2005

Annual Report

BRD
GROUPE SOCIETE GENERALE

CONTENTS

Profile

Chairman & CEO's Message

Patrick GELIN
Chairman & CEO

In 2005, BRD – Groupe Société Générale obtained excellent results while continuing to invest in its development. Our market share improved and we prouved our capacity to adapt to a changing environment.

The environment in which we act remains globally a favourable one, despite an economic growth inferior to the initial expectations (+4.1%) and a lack of visibility of the regulatory and monetary policies of the National Bank.

Three major events marked the year 2005:

- the introduction of the unique tax rate of 16%, which sustained a large demand of loans from individuals;
- the inflow of foreign direct investments – most of which are related to the privatisation of the energy sector – which reached EUR 5 billion and came from large multinational companies like: OMV, Gaz de France, E.ON, ENEL, Saint Gobain, Erste Bank etc;
- the signing of the Accession Treaty with the European Union, stipulating the accession of Romania on January 1st, 2007.

Competition in the banking sector has grown stronger because of the entry of new financial establishments or institutions on the retail banking market. Two major operations will have long-term consequences: the privatisation of BCR to the benefit of Erste Bank and the Unicredit/HVB/Tiriac Bank merger.

Given this context, the accomplishments of BRD were particularly remarkable. The gross operating income amounted to RON 712 million (+17%) and the net profit has highly increased by 42%, due to a relatively low cost of risk and reached RON 553 million (EUR 151 million).

The return on equity increased to 37% compared to 30% in 2004, making BRD the most profitable bank in Romania. The cost/ income ratio continues to improve decreasing, from 48% to 47%.

All bank activities contributed to this success:

- The retail bank continued its expansion. The logistical performance of opening 114 agencies in one year consolidated our image and had a huge commercial success. As at December 31, 2005, BRD counted approximately 1,700,000 active individual customers. New products and services were marketed and our branch, BRD Finance Credite de Consum, registered promising results for its first year of full activity. At the same time, the unique marketing campaign focused on the 3 credit cards with the image of 3 great Romanian champions - Nadia Comaneci, Ilie Nastase and Gheorghe Hagi – had a significant impact on the bank's image.

- The corporate bank registred an important increase of its outstanding loans. All market segments have benefited from our support: large corporate clients, small and medium enterprises, but also very small businesses, for which we implemented specific financing programmes.

- Our branches, BRD Sogelease, BRD Finance, BRD Securities, the investment bank, the market operations and the factoring activity have contributed significantly to the bank's results. A new branch of Groupe Société Générale, ALD Automotive, specialised in car fleet management, set up in Romania. Every year, we extend our activity to all the market segments in order to sustain the modernisation of the Romanian economy.

Our investments were sustained especially by the extension of our network. Throughout a very dynamic human resources policy we recruit 1,350 employees and accomplised 200,000 training hours.

The position of BRD on the Romanian market and the support of its main shareholder enabled us to look towards the future with optimism. The accession of Romania to the European Union will probably toughen the competitive environment, but it will also offer opportunities, which BRD should be able to seize.

Company Profile.
BRD – Groupe Société Générale

BRD – Groupe Société Générale is the second largest bank in Romania in terms of banking assets. With a capitalisation of more than EUR 2,6 billion as at the end of 2005, the Bank is the second company at the Bucharest Stock Exchange.

The Bank performs mainly on three markets:

Retail Banking

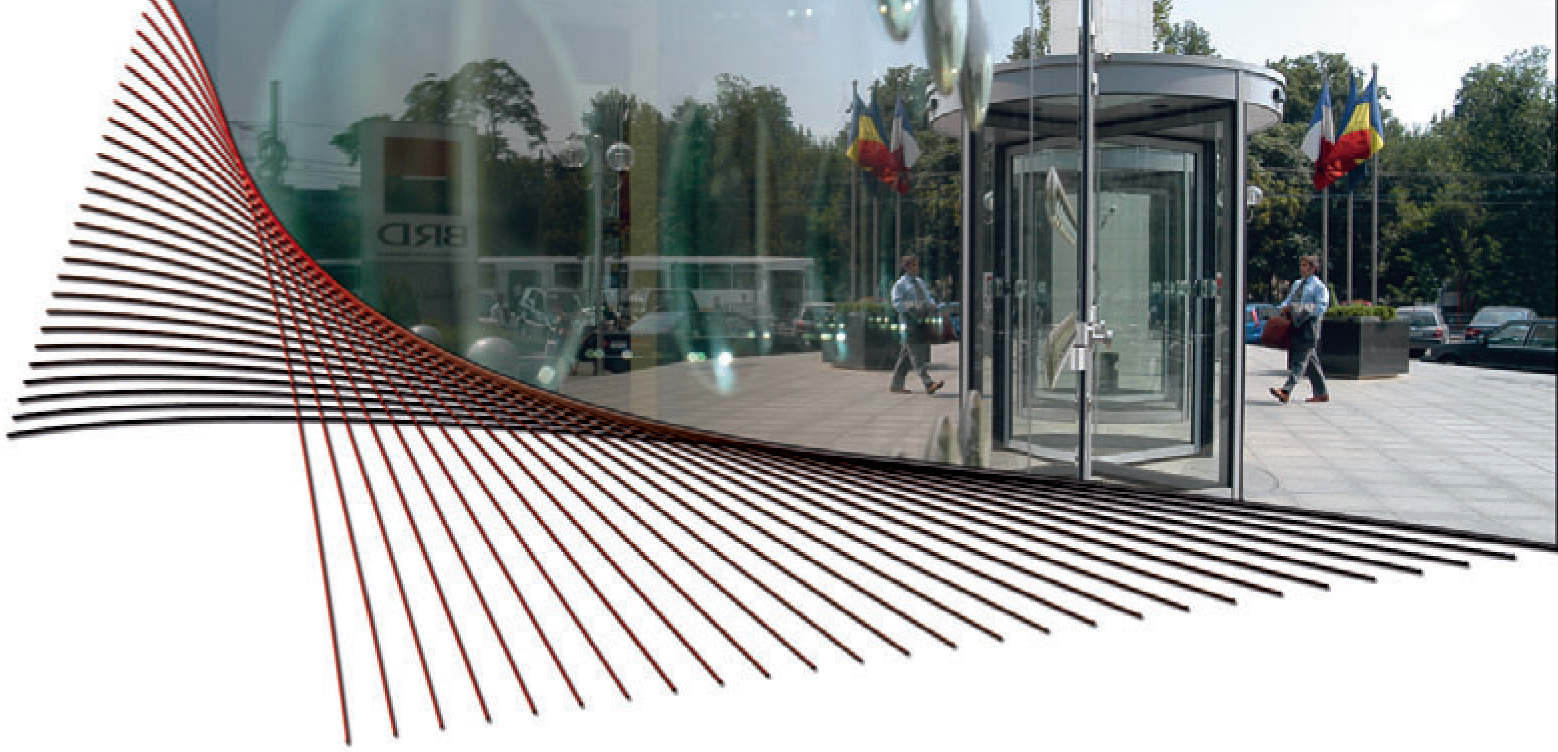
- The Bank counts almost 1,700,000 individual customers and more than 1,300,000 card holders.
- It is one of the leaders on the banking cards and consumer loan markets. The consumer loans at the point of sale are granted by its specialised subsidiary, **BRD Finance Credite de Consum**.
- Market shares vary from 14 to 23%, according to products.
- The products and service range is constantly expanding, driven by the growth of the population's standard of living.

