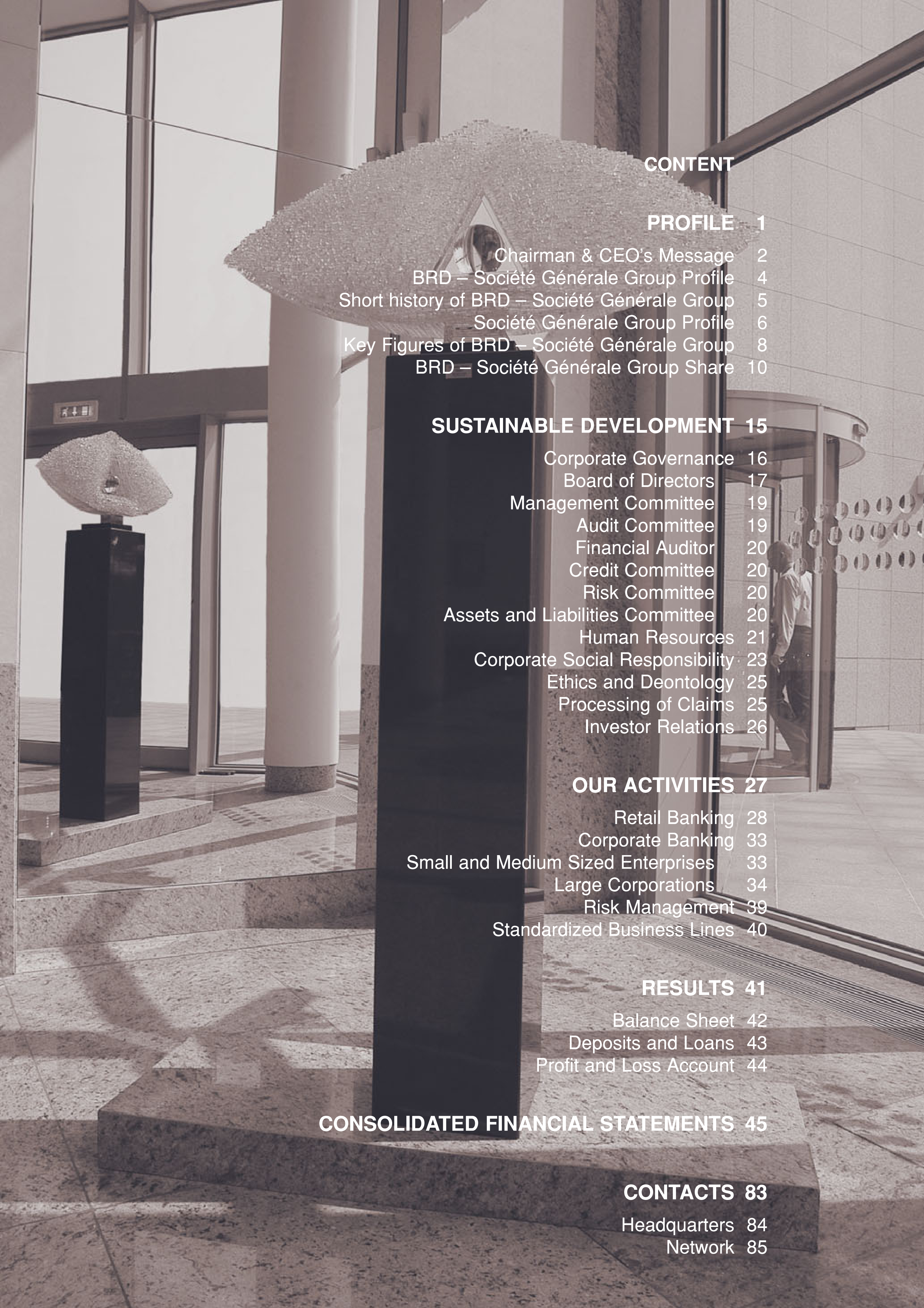
Annual Report 2004

BRD
GROUPE SOCIETE GENERALE



CONTENT

PROFILE

Chairman & CEO's *Message*

2004 was a good year for the Romanian economy. For the first time over the last ten years inflation declined below 10%; the liberalization of the capital account in 2005 and the new ROL denomination are signs of the successful monetary politics applied during the last few years. The economic growth, in excess of 8%, was the highest in all the European countries. Foreign direct investments reached a record level of EUR 4.3 billion, while the M&A operations exceeded EUR 600 billion.

Against this favourable background and in the context of Romania's upcoming accession to the European Union, the banking sector has continued performing strongly. The commercial offer was diversified, the first specialized financial companies were created, and competition sharpened with the entry of new players on the retail market.

BRD - Société Générale Group took advantage of this context and began reaping the fruits of the in-depth changes that our company has been undergoing over the last three years, in terms of organization, working procedures and investments.

The net income progressed by 40% to reach EUR 88.7 million. The return on equity (ROE after taxes) rose to 30% against 24.7% in 2003, making BRD the most profitable bank in Romania. The cost / income ratio went down by 6 points to 48% illustrating an improved productivity.

All of our activities have contributed to these results. Lending to corporate customers has largely developed. All market segments have benefited from our support: large corporations, SMEs and very small businesses for which we launched specific financing programs. 55% of the Bank's assets are invested in the Romanian economy.

The retail banking has grown at an accelerated pace. Numerous new products and services were marketed; we have with the support of Société Générale Group launched BRD Finance Credite de Consum – the first company granting consumer loans at the point of sale; the distribution channels

were diversified. At 31 December 2004 BRD had 1,360,000 individual customers.

An ambitious program of opening new branches called BRD Express was launched; it targets the most dynamic areas economically and demographically. A first wave of 39 such branches has already been inaugurated, and the yielded results are encouraging.

The Bank’s good performances are also illustrated by the evolution of BRD shares on the stock exchange. The average price of the share has increased by 55% in 2004; our stock exchange capitalization stood at EUR 1,311 million at 31 December 2004, BRD ranking second amongst the companies listed at the Bucharest Stock Exchange.

We are satisfied with the success of the growth model the Bank has adopted since its privatisation. This model relies on the values that are common to the Société Générale Group worldwide, and that our employees have adopted: professionalism, team spirit, innovation, allowing BRD to cope with a rapidly changing environment.

BRD – Société Générale Group
Profile

BRD - Société Générale Group is the largest private bank and the second bank in terms of banking assets in Romania. It has the second capitalization at the Bucharest Stock Exchange (EUR 1.3 billion at end 2004). The majority stake of BRD - Société Générale Group is held by one of the most important banking groups in the Euro zone, Société Générale.

The Bank carries out its business on three main markets:

Retail banking

- The Bank has 1,360,000 individual customers and more than 1,000,000 card holders.
- It is one of the leaders on the banking card and the consumer loan markets. The consumer loans at the point of sale are granted by its specialized subsidiary, BRD Finance Credite de Consum.
- Market shares vary from 15 to 20% according to products.
- The product and service range expand constantly, driven by the growth of the population's standard of living.

Corporate banking

- BRD has a strong experience and a recognized expertise in corporate financing.
- It is the first bank of the Romanian private sector, both SMEs and large corporations. It is present in all the sectors of the economy, supporting also local communities.
- Besides the classical financing, its product and service range comprise cash management, domestic and foreign factoring, and leasing via its the specialized subsidiary, BRD Sogelease.
- BRD also plays an important part, together with the Société Générale Group, in the financing of multinational companies, both French and other foreign companies.

Investment banking

- Two specialized entities of the Bank – BRD/SG Corporate Finance and BRD Securities – provide integrated services in the M&A, privatisation and brokerage fields.
- It is also involved in numerous structured financing schemes for important projects carried out with the support of specialized divisions within the Société Générale Group.
- An asset management subsidiary of the Société Générale Group, SGAM, manages through BRD's branch network a mutual investment fund.

Ratings

Fitch IBCA

Short term foreign currency debt	**F3**
Long term foreign currency debt	**BBB-**
Support	**2**
Long term rating perspective	**Stable**

Moody's

Long term foreign currency debt	**B1**
Financial strength perspective	**Positive**

Short History
of BRD – Groupe Société Générale

1923 The **National Company for Industrial Lending** is created as a public institution, with the State holding 20% of the share capital, the central bank 30%, and the rest being held by individuals, amongst whom a group of former directors of Marmorosch Blank & Co., the first Romanian modern bank. The mission of this new institution is to finance the first development stages of the industrial sector in Romania.

1948 After the second world war, pursuant to the Nationalization Law of June 1948, the National Company for Industrial Lending passes into the property of the State, becoming the **Investment Credit Bank**.

1957 After the reorganization of the financial system, the Investment Credit Bank obtains a monopoly position for the medium and long term financing of all industrial sectors in Romania, except for the agriculture and food industries. It takes a new name and becomes the Investment Bank. Over this period, the majority of the funds granted by the World Bank are managed through the Investment Bank.

1990 The monopoles that the specialized banks exercise in their specific fields of business are over. The **Romanian Bank for Development** is set up as a joint venture commercial bank, taking over the assets and the liabilities of the Investment Bank. It is granted a universal banking license.

1998 In December is signed the sale - purchase agreement between **Société Générale** and the State Ownership Fund (the Romanian organism managing the State holdings) whereby Société Générale subscribes for a 20% increase of the share capital and purchases a stake so that its ownership reaches 51% of the increased share capital of BRD.

1999 The State Ownership Fund sells to the **EBRD 4.99%** of BRD's share capital.

2003 Following a rebranding campaign, the Romanian Bank for Development becomes **BRD – Société Générale Group**. The new brand aims to consolidate the Bank's position and to render the public more aware of the identity of the parent company.

2004 Société Générale **purchases the residual shares** held by the Romanian State at BRD; its ownership rises from 51% to 58.32%.


Photo: Benoît Roland

Société Générale Group
Profile

Société Générale Group is one of the leading financial services groups in the Euro zone and one of the most important French companies by its stock exchange capitalization (EUR 33.1 billion at 31 December 2004).
In 2004 the Group yielded a gross banking product of EUR 16.4 billion and a net result of EUR 3.1 billion. It employs 92,000 people worldwide in three core businesses:

Retail Banking and Financial Services

- N°1 amongst the non-mutual retail banks in France by its turnover and number of branches (2,730 branches of Société Générale and Crédit du Nord).
- The number of individual customers (16.4 million in France and worldwide) has increased by approximately 7.8% compared to 31 December 2003.
- The international retail bank serves 4 million customers in 30 subsidiaries covering 28 countries. It operates as a universal bank providing a complete range of services to both individual and corporate customers.

  Over the past years, the Group has extended through external and internal growth its retail branch network in Central and South-East Europe, namely in Romania, Bulgaria, Greece, Slovenia, Slovakia, Czech Republic, Serbia and Russia.

Global Investment Management and Services

- It ranks 4th in the euro zone with EUR 315 billion assets under management and over EUR 1,115 billion of assets under custody at 31 December 2004
- It incorporates all the Group's securities activities for individual, corporate and institutional investors:
  - SG Asset Management
  - SG Private Banking
  - SG Global Securities Services for Investors: securities services
  - Boursorama: online savings

Corporate and Investment Banking

- SG Corporate & Investment Banking (SG CIB) incorporates the financial and investment banking activities
- 3rd corporate and investment bank in the Euro zone by its pre-tax profits
- Reference bank in its 3 areas of focus:
  Euro capital markets,
  derivative products
  and structured financing

Ratings

AA- (Standard & Poor's)
Aa2 (Moody's)
AA- (Fitch)

Photo: Guy Nicolas

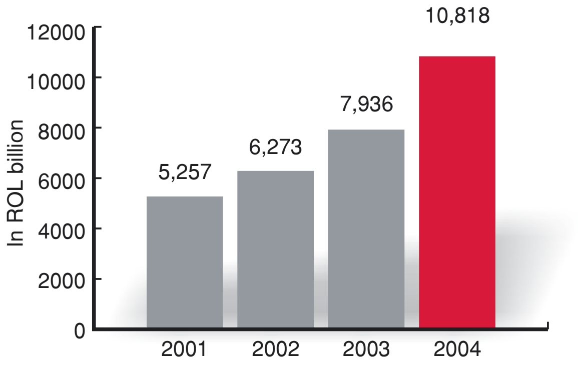
Key Figures
of BRD – Société Générale Group

The net banking income progressed by 25% compared to 2003, standing at ROL 10,818 billion.

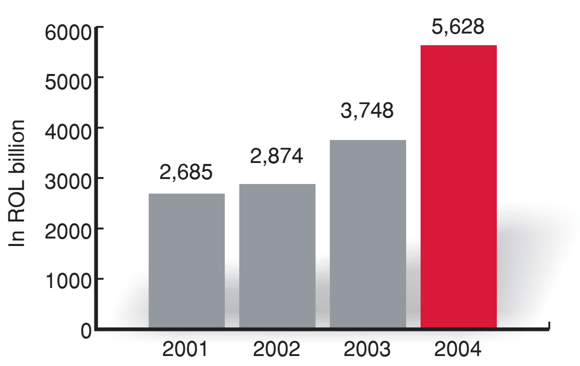
The gross operating income is ROL 5,628 billion, thanks to an efficient management of the costs that have been maintained at 13%.

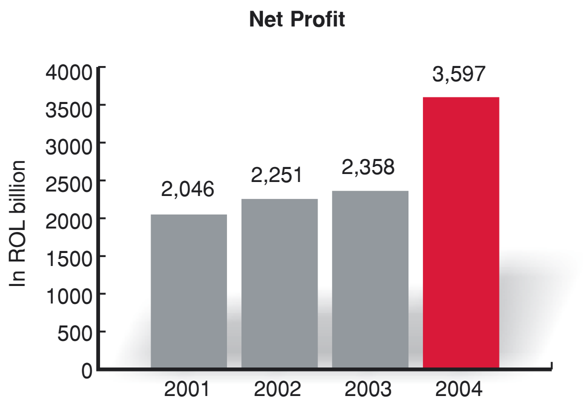
The risk related costs (ROL 717 billion) went down by 15%, in real terms.

Net Banking Income

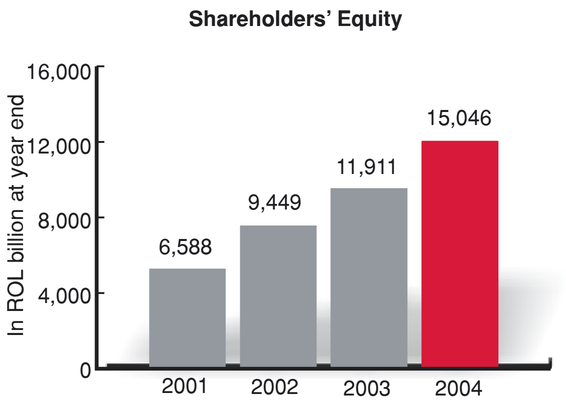


Gross Operating Income

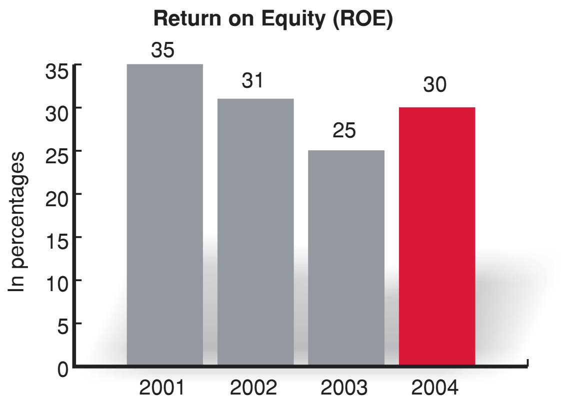




Net Profit
In ROL billion
4000
3500
3000
2500
2000
1500
1000
500
0
2,046
2,251
2,358
3,597
2001
2002
2003
2004



Shareholders' Equity
In ROL billion at year end
16,000
12,000
8,000
4,000
0
6,588
9,449
11,911
15,046
2001
2002
2003
2004



Return on Equity (ROE)
In percentages
35
30
25
20
15
10
5
0
35
31
25
30
2001
2002
2003
2004

BRD – Société Générale Group
Share

BRD's shares have been listed in the first tier at the Bucharest Stock Exchange since 15 January 2001.

In 2004, the total value of BRD's shares traded at the stock exchange doubled compared to 2003. The transactions with BRD's shares accounted for 8.3% of the aggregate value of all transactions carried out on the stock exchange; with a capitalisation representing 15.2% of the total capitalisation of the market, BRD ranks second amongst the companies listed at the Bucharest Stock Exchange.

The average price of the shares, expressed in ROL, increased by 55% in 2004, and in EUR by 44% against the average of year 2003.

The dividends

The table below illustrates the evolution of the dividend paid over the last three years.

	2002**	2003	2004
Number of shares (x 1000)	1,393,803	1,393,803	1,393,803
Total dividend (ROL billion)	1,202	966	1,753
Dividend per share (ROL)			
nominal	862	693	1,257
Distribution rate *	100%	70%	50%

(*) After the employees participation in the benefit (until 2002), constitution of the legal reserve (until 2003) and of the credit risk reserve / general banking risk reserve

(**) At 31 December 2002 the Bank had 696,901thousand shares. Following the General Assembly resolution of 17 December 2002, the number of shares has been increased from 696,901thousand shares to 1,393,803 thousand shares, effective from the beginning of 2003.

Payment of dividends

The dividends are paid to the shareholders according to their quota of ownership in the share capital. The dividend related income is subject to withholding tax.
According to the Bank's Articles of Incorporation, dividends are paid within 60 days after the meeting of the General Assembly, in cash or by bank transfer, according to the shareholder's choice.
Pursuant to the laws in force, beneficiaries who do not claim their due dividends shall loose the right to do so 3 years after the date of issue of such dividends.

Stock Exchange Information

The table below illustrates the evolution of the main stock exchange indicators over the last three years.

