611	200,515	354,672	7,914	713,570
Goodwill	-	-	-	-	50,151	50,151
Deferred tax asset, net	3,555	-	4,179	-	29,529	37,263
Non current assets and other assets	-	-	-	-	1,299,279	1,299,279
Total assets	**20,172,732**	**2,257,192**	**1,343,021**	**2,629,950**	**2,276,189**	**28,679,084**
Liabilities						
Demand deposits	8,252,135	-	-	-	-	8,252,135
Term deposits	9,031,512	1,722,929	1,670,637	492,247	1,021	12,918,346
Borrowings	1,651,587	1,922,312	221,501	1,206,747	-	5,002,147
Current tax liability	-	-	11,454	-	-	11,454
Other liabilities	69,291	114,758	-	-	-	184,049
Total liabilities	**19,004,525**	**3,759,999**	**1,903,592**	**1,698,994**	**1,021**	**26,368,131**
Total shareholders' equity	**-**	**-**	**-**	**-**	**2,310,953**	
Net position	**1,168,207**	**(1,502,807)**	**(560,571)**	**930,956**	**(35,785)**	

42. 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, 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.

The following table presents the fair value of loans to customers, accompanied by a discussion of the methods used to determine the fair value.

	Carrying value 31.12.2007	Fair value 31.12.2007
Loans and leases to customers	26,280,921	26,400,105

The following methods and significant assumptions have been applied in determining the fair values of loans which are carried at cost:

(a) the fair value of variable rate financial instruments is assumed to be approximated by their carrying amount;
(b) the fair value of fixed rate loans carried at amortized cost is estimated by using as a discount factors rates offered to similar clients, for similar products.

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

Financial liabilities

The amortized cost of customer deposits and borrowings 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.