Corporate Banking

- BRD benefits of a strong experience and of acknowledged 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 local communities.
- Besides classical financing, its range of products and services covers the current operations management, the domestic and foreign factoring, the financial leasing via its specialised subsidiary, **BRD Sogelease**, and the full service operational leasing for car fleets, via **ALD Automotive**, its most recent subsidiary.
- BRD, together with Société Générale Group, also plays an important role in the financing of multinational companies.

Investment Banking

- BRD has two specialised entities: **BRD/SG Corporate Finance** and **BRD Securities**, providing a complete range of consulting services in M&A and privatisations, as well as brokerage services.
- It is also involved in numerous structured financing schemes for important projects carried out with the support of specialised divisions of Société Générale Group.
- An asset management subsidiary of the Société Générale Group, **SG Asset Management BRD**, manages through BRD's branch network at the end of 2005, an open investment fund.



Our values

Professionalism, **team spirit** and **innovation** are the values of BRD and Société Générale Group.

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 debts foreign currency debt	Ba2
Financial strength rating perspective	Positive

BRD Group

BRD – Groupe Société Générale

BRD Finance Credite Consum: consumer loan

BRD Sogelease: leasing

ALD Automotive: car fleet management

BRD/SG Corporate Finance: consultancy service in mergers & acquisitions

BRD Securities: brokerage

SG Asset Management BRD: asset management

Company Profile.
Groupe Société Générale

Société Générale Group is one of the leading financial services groups in the Euro zone and one of the leading French companies by its market capitalisation (EUR 45.1 billion as at December 31, 2005).
In 2005, the Group, employing 103.000 people, of 114 different nationalities, yielded a Net Banking Income of EUR 10,6 billion and a Net Result of EUR 4,4 billion.

Three core businesses:

Retail Banking & Financial Services

- No 1 non-mutual retail bank in France by its turnover and number of branches.
- The number of individual customers (19,2 million in France and world wide) increased by 14,5% as compared to 2004.
- The international retail bank serves 9,2 million customers. It operates as a universal bank providing a complete range of services to both individual and corporate customers.

Global Investment Management &Services

- It ranks 4th in the Euro zone with EUR 386 billion assets under management and EUR 1,418 billion in terms of assets under custody at December 31, 2005.

Corporate & Investment Banking

- SG Corporate & Investment Banking (SG CIB) is, in 2005, the 3rd largest corporate and investment bank in the Euro zone by net banking income.
- It is the reference bank in its 3 areas of focus: Euro capital markets, derivatives products and structured financing.

Commitment to sustainable development

Société Générale Group is included in the main ethical indexes of Sustainable Development.

Ratings

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

Key Events and Figures 2005

Benchmarks

***2nd bank in Romania in terms of banking assets, with more than** RON 19 billion*

2nd market capitalisation,
with more than** RON 9,5 billion **as at end 2005

Sustained business development

Net Banking Income:
*RON 1, 332 million **(+ 13%)***

Well managed costs

Gross Operating Income:** RON 712 million **(+17%)

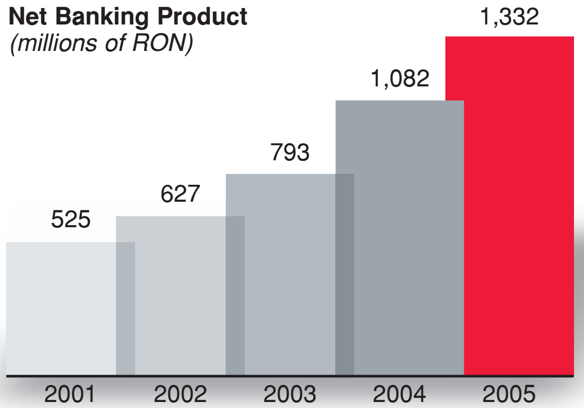
Further increase in profitability

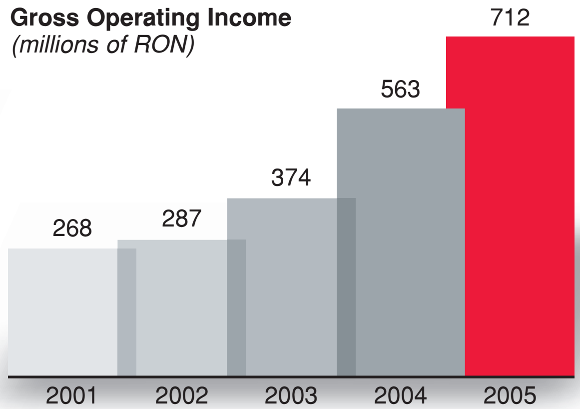
Net Profit:** RON 553 million **(+ 42%)