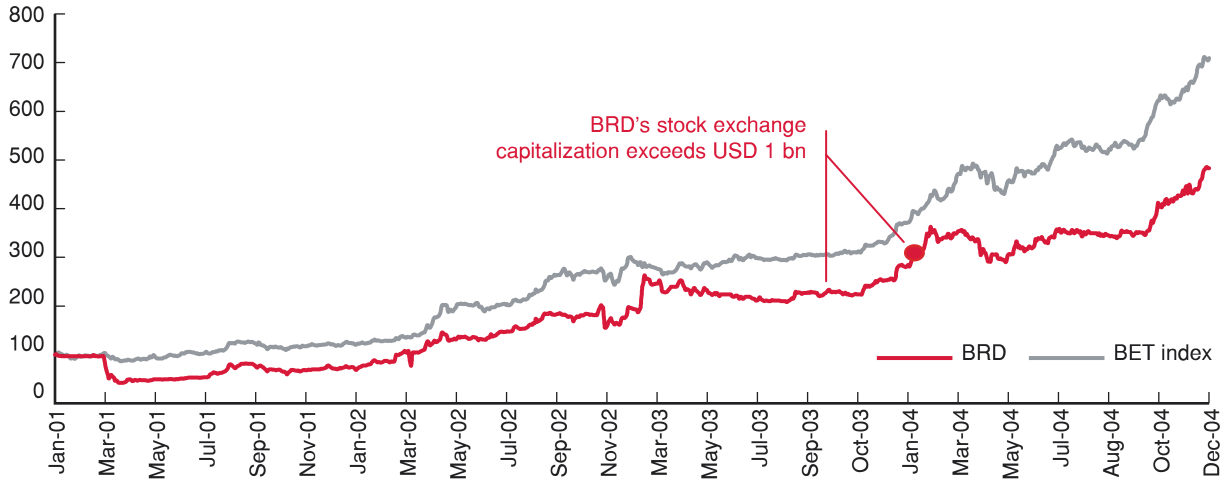
base : IAS BNR

		2002**	2003	2004
Share capital at the end of December (number of shares x 1,000)		696,901	1,393,803	1,393,803
Stock Exchange Capitalisation (ROL billion)		18,119	27,736	52,000
Net profit per share (ROL)	nominal (*)	3,230	1,692	2,581
	base 2004 (*)	1,615	1,692	2,581
Net assets per share (ROL)	nominal (*)	13,558	8,546	10,795
	base 2004 (*)	6,779	8,546	10,795
Price (ROL)	last	26,000	19,900	37,300
	last (base 2004)	13,000	19,900	
	highest	33,700	31,100	37,800
	lowest	15,500	16,100	20,000

(*) To be comparable, the profit per share and the net asset per share of 2002 have been recalculated according to the number of shares existing at the end of December 2003 and December 2004.

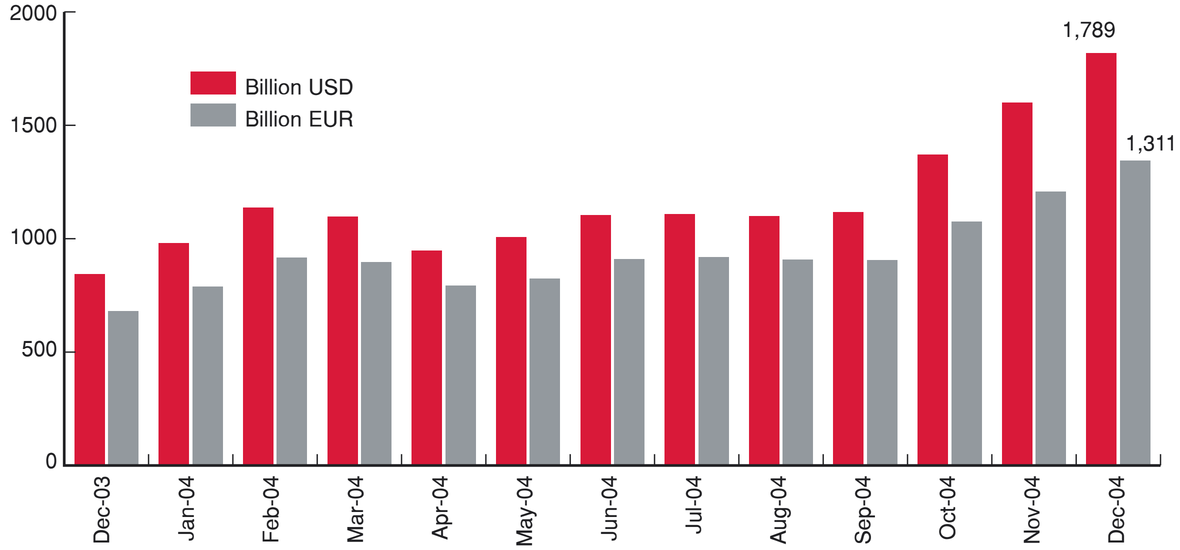
(**) At 31 December 2002 the Bank had 696,901thousand shares. Following the General Assembly resolution of 17 December 2002, the number of shares has been increased from 696,901thousand shares to 1,393,803 thousand shares, effective from the beginning of 2003.

Variation of the price compared to BET
(1 January 2001 = 100)



At 31 December 2004 the stock exchange capitalization reached ROL 52,000 billion, compared to ROL 28,000 billion at end 2003.

BRD Stock Exchange Capitalization in 2004
(end of year)

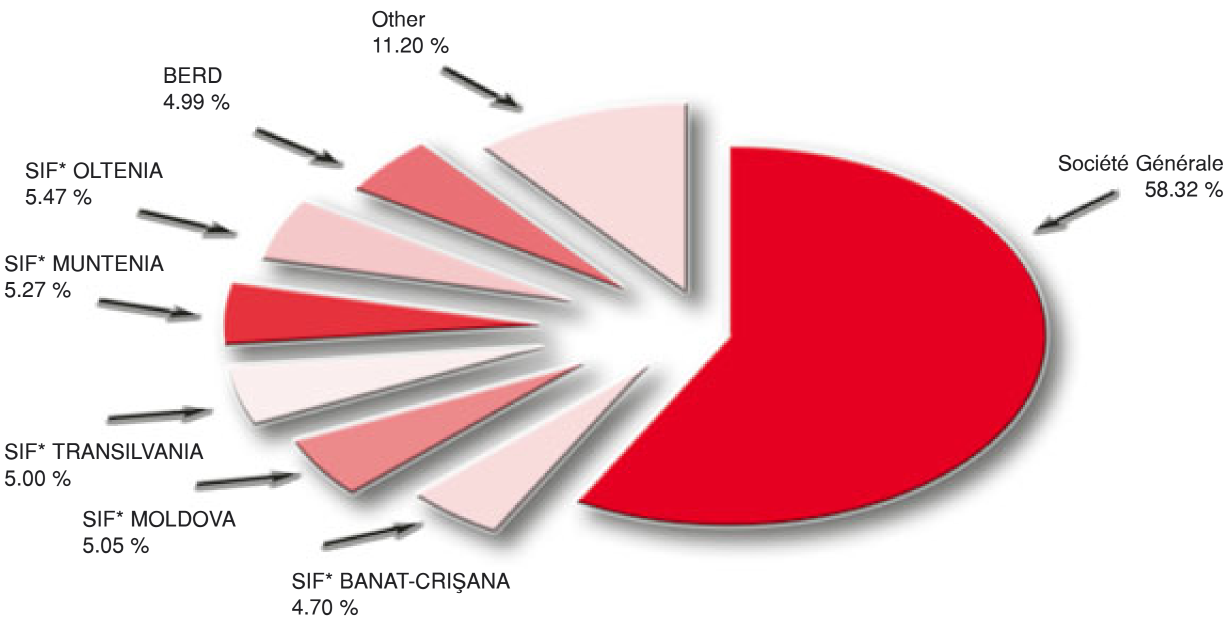


Share capital

At 31 December 2004 the BRD capital share stood at ROL 4,181,408,040,000 and comprised 1,393,802,680 shares (the same number as at 31 December 2003) with a nominal value of ROL 3,000 each. These shares, fully paid-in, are nominal. No change has occurred with respect to BRD's shares in 2004.

Shareholding

At 31 December 2004, the shareholding structure - identical to the voting rights structure - was as follows :



(*) SIF – Financial Investment Company

General Assembly of Shareholders

The latest General Assembly of Shareholders met on 26 April 2004 in both ordinary and extraordinary sessions, on first convocation. All resolutions are taken by majority vote.

Main resolutions of the ordinary meeting:

- financial situation of the Bank in 2003
- allocation of the profit and of the gross dividends per share
- income and expense budget for 2004

The Ordinary General Assembly meets at least once a year, upon demand of the Board of Directors, and convenes all the administrators. Resolutions are taken by majority vote of the shareholders present or represented.

Main resolutions of the extraordinary meeting:

- modification of the Bank's field of activity following the changes in the activities permitted under the banking law;
- modification of the BRD's Articles of Incorporation.

The Extraordinary General Assembly summons all the shareholders and it is convened whenever decisions on issues such as the modifications of the Articles of Incorporation, share capital increase etc. have to be taken. Resolutions are approved with the votes of the shareholders representing the majority of the share capital.

SUSTAINABLE DEVELOPMENT

Corporate *Governance*

BRD – Société Générale Group is a joint venture company, operating pursuant to the Companies Law 31/1990 and the Banking Law 58/1998, with the subsequent modifications, and to other relevant regulations in force.

At the beginning of year 2001, the Bank was listed on the stock exchange, with a resultant heightening of the standards in terms of its corporate governance. As a listed company, BRD is subject to the laws in force regarding capital markets, as well as to the regulations of the National Securities Commission and the Bucharest Stock Exchange.

Board of Directors

At the end of year 2004 the Board of Directors was made up of 11 administrators chosen by the General Assembly of Shareholders, 5 of them representing the majority shareholder, Société Générale Group, and the rest representing the other shareholders.

The Board is chaired by Patrick Gelin, who was elected as Chairman at the 12 October 2004 meeting, cumulating this function with that of a CEO.

The Board of Directors establishes the directions of the Bank's activity and supervises its implementation. According to the Articles of Incorporation, the Board examines the strategic orientations of the Bank and considers the possible changes in the management structure, examines the transactions that are likely to have a significant impact on the company's results, on the structure of its balance sheet and its risk portfolio. The Board meets at least one a month.

In 2004 the Board members focused mainly on the following issues:

- proposals for the modification of the Articles of Incorporation
- proposals for the change in the Board's membership
- the modification of the internal bylaws
- the 2004 liquidity strategy
- the training policy of the Bank's personnel
- the extension of the branch network
- the evolution in BRD's market share

The members of the Board of Directors are obliged to declare to the Bucharest Stock Exchange and to the National Securities Commission any significant trade (sale or purchase) on BRD's shares.

At 31 December 2004, the Board of Directors had the following members:

	First designation, renewal, end of term	Functions
Patrick GELIN 59 years Holds 20.000 BRD shares	2001 renewed 9 April 2005 end 9 April 2009	CEO of BRD until October 2004 Elected Chairman & CEO of BRD in October 2004
Petre BUNESCU 52 years Holds 1.000.300 BRD shares	1999 renewed 29 April 2003 end 29 April 2007	Deputy CEO of BRD Member of the Board of Directors of MISR Romanian Bank – Cairo, Transfond SA and the Romanian Banking Institute Vice-President of the Romanian Banking Association since April 2005
Sorin-Mihai POPA 40 years	2003 end 29 April 2007	Deputy CEO of BRD Member of the Board of Directors of BRD Sogelease and RCI Leasing
Didier ALIX 58 years	1999 renewed 29 April 2003 end 29 April 2007	Deputy CEO of Société Générale Group
Bogdan BALTAZAR 65 years Holds 721.170 BRD shares	1998 renewed 29 April 2003 end 29 April 2007	Chairman of BRD until October 2004 Member of the Board of Directors of the Romanian Investment Fund Vice President of the Romanian Banking Association until April 2005
Aurelian DOCHIA 55 years Holds 1.000 BRD shares	2001 end 9 April 2009	CEO of BRD/SG Corporate Finance
Anne FOSSEMALLE 41 years	2003 end 29 April 2007	Regional Manager for Eastern Europe, EBRD
Gérard LE PAPE 58 years	2004 end 23 January 2008	Representative CEO of BRD until September 2004
Jean – Louis MATTEI 57 years	1999 renewed 29 April 2003 end 29 April 2007	Director of the International Retail Banking arm within the Société Générale Group
Ioan NICULESCU 67 years Holds 432.720 BRD shares	1995 renewed 29 April 2003 end 29 April 2007	Member of the Board of Directors of Asiban S.A. and BRD Sogelease
Petre Pavel SZEL 60 years Holds 17 BRD shares	2002 end 17 December 2006	Chairman & CEO of Muntenia Consult

Patrick Gelin
Chairman & CEO

Petre Bunescu
Deputy CEO

Sorin-Mihai Popa
Deputy CEO

Management Committee

The Management Committee insures, under the coordination of the Chairman & CEO Patrick Gelin, the strategic management of the Bank, with the assistance of the two Deputy CEOs, Petre Bunescu and Sorin-Mihai Popa. The Management Committee meets once a week; its members are mandated to manage and coordinate the Bank's daily activity, except for the issues that are incumbent upon the Board of Directors or the General Assembly of Shareholders. Its members are authorized to make commitments on behalf of the Bank, according to the law.

At the end of 2004 the members of the Management Committee were as follows:

- Patrick Gelin – Chairman & CEO
- Petre Bunescu – Deputy CEO
- Sorin-Mihai Popa – Deputy CEO

The main attributions of the Management Committee relate to the approval of the following issues:

- the Bank's internal bylaws, except the competences of the Management Committee, of the Audit Committee and of the Remuneration Committee;
- internal rules and regulations of the Bank and their modification;
- the interest rate policy applied for the Bank's resources and placements;
- tariffs and commissions in ROL and foreign currency;
- annual credit policies, as well as credits leading to an exposition on a single debtor comprised between the equivalent of EUR 3 million and 10 % of the shareholders' equity of the Bank;
- recovery measures of the Bank's receivables etc.

Like the administrators, the members of the Management Committee are obliged to declare to the Bucharest Stock Exchange and to the National Securities Commission any significant trade (sale or purchase) on BRD shares.

Audit Committee

The Board of Directors is assisted by an Audit Committee, presided by an administrator - not a member of the Management Committee - who represents the majority stakeholder. It comprises other 2 administrators not members of the Management Committee. The Committee meets at least once a semester.

In line with its main attributions, the Audit Committee:

- analyses, independently from the top management of the Bank, the pertinence of the accounting methods and of the internal reporting procedures;
- assesses the quality of the audit and internal control in terms of risk evaluation, supervision and monitoring and, as the case may be, proposes the necessary measures ;
- carries out the specific analyses required by the Board of Directors.

Financial Auditor

An independent auditing firm certifies the accounts of the Bank. The certification covers the statutory accounts established according to the regulations of the National Bank of Romania and the accounts set up pursuant to the International Financial Reporting Standards (" IFRS "), hereto attached.

The Board of Directors designates the external auditing firm.

The firm in charge of certifying the accounts is Ernst & Young Assurance Services SRL, represented by Mrs. Oana Petrescu.

Credit Committee

The weekly meetings of this Committee, chaired by the Deputy CEO who coordinates this activity, focus on the credit files (for both individuals and corporations) that exceed in terms of amounts the competences of the executive managers. The files that could not be solved in these meetings are referred to the Management Committee.

Risk Committee

Presided by the Chairman & CEO, the Risk Committee meets regularly once a quarter and more if necessary. Its mission is to manage significant risks such as the credit, market, liquidity, operational or brand related risks.

Assets and Liabilities Committee

The members of this Committee are elected by the Management Committee and its meetings presided by the Chairman & CEO. It regularly meets once a month and more if necessary. According to its attributions, the Committee analyses the interest, liquidity and resource and placements policies, the minimum statutory reserve of the Bank, the development and the structure of its assets and liabilities; it proposes measures for an efficient management of the assets and liabilities; furthermore, it assesses the risks that the Bank may assume in order to maintain an adequate level of liquidity; it also approves the structure of the placements, the limits of the liquidity risks and the interest rates and maturities.

Human
Resources

The human resource policy of BRD - Société Générale Group is about increasing the abilities and the motivation of the teams, and at the same time maintaining a real social dialogue.

COMPETENCE + MOTIVATION + SOCIAL DIALOGUE = PERFORMANCE

Four key driving factors support this approach:

The career management mechanism was set up in 2004 to create a link between employees, managers and the bank's top management through a network of Human Resource Supervisors. The mission of this structure is expressed in a series of permanent objectives:

- insure a balance between the human resources and the company's needs ;
- follow and listen to the particular needs of the employees, and propose tailored solutions;
- insure the application of a motivating remuneration policy ;
- identify the company needs in terms of training.

Career Committees regroup every year the managers and the Human Resource Supervisors, and follow up the individual performances of the personnel, identifying personnel and career development opportunities.

Recruitment
With more than 4,400 employees, BRD has continued its active recruitment policy according to the needs generated by the development of its business and attributions. Exceptional efforts were made in 2004 to recruit approximately 700 persons, of which almost 150 were dedicated to the 33 new BRD Express branches opened in the same day. The new employees are either fresh graduates, or experienced persons.

At the first edition of the "2004 Student Awards", BRD has won the Trophy and the Medal for the "Most Wanted Employer". The "2004 Student Awards", organized by the Romanian Economist Student Association, is an occasion for all students majoring in economic sciences to evaluate companies acting in various fields.