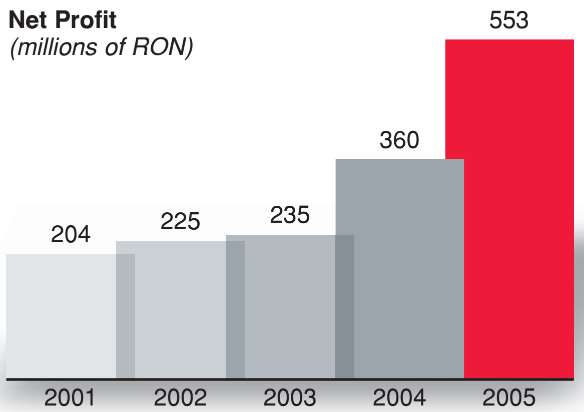
ROE:** 37%**, up by 7pp

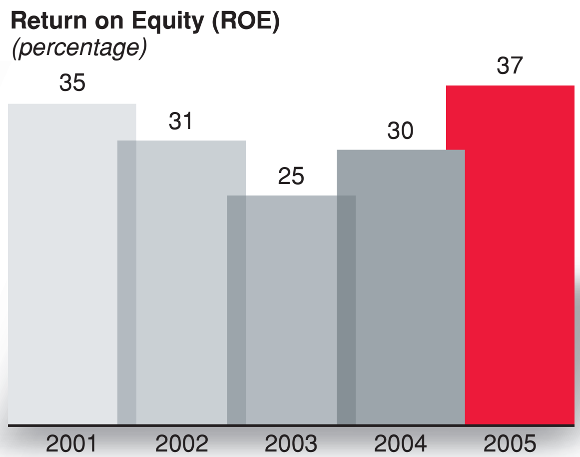
Gross Dividend:** 0.3 RON **(+23%)

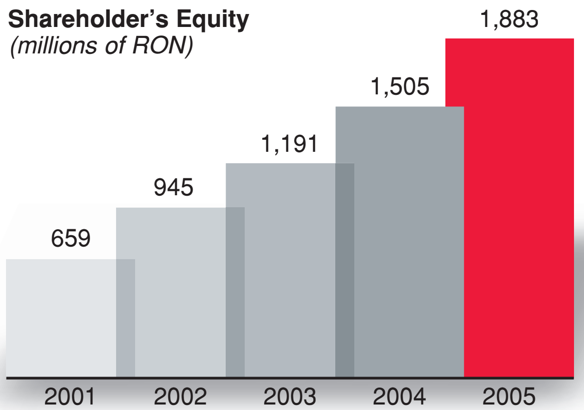
* Figures according to Romanian Accounting Standards for BRD at individual level.
Evolution in comparable terms.











* Figures according to Romanian Accounting Standards for BRD at individual level.

Macroeconomic Evolution

Economic environment, GDP & industrial production

For 2005, Romania's GDP is estimated to EUR 80 billion, that is a Gross Domestic Product per capita of approximately EUR 3,400. After the economic recovery in early 2000, Romania registered sustained growth rates that exceeded 5%, on average, per year.

2005 registered a growth of 4.1%, inferior as compared to the previous years, mainly because of the difficult climatic conditions that had a direct impact on the agricultural production, the inflation and the increase in governmental expenses, and an indirect impact on industrial production.

The latter, affected by the increased prices of the energy resources and by the erosion of external competitiveness (result of the strenghning of the national currency by 12% in August 2005), reduced its growth rhythm slow down from 5.3% in 2004 to 2% in 2005.

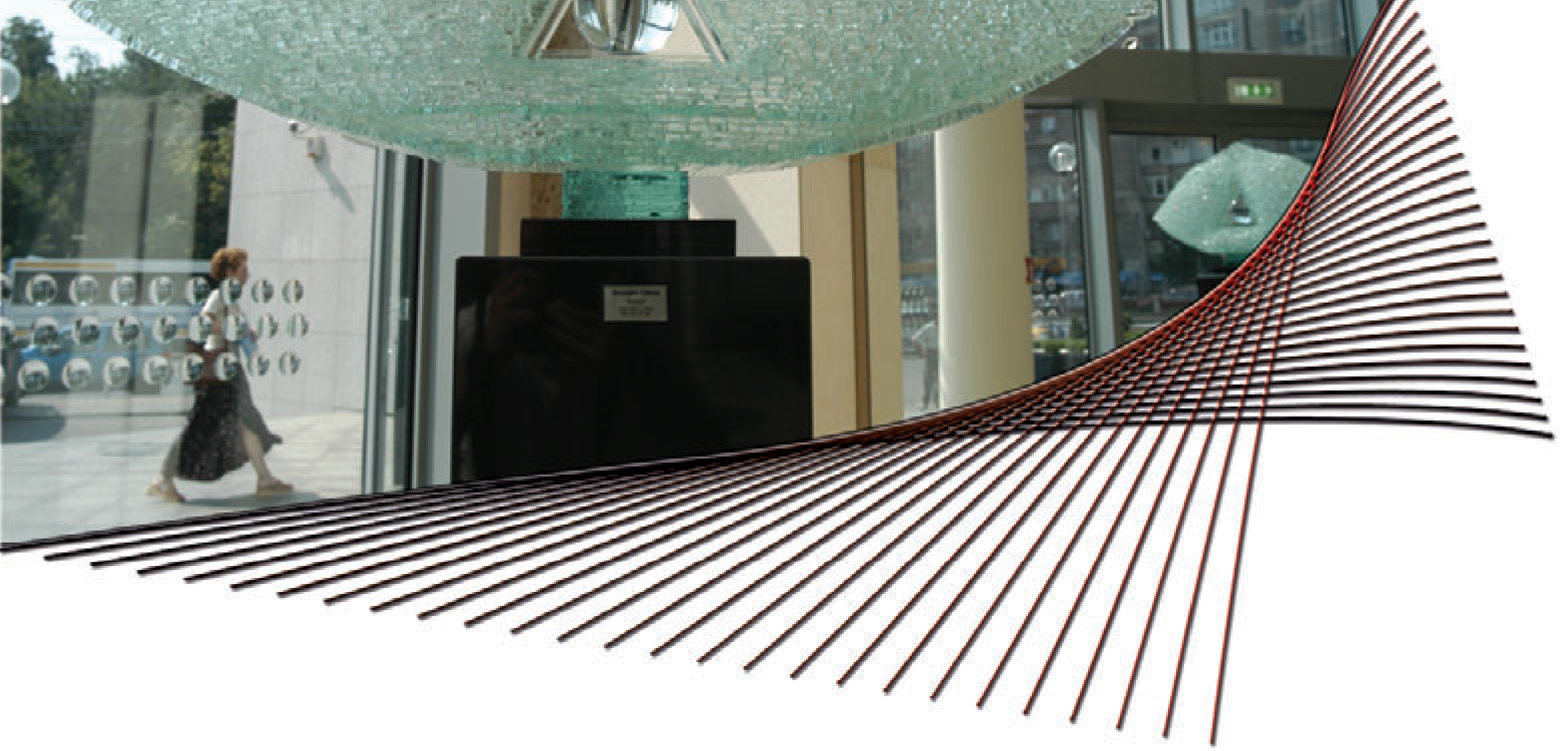
Inflation, unemployment & budget execution

The disinflation process continued in 2005, the annual rate of inflation in December dropping to 8.6% as compared to 9.3% in December 2004.

Unemployment is not high in Romania (5.9%), compared to the other countries in the region and is lower then the previous year (6.8% in December 2004). This decrease of the unemployment rate appears to be due to the application of the unique tax of 16%, which resulted in a diminished weigh of the underground economy.

Romania's fiscal position was fragile in 2005, despite the maintenance of the budget deficit within the limit of 0.8% of the GDP, inferior to 2004, when it had reached 1.2%.

If the deficit level is low according to the Maastricht convergence criteria (3% of GDP), the reduced recovery rate of the budgetary revenues (aprox. 30% of GDP) represents a major risk of amplification of the budgetary deficit since the Government will have to increase expenses given the accession to the European Union.



Trade Balance & Current account

Trade in Romania reached a total of EUR 54 billion, with an average growth rate of more than 20% these past 3 years. The trade balance is showing a loss, imports exceeding exports by more than 45% (EUR 10 billion). This trade gap determines the deficit of the current account (9,5% of GDP, EUR 8,5 billion)- the main economic difficulty of Romania.

Foreign investments & the privatisation process

After the record level reached by foreign investments in 2004 (EUR 5.2 billion), in 2005 the level was of EUR 5 billion. The flow of direct foreign investments is closely connected to the privatisation process that, in 2005, was very successful due to the signing of several important contracts in the banking field, distribution of gas and electric power.

Evolution of loans and interest rates

After a sustained expansion of non-governmental loan to a historical maximum level of 70% (annual growth, in real terms, in October 2005), the measures for the limitation of loans taken by the Central Bank in August and September reduced suddenly the loan growth rate to 33%. The loan in foreign currencies was the most affected: from an annual growth rate of almost 100% (annual growth, in real terms), it decreased to less than 20%.

Interest rates followed a descending trend, imposed by the monetary policy of the Central Bank, constrainted by the obligation to liberalise the capital account.
The reference rate decreased from 21% in January 2005 to 7.5% in December 2005, which led to the decrease of BUBOR at 6 months from 17% to 7,3% during the same period.

Major Events in 2005

BRD – Bank of the year

2005 was a remarcable year for BRD, its results gaining the appreciation of numerous prestigious publications, both Romanian and international.

For its remarcable financial performances, **Euromoney Magazine** awarded BRD the title of "Best Bank of Romania" at the « 2005 Awards for Excellence » event.

The title of "Best Bank of Romania in 2005" was also awarded to BRD by two prestigious Romanian financial magazines, **Săptămâna Financiară** and **Capital**.

Denomination. The night of the New Leu

The adaption of the new Leu was one of the most complex processes accomplished in 2005. It took more than 100 persons and 1800 days/person for this operation to be a success. **The Night of the New Leu**, event organised in the BRD Tower, on the night of June 30, 2005, marked the release of the first new Lei of contemporary Romania. From a BRD ATM, the President of the Republic, Traian Băsescu, the Prime Minister, Călin Popescu Tăriceanu, and the Governor of the National Bank, Mugur Isărescu, were the first Romanians to withdraw the new lei.

Network development

114 new agencies were opened in 2005 under the BRD Express logo an unprecedented development in the Romanian banking system. The BRD Express agencies can also be found in universities and public institutions.

BRD is the only bank in Romania with an agency dedicated to expatriates and one of the first to have opened a bank agency specialised in Private Banking.

In 2005, we also opened our first automatic agency, BRD Express 24H, and a Café bank, both innovative products on the Romanian market.

Improvement of the Bank's rating

The performances of the Bank are confirmed by the two prestigious rating companies: Moody's and Fitch. In a favourable economic context, bringing an improvement of Romania's sovereign rating, Moody's raised BRDs long-term rating from B1 to Ba2 and reconfirms the positives perspectives of the financial solidity rating.