Training
BRD places a great deal of importance on training with more than 12,000 hours of training and 6,200 participants in 2004. The significant growth of the global training efforts in 2004 was generated on one hand by the need to manage the staff requirements of the newly created BRD Express branches, and on the other hand by the need to continue improving the personnel's skills in all the banking lines.

In order to back the development of the branch network a Training Branch was created last year. It is an exact replica of a real branch, comprising two counters and two customer advisors, with all the traditional equipment and resources. Commissioned in September, this Training Branch will serve as a model and educational unit for all the employees in the Network. Since its creation more than 200 employees have been trained in the specific BRD Express environment.

BRD also wishes to create a link between college and employee status, by taking in students for practical training, students who can later easily integrate in a structure with which they are already familiar.

A new remuneration policy
BRD's remuneration policy was redefined to comply with three principles and to win a greater loyalty from the key personnel of the Bank. First, BRD' wants its salary policy to be attractive and rewarding. To this end, the Bank has participated in several corporate remuneration surveys to position itself in the market. Second, BRD wants to be selective in order to reward both personal and corporate performance. Third, an annual revision process takes place as regards the individual performance of each employee in order to link remuneration and performance.

In parallel, the Bank sustains an open dialogue with its employees.
To foster the development of a real BRD community, special attention is dedicated to improving the social climate within the company though a real dialogue with the employees and with the social partners. In particular, the "Dialogue" program was launched, a personnel satisfaction survey aimed at allowing the personnel to express their opinion on the recent developments of the company. This program reveals the Bank's concern with coping with the expectations and needs of its employees.

In its relation with the trade union, besides negotiating the Collective labour agreement, BRD closely monitors the implementation of the obligations assumed and it is committed to identifying various actions aimed at improving the working environment.

Internal communication
The quarterly internal magazine ESENTIAL BRD, which is addressed to all employees, is the main internal source of information, with articles and editorials regarding the Bank's activity, results, important events, careers, but also other extra-professional activities and performances obtained by the employees.

Besides the internal magazine, the Intranet site, available since June 2004, is another strong component of internal communication.

Moreover, various communication campaigns have been organized aiming at informing, in an interactive manner, the employees with regard to large institutional and commercial promotion events.

INNOVATION AT ALL LEVELS

Launched at the beginning of March 2004, the INNOVATION Trophy relies on one of the key values of BRD and of the Société Générale Group - Innovation.
The aim of this contest is to stimulate creativity and foster an innovative spirit throughout the company, encouraging the communication of the most interesting ideas, together with their implementation. This program will translate into the quality of our products and services, which will ultimately result in a more powerful brand.
The three winning projects were awarded on 25 November and they participated to the Innovation Trophy in Paris, at the beginning of 2005.

Corporate
Social Responsibility

BRD-Société Générale Group has as its mission to promote sustainable development consisting, besides achieving economic parameters, in adopting a responsible attitude towards society, and this is particularly important in Romania, where the needs are considerable.

BRD plays an active part in community life, supporting various domains such as culture, sports or charity events, along with its partners: public bodies, foundations and non-governmental organisations.

In line with the policy of its parent company, the Bank has for many years now taken initiatives in sponsoring cultural, musical and sports events.

Possessing an important art collection, that will be enriched in the coming years, displayed in the working spaces of the central offices, which offer a generous space for the expositions by young Romanian painters, the Bank endeavours to render the modern contemporary art an experience accessible to everyone.

BRD has also sustained educational activities, such as the "Golden Word" Trophy, launch of books and art catalogues, TV documentaries, student forums etc.
The partnership with the French Cultural Institutes in Romania resulted in 2004 in numerous actions aimed at promoting the francophone movement and making the Romanian and the French peoples familiar with each other's culture.

An important corporate project, the musical patronage has already become a tradition in the community. With the aid of BRD, the Paris Gregorian Choir gave two magnificent concerts before the Romanian public in October 2004. The International Classic Guitar Festival and the International Jazz Festival, the international festival "Jeunesses Musicales de Bucarest", the concerts of the Bucharest National Opera are a few of the projects that BRD has chosen to sustain in its endeavours to promote authentic talents and values.

BRD continues traditional partnership for a series of prestigious events, such as the Plastic Artists Union or the UNITER awards. BRD encourages the rise to prominence of new generations of talented actors through various patronage actions such as the sponsorship of the National University of Theatre and Cinematography "Ion Luca Caragiale " in the organization of two shows in Paris. The French - Romanian Theatre Festival was yet another occasion to strengthen the traditional cultural links between the two peoples.

Sport is another domain where BRD continued its traditional partnerships with the Romanian sports federations.

The partnership with the Romanian Rugby Federation, renewed in 2004 (for the national senior and junior teams of Romania), follows the model of the parent company, Société Générale being the partner of the national French rugby team since 1987. The year 2004 is the fourth consecutive year of collaboration between BRD and the Federation. The efforts

centred on the implementation of a coherent program for a real turnaround of this sport, with aggregate financing of up to USD 500,000.

BRD also continued its partnership with the Romanian Tennis Federation for the organization of national and international tours. In 2004 the Federation organized the International Circuit of Romania, comprising 12 feminine tours and 18 masculine tours, with awards of USD 10,000 each. Since 2000, BRD financed the activity of the federation with approximately USD 500,000. Other tennis competitions have also benefited from the support of BRD in 2004, such as the 2004 Tennis Cup of the Exterior Affairs Minister.

For the seventh consecutive year, the Bank has been the partner of the Romanian Biking Tour - the *Yellow T-shirt* - with international participation; this tour crosses several major cities in Romania.

Athletics is another sport sustained by the Bank through its partnership with the Romanian Athletics Federation. BRD has funded the organization of Grand Prix contests in 2004, and received the *Golden Plate* for the support granted to the Romanian Athletics.

Through these sport partnerships, which are already a tradition, BRD wants to demonstrate that the image of a leading bank consists not only in the quality of its products and services, but also in the support granted to one of the most important ambassadors of Romania, sport.

A major direction of the social responsibility policy is the support to the foundations helping abandoned and poor children. BRD is the partner of Samu Social Association, which is involved in several projects in Romania in favour of abandoned children, and of "Valentina" Association for a project in favour of disabled children.
Funds have also been spent for the purchase of medical equipment for the modernization of hospitals.

Ethics
and Deontology

BRD -Société Générale Group is committed to complying with all the regulations that govern the banking activity and behaviour, market operations and money laundering, corruption and terrorism financing.

The Bank has adopted a set of deontology rules and internal bylaws aimed at insuring a high standard of behaviour by employees in their relation both with each other, and with our partners, shareholders, customers and public organisations; such rules provide for the obligations of the personnel: professional secrecy, confidentiality of information, compliance with the integrity of the markets, primacy of customers' interests, interdiction to use privileged information for personal purposes. A dedicated structure, using adequate supervision means, is in charge with monitoring the respect of these obligations and of the legal and tax regulations.

As regards money laundering, corruption and terrorism financing, BRD has adopted strict rules and it cooperates with the central bank and the relevant public bodies, submitting regular reports on suspect transactions. The Bank has organized several training courses to warn the personnel about these issues.

An important part of deontology code, "know your customer" program forbids the Bank from having a relationship with entities operating on the edge of the law or contrary to the principles governing the banking activity and the civil responsibilities, and the lack of transparency, which might suggest that they do not abide by the accounting and deontology principles.

"The personnel of BRD and its subsidiaries shall, in the exercise of their profession abide by the provisions of this Deontology Code. Any employee who breaks the deontology code by gross negligence or wilful misconduct impacts on the profession, on the bank, on the fellow employees and on the image of BRD or its subsidiaries, and he / she will be punished according to the laws in force or to the internal bylaws".

[excerpt of the Deontology Code]

Processing
of Claims

The Bank attaches a great deal of importance to the claims submitted by customers, as they allow us to follow, in real time and without any filters, the issues that generate dissatisfaction. To answer in a more efficient manner the claims, the Bank has optimised the examination of the claims addressed to the top management; they are processed by a dedicated service, according to strict procedures and a well-defined circuit between head offices and the branches.

Investor *Relations*

Aware of the importance of a transparent communication with its shareholders, and with the investors and financial analysts, BRD - Société Générale Group endeavours to provide to all of them accurate, regular, homogenous and high-quality information, in line with the practices of the parent company and with the requirements of the Romanian stock exchange authorities.

BRD sets out every year, in line with the financial communication strategy of the Société Générale Group, a financial communication calendar. After being validated by the Bucharest Stock Exchange and by the National Securities Commission, this calendar regulates all the financial communication events organized by the Bank.

General Assemblies offer shareholders the occasion to be informed directly on the latest developments of the Bank, take an active part in the debates and express their views on the decisions to be adopted. A press release is published after the General Assembly meeting that approves the financial results.

Every year BRD presents its yearly results in a press conference, followed by a presentation and questions & answers session, for investors, financial analysts and journalists.

All financial communications likely to have an impact on the share price on the stock exchange is previously sent to the Bucharest Stock Exchange for their approval and only afterwards published in the press.

In addition, for a better management of our relationship with investors, our investment banking subsidiary - BRD Securities - keeps a permanent contact with them, organizing regular meetings and providing them with various reports and analyses.

The Internet site www.brd.ro offers information on the Bank, such as press releases, key figures and main events. Those interested may also access annual reports, and the presentations prepared for the financial analysts and institutional investors.

Financial Communication Calendar

13 April 2005	Meeting with financial analysts and journalists
29 April 2005	General Assembly of Shareholders
3 May 2005	Communication of results as of 31 December 2004
16 May 2005	Communication of results as of 1st Q 2005
15 August 2005	Communication of results as of 2nd Q 2005
14 November 2005	Communication of results as of 3rd Q 2005

Telephone: (+40) 21 301 61 00 / ext. 61 60
E-mail: communication@brd.ro

OUR ACTIVITIES

Retail
Banking

With more than 1,360,000 customers and a large network of 212 branches at the end of 2004, BRD has strengthened its position on the retail market.

In line with its strategy of attracting new customers, the Bank worked on a two point plan:

- to enlarge its branch network during the second quarter, consolidating its penetration of the areas with potential
- to enrich its commercial offering, adapting in the same time its interest rate policy to the market.

Launch of a new concept of bank branch: BRD Express, the proximity bank

In order to keep its leading position in the market in terms of consumer loans, SMEs lending, and other specialised financial services, BRD proposes a new model of universal bank: the proximity universal bank, customer oriented.

BRD Express has appeared out of the need to satisfy the needs of the individual customers and streamline the working procedures and operations specific to retail banking. The aim is to familiarise the public with banking: a bank has to be simple, accessible, welcoming and close to the customers.

Born from a project conceived mid 2003 and from the common efforts of several dedicated teams, the project was a success with the opening, in a first phase, in October 2004, of 33 new branches. The specific features of the new branches are:

- proximity
- promptitude
- streamlined operations

These branches integrate easily into the life of the community, being located in residential areas, within universities, in shopping centres, in public institutions.

The new branch concept reflects one of the major directions of the Bank's strategy: placing the customer at the heart of our business. In a friendly and familiar environment, with universal counters processing the entire range of current banking operations, these structures provide a quick and efficient service.

Combining commercial dynamism, proximity and high quality service, the newly consolidated branch network stands as a major competitive advantage. Under a powerful and recognised brand, the Bank relies on a high-quality network of over 200 branches, covering the entire country.

The branch opening program will continue over the coming years; the existing branches will be modernised so to offer the same service conditions as the BRD Express branches.

A new image in the branch network

An improved visibility, softer colors and shapes, and a more suitable layout, are the main characteristics of the new BRD branches. The interior layout has been designed to provide a warm welcome; yet it enables a high level of confidentiality for each individual's transactions thus ensuring a high degree of customer satisfaction. In this way the public areas have been arranged in an uncluttered way with a calming atmosphere.

Strong growth of the individual customer base, sign of an active commercial presence on all the markets

The year 2004 has witnessed the further development of the individual customers base, underpinned by three key drivers:

- the success of the pay-roll conventions based on an offer granting preferential conditions for a series of products and services
- the turnaround of consumer loan, fuelled by the enrichment of the Bank's offering and the creation of BRD Finance Credite de Consum, a subsidiary specialised in granting financing on the point of sale.
- sustained commercial efforts to attract students with an innovative offer and a dedicated team.

BRD envisages attracting and retaining employees of various companies through a new pay-roll convention for the payment of salaries, BENEFICII, accompanied by associated services. The employees of the companies having signed the convention benefit from an extension of their overdraft limit, and preferential conditions for a series of products such as consumer loans or mortgage loans, as well as from a dedicated reception and information team.

A strong penetration of the student market

A targeted commercial policy underpinned by an innovating offer on the Romanian market has led to a significant progression of the number of student customers: in 2004 more than 40,000 students chose the new "Credit 10" offering a loan and a discount program for purchases at partner retailers. The student offer was extended to comprise loans adapted to various situations.

Numerous commercial and promotional actions were undertaken during 2004 : "BRD Academic Scholarships", marketing events within universities, partnership conventions with universities. A number of 7 branches were opened inside the most important university campuses. This strategy met with success, BRD gaining the attention of this category of clientele.

The development of the goodwill was also reflected in the consolidation of the Bank's presence on the affluent customers market. BRD opened in April 2004 a private banking

unit, dedicated to the high net worth individuals, with a dedicated team of specialised advisors.

Loans to individuals

Consumer loans: a constant improvement of the offer

After two years of rapid growth, the consumer loan market has remained steady over the last year, despite of a strong slowdown during the first quarter.

BRD has taken a series of initiatives: extension of the duration, introduction of loans in foreign currency, promotional campaigns in order to preserve its market share at a high level.

Car loans

The sustainable partnership between Dacia Renault and BRD, developed since 2000, had good results in 2004, with 14,000 cars financed.

Financing sales

In March 2004 **BRD Finance Credite de Consum** was created in partnership with Franfinance, in order to confirm its leadership on the market of consumer loans at the point of sale, in line with the European growth strategy of Société Générale in this field.
In 2004 BRD Finance Credite de Consum adapted the international Franfinance platform to the characteristics of the Romanian market for consumer loans at the point of sale.

Relying on this platform providing the highest standards in terms customer and supplier servicing, BRD Finance Credite de Consum consolidated the traditional partnerships with the major retail brands in Romania such as Carrefour, Praktiker, and Bricostore.

At the same time, BRD Finance concluded a series of new partnerships in the home appliances, IT equipment, furniture, mobile phone sectors.

Mortgage loans: exceptional growth

Benefiting from a favourable economic environment, the real estate market has witnessed considerable progress.

Very active on this developing segment, BRD is the only bank to propose an offer indexed to the interest rates applied by the market (Euribor or Libor). It registered a rise of 5 % in its market share to 15.5 %.

BRD and the Romanian Real Estate Agencies Association (ARAI) signed a partnership agreement whereby ARAI agreed to promote exclusively BRD's offering of mortgage loans through the companies and real estate agents that are members of ARAI.

Savings and placements

Over the course of 2004 the population's financial behaviour has changed little, still preferring to hold cash.

After the commercial success of the savings account ATUCONT launched in 2003, last year BRD issued the same product denominated in foreign currency.

In line with its policy of market segmentation, two savings accounts came to complete the offer: ATUSTART and ATUSPRINT, products targeting the youth market.

Deposits from these products in local currency rose to ROL 1,032 billion, while those in foreign currency amounted to ROL 2,445 billion.

Bank cards

BRD preserved its leading position on this highly competitive market, exceeding the benchmark of 1,000,000 bank cards issued.

The first bank to propose card linked medical assistance services, BRD continued enlarging its offer and trying to provide each customer with a tailored product.

Its complete range of products include debit cards in local currency and foreign currencies, with associated services: insurance, telephone transfers, direct debit, invoice payment, and vacation related services. BRD is the only Romanian bank to offer this type of service associated to VISA Clasic and MasterCard credit cards.

A major concern was to adapt the bank card offer to the needs of the different segments of customers. To this end, Visa Classic cards in ROL were internationalised, and insurance and travel services were associated to this offer.

The launch of a MasterCard Standard card in EUR, offering the possibility to make payments in EUR without conversion expenses, and of MASTERCARD GOLD in ROL, with a credit facility up to EUR 10,000 for affluent customers, came to consolidate the Bank's position on this market. This offer was packaged with a special vacation credit.

To simplify the formalities necessary to obtain a BRD card, the Bank also provides the possibility for customers to order their card on-line, via the institutional site, www.brd.ro.

Multichannel bank

For several years already BRD's services have been available through various distribution channels: branch network, ATMs, telephone platform, telephone banking, internet site.

On the retail side, BRD has started in 2003 a project for the reorganisation of the branch network in order to improve the bank / customer relationship, and level up the

quality of service throughout the entire network. In addition, the ATM network was extended to approximately 430 outlets at the end of 2004.

Development of remote banking

A real source of information on the Bank's organisation and services, the institutional site met with success, with about 700,000 visits in 2004, i.e. an average of 60,000 visits per month. The site www.brd.ro is undergoing a process of improvement of the interactive functionalities. Starting with 2004 the customers had the possibility to order cards, arrange loans and deposits directly on the internet site.

BRD-NET: the leading internet banking service on the Romanian market in terms of the number of subscribers. Only three months after its launch, BRD's transactional site had more than 4,000 subscribers.

In 2004 BRD's call centre continued attracting interest, with more than 500,000 entry calls; new operational functions have been added: modifications in the agreements, transfers, simulations.

In parallel, BRD developed the on-line subscription for a series of products and services, allowing its customers to subscribe without having to visit a branch.

Corporate *Banking*

In a very competitive market, the Bank focused on both consolidating its relationship with the existing customers, and on conquering new ones through a complex commercial offering.

Small and medium sized enterprises

Traditionally the Bank of small and medium sized enterprises in Romania, BRD's objective was to strengthen its position on this market and on the market of very small businesses. This clientele segment benefits from dedicated commercial advisors and a division specialised in structuring specific financing operations.