In September 2005, Fitch also announced, the reconfirmation of the bank's rating: BBB- on the long term, F3 on the short term with a stable perspective.

Implementation of the electronic payment system

The exponential increase over the last years, of the volume of inter-banking payments, as well as the need to fluidise these operations and to have efficient settlement mechanisms, in compliance with international standards, imposed the development of a national electronic system for the transfer of funds.

The project, that involved the entire Romanian banking system, was finalised in September 2005.

Launching of the unique current account

The unification of the current account and of the card account was one of the most complex BRD projects of these past few years. The current account becomes the central connection of the relationship with the customer. There are multiple advantages relating to the management of customer relationship: optimisation of the commercial approach, unique statement of account, simplification of procedures for the customers etc.

Corporate Desk – a new structure dedicated to SMEs

Corporate Desk is a structure dedicated to the corporate customers, which was launched in Timişoara Group, in August. The new structure was conceived to consolidate the commercial relationship with the important local and international SMEs, by creating simple and flexible work procedures.

Launching of ALD Automotive

The Romanian subsidiary of ALD Automotive was officially launched in November 2005. It is one of the first companies on the Romanian market to offer complete services of car fleet management: maintenance, insurance, technical assistance, replacement vehicle, reporting and fleet management consulting. In December 2005, the subsidiary had more than 150 vehicles under management.

Black, Red & Dynamic Campaign: exceptional prizes in Romania. Unique cards worldwide

Starting with November 28, 2005, BRD began an communication campaign without precedent in the Romanian banking environment, under the slogan: "Exceptional prizes in Romania. Unique cards worldwide". The campaign focused on bank cards unique in the entire world, bearing the image of 3 great Romanian champions –Nadia Comaneci, Ilie Nastase and Gheorghe Hagi, symbols of performance, innovation and team spirit, the 3 key values of our bank and of Société Générale Group.

Results: a world record of card output within the VISA organisation – more than 500,000 cards and more than 150,000 new customers in two months of promotion. A remarkable result, if we consider the fact that the entire Romanian banking system produces on average 100,000 cards per month.

The BRD Share

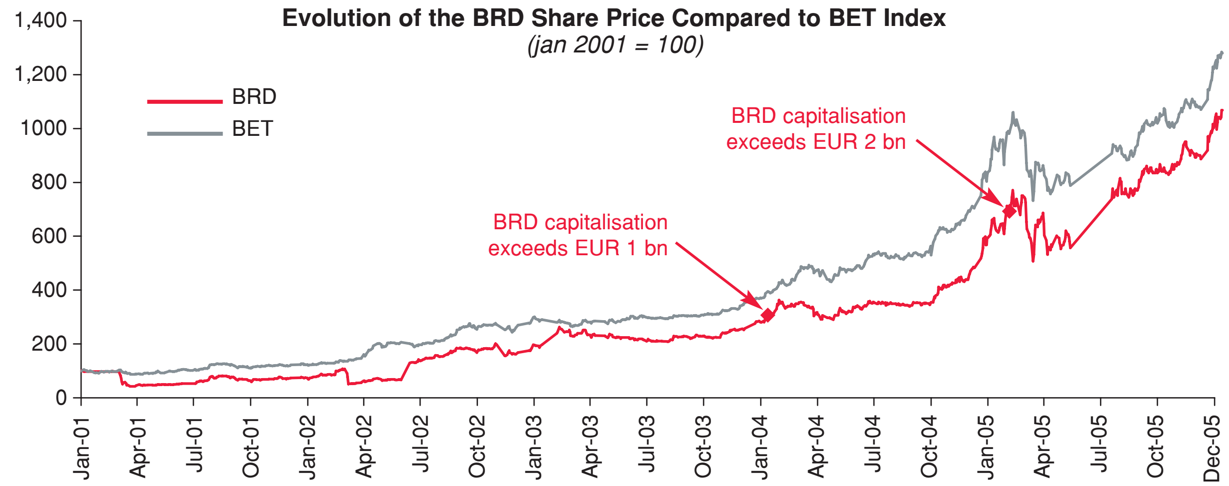
Stock exchange information

2005 was an exceptional year for the BRD share. The bank's market capitalisation exceeded EUR 2.6 billion at end December 2005, as compared to EUR 1.3 billion in December 2004. BRD has the 2nd market capitalisation among all the listed companies and the 1st one among the financial companies. Since January 2001, the date on which BRD was first listed at the stock exchange, the value of the BRD share multiplied by 8 (in euro equivalent).

The transactions with BRD shares represented 7,1% of the total value of the transactions made at the stock exchange, and the market capitalisation of BRD represents 17% of the entire market capitalisation. The average value of the daily transactions in 2005 amounted to EUR 1,2 millions.
The profitability of the BRD shares was of 84% in RON and of 98% in euros.
The following table presents the evolution of the main stock exchange parameters during the past three years.

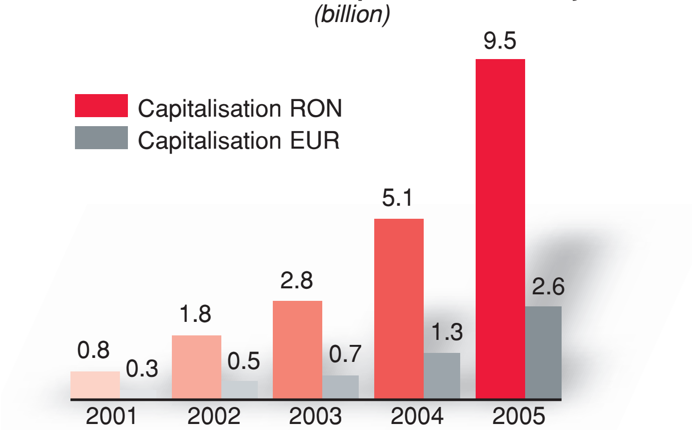
		2003	2004	2005
Share capital as the at end of December (number of shares x 1,000)		1,393,803	1,393,803	696,902
Market capitalisation (billion RON)		2.8	5.2	9.5
Net profit per share (RON)	nominal (*)	0.17	0.26	0.80
	base 2005 (*)	0.34	0.52	0.80
Net asset per share (RON)	nominal (*)	0.85	1.08	2.70
	base 2005 (*)	1.71	2.16	2.70
Price (RON)	last	1.99	3.73	13.7
	last (base 2005)	3.98	7.46	13.7
	maximum	3.1	3.78	14.7
	minimum	1.6	2.00	3.73

* IAS BNR



As at December 31, 2005, the market capitalisation reached RON 9.5 billion compared to RON 5. 2 billion as at the end of 2004.