BRD holds approximately 22% of the Romanian small and medium sized enterprises market, with about 60% of its corporate credit portfolio being granted to this segment, and the rest of 40% to the large companies. The Bank registered a balanced exposure on this segment countrywide, in all economic sectors: 31% industry, 40% trade and services, 9% constructions, 5% transportation, 4% agriculture and 11% others.

BRD supports the sustainable development of the Romanian economy and in particular for small and medium sized enterprises also through partnerships with the European Investment Bank and the European Investment Fund, with more than EUR 30 million credit facilities and guarantees granted to SMEs at the end of the last year. In respect of the very small businesses, BRD implemented a dedicated financing program, in cooperation with the Romanian - German Fund.

The offering for these customers provides solutions adapted to their specific needs, with the diversification and development of the financing products (pre-approved credits, multi-currency credits, scoring credits, credits for the agricultural sector etc), placements, current operations, factoring, leasing and remote banking services.

To attain its objectives on this market, the Bank followed several major directions: modernization of its commercial structures by creating dedicated teams by customer segment and international desks in the big cities, constant training of the customer advisors and a performing commercial reporting system.

Large corporations

A specialised structure is in charge of the management of large corporate accounts. Due to a sustained activity in specialised financing through a series of strategic partnerships and agreements with the large private and public enterprises, this structure has yielded satisfactory results.

In terms of structured financing, the Bank carried out structured financing of raw materials with large groups (Rompetrol, Mittal Sidex), it continued its active presence in syndicated lending by participating as a co-arranger in the financing of infrastructures (CNADNR), it also granted export credits (Electrocentrale and the Orsova Shipyard) and it participated in privatisations as an escrow agent (Distrigaz Sud).

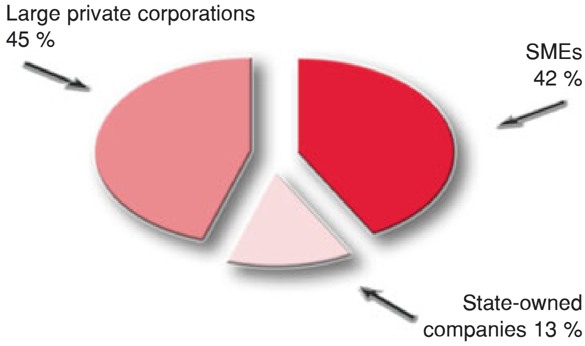
The weight of the cross selling operations with bank cards increased in 2004 through the agreements signed with the large retailers like Carrefour, Bricostore, Praktiker.

BRD - Société Générale Group is one of the leaders of the market in terms of financing municipalities. It was involved as a financing party in important projects in towns like Ploiesti, Pitesti, Baia Mare, Deva, Piatra Neamt, Targoviste, and Arad. The Bank also financed, often under the Sapard program, the local administrations of more than 25 towns for water system works and infrastructure development.

Constant growth of lending

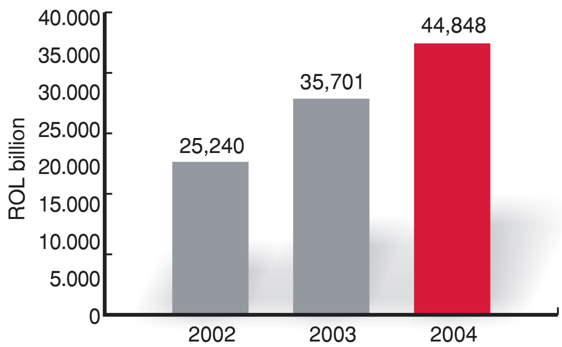
With a growth of approximately 15% in real terms in the credits granted to companies, the year 2004 produced good results due to the sustained efforts of the commercial teams and a full range of products.

Structure of loans by sectors



The strengthening of the team dedicated to large corporate accounts allowed an upsurge of the rhythm on this segment with a concern to improving the risk quality and preserving margins. Tailored financing formulae allowed

The loan portfolio



the Bank to solve quickly the simple and medium value applications, and answer in a more efficient manner to more complex applications.

Growing deposits

In 2004 the collection of deposits continued the upward trend registered over the previous years and reported significant progress (+36% in real terms) reaching EUR 1,143 million at 31 December 2004.

Simfonia 1 investment fund posted robust results during 2004, with a considerable success in its relation to enterprises, being an attractive alternative to classical instruments of treasury management.

Bank Cards

Endeavouring to extend the range of products dedicated to companies, the bank card offer was completed in 2004 with MasterCard Business in EUR, accompanied by assistance and insurance services. The existing business card offer allows companies to choose the card type that best suits their needs in terms of internal travels (ROL cards) or foreign travels (EUR or USD cards).

Cash Management Services

Major "driving engine" of the bank - company relationship, capturing cash flows was again seen as a priority in 2004, the Bank providing customers with Multix (domestic cash management) service. To cope with the increasingly sophisticated requirements of customers, BRD has launched a new version of the Multix service, equipped with more functions (the multiple transfer for instance). This service is presently marketed by modules, each customer having the possibility to opt for those functions that best adapt to their needs.

In 2004 was launched the international cash management offer with Sogecash International Swift and International Orders Received, two products that stand as the base for the future synergy between the offer of BRD and that of the parent Group in this field.

Market operations

In the course of 2004 BRD consolidated its position on the financial markets. BRD's market share in terms of forex operations moved up from 10% in January 2004 to 16% at the end of December 2004. The volume of the forex operations almost doubled.

Answering in real time to the requirements of the customers would not have been possible without an adequate internal organisation and in this context a good measure was the

introduction of a new Straight Through Processing type system, allowing the automatic processing of operations initiated by the Front Office.

International development

The progress of international transactions in 2004 (the total production in equivalent EUR was brought to EUR 6.6 billion from EUR 5 billion, up 28.10% against 2003) outlines BRD's special interest for the customers dealing with foreign trade (both SMEs and large corporations).

Proposing an integrated Trade Services offer (documentary credits, incasso, international guarantees, cheques and guarantees), as well as international transfers and Western Union services, BRD is offering its clientele the professional advice of its team of specialists and the advantage of its relationship with about 740 correspondent banks.

BRD's worldwide correspondent network and its being a member of Société Générale stand as a major competitive advantage coming to strengthen the quality and the efficiency of the services dedicated to the international market.

In 2004 BRD has tried to add more value to the relationship with its importing and exporting customers, by organising thematic meetings where the advice of the specialists proved useful.

Thanks to the joint efforts of the branch network and the headquarters teams, at the end of 2004 the Bank's market share relating to international operations was estimated at 14%.

Leasing : BRD Sogelease

The leasing sector witnessed a considerable progress (+20%) over the last year. In a sharply competitive environment, the reduction in the customers conditions, doubled by a rise of expenditures, resulted in a fall of leasing operations margins. Notwithstanding this context and due to the professionalism of the selling force, the leasing subsidiary (in its 3rd business year) has yielded more than satisfactory results.

The leasing contracts concluded last year amounted to EUR 98 million compared to EUR 56 million in 2003 (up 75%). The aggregate outstandings rose to EUR 112 million against EUR 62 million in 2003 (up 81%).

With a market share estimated at 14.8%, BRD Sogelease ranks amongst the first three leasing companies, subsidiaries of banks or financial institutions, in terms of concluded contracts.

Under the slogan "innovate and imagine", the leasing offer diversified (allowing for the specific features of the Romanian market):

- simple rental with or without service - Servier Laboratories, Danone, Romtelecom
- rental of IT mobile equipment - Alcatel
- financing of sales with the local importers - A. Bavaria (MAN), Van Wijk (DAF),Terra (JCB), Protruck (Iveco), Autorom (Mercedes-Benz)
- sub-rental - Eurial (Peugeot)
- financing of public risk (investments in buses for the municipalities)
- real estate leasing - Praktiker
- medical leasing - Euromedic

The portfolio of financed equipment is increasingly diversifying. Although heavy machines (27.8%) and the motor cars (36.4%) account for more than 60% of the financing, BRD is by far the leader in the industrial sector (16%). The construction (7.3%) and medical sectors (6.4%) are becoming increasingly opportune.

Factoring

Over the course of 2004, in the context of a generally soft factoring market, BRD's factoring operations proved sustainable and the Bank ranks first on this market.

The factoring turnover amounted to EUR 121 million compared to EUR 43 million in 2003, i.e. a rise by 281%.

An intense commercial activity, a more efficient cooperation with the branch network and with the external correspondents have contributed to these satisfactory results.

Year 2004 focused on consolidating the relationship with international factoring companies members of Société Générale Group, on developing domestic factoring and on enhancing the quality of the service.

Domestic factoring that came to enrich the Bank's offer has met with success on the market, being packaged with services to answer the various needs of companies. Thus, new customers were attracted and the processed cash flows registered an upward trend.

Due to the quality of service offered to corporate customers, the efficiency of its marketing, the development of its domestic transactions and of the external operations in close cooperation with the largest world factoring network - Factors Chain International - have brought BRD since October 2004 the status of a fully fledged member of this prestigious organisation. BRD is currently the only Romanian bank having this status.

Financial investment services

BRD's subsidiary **BRD Corporate Finance** ranks amongst the leaders of the consulting companies on the Romanian market, active in fields such as the privatisation of companies, mergers and acquisitions and investments.

BRD Corporate Finance's traditional customers were multinational companies or the public institutions, but recently more and more Romanian enterprises, in their majority clients of the Bank, turn to BRD for assistance in restructuring, expansion, financing operations and partnerships.

The development of the cooperation with the Large Corporations Division has once more turned to good account the synergy between the different business lines of the Bank.

BRD Securities has strengthened its leading position on the Romanian brokers market. The high quality of its research and of its services in general have allowed BRD Securities to be the natural choice of large international clients, the subsidiary being the market leader in terms of transactions performed by the foreign investors in Romania.

BRD Securities is also very active in financing operations via bond issues for large companies (BRD included) and for municipalities. Recently, due to a tight cooperation with BRD's branch network, BRD Securities attracted a local up-market clientele active on the stock exchange.

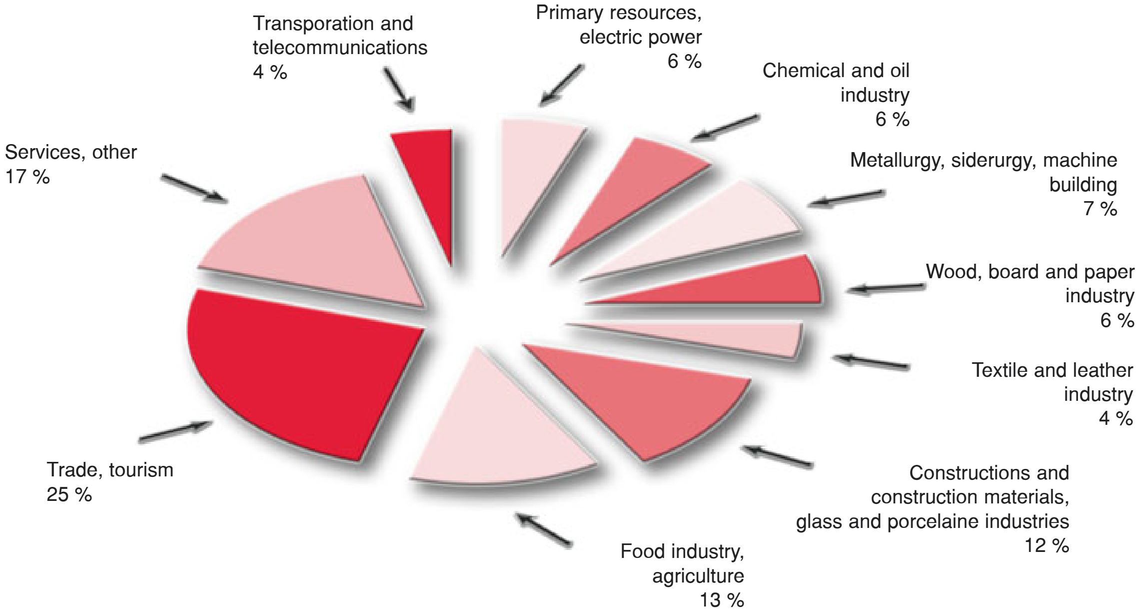
In 2004 BRD Securities obtained a very good profitability, ranking second amongst the brokers in terms of the number of transactions

Risk
Management

BRD's risk division was consolidated in 2004 and it extended its scope of operation. Coordinated directly by the Chairman & CEO, its objective is to supervise the entire range of risks:

- the liquidity and solvency policy in cooperation with the Financial Department
- the credit risks with a view to maintaining a balanced portfolio by economic sectors. The Risk Division is also involved in the training of the commercial credit risk analysts
- the market risks that, in the context of the growth of the interest rate instruments and foreign currency operations, require a tight monitoring
- the operational risks, with the implementation of a Business Continuity Plan for the head offices and the branches. In case of events preventing continuation of the Bank's activity in the present premises, back-up centres have been prepared, with adequate and properly tested equipment.

In order to alleviate the credit risks, the Bank balanced them between the different sectors. At 31 December 2004, the sectors with the highest exposures in the aggregate commitments were the following:



Standardized *Business Lines*

Different programs of modernization of the IT equipment and processes were launched and carried out in 2004 in an effort to diminish costs and increase the quality of service.

In terms of organization, several major directions were considered:

- assist the commercial efforts of the branch network by creating regional back-offices in charge with processing the administrative operations for the various client categories: customer service for individuals, and banking service for companies;
- a decisive step in improving the quality of customer service was the creation of the universal counter; it started being massively implemented throughout the branch network mid 2004, a process that was finalized at the beginning of 2005;
- to continue the streamlining of the structures in head office: to this end, the back-offices and the support functions underwent a series of changes in terms of parameters and optimisation of functionalities with a view to constantly improve their support for the entire Bank.

On the information technology side, year 2004 witnessed a better integration of the various activities in the central IT system (international operations, internal accounting, new products). A number of specific projects were finalized, aiming at continuing the automatization of the processing operations and improving customer service (a better account / card link, back-office market operations, transfers between accounts etc).

RESULTS

Satisfactory
performances

In 2004 all of the Bank's business lines yielded satisfactory results. This performance illustrates BRD's capacity to take advantage of the synergy of its different business lines, in en effort to consolidate its position on the market.

The operating results progressed significantly: gross operating income rose by 37% in real terms, triggered by a net banking income up by 25%; operating costs were well monitored (+13%) and the current profit before tax (ROL 4,911 billion) increased by 51%.

These good results are paralleled by a consolidated financial structure of the Group, with the Cooke ratio standing at 16.4%, and the ROE at 30%.

Balance sheet

The total balance sheet at the end of 2004 represents ROL 117,245 billion (EUR 2,956 million), i.e. a rise in comparable terms by 32% over the previous year.

In 2004 the buildings and land were subject to re-evaluation by an independent expert with international reputation, resulting in a ROL 878 billion increase.

The Cooke ratio, calculated according to the conditions imposed by the National Bank of Romania, was 16.4% at 31 December 2004, i.e. 4 points above the minimum level established by the law (12%).

In ROL billion at 31 December	2003	2004	Evolution 04 / 03 (*)
Assets			
Cash at the Central Bank	14,771	22,260	38%
Receivables from credit institutions	7,469	15,237	87%
Receivables from customers	48,886	65,762	23%
Securities	264	2,635	813%
Participations	209	275	20%
Fixed assets	8,362	9,388	3%
Other assets	1,226	1,689	26%
Total assets	**81,187**	**117,245**	**32%**
Liabilities			
Debts to credit institutions	5,677	12,030	94%
Debts to customers, of which :	62,032	87,523	29%
- term	43,690	59,842	
Other liabilities	1,567	2,647	55%
Shareholders' equity	11,911	15,046	16%
Total liabilities	**81,187**	**117,245**	**32%**

* in real terms

Deposits
and loans

At 31 December 2004 the total loans granted to the customers amounted to ROL 66,427 billion (EUR 1,675 million), up 23% in real terms compared to the previous year.

The loans granted to individual customers registered a positive trend reaching 32% in the total loans at the end of the year.

The customer deposits at 31 December 2004 amounted to ROL 85,427 billion (EUR 2,154 million), up 28% in real terms against 2003.

In ROL billion	2003		2004		Evolution 04 / 03 (*)
Individual customers	13,597	28%	21,579	32%	45%
Corporate customers	35,701	72%	44,848	68%	15%
Loans to customers	49,298	100%	66,427	100%	23%
of which ROL	25,181	51%	33,004	50%	
FCY	24,117	49%	33,423	50%	
Deposits from customers	61,145	100%	85,427	100%	28%
of which ROL	34,008	56%	48,284	57%	
FCY	27,137	44%	37,143	43%	

(*) in real terms

Profit and loss *account*

In 2004 the net banking income grew by 25% in real terms. The bank charges related income went up 22% in real terms, whilst the commissions and fees accounted for 33% of the total net banking income.

The progress of the operating expenses was limited to 13% in real terms, the main reason being the development of the commercial activity: enlargement of the branch network, advertising campaigns, growth of volumes. About 1.5 points of this progress is due to IAS 19 (social liabilities) being applied for the first time.

The net risk cost went down in 2004, after the rise of 2003 generated by the application of the new instructions of the central bank effective as of January 2003 and despite the significant increase of lending. The weight of bad loans in the total loans of the balance sheet declined from 2.2% in 2003 to 1.4% in 2004.

The 2004 net profit came out at ROL 3,597 billion, i.e. a rise by 40% in real terms compared to 2003. The return on equity (ROE) stood at 30%.

In ROL billion	2003	2004	Evolution 04 / 03 (*)
Net banking income	7,936	10,818	25%
Operationg expenses	(4,188)	(5,190)	13%
Gross operating income	3,748	5,628	37%
Net risk cost	(769)	(717)	-15%
Tax on companies	(621)	(1,314)	
Net profit	2,358	3,597	40%
Cost / income ratio	53%	48%	
Return on equity (ROE)	25%	30%	

(*) in real terms

CONSOLIDATED FINANCIAL STATEMENTS

Independent auditors' report

To the shareholders of BRD – Groupe Societe Generale S.A.:

1. We have audited the accompanying consolidated balance sheet of BRD – Groupe Societe Generale S.A. and its subsidiaries (the "Bank") as of 31 December 2004 and the related consolidated statements of income, consolidated statement of changes in equity, consolidated cash flows and the related notes for the year then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. This report is made solely to the Bank's shareholders, as a body. Our report has been undertaken so that we might state to the Bank's shareholders those matters we are required under International Standards on Auditing to state to them in an auditors' report and for no other purpose. To the fullest extent required by the law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

3. We conducted our audit in accordance with International Standards on Auditing and any scope or other limitations are described below. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. As described in note 3, during 2004 the Bank has changed the loan provisioning methodology to align with the accounting policies used by Groupe Societe Generale ("the Group") in relation to the assumptions used for loans provision computation and allow for collective assessment of loans impairment as described by IAS 39 (amended 2004). As a result of the change an additional ROL 1,666 billions has been recorded in the opening balance retained earnings of the financial statements for the year ended 31 December 2004. The Group assumptions for the assessment of loans impairment were determined on a group-wide basis, across all subsidiaries of the Group and then applied to individual entities. As a result of the process followed, it may be that aspects of the model used may not be applicable in all aspects to the Romanian economic and business environment. The Bank does not currently have sufficient statistical data to validate the adequacy of these assumptions (probability of default and probability of loss) for the Romanian environment and the Bank's loan portfolio and we were unable to satisfy ourselves as to the provision amount by other audit procedures.

5. In our opinion, except for the impact, if any, that may have arisen if we had been able to undertake audit procedures to obtain assurance on the matter noted in paragraph 4, the financial statements present fairly, in all material respects the financial position of the Bank as of 31 December 2004, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

Ernst &Young Assurance Services SRL

Date: 4 February 2005
Bucharest, Romania

Consolidated Balance Sheet as of December 31, 2004

(Amounts in millions ROL)

	Note	December 31, 2004	December 31, 2003
ASSETS			
Cash and cash equivalents	4	2,448,016	2,426,159
Current accounts with Central Bank	5	34,795,317	19,014,077
Current accounts and deposits with banks	6	2,821,077	866,794
Securities available for sale	7	577,690	522,721
Loans, net	8	63,165,612	45,793,438
Lease receivables	9	4,134,006	2,193,655
Investments accounted for under equity method	10	486,184	439,843
Equity investments available for sale	11	63,328	28,003
Tangible assets, net	12	10,503,643	10,563,994
Goodwill, net	13	501,510	501,510
Intangible assets, net	14	210,162	398,675
Other assets, net	15	581,605	236,212
Total assets		**120,288,150**	**82,985,081**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits and current accounts			
Demand deposits and current accounts	16	29,271,265	20,437,179
Term deposits	17	60,402,992	44,656,519
Total deposits		89,674,257	65,093,698
Borrowings	18	14,515,350	4,417,340
Current tax liability		105,292	141,354
Deferred tax liability, net	19	7,498	166,694
Other liabilities	20	924,799	439,185
Total liabilities		**105,227,196**	**70,258,271**
Share capital, nominal	21	4,181,408	4,181,408
Share capital restatement surplus		18,187,207	18,187,207
Revaluation surplus		1,049,296	1,049,296
Reserves from revaluation of available for sale instruments		36,377	–
Accumulated deficit		(8,432,059)	(10,691,101)
Minority interest		38,725	–
Total equity		**15,060,954**	**12,726,810**
Total liabilities and shareholders' equity		**120,288,150**	**82,985,081**

The financial statements have been authorised by the Bank's management on February 4, 2005 and are signed on the Bank's behalf by:

Mr. Patrick Gelin
Chief Executive Officer,
and Board's President

Mr. Petre Bunescu
Deputy Chief Executive Officer,

The accompanying notes are an integral part of these financial statements

Consolidated Income Statement for the Year Ended December 31, 2004

(Amounts in millions ROL)

	Note	December 31, 2004	December 31, 2003
Interest income			
Interests on loans	23	10,386,896	7,222,269
Interest on deposits at banks	23	2,038,451	1,292,442
Interests on securities	23	327,637	261,237
Total interest income		12,752,984	8,775,948
Interest expense			
Interests on deposits	24	(5,246,976)	(3,261,877)
Interests on borrowings	24	(154,945)	(99,479)
Total interest expense		(5,401,921)	(3,361,356)
Net interest income		7,351,063	5,414,592
Loans impairment	8	(1,012,893)	(667,406)
Net interest income less provision		6,338,170	4,747,186
Commission revenues	25	3,698,423	3,322,593
Commission expense	25	(606,311)	(359,245)
Commission revenue, net		3,092,112	2,963,348
Non-interest income			
Foreign exchange income, net	26	782,960	715,393
Income /(loss) from associates		40,050	(94,532)
Other income		153,517	228,494
Total non-interest income		976,527	849,355
Income before non-interest expense		10,406,809	8,559,889
Non-interest expense			
Contribution to the Deposit Guarantee Fund	28	(246,038)	(232,055)
Salaries and related expenses	29	(2,443,903)	(2,238,444)
Depreciation, amortisation and impairment	30	(1,148,332)	(1,394,260)
Other operating expenses	31	(2,177,674)	(2,003,214)
Total non-interest expense		(6,015,947)	(5,867,973)
Net operating profit		**4,390,862**	**2,691,916**
Loss on net monetary position		–	(292,645)
Profit before income tax		**4,390,862**	**2,399,271**
Income tax			
Current income tax expense	19	(1,333,505)	(723,867)
Deferred tax income	19	166,124	267,184
Total income tax		(1,167,381)	(456,683)
Net profit for the year		**3,223,481**	**1,942,588**
Profit/(loss) attributable to minority interest		(2,020)	–
Profit attributable to parent company shareholders		3,225,501	1,942,588
Earnings per share (in ROL)	38	**2,313**	**1,394**

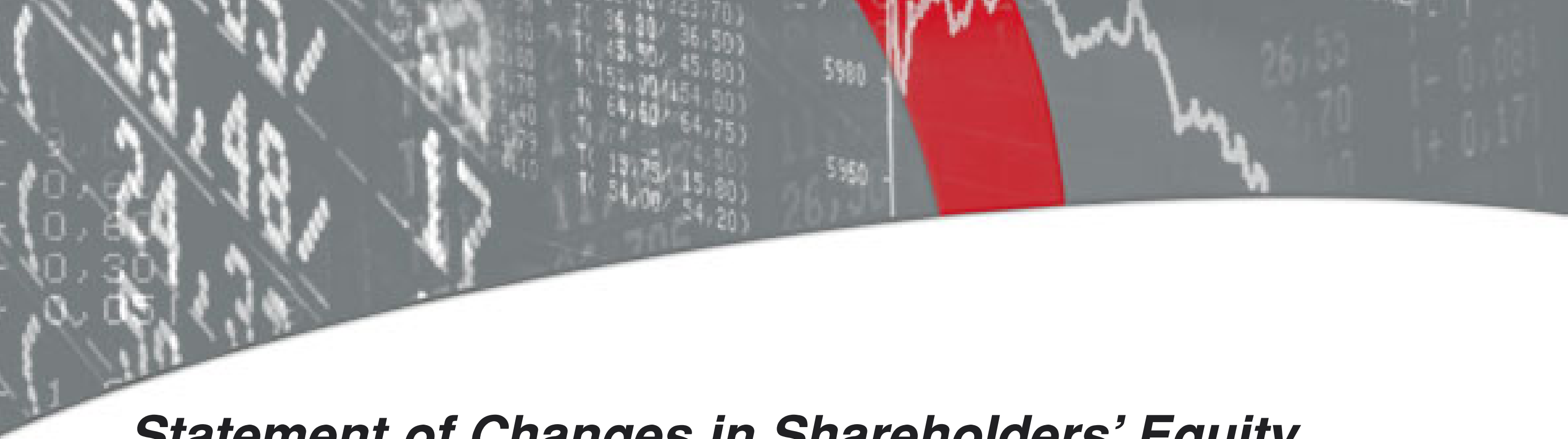
The accompanying notes are an integral part of these financial statements

Consolidated Cash Flow Statement for the Year Ended December 31, 2004

(Amounts in millions ROL)

	December 31, 2004	December 31, 2003
Cash flows from operating activities		
Operating profit before hyperinflation adjustment and income tax	**4,390,862**	**2,691,916**
Adjustments for non-cash items		
Depreciation and amortization expense	1,122,359	1,336,552
Net loss from disposals of tangible and intangible assets	25,973	117,156
(Gain)/ Loss from investment revaluation	(16,333)	100,402
Allowance for loans and interests and other provision expenses	1,217,933	653,585
Total adjustments for non-cash items	2,349,932	2,207,695
Net profit adjusted for non-cash items	**6,740,794**	**4,899,611**
Changes in operating assets and liabilities		
Current account with NBR	(7,471,817)	(277,357)
Collaterals at banks	284,071	(302,236)
Available for sale securities	(46,994)	3,531,437
Loans	(18,409,337)	(20,907,337)
Lease receivables	(1,916,081)	(1,782,584)
Other assets	(332,182)	27,833
Demand deposits	8,834,086	3,219,276
Term deposits	15,746,473	11,340,159
Other liabilities	340,722	147,187
Total changes in operating assets and liabilities	**(2,971,059)**	**(5,003,622)**
Income tax paid	(1,369,567)	(531,991)
Net cash from operating activities	**2,400,168**	**(636,002)**
Cash-flows (used in) investing activities		
Increase in equity investments	(30,008)	(18,258)
Acquisition of tangible and intangible assets	(956,958)	(774,940)
Proceeds from sale of tangible and intangible assets	24,048	24,147
Net cash (used in) investing activities	**(962,918)**	**(769,051)**
Cash-flows from financing activities		
Increase in other borrowed funds	10,098,010	1,661,842
Dividends paid	(966,459)	(1,371,960)
Net cash from financing activities	**9,131,551**	**289,882**
Monetary loss on cash transactions	**–**	**(1,461,305)**
Net movements in cash and cash equivalents	**10,568,801**	**(2,576,476)**
Cash and cash equivalents at beginning of the period	**9,666,062**	**12,242,538**
Cash and cash equivalents at the end of the period	**20,234,863**	**9,666,062**

The accompanying notes are an integral part of these financial statements



Statement of Changes in Shareholders' Equity for the Year Ended December 31, 2004

(Amounts in millions ROL)

	Share capital - nominal	Share capital restatement reserve	Revaluation surplus	Reserve from revaluation of available for sale instruments	Minority interest	Accumulated deficit	Total
Balance as of December 31, 2002	**3,484,507**	**18,187,207**	**1,147,190**	**–**	**–**	**(9,472,934)**	**13,345,970**
Distribution of dividends for 2002	–	–	–	–	–	(1,371,960)	(1,371,960)
Balance as of December 31, 2002 (after dividends distribution)	**3,484,507**	**18,187,207**	**1,147,190**	**–**	**–**	**(10,844,894)**	**11,974,010**
Impairment of buildings transferred to income statement	–	–	(97,894)	–	–	–	(97,894)
Increase in share capital	696,901	–	–	–	–	(696,901)	–
Net profit in 2003	–	–	–	–	–	1,942,588	1,942,588
Balance as of December 31, 2003 (as reported)	**4,181,408**	**18,187,207**	**1,049,296**	**–**	**–**	**(9,599,207)**	**13,818,704**
Prior year adjustments fixed assets	–	–	–	–	–	378,223	378,223
Prior year adjustments provisions IAS 39	–	–	–	–	–	(1,249,823)	(1,249,823)
Prior year adjustments IAS 18	–	–	–	–	–	(220,294)	(220,294)
Balance as of December 31, 2003	**4,181,408**	**18,187,207**	**1,049,296**	**–**	**–**	**(10,691,101)**	**12,726,810**
Effect of acquisitions on minority interest	–	–	–	–	40,745	–	40,745
Net profit/(loss) in 2004	–	–	–		(2,020)	3,225,501	3,223,481
Distribution of dividends for 2003	–	–	–	–	–	(966,459)	(966,459)
Reserve from revaluation of available for sale instruments	–	–	–	36,377	–	–	36,377
Balance as of December 31, 2004	**4,181,408**	**18,187,207**	**1,049,296**	**36,377**	**38,725**	**(8,432,059)**	**15,060,954**

The accompanying notes are an integral part of these financial statements

Notes to the Consolidated Financial Statements

(Amounts in millions ROL)

1. Corporate information

BRD-Groupe Societe Generale (the "Bank") 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 and it is registered in the Register of Commerce as a stock company, under the no. R.C. J40/608/1991.

The ultimate parent is Societe Generale France (the "Parent").

The Bank has 212 units throughout the country (181 units as of December 31, 2003), organized in 20 groups. The average number of employees during 2004 was 4,362 employees (4,336 in 2003), and the number of employees as at the year-end was 4,583 (4,258 employees as of December 31, 2003).

BRD-Groupe Societe Generale 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 is quoted on First Tier of Bucharest Stock Exchange ("BVB") since January 15, 2001.

As of December 31, 2004 and 2003, the shareholders' structure of the Bank is as follows:

	December 31, 2004	December 31, 2003
Societe Generale France	58.32%	51.00%
Autoritatea pentru Privatizare si Administrarea Participatiilor Statului ("APAPS")	–	7.32%
SIF Oltenia	5.47%	5.45%
SIF Muntenia	5.27%	5.27%
SIF Banat Crisana	4.70%	5.01%
SIF Moldova	5.05%	5.05%
SIF Transilvania	5.00%	5.00%
European Bank for Reconstruction and Development ("EBRD")	5.00%	5.00%
Other shareholders	11.19%	10.90%
Total	**100.00%**	**100.00%**

2. Basis of accounting

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board (IASB)

The consolidated financial statements have been prepared under the historical cost convention, except for the financial instruments, which have been valued at fair value.

The accompanying notes are an integral part of these financial statements

3. Accounting policies

Changes in Accounting Policies

The accounting policies used by the Bank are consistent with the ones used for the previous year, except for the fact that the Bank has early adopted the following standards revised during the year:

IAS 1 "Presentation of Financial Statements" (amended 2004)
IAS 36 "Impairment of Assets" (amended 2004)
IAS 38 "Intangible Assets" (amended 2004)
IAS 32 "Financial Instruments: Disclosure and Presentation" (amended 2004)
IAS 39 "Financial Instruments: Recognition and Measurement" (amended 2004)
IFRS 3 "Business Combinations"

There were no material adjustments to the comparative figures resulted from the early application of these standards.

Following the adoption of IFRS 3 and IAS 36 the Bank has ceased the annual depreciation of goodwill starting with January 1, 2004 but continues testing the impairment at each reporting date at the cash generating unit level (except for the cases where an event occurs during the period requiring a more frequent testing of the goodwill). The transitory provisions of IFRS 3 have imposed the Bank to write off the carrying value of cumulated depreciation as of January 1, 2004 with a corresponding entry to the goodwill.

The useful life of intangibles is assessed at individual asset level. If an intangible asset has a finite useful life, the depreciation is performed over this period. The depreciation period and method applied for intangible assets with finite useful lives are reviewed at least annually or when there is a depreciation indication.

In accordance with the requirements of the amended IAS 39, the change in the fair value of the available for sale financial instruments is recognised in shareholders' equity. The increase in fair value over the carrying amount as of January 1st 2004 totalling 43,306 before deferred tax (36,377 after tax impact) is recognised in separate component of equity.

The Bank decided to harmonise the accounting policies for tangibles and intangibles assets with those adopted by the Parent, the impact of this change amounting to 504,298 before deferred tax (378,223 after tax impact) being recorded in the opening balance retained earnings of the year.

As well, the Bank has changed the loan provisioning methodology to align with the accounting policies used by the Parent in relation to the assumptions used for loans provision computation and allow for collective assessment of loans impairment as described by IAS 39 (amended 2004). The assumptions used for the assessment and computation of loans impairment were determined on a group-wide basis, across all subsidiaries of the Parent and then applied to individual entities. As a result of the change an additional 1,666,430 provision before deferred tax (1,249,823 after tax impact) has been recorded in the opening balance retained earnings of the financial statements for the year. This figure is considered very conservative by the Bank.

Segmental information

The operations undertaken by the group's entities are exposed to similar risks and benefits both from economic environment point of view and the type of activity.

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

a) Basis for consolidation

The consolidated financial statements comprise the financial statements of BRD Group Societe Generale and its subsidiaries and associates.

A subsidiary is an enterprise where the Bank exercises control. Control is presumed to exist when direct or indirect ownership exceeds 50% of the voting power of the enterprise. The Bank's policy is to consolidate subsidiaries that have a material impact on the Banks' financial statements. Accordingly BRD-Groupe Societe Generale consolidates BRD Sogelease SRL (100% ownership, 2003: 100%) and BRD Finance Credite de Consum (49% ownership). All intercompany transactions, balances and unrealised gains and losses on transactions between BRD Groupe Societe Generale and the consolidated subsidiaries have been eliminated. The other subsidiaries (note 10) are accounted under equity method.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent-company's, using consistent accounting policies.

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. The investments in associates are carried at cost plus post-acquisition changes in the Bank's share of net assets of the associate. The Bank's share in the results of operations of the associates is reflected in the Bank's profit and loss account.

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

b) Foreign currency translation

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at official NBR exchange rate, as of the balance sheet date.