Evolution of the BRD capitalisation end of year
(billion)



Stock exchange indexes

The BRD share figures in the BET index, representing 20% of the value of this index.

Since March 15, 2005, BRD shares have been part of the regional index ROTX, launched by the Vienna Stock Exchange, which takes into account the most traded shares at the Bucharest Stock Exchange.
Since September 27, 2005, BRD shares have been also part of the « New Europe Blue Chip Index » (NTX) index launched by Erste Bank and the Vienna Stock Exchange. This regional index synthesises the evolutions of the stock exchanges in the Central and East-European countries based on the 30 most important companies of the national stock exchanges. It is an acknowledgement of the role played by BRD – Groupe Société Générale on the capital market in Romania, which acquires regional importance.

Evolution of the dividend

The following table shows the evolution of the pai dividend* paid during the last three years.

	2003	2004	2005
Number of shares (x 1000)	1,393,803	1,393,803	696,902
Total dividend (millions RON)	96.6	175.3	215.27
Dividend per share (RON) nominal	0.07	0.12	0.3
Distribution rate*	70%	50%	45%

(*) After allocation to the legal reserve (until 2003) and to the reserve for the credit risk/reserve for the general banking risk reserve

Payment of dividends

Dividends are payed to the shareholders proportionally to their percentage of share the share capital. The income from by dividends is subject to withholding tax from.
According to the Articles of Incorporation, dividends are paid either in cash or by transfer, according to the shareholder's choice, within no more than 60 days since the date on which the resolution of the General Shareholders Meeting is published in the Official Gazette.
Unclaimed dividends are prescribed after 3 years, starting with the date of their issuance, in compliance with the legal provisions.

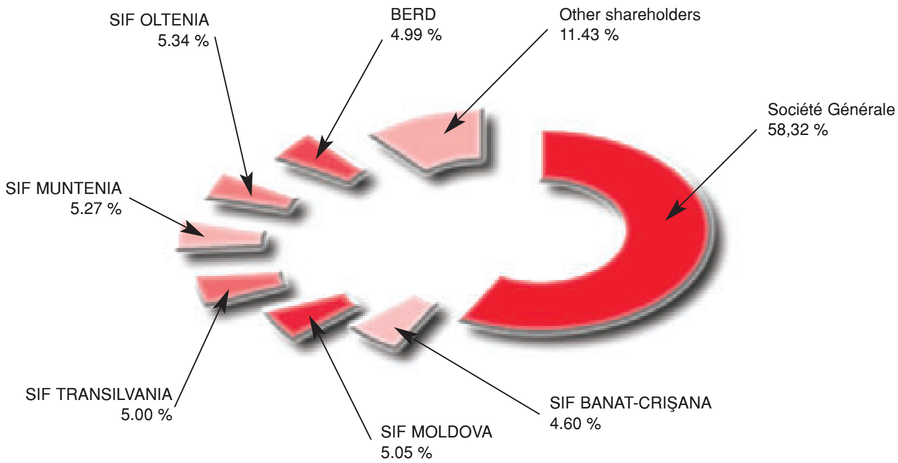
Share capital

The share capital of BRD amounted, as at December 31, 2005, to RON 696,901,518 and was made up of 696,901,518 shares at the nominal value of RON 1. These shares, entirely paid up, are nominative.
On April 29, 2005, the General Shareholders Meeting decided to increase the capital stock of the bank by rasing the nominal value of the BRD share from RON 0,30 to RON 0,50, using the reserve funds.

At the same time, the nominal value of the BRD share was modified by the consolidation of two shares with a nominal value of RON 0.50 in one share with the nominal value of RON 1.

Shareholders

At December 31, 2005, the capital structure – identical to the voting rights – was as follows:



General Shareholders Meeting

The Ordinary General Shareholders Meeting gathers all the shareholders at least once a year at the request of the Board of Directors. The decisions must be adopted with the majority of the shareholders' votes, whether they are present or represented.

The Extraordinary Shareholders Meeting gathers all the shareholders and is called any time decisions need to be made with respect to such subjects as the modification of the Article Incorporation, the increase of capital etc. Resolution are approved with the notes of the shareholders representing the majority of the share capital.

In 2005, the General Assembly of the Shareholders, both ordinary and extraordinary, was held on April 29, upon the first convocation. All the resolutions were adopted by the majority of votes.

The main decisions adopted at the ordinary general meeting concerned:
- approval of 2004 Bank's financial statements
- distribution of profit and gross dividend per share
- approval of the budget for 2005
- renewal of the administrators' mandate for Mr. Patrick Gelin and Mr. Aurelian Dochia and the election of Mr. Dumitru D. Popescu to replace Mr. Gérard Le Pape.

In the extraordinary session, the decisions concerned:
- modification of the articles of incorporation
- increase of the share capital
- modification of the nominal value of the share and of the total number of shares

The approval of the financial statements for 2005, the distribution of the profit as well as the dividend for 2005 were decided by the General Shareholder Meeting from April 20, 2006.