These exchange rates were as follows:

	December 31, 2004	December 31, 2003
ROL/ USD	29,067	32,595
ROL/ EUR	39,663	41,117

Exchange differences arising on the settlement of the transactions at rates different from those at the date of the transaction, and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in the income statement for the period.

c) Accounting for hyperinflation and changes in accounting policies

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.

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

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 2002 to 2004 was as follows:

	Movement in consumer price index	Increase / decrease in the exchange rate of the EUR vs. ROL
Year ended December 31, 2002	17.8%	25.2%
Year ended December 31, 2003	14.1%	17.7%
Year ended December 31, 2004	9.3%	(3.54%)

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.

However, over the recent years, a significant change in the economic behaviour occurred, that together with the decreasing trend of inflation, led to the cessation of hyperinflation accounting starting with 1 January 2004. In addition, given the EU accession planned for 2007, an increasing priority of the Romanian government is the stabilization of the Romanian economy, which will involve, among others, a commitment to curb inflation to a single digit figure from 2004. The Bank has, therefore, ceased to apply hyperinflation accounting from 1 January 2004.

d) Comparative figures

The financial statements presentation for certain items has changed in 2004. Accordingly, 2003 amounts have been reclassified in order to correspond with the 2004 presentation.

e) Current accounts and deposits with banks

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

g) Loans

Loans originated by the Bank by providing money directly to the borrower are recognised when the cash is advanced to those parties. They are initially recorded at cost, which is the fair value of the cash disbursed, and are subsequently measured at amortised 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, such loans are considered impaired. The amount of the impairment is the difference between the carrying amount and the recoverable amount of each loan, 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 is collateralised and foreclosure is probable.

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

Impairment and uncollectibility are measured and recognised item by item for loans and receivables that are individually significant, and on a portfolio basis for a group of 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 through the use of a provision for loan impairment account. A write off is made when the entire loan is deemed uncollectible. Write offs are charged against previously established provisions and reduce the principal amount of a loan. Recoveries of loans written off in earlier period are included in income.

If the amount of the impairment subsequently decreases due to an event occurring after the impairment, the release of the provision is credited to the provision for loan losses expense.

h) Leases

Finance leases - Bank as a lessor

Finance leases, which transfers to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are recognised 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. Lease receivables are stated in balance sheet after provisions for impairment. For lease receivables impairment refer to the accounting policy for the impairment of loans.

Operating leases - Bank as a lessor

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 recognised in income on a straight-line basis over the lease term.

i) Available for sale instruments

Available for sale assets are recognised initially at their cost (including transaction costs). All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at settlement date.

Subsequent to initial recognition, they are re-measured at their fair value unless fair value cannot be determined in which case they are carried at cost less any provision for impairment.

Starting with January 1, 2004 changes in fair value are recognised in equity, as required by IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39").

The change in the fair value of a financial asset classified as available-for-sale that is not part of a hedging relationship is recognized directly in equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative change in fair value recognized in equity shall be recognized in profit or loss. However, interest calculated using the effective interest method is recognized in profit or loss. Dividends on an available-for-sale equity instrument are recognized in profit and loss when the entity's right to receive payment is established.

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

j) Tangible and intangible assets

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

The restatement of tangible assets for hyperinflation accounting was made using the general price index between the acquisition date and 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
Software	5

Land is not depreciated. Construction-in-progress is not depreciated until used. Maintenance and repairs are expensed when incurred and improvements are capitalized.

The carrying values of tangible and intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists, the assets are written down to their recoverable amount.

k) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill already carried in the balance sheet is not amortised after 1 January 2004.
Goodwill 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.

l) Borrowings

Borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Subsequently borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised as interest expense in the income statement over the period to maturity using the effective yield method.

m) 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.

n) Sale and repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised 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.

o) Customers' deposits

Customer's current accounts and other deposits are carried at amortised cost using the effective interest rates.

p) Income and expense recognition

Interest incomes and expenses are recognized in the income statement for all interest bearing instruments until they are written off, on an accrual basis using the effective yield method. Interest income includes coupons and accrued discount or premium earned on fixed income investment and available for sale securities.

Loan origination fees, such as those charged for evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents and closing the transaction, are recognized as income based on the effective yield method.

Commissions and other fees charged to customers are credited to income at the time the transactions are performed. Dividends are recognized when the shareholders' right to receive the payments is established.

q) Employee benefits

Short-term employee benefits:

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

Social security:

Both the Bank and its employees are legally obliged to make defined contributions (included in the 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's contributions relating to social security are charged to income statement in the period to which they relate. The Bank does not have any further obligations.

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 recognised 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 recognised 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 labour force, connected or not with a 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.

r) 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 recognised for all taxable temporary differences except for the situations defined in IAS 12 "Income tax".

Deferred income tax assets are recognised for all deductible temporary differences except for the situations defined in IAS 12 "Income tax", carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

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 allow all or part of the deferred income tax asset to be utilised.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.
Income tax relating to items recognised directly in equity are recognised in equity and not in the income statement.

s) Earnings per share

Earnings per share ("EPS") are determined by dividing net income by the weighted average number of shares that have been outstanding during the related year.

t) Cash and cash equivalents analysis for cash flow purposes

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.

u) 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.

v) Provisions

A provision is recognized when, and only when, the Bank has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

w) 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.

x) Derivatives instruments

Derivative financial instruments, including foreign exchange contracts and forward rate agreements, are initially recognized in the balance sheet at cost, provided the Bank becomes a party of the contractual obligation of the instrument, and subsequently are re-measured at their fair value.

All derivatives are carried as assets when their fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivatives are reported in the income statement.

y) Use of estimates

The preparation of financial statements in accordance with IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

z) Subsequent events

Post year-end 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-year-end events that are not adjusting events are disclosed in the notes when significant.

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

4. Cash and cash equivalents

	December 31, 2004	December 31, 2003
Cash in hand and treasury	1,610,476	1,726,930
Cash in ATM	837,540	699,229
Total	**2,448,016**	**2,426,159**

5. Accounts with the Central Bank

	December 31, 2004	December 31, 2003
Current accounts	19,825,567	12,353,751
Deposits	14,969,750	6,660,326
Total	**34,795,317**	**19,014,077**

The National Bank of Romania (NBR or Central Bank) requires commercial banks to maintain a minimum reserve in a 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, 2004 the rate for ROL and foreign currency denominated compulsory reserves was 18% p.a. and 30% p.a. respectively (18%, and 25% respectively for 2003). The minimum compulsory reserve for deposits in foreign currencies is denominated in USD and in ROL for deposits in domestic currency.

The required level of the minimum compulsory reserve for the last calculation period of the year was 19,926,282 (2003: 13,115,820).

The interest paid by the NBR for the compulsory reserves during 2004 was 6% p.a. for ROL deposits (6% p.a. - 7% p.a. during 2003) and 0.75% p.a. for USD deposits (between 0,75% p.a. and 1% p.a. during 2003).

The deposits at NBR as of December 31, 2004 are placed for periods from 3 to 32 days, maturing in January 2005 and bearing an interest rate between 17% and 17.75% p.a.

6. Current accounts and deposits with banks

	December 31, 2004	December 31, 2003
Deposits at Romanian banks	100,047	287,859
Deposits at foreign banks	2,275,670	340,261
Current accounts at Romanian banks	2,162	1,862
Current accounts at foreign banks	443,198	236,812
Total	**2,821,077**	**866,794**

As of December 31, 2004 the above balances include pledged accounts of 3,788 (2003: 287,859). As at December 31, 2004 the Bank used mainly treasury bills as collaterals (see note 7)

The interest rates earned on current accounts at banks in foreign currency ranged in 2004 between 0.5% and 3.85% p.a. (2003: 0.01%-3.7% p.a.). The interest rates earned on deposit at banks in ROL ranged in 2004 between 5.0% and 24.0% p.a. (2003: 5.0%-35.0% p.a.) and for foreign currency ranged between 0.85% and 5.125% (2003: 0.25%-4.375% p.a.).

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

7. Available for sale securities

	December 31, 2004	December 31, 2003
Treasury bills	519,044	472,050
Other securities	58,646	50,671
Total	**577,690**	**522,721**

Treasury bills

Treasury bills as of December 31, 2004 consist of ROL interest bearing or discounted bonds issued by the Romanian Ministry of Public Finance with maturities between 272 days and 364 days. As of December 31, 2003 this item includes also the Eurobonds denominated in EUR maturing in September 2004.

As of December 31, 2004 treasury bills in amount of 484,020 were pledged for clearing purposes (21,315 as of December 31, 2003).

Other securities

As of December 31, 2004, the Bank holds units in a collective investment fund Fondul Simfonia 1 ("the Fund") with a nominal value of ROL 100,000 each, amounting 58,646 (50,671 as of December 31, 2003).

The Fund is an open investment fund established under an agreement between BRD-Groupe Societe Generale, Commercial Union Life Insurance and an individual. The Fund's goal is the placement of the cash contributions of the initial members and other investors, on the financial market, in short-term credit instruments and/or in financial instruments with high level of liquidity.

According to its internal regulations, the Fund does not invest in shares or other unstable equity financial instruments. According to the Fund's investment policy at least 70% of its placements are in financial instruments with low level of risk (cash, bank deposits, deposit certificates, bonds issued by the government and local authorities).

The Fund's investments are managed by SG Asset Management - BRD SA ("SGAM-BRD"), an administration company authorized by the National Security Exchange Commission, which is owned in proportion of 94.5% by SGAM Paris, a Group company, and in proportion of 5% by BRD-Securities, the Bank's brokerage subsidiary.

The management contract was concluded for 5 years commencing March 15, 2001, with a renewal option.

BRD-Groupe Societe Generale is also the Fund's distribution company, having the right to distribute/ redeem the Fund's titles. The contract is for a period of one year and is renewed automatically. As of December 31, 2004 the depository bank for the Fund is ABN AMRO Bank (Romania) SA.

The Bank's Management does not consider the Fund to be a special purpose entity, as defined by Standing Interpretations Committee in SIC 12 "Consolidation - Special Purpose Entities", since the Bank does not exercise control over the voting rights of the Fund. The Fund was not set up specifically for the benefit of the Bank only and the intention is to reduce the Bank's investment in due course. Additionally, the Bank does not guarantee any return or credit protection to other investors in the Fund.
As of December 31, 2004 Simfonia Fund had total net assets of 1,009,398 (356,194 in 2003). The total number of outstanding units was 5,326,989 (2,174,210 in 2003) and the value per unit title was of ROL 189,488. The Bank held as of the year-end a total number of 309,497 units.

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

8. Loans, net

	December 31, 2004	December 31, 2003
Loans, gross	67,980,769	49,924,453
Loans impairment provision	(4,815,157)	(4,131,015)
Total	**63,165,612**	**45,793,438**

The total loans granted as of December 31, 2004 and 2003 had the following structure:

	December 31, 2004	December 31, 2003
Treasury loans	28,816,386	23,358,951
Loans for equipment	17,012,411	13,268,600
Trade activities financing	922,334	490,494
Exportation financing	107,060	124,371
Acquisition of real estate	5,409,510	2,419,621
Government loans	19,558	24,414
Consumer loans	13,214,056	9,295,299
Other	2,479,454	942,703
Total	**67,980,769**	**49,924,453**

The Government loan is guaranteed by the Ministry of Public Finance through the issuance of a 15-year treasury bond and is repaid in ten equal annual instalments commencing 1998. Interest on the bond is paid quarterly at the NBR "credit line" rate.

As of December 31, 2004, balances relating to factoring are 825,938 (284,824 as of December 31, 2003) and those relating to forfeiting 96,396 (205,670 as of December 31, 2003).

Within the context of Societe Generale Bucharest (SGB)'s acquisition, Societe Generale Paris has issued in favour of BRD-Groupe Societe Generale a 3-year letter of guarantee with an initial amount of USD 50,000,000 related to part of the loans outstanding in the branch portfolio. To date it was not deemed necessary to utilize the guarantee. As of December 31, 2004 the Letter of Guarantee was in force for covering the risk of an important loan in amount of 130,051 (450,786 as of December 31, 2003).

The annual interest rates applicable to the loans in ROL ranged in 2004 between 20.5% and 34% p.a. (2003: 21%-41% p.a.) and for foreign currency between 8.25 and 14% p.a. (2003: 9%-13.5% p.a.)

The analysis of portfolio by type ownership of borrowers is as follows:

December 31, 2004:

Type of ownership	Total loans	Of which	
		In ROL	In foreign currency
Private	39,045,277	14,616,751	24,428,526
Public	6,309,712	3,675,534	2,634,178
Individuals	22,625,780	16,444,948	6,180,832
Total	**67,980,769**	**34,737,233**	**33,243,536**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

December 31, 2003:

Type of ownership	Total loans	Of which	
		In ROL	In foreign currency
Private	31,860,487	12,290,600	19,569,887
Public	3,794,471	1,458,425	2,336,046
Individuals	14,269,495	12,605,328	1,664,167
Total	**49,924,453**	**26,354,353**	**23,570,100**

Sector analysis

	December 31, 2004	December 31, 2003
Manufacturing	21.1%	20.7%
Food industry	7.2%	8.0%
Transportation and other services	12.4%	16.0%
Trade	15.4%	16.2%
Agriculture	1.7%	2.1%
Constructions	7.3%	5.2%
Population	33.3%	28.6%
Other	1.6%	3.2%
Total	**100.0%**	**100.0%**

Impairment reserve for loans

Balance as of December 31, 2002	**2,058,126**
Monetary gain	(254,777)
Write offs, net of recoveries	(6,170)
Provision expense, net of provision income	667,406
Balance as of December 31, 2003 (reported)	**2,464,585**
Prior year adjustments	1,666,430
Balance as of December 31, 2003	**4,131,015**
Write offs, net of recoveries	(328,751)
Provision expense, net of provision income	1,012,893
Balance as of December 31, 2004	**4,815,157**

(Amounts in millions ROL)

9. Lease receivables

	December 31, 2004	December 31, 2003
Gross investment in finance lease:		
Maturity under 1 year	1,586,144	855,919
Maturity between 1 and 5 years	3,040,809	1,669,122
Maturity higher than 5 years	165,633	-
	4,792,586	**2,525,041**
Interest related to finance lease contracts	(658,580)	(331,386)
Net investment in finance lease	**4,134,006**	**2,193,655**
Net investment in finance lease:		
Maturity under 1 year	1,252,898	705,305
Maturity between 1 and 5 years	2,807,977	1,488,350
Maturity higher than 5 years	73,131	-
	4,134,006	**2,193,655**

10. Investments accounted for under equity method

	Field of activity	Ownership 2004 (%)	December 31 2003	Additions in 2004	Change in net assets	December 31 2004
Unconsolidated subsidiaries						
BRD Securities S.A.	Brokerage	99.82%	15,104	109	8,991	24,204
BRD/SG Corporate Finance	Consulting services	51.25%	4,059	-	510	4,569
ALD Automotive	Leasing	20.00%	-	3,005	-	3,005
			19,163	3,114	9,501	31,778
Associates						
Fondul Roman de Garantare a Creditului Rural "FGCR"	Deposits guarantee	26.32%	142,289	-	(4,097)	138,192
Asiban S.A	Insurance	20.00%	51,333	17,000	9,784	78,117
Romcard S.A.	Card processing	20.00%	1,661	-	719	2,380
Biroul de Credit SA	Loan grant supervision	24.74%		9,894	-	9,894
RCI Leasing Romania SRL	Leasing	9.00%	31,430	-	13,703	45,133
MISR Romanian Bank	Banking services	15.00%	193,967	-	(13,277)	180,690
			420,680	26,894	6,832	454,406
			439,843	**30,008**	**16,332**	**486,184**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

11. Available for sale equity investments

	Field of activity	Ownership 2004 (%)	December 31 2003	Additions in 2004	Change in net assets	December 31 2004
Investments						
Fondul Roman de Garantare a Creditelor "FRGCIP"	Deposits guarantee	12.85%	6,276	-	1,998	8,274
Argesana S.A.	Production	13.31%	12,916	-	4,289	17,205
Other			8,811	-	29,038	37,849
			28,003	**-**	**35,325**	**63,328**

Other equity investments represent shares in Romanian Shareholders' Register, Victoria Business Centre SA, Romanian Commodities Exchange, Romanian Securities Clearing and Depository Company, Bianca S.A., Interbrew Romania SA, Thyssen Krupp Bilstein Compa S.A., Regisco S.A. (Shareholders' Register for the National Securities Commission) and TransFond.

12. 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, 2003 (reported)	**273,652**	**7,850,697**	**373,892**	**1,516,807**	**193,881**	**10,208,929**
Prior year adjustments	-	1,154,962	-	(799,897)	-	355,065
Net carrying value as of December 31, 2003	**273,652**	**9,005,659**	**373,892**	**716,910**	**193,881**	**10,563,994**
Transfers and additions	30,912	209,880	156,252	258,433	248,656	904,133
Net book value of disposals	(1,555)	(21,236)	(356)	(2,596)	-	(25,743)
Transfers on stocks	-	(57,489)	-	-	-	(57,489)
Depreciation	-	(405,765)	(255,040)	(217,635)	-	(878,440)
Impairment loss	1,347	(1,316)	-	-	(2,843)	(2,812)
Net carrying value as of December 31, 2004	**304,356**	**8,729,733**	**274,748**	**755,112**	**439,694**	**10,503,643**

13. Goodwill

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

(Amounts in millions ROL)

	Gross book value	Accumulated amortization	Net book value
Balance as of December 31, 2002	**846,215**	**(260,083)**	**586,132**
Amortization expense for 2003	-	(84,622)	(84,622)
Balance as of December 31, 2003	**846,215**	**(344,705)**	**501,510**
Impairment expense for 2004	-	-	-
Balance as of December 31, 2004	**846,215**	**(344,705)**	**501,510**

14. Intangible assets, net

Net book value as of December 31, 2002	**443,391**
Additions in 2003	69,902
Net book value of intangibles written-off	(3,755)
Amortization expense	(260,096)
Net book value as of December 31, 2003 (reported)	**249,442**
Prior year adjustment	149,233
Net book value as of December 31, 2003	**398,675**
Additions in 2004	52,824
Net book value of intangibles written-off	(230)
Amortization expense	(241,107)
Net book value as of December 31, 2004	**210,162**

The balance of the intangible assets as of December 31, 2004 and 2003 represents mainly banking software.