Sustainable Development

"Sustainable development is an economic development that satisfies the needs of present generations without compromising the satisfaction of the needs of future generations, due to a responsible approach that integrates the interests of all stakeholders: shareholders, customers, employees, suppliers, civil society and environment."

Directive of Groupe Société Générale
on Sustainable Development and Corporate Social Responsibility

Corporate Governance

BRD – Groupe Société Générale is a joint venture company, operating pursuant to the companies Law 31/1990 and the Banking Law 58/1998, with the subsequent amendments and to other specific regulations in force.

The bank quotation at the stock exchange, in early 2001, raised the requirement level in terms of corporate governance. Consequently, BRD is subject to the legislation in force with respect to the capital markets, as well as to the regulations of the National Securities Commission and of the Bucharest Stock Exchange.

At the same time, the belonging to Groupe Société Générale implies the adoption of the good corporate governance norms issued from the Group's international commitments, as well as from the values of our company: **professionalism**, **innovation** and **team spirit**.

Board of Directors

At the end of year 2005, the Board of Directors was organized as follows: 10 administrators elected by the General Shareholders, 7 of which represent the majority shareholder, Groupe Société Générale, and the remaining 3 represent the other shareholders.

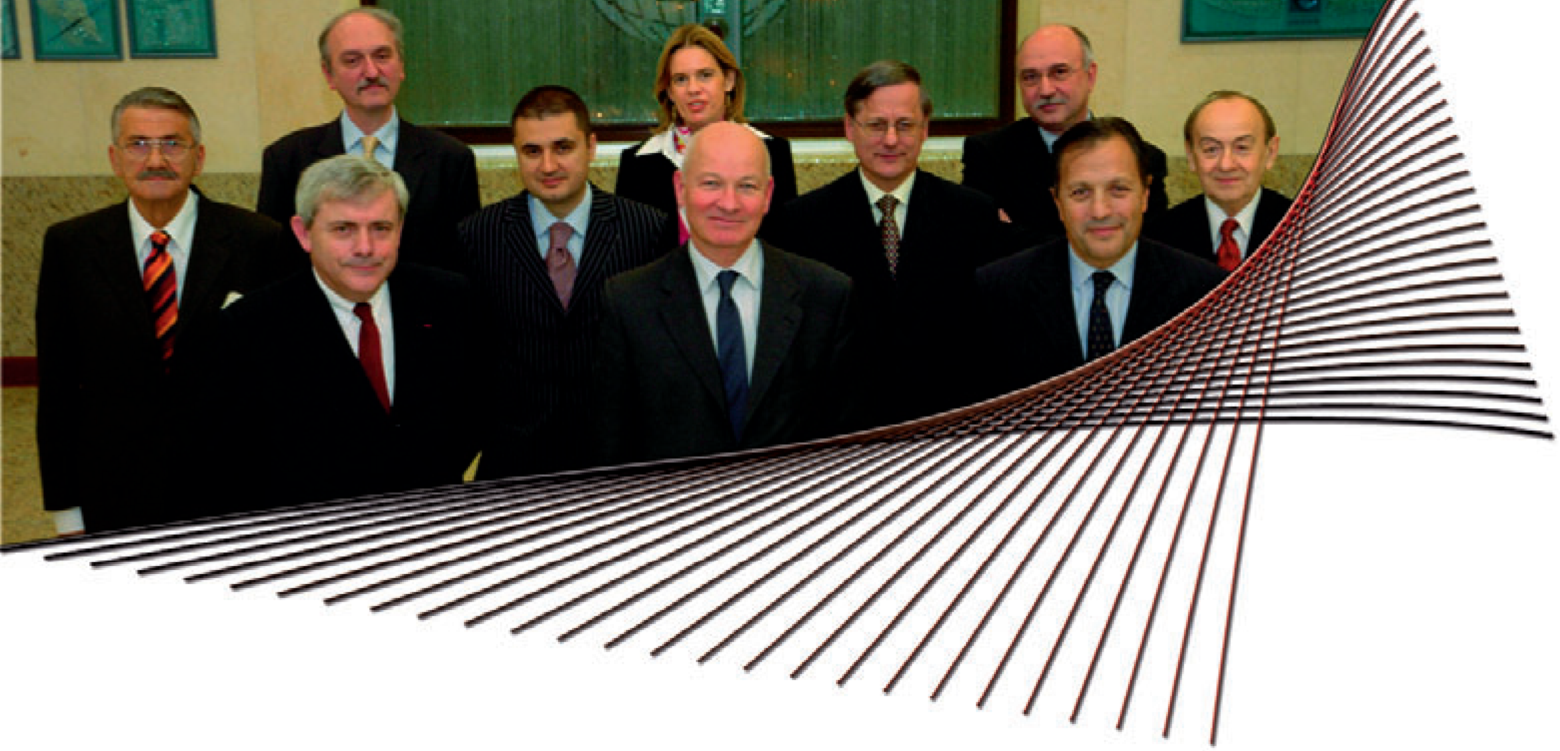
The Board is presided by Patrick Gelin, elected chairman on the session of October 12, 2004.

The Board of Directors establishes the directions of the Bank's activities and follows their application. According to the Articles of Incorporation, the Board examines on a regular basis the strategic orientations of the Bank, the investment plan and previously deliberates on the modifications in the management structures, as well as on the operations likely to considerably affect the results of the institution, the structure of its balance sheet or its risk profile. It meets at least once a month.

In 2005, the meetings of the Board of Directors were mainly focused on debating:

- the quarterly financial results of the Bank
- the amendment of the Internal bylaws
- the 2005 liquidity strategy
- the training policy of the Bank's personnel
- the activity reporting of BRD Express agencies and the continuation of the Network Densification project
- the investments 2005
- the evolution of the BRD market shares.