15. Other assets, net

	December 31, 2004	December 31, 2003
Sundry debtors, net	245,310	119,995
Other receivables from the State budget	1,208	6,909
Materials and consumables	41,909	37,067
Advances to suppliers	167,427	46,650
VAT receivable	4,014	5,242
Other assets	121,737	20,349
Total	**581,605**	**236,212**

The sundry debtors balance include a provision for amounts under litigation of 77,737 (December 31, 2003: 119,363).

16. Demand deposits

	December 31, 2004	December 31, 2003
Deposits of:		
Individuals and legal entities	27,424,487	18,412,267
Ministry of Finance	958,029	1,073,118
Romanian Banks	878,690	883,991
Foreign banks	292	259
Settlement amounts at NBR	9,767	67,544
Total	**29,271,265**	**20,437,179**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

The ROL annual interest rates offered by the Bank for current accounts and demand deposits in ROL of individuals and companies ranged between 0.5 % p.a. and 15% p.a. during 2004 (between 0.5% p.a. and 17.5% p.a. during 2003).

The deposits from the Ministry of Public Finance represent amounts, relating to financing facilities from the International Bank for Reconstruction and Development ("IBRD") and the European Investment Bank ("EIB").

The foreign currency demand deposits and Loro accounts of other banks are mainly denominated in USD and EUR. The maximum interest rate offered by the Bank for Loro accounts during 2004 was 0.5% p.a. for USD and EUR (0.5% p.a. for USD and 0.75% p.a. for EUR in 2003). The average interest rates for interbank deposits paid by the Bank during 2004 were 1.53% p.a. for USD and 2.12% p.a. for EUR (1.14% p.a. for USD and 2.40% p.a. for EUR in 2003).

17. Time deposits

	December 31, 2004	December 31, 2003
Time deposits:		
Individuals and legal entities	59,525,307	43,127,348
Romanian banks	877,685	1,529,171
Total	**60,402,992**	**44,656,519**

The annual interest rates paid by the Bank for the ROL deposits ranged in 2004 between 11% and 17% (2003: 10%-22% p.a.) and for foreign currency deposits between 1.25% and 4.00% p.a. (2003: 1.25%-3.15% p.a.)

18. Borrowings

	December 31, 2004	December 31, 2003
European Investments Bank	3,745,042	2,058,191
SG Paris	9,511,450	1,627,712
EBRD	634,393	515,208
IBRD (from Eximbank sources)	90,926	179,712
Deutsche Genossenschaftsbank	7,175	26,382
Zuricher Kantonalbank	-	10,135
Bonds	526,364	-
Total	**14,515,350**	**4,417,340**

The interest rates for the borrowings in EUR ranged between 2.04% and 7.17% p.a. The interest rates for the borrowings in USD ranged between 1.6% and 3.94% p.a.

The bonds have been issued in April 2004, and are due March 21, 2007, being listed on the Bucharest Stock Exchange and paying an interest rate of BUBOR 6M.

(Amounts in millions ROL)

19. Income tax

Current income tax is calculated on the taxable income per the statutory financial statements.

	2004	2003
Current income tax expense	1,333,505	723,867
Deferred tax income	(166,124)	(267,184)
Total	**1,167,381**	**456,683**

The statutory income tax rate for 2004 and 2003 was 25% p.a. Starting with 2005, the income tax rate is of 16%.

The deferred tax liability is reconciled as follows:

	December 31, 2004		December 31, 2003	
	Temporary difference	Tax effect	Temporary difference	Tax effect
Deferred tax asset				
Tangible and intangible assets	2,379,663	380,746	2,760,212	690,053
Investments and other securities	280,987	44,958	339,523	84,881
Total	**2,660,650**	**425,704**	**3,099,735**	**774,934**
Deferred tax liability				
Loans	(2,531,400)	(405,024)	(2,257,864)	(564,466)
Other	(82,386)	(13,182)	(175,092)	(43,774)
Total	**(2,613,786)**	**(418,206)**	**(2,432,956)**	**(608,240)**
Taxable items according IAS 12	**46,864**	**7,498**	**666,779**	**166,694**

Movement in deferred tax liability is as follows:

Deferred tax liability, net as of December 31, 2002	**910,562**
Monetary gain during 2003	(112,720)
Deferred tax expense during 2003	(267,184)
Deferred tax liability, net as of December 31, 2003 (reported)	**530,658**
Prior year's adjustments	(363,964)
Deferred tax liability, net as of December 31, 2003	**166,694**
Deferred tax recognised as equity	6,928
Net deferred tax income	(166,124)
Deferred tax liability, net as of December 31, 2004	**7,498**

The IFRS accounting profit before tax and tax expense for 2004 are reconciled as follows:

	2004	2003
Gross profit (before income tax)	4,390,862	2,399,271
Income tax 16%/ 25%	(702,538)	(599,818)
Non-deductible/ Non-taxable elements	(449,841)	143,135
Effect of change in tax rate	(15,002)	-
	(1,167,381)	**(456,683)**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

20. Other liabilities

	December 31, 2004	December 31, 2003
Sundry creditors	516,021	182,014
Dividends payable	4,321	2,958
Payables to employees	232,743	182,537
Accrued income	9,694	31,282
Other payables to State budget	10,226	3,685
Fair value of derivatives	-	28,979
Provisions	151,794	7,730
Total	**924,799**	**439,185**

Payables to employees include also, among other, bonuses relating to 2004 profit, known as employees' share of profit, amounting to 150,000 (2003: 98,000) and accruals for post-employment benefits in amount of 82,386 (2003: 79,253).

21. Nominal share capital

Share capital as of December 31, 2004 and 2003 represents 1,393,802,680 authorized common shares, issued and fully paid. The nominal value of each share is ROL 3,000.

During the first half of 2005, the Bank took the necessary legal proceedings to increase the share capital with 2,787,605 through reserve incorporation, the nominal value of a share reaching the amount of ROL 10,000 (see Note 43).

During 2004 and 2003, the Bank did not buy back any of its own shares.

22. Capital adequacy

The Bank applies the local capital adequacy regulations derived from the European regulations in the field, 2000/12/EC Directive. These requirements apply to the figures obtained based on the local accounting and financial reporting regulations harmonized with International Accounting Standards and European Economic Community Directive no.86/635/CEE.

As of December 31, 2004 the solvency ratio established in accordance with the above-mentioned regulations was 16.4% (2003: 16.0%).

23. Interest income

	2004	2003
Interest on current loans	10,386,896	7,222,269
Interest income on loans	**10,386,896**	**7,222,269**
Interest on deposit accounts	2,008,103	1,258,292
Interest on current accounts	30,348	34,150
Interest on interest bearing deposits	**2,038,451**	**1,292,442**
Interest on treasury bills	327,637	261,237
Interest on treasury bills	**327,637**	**261,237**
Total	**12,752,984**	**8,775,948**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

24. Interest expense

	2004	2003
Interest for term deposits	4,526,644	2,934,366
Interest for demand deposits	720,332	327,511
Total deposits interests	**5,246,976**	**3,261,877**
Interest for borrowings	154,945	99,479
Total	**5,401,921**	**3,361,356**

25. Bank fees and commissions, net

	2004	2003
Relating to transaction processing	2,459,522	2,316,120
Relating to lending activity	1,113,686	923,565
Other commissions	125,215	82,908
Total revenue	**3,698,423**	**3,322,593**
Commission expense	(606,311)	(359,245)
Total	**3,092,112**	**2,963,348**

26. Foreign exchange income, net

	2004	2003
Foreign exchange income	7,895,581	54,530,582
Foreign exchange expenses	(7,112,621)	(53,815,189)
Total	**782,960**	**715,393**

27. Other income

Relates to income from non-banking activities, such as incomes from rentals and sale of fixed assets.

28. Contribution to the Deposit Guarantee Fund

The deposits of individuals and, starting with 2004 of some other entities, are guaranteed up to a certain level, by the Deposit Guarantee Fund ("FGDSB"), a public legal entity, whose resources are represented mainly by the contributions made by the banks, calculated as a percentage of qualifying deposits.

29. Salaries and related expenses

	2004	2003
Salaries	1,448,126	1,309,376
Social security	487,950	454,910
Bonuses from profit granted to employees	150,000	98,000
Other	357,827	376,158
Total	**2,443,903**	**2,238,444**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

Included in salaries there are 3,133 (2003: 79.253) representing the recognition of the net present value of the liability relating to post employment defined benefit.

The Bank has a contractual obligation to pay to retiring employees a lump sum calculated on the basis of salary and the number of years served by the individual. The plan covers substantially all the employees and the benefits are unfunded.

The net present value of the obligations under the plan is estimated annually by independent actuaries using the projected unit credit method.

The main assumptions used in determining the obligations were the increase in real salary by 2.61% per annum, personnel turnover of 4.89 % per annum, discount rate that is the market yield for AA rated corporate bonds denominated in EUR.

30. Depreciation expenses

	2004	2003
Depreciation and impairment (see Note 12)	881,252	991,834
Goodwill amortisation (see Note 13)	-	84,622
Amortisation of other intangible assets (see Note 14)	241,107	260,096
Loss on disposal of fixed assets	25,973	57,708
Total	**1,148,332**	**1,394,260**

31. Other operating expenses

	2004	2003
Administrative expenses	1,674,460	1,630,725
Publicity and sponsorships	199,442	95,661
Other expenses	303,772	276,828
Total	**2,177,674**	**2,003,214**

32. 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, 2004	December 31, 2003
Cash and cash equivalents	2,448,016	2,426,159
Current accounts and deposits at banks	2,817,097	579,577
Deposits and deposit certificates at NBR	14,969,750	6,660,326
Total	**20,234,863**	**9,666,062**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

33. Guarantees and other financial commitments

	December 31, 2004	December 31, 2003
Letters of guarantee	8,808,455	7,258,066
Financing commitments and others	14,203,982	10,116,239
Commitments for operations in foreign currency	40,863	39,176
Total	**23,053,300**	**17,413,481**

Guarantees and letters of credit

The Bank issues guarantees and letters of credit on behalf of 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 the same credit risk as loans. The market and credit risk on these financial instruments, as well as the operating 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 portions of approved credit facilities. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. 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 drawings subsequently not being repaid as 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 terminate without being funded.

34. Capital commitments

	December 31, 2004	December 31, 2003
Non-current assets	46,566	34,050
Information systems	141,224	15,345
Total	**187,790**	**49,395**

35. Exposure to the Government and the NBR

As of December 31, 2004 the receivables due from the Government and the NBR represented 29% of the Bank's total assets (23% as of December 31, 2003), as follows:

	December 31, 2004	December 31, 2003
Accounts with the Central Bank	34,795,317	19,014,077
Treasury bills	519,044	472,050
Government loans	19,558	24,414
Total	**35,333,919**	**19,510,541**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

36. Related parties

Balances:

2004:

	December 31, 2004 Receivables	Payables
Societe Generale Paris		
Loro accounts	-	292
Loans	-	9,511,448
Nostro accounts	44,065	-
Societe Generale New York		
Deposits		-
Nostro accounts	27,926	-
Societe Generale Zurich		
Nostro accounts	30,286	-
Komercni Banka, Praga		
Nostro accounts	41	-
Societe Generale, Vienna		
Nostro accounts	547	-
Societe Generale, Frankfurt		
Nostro accounts	2,594	-
Societe Generale, Tokyo		
Nostro accounts	447	-
Societe Generale, Warszawa		
Nostro accounts	1,068	-
Total	**106,974**	**9,511,740**

2003:

	December 31, 2003 Receivables	Payables
Societe Generale Paris		
Loro accounts	-	252
Loans	-	1,627,712
Nostro accounts	40,247	-
Societe Generale New York		
Deposits	48,893	-
Nostro accounts	2,962	-
Societe Generale Zurich		
Nostro accounts	20,933	-
Komercni Banka, Praga		
Nostro accounts	41	-
Societe Generale, Vienna		
Nostro accounts	904	-
Societe Generale, Frankfurt		
Nostro accounts	14,021	-
Societe Generale, Tokyo		
Nostro accounts	745	-
Societe Generale, Warszawa		
Nostro accounts	1,365	-
Total	**130,111**	**1,627,964**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

Off-balance sheet items:

2004:

	December 31, 2004	
	Issued by	**Issued in favour of**
Societe Generale Paris		
Foreign exchange operations		
Spot	9,908	9,916
Forward and SWAP	1,957,927	1,994,727
Refinancing commitments	129,728	-
Letters of guarantee	1,463,935	82,432
Letters of credit	-	1,383,006
Societe Generale, Lille		
Letters of guarantee	32,652	-
Societe Generale, Liban		
Letters of guarantee	2,907	-
Letters of credit	-	1,382
Societe Generale New York		
Letters of credit	-	571,149
Societe Generale Cairo		
Letters of credit		131
SG Express Varna		
Letters of credit		2,578
SG Private Banking		
Scrisori de garantie	14,534	
SG de Banque		
Letters of guarantee	39,663	
SG Atena		
Letters of guarantee	79,326	
SG Amsterdam		
Letters of guarantee	15,865	
SG Aman		
Letters of guarantee		5,450
NSGB Egipt		
Letters of guarantee		164
SoGeParis-Com.Bk of Siria		
Letters of guarantee		1,449
Total	**3,746,445**	**4,052,384**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

2003:

	December 31, 2003	
	Issued by	Issued in favour of
Societe Generale Paris		
Foreign exchange operations		
Spot	67,948	67,984
Forward and SWAP	922,105	895,173
Refinancing commitments	456,790	-
Letters of guarantee	1,948,054	127,529
Letters of credit	-	209,198
Societe Generale Warszawa		
Foreign exchange operations		
Forward and SWAP	1,305	1,304
Societe Generale, Frankfurt		
Letters of guarantee	-	2,344
Societe Generale, Lille		
Letters of guarantee	40,117	-
Societe Generale, Vienna		
Letters of guarantee	30,838	-
Societe Generale, Liban		
Letters of guarantee	3,260	-
Letters of credit	-	2,365
Societe Generale New York		
Letters of credit	-	1,678,846
Societe Generale, Ulis		
Letters of credit	-	8,256
Societe Generale, Istanbul		
Letters of credit	24,670	-
Total	**3,495,087**	**2,992,999**

As at December 31, 2004 the loans outstanding granted by BRD-Groupe Societe Generale to its directors and employees were 764,556 (371,317 as of December 31, 2003).

In 2004 the directors' emoluments amounted to 13,702.

BRD-Groupe Societe Generale 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.

As of December 31, 2004, the Board of Directors and Managing Committee members owned 2,175,207 shares (2,320,107 as of December 31, 2003).

According to NBR regulations, as at December 31, 2004 and 2003, the Board of Directors and Managing Committee members did not have any significant loans and advances due to the Bank.

(Amounts in millions ROL)

37. Contingencies

As of December 31, 2004 BRD-Groupe Societe Generale is defendant in a number of lawsuits arising ordinary business activities, amounting to approximately 111,223 (2003: 33,906). 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.

38. Earnings per share

	Ordinary shares on the market	Result for the year	Earnings per share
Balance as of December 31, 2003	**1,393,802,680**	**1,942,588**	**0.00139**
Balance as of December 31, 2004	**1,393,802,680**	**3,223,481**	**0.00231**

39. Risk management

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 derivative contracts.

The Bank restricts its credit exposure to both individual counterparties and counterparty groups by using credit limits attributed when the client is rated by the Bank. The size of limit depends on the assessment of quantitative factors such as their financial strength, industry position, and qualitative factors such as quality of management and shareholders structure. The exposure is monitored against limits on a continuous basis. The Bank grants loans to individuals based on a scoring system that is ongoing validated.

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 opened foreign currency positions both by currency and at the level of global foreign currency position (more restrictive than the ones imposed by the National Bank of Romania) and by daily monitoring of VaR ratio (Value at risk) on the foreign currency position.

Interest rate risk
Interest rate risk is the risk of loss resulting from changes in interest rates. It is controlled primarily through the monitoring of the structure/gaps of assets and liabilities by maturity ranges, respectively by using a sensitivity limit of the balance sheet structure to the interest rate risk.

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 accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

The Bank's approach to the management of liquidity begins with the liquidity strategy, approved by the Bank's management. Based on this the Bank permanently monitors the gaps between assets and liabilities allocated to the time slots by remaining maturities.

40. Balance sheet structure by currency

	December 31, 2004		
	Total	**ROL**	**FCY**
ASSETS			
Cash and cash equivalents	2,448,016	1,776,645	671,371
Current accounts at the Central Bank	34,795,317	23,262,773	11,532,544
Current accounts and deposits at banks	2,821,077	123,078	2,697,999
Securities available for sale	577,690	573,982	3,708
Loans, net	63,165,612	31,659,044	31,506,568
Lease receivables	4,134,006	-	4,134,006
Goodwill, net	501,510	501,510	-
Tangibles, intangibles and other assets, net	11,844,922	11,664,232	180,690
Total assets	**120,288,150**	**69,561,264**	**50,726,886**
LIABILITIES			
Demand deposits	29,271,265	15,775,663	13,495,602
Term deposits	60,402,992	34,181,853	26,221,139
Borrowings	14,515,350	526,364	13,988,986
Current income tax payable, net	105,292	105,292	-
Deferred income tax payable, net	7,498	7,498	-
Other payables	924,799	789,500	135,299
Total liabilities	**105,227,196**	**51,386,170**	**53,841,026**

	December 31, 2003		
	Total	**ROL**	**FCY**
ASSETS			
Cash and cash equivalents	2,426,159	1,741,018	685,141
Current accounts at the Central Bank	19,014,077	11,522,427	7,491,650
Current accounts and deposits at banks	866,794	319,850	546,944
Securities available for sale	522,721	312,153	210,568
Loans, net	45,793,438	24,540,691	21,252,747
Lease receivables	2,193,655	-	2,193,655
Goodwill, net	501,510	501,510	-
Tangibles, intangibles and other assets, net	11,666,727	11,633,404	33,323
Total assets	**82,985,081**	**50,571,053**	**32,414,028**
LIABILITIES			
Demand deposits	20,437,179	10,564,787	9,872,392
Term deposits	44,656,519	26,043,678	18,612,841
Other borrowings	4,417,340	464,556	3,952,784
Current income tax payable, net	141,354	141,354	-
Deferred income tax payable, net	166,694	166,694	-
Other payables	439,185	404,011	35,174
Total liabilities	**70,258,271**	**37,785,080**	**32,473,191**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

41. Maturity structure

The maturity structure of the Bank's assets and liabilities, based on the remaining maturity as of December 31, 2004 and 2003 is as follows:

December 31, 2004	Total	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Without defined maturity
ASSETS							
Cash and cash equivalents	2,448,016	2,448,016	-	-	-	-	-
Accounts with the Central Bank	34,795,317	32,342,527	2,452,790	-	-	-	-
Current accounts and deposits at banks	2,821,077	2,821,077	-	-	-	-	-
Securities available for sale	577,690	-	228,173	287,163	3,708		58,646
Loans, net	63,165,612	4,703,096	6,673,590	26,437,980	20,734,701	4,613,406	2,839
Lease receivables	4,134,006	102,987	200,913	957,465	2,802,044	70,597	
Goodwill, net	501,510	-	-	-	-	-	501,510
Tangibles, intangibles and other assets, net	11,844,922	-	581,605	-	-	-	11,263,317
Total assets	**120,288,150**	**42,417,703**	**10,137,071**	**27,682,608**	**23,540,453**	**4,684,003**	**11,826,312**
LIABILITIES							
Demand deposits	29,271,265	29,271,265	-	-	-	-	-
Term deposits	60,402,992	37,687,881	14,864,800	5,794,016	352,813	154,507	1,548,975
Borrowings	14,515,350	2,620	242,914	4,523,236	7,263,430	2,483,150	-
Current income tax liability	105,292	-	-	105,292	-	-	-
Deferred income tax liability, net	7,498	-	-	-	7,498	-	-
Other liabilities	924,799	408,778	516,021	-	-	-	-
Total liabilities	**105,227,196**	**67,370,544**	**15,623,735**	**10,422,544**	**7,623,741**	**2,637,657**	**1,548,975**
SHAREHOLDERS EQUITY							
Share capital, nominal	4,181,408	-	-	-	-	-	4,181,408
Share capital revaluation surplus	18,187,207	-	-	-	-	-	18,187,207
Revaluation surplus	1,049,296	-	-	-	-	-	1,049,296
Reserves from revaluation of available for sale instruments	36,377						36,377
Accumulated deficit	(8,432,059)	-	-	-	-	-	(8,432,059)
Minority interests	38,725						38,725
Total shareholders equity	**15,060,954**	**-**	**-**	**-**	**-**	**-**	**15,060,954**
Gap		**(24,952,841)**	**(5,486,664)**	**17,260,064**	**15,916,712**	**2,046,346**	**(4,783,617)**
Cumulated gap		**(24,952,841)**	**(30,439,505)**	**(13,179,441)**	**2,737,271**	**4,783,617**	**-**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

December 31, 2003	Total	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Without defined maturity
ASSETS							
Cash and cash equivalents	2,426,159	2,426,159	-	-	-	-	-
Accounts with the Central Bank	19,014,077	19,014,077	-	-	-	-	-
Current accounts and deposits at banks	866,794	866,794	-	-	-	-	-
Securities available for sale	522,721	84,057	50,873	337,104		16	50,671
Loans, net	45,793,438	5,023,136	5,708,688	19,783,367	14,057,292	1,220,955	
Lease receivables	2,193,655	105,578	262,799	312,658	1,512,620	-	-
Goodwill, net	501,510	-	-	-	-	-	501,510
Tangibles, intangibles and other assets, net	11,666,727	-	236,212	-	-	-	11,430,515
Total assets	**82,985,081**	**27,519,801**	**6,258,572**	**20,433,129**	**15,569,912**	**1,220,971**	**11,982,696**
LIABILITIES							
Demand deposits	20,437,179	20,437,179	-	-	-	-	-
Term deposits	44,656,519	27,676,191	10,371,643	4,643,467	39,510	-	1,925,708
Borrowings	4,417,340	14,947	1,095,319	1,134,022	2,103,153	69,899	
Current income tax liability, net	141,354	-	-	141,354	-	-	-
Deferred income tax liability, net	166,694	-	-	-	166,694	-	-
Other liabilities	439,185	249,441	189,744	-	-	-	-
Total liabilities	**70,258,271**	**48,377,758**	**11,656,706**	**5,918,843**	**2,309,357**	**69,899**	**1,925,708**
SHAREHOLDERS EQUITY							
Share capital, nominal	4,181,408	-	-	-	-	-	4,181,408
Share capital revaluation surplus	18,187,207	-	-	-	-	-	18,187,207
Revaluation surplus	1,049,296	-	-	-	-	-	1,049,296
Accumulated deficit	(10,691,101)	-	-	-	-	-	(10,691,101)
Total shareholders equity	**12,726,810**	**-**	**-**	**-**	**-**	**-**	**12,726,810**
Gap		**(20,857,957)**	**(5,398,134)**	**14,514,286**	**13,260,555**	**1,151,072**	**(2,669,822)**
Cumulated gap		**(20,857,957)**	**(26,256,091)**	**(11,741,805)**	**1,518,750**	**2,669,822**	**-**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

42. Interest rate risk exposure

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

December 31, 2004	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
Assets						
Accounts with the Central Bank	32,342,527	2,452,790	-	-	-	34,795,317
Current accounts and deposits at banks	2,821,077	-	-	-	-	2,821,077
Securities available for sale	-	228,173	287,163	3,708	-	519,044
Loans, net	45,984,566	10,611,823	4,105,765	1,624,624	838,835	63,165,612
Lease receivables	102,987	200,913	957,465	2,802,044	70,597	4,134,006
Total assets	**81,251,157**	**13,493,699**	**5,350,393**	**5,206,045**	**133,763**	**105,435,056**
Liabilities						
Demand deposits	29,271,265	-	-	-	-	29,271,265
Term deposits	58,285,103	1,066,287	1,044,642	6,960	-	60,402,992
Borrowings	89,640	14,168,230	257,480	-	-	14,515,350
Total liabilities	**87,646,008**	**15,234,517**	**1,302,122**	**6,960**	**-**	**104,189,607**
Net assets interest rate risk	**(6,394,851)**	**(1,740,818)**	**4,048,271**	**5,199,085**	**133,763**	**1,245,449**
Interest rate risk net, cumulated	**(6,394,851)**	**(8,135,669)**	**(4,087,399)**	**1,111,686**	**1,245,449**	**1,245,449**

The accompanying notes are an integral part of these financial statements
(Amounts in millions ROL)

December 31, 2003	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
Assets						
Accounts with the Central Bank	19,014,077	-	-	-	-	19,014,077
Current accounts and deposits at banks	866,794	-	-	-	-	866,794
Securities available for sale	84,073	50,873	337,104	-	-	472,050
Loans, net	45,793,438	-	-	-	-	45,793,438
Lease receivables	81,308	262,799	336,928	1,512,620	-	2,193,655
Total assets	**65,839,690**	**313,672**	**674,032**	**1,512,620**	**-**	**68,340,014**
Liabilities						
Demand deposits	20,437,179	-	-	-	-	20,437,179
Term deposits	43,415,584	880,024	327,819	33,092	-	44,656,519
Borrowings	1,729,633	353,222	2,334,485	-	-	4,417,340
Total liabilities	**65,582,396**	**1,233,246**	**2,662,304**	**33,092**	**-**	**69,511,038**
Net assets interest rate risk	**257,294**	**(919,574)**	**(1,988,272)**	**1,479,528**	**-**	**(1,171,024)**
Interest rate risk net, cumulated	**257,294**	**(662,280)**	**(2,650,552)**	**(1,171,024)**	**(1,171,024)**	**(1,171,024)**

43. Subsequent events

In 2005 the Bank decided to increase its share capital, from 4,181,408 to 6,969,013 by reserves incorporation through the increase of the nominal value of a share from 3,000 to 5,000 and decrease of the number of shares through merging of two shares. The nominal value of a share reaches ROL 10,000.

(Amounts in millions ROL)

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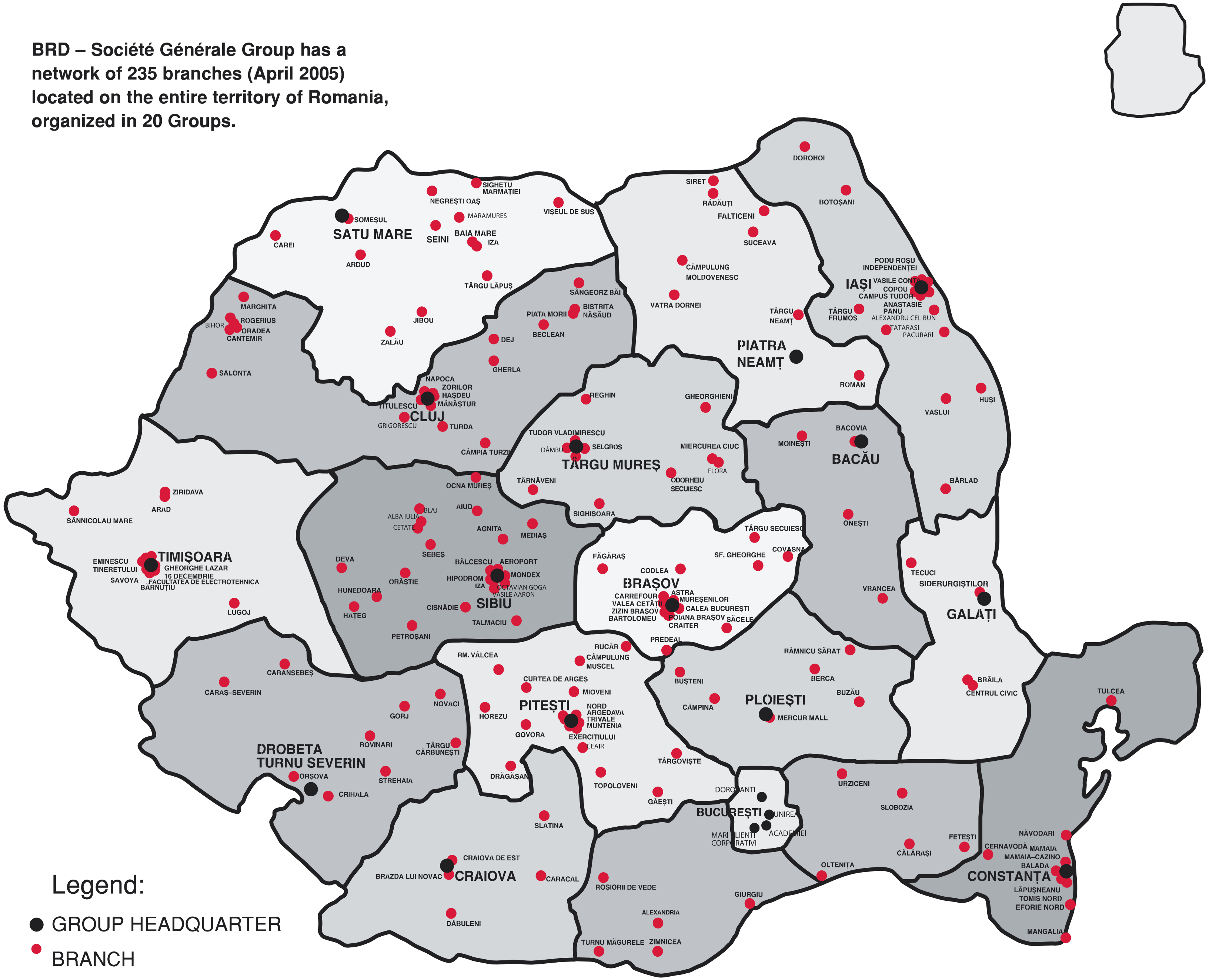
BRD – Société Générale Group has a network of 235 branches (April 2005) located on the entire territory of Romania, organized in 20 Groups.



Legend:

- GROUP HEADQUARTER
- BRANCH

BUCHAREST

Academiei Group

Academiei
Militari
Calderon
Brătianu
Politehnica
Universitatea Româno-Americană
Golescu
Drumul Taberei
Carrefour-Orhideea
Piaţa Romană
Carrefour Militari (Com Chiajna)
Rahova
Regie
Progresul

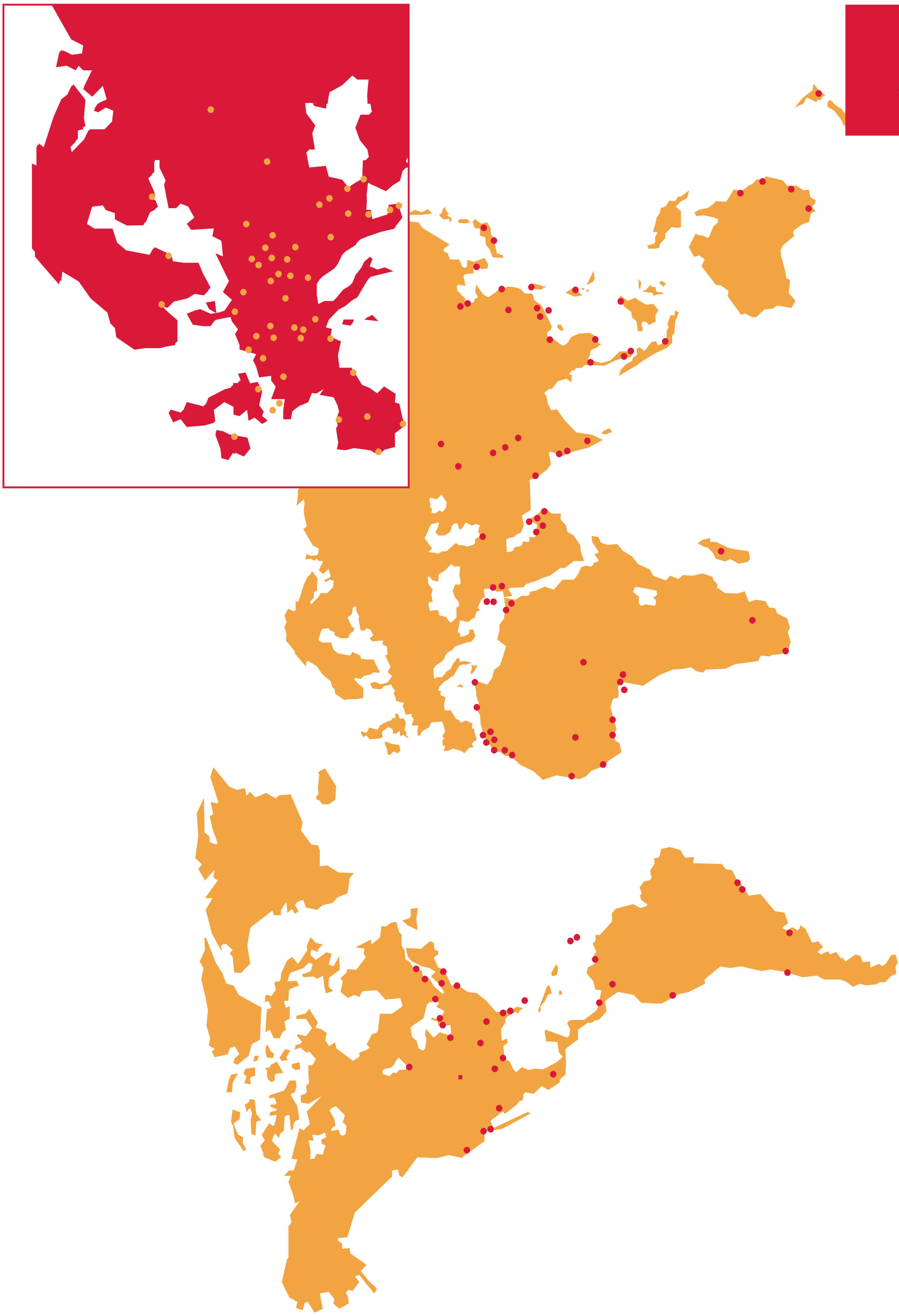
Dorobanţi Group

Dorobanţi
Aviaţiei
Triumf
Victoria Bucureşti
ASE
Jolie Ville
Otopeni
Dacia
Tei
Bucur Obor
Primăverii
Buftea
Moxa
Universitatea Tehnică de Construcţii
Ştefan cel Mare

Unirea Group

Unirea
Decebal
Policolor
Titan
Văcăreşti
Mihai Bravu
Parlament
Hurmuzachi
13 Septembrie
Berceni
Dristor
Pantelimon
Carol

Large Corporations Branch



SOCIETE GENERALE GROUPE

SOCIÉTÉ GÉNÉRALE

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France
www.socgen.com
French company established in 1864
Share capital: EUR 537,712,831
RCS Paris 552 120 222

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