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



At 31 December 2005, the Board of Directors had the following members:

	First nomination, renewal, end of term	Functions
Patrick GELIN 60 years old Holds 10,000 BRD shares	2001 Renewal: April 29, 2005 end: 2009	CEO of BRD since April 2001 Elected Chairman – CEO of BRD in October 2004 Vice President of the "Foreign Investment Council" President of the "Francofonia" Foundation
Petre BUNESCU 53 years old Holds 500,150 BRD shares	1990 Renewal: April 29, 2003 end: 2007	Deputy CEO of BRD Member of the Board of Directors of Transfond SA and of the Romanian Banking Institute Vice-President of the Romanian Bank Association since April 2005
Sorin-Mihai POPA 41 years old	2003 en: 2007	Deputy CEO of BRD Member of the Board of Directors of BRD Sogelease and of RCI Leasing
Didier ALIX 59 years old	1999 Renewal: April 29, 2003 end: 2007	Deputy CEO of Groupe Société Générale
Bogdan BALTAZAR 66 years old	1998 Renewal: April 29, 2003 end: 2007	President of BRD until October 2004 Member of the Board of Directors of the Romanian Investment Fund Vice President of the Romanian Bank Association until April 2005
Aurelian DOCHIA 55 years old	2001 Renewal: April 29, 2005 end: 2009	CEO of BRD/SG Corporate Finance
Anne FOSSEMALLE 42 years old	2003 end: 2007	Regional manager for Eastern Europe, EBRD
Jean – Louis MATTEI 58 years old	1999 Renewal: April 29, 2003 end: 2007	Retail Manager of BHFM – Groupe Société Générale
Ioan NICULESCU 67 years old Holds 192,860 BRD shares	1995 Renewal: April 29, 2003 end: 2007	Member of the Board of Directors of ASIBAN S.A. and of BRD Sogelease
Dumitru D. POPESCU 52 years old	2005 end: 2009	Member of the Board of Policolor SA and Rolast SA

*Note: The General Shareholders Meeting of April 20, 2006 approved the election of Mr. Sorin Marian Coclitu as member of the Board of Directors for a 4-year term.

Patrick Gelin
President – CEO

Petre Bunescu
Deputy CEO

Sorin-Mihai Popa
Deputy CEO

Hervé Barbazange
Deputy CEO

Managing Committee

The Managing Committee provides the strategic management of the Bank, under the authority of the President – CEO, Patrick Gelin, and assisted by two Deputy CEOs, Petre Bunescu and Sorin-Mihai Popa. The Managing Committee meets once a week, its members being mandated to manage and coordinate the daily activity of the bank, except for the issues that are incumbent upon the Board of Directors or to the General Shereholders Meeting. Its members have the power to engage the responsibility of the Bank, in compliance with the law.

As at December 31, 2005, the Managing Committee had the following components:
- Patrick Gelin – President and CEO
- Petre Bunescu – Deputy CEO
- Sorin-Mihai Popa – Deputy CEO

Note: As at the end of 2005, Mr. Hervé Barbazange was appointed Deputy CEO. His appointment was submitted to the approval of the National Bank, which gave its consent at the end of January 2006.

The main attributions of the Managing Committee concern the approval of:
- the internal norms and directives of the Bank and their amendment;
- the interest rates policies applied for the Bank's resources and investments of the Bank;
- the fees and commissions in lei and foreign currencies;
- the annual credit policies;
- the setting up of new bank agencies etc.

Similar to the administrators, the members of the Managing Committee are bound to declare at the Bucharest Stock Exchange and at the Securities National Commission, significant trade (purchase or sale) on BRD shares.

Audit Committee

The Board of Directors is assisted by an Audit Committee, comprising three administrators who are not equally members of the Managing Committee. The Committee meets at least once a semester.
According to its main responsibilities, the Audit Committee:
- analyses, independently from the general management of the Bank, the relevance of the accounting methods and of the internal procedures for the collection of information;
- assesses the quality of the audit and of the internal control, especially in terms of risk evolution, supervision and control and, if necessary, proposes the necessary measures;
- performs the specific analyses required by the Board of Directors.

External Auditor

The accounts of the bank are certified by an independent office. The certification concerns the statutory accounts set up in compliance with the norms of the National Bank of Romania and the accounts set up in compliance with the International Financial Reporting Standards (« IFRS »), attached hereto. The appointment of the external auditor falls on the Board of Directors.

The office in charge of the certification of the accounts is Ernst & Young Assurance Services SRL.

Risk Committee

Managed by the President - CEO, the Risk Committee regularly meets on a quarterly basis and more often, if necessary. Its mission is to manage significant risks, such as the credit risk, the market risk, the liquidity risk, the operational risk and the reputational risk.

Credit Committee

The weekly reunions of this Committee are presided by the Deputy CEO who coordinates this activity and concern the loan files (both for individual and corporate customers) exceeding, in terms of amount, the competences of the executive managers. The files unsolved upon these reunions are transmitted to the Managing Committe.

Assets and Liabilities Management Committee

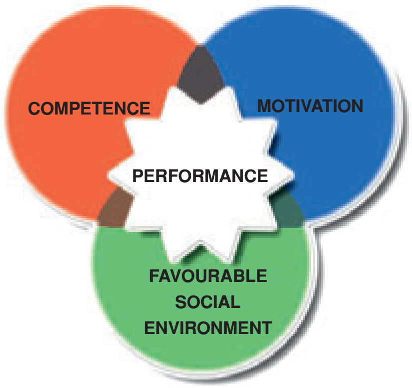
The members of this Committee are appointed by the Managing Committee. It meets once a month and more often, if necessary, under the Chairman CEO.
The Committee analyses the interests, resources and investment policy, the liquidity, the minimum compulsory reserve of the bank, the assets and liabilities evolution and structure; it suggests measures for the efficient management of assets and liabilities; it assesses the risks which the Bank can take in order to maintain an optimal liquidity level; it approves the structure of investments and the limits of the liquidity risk and of the interest rate risk.

Human Resources

Having people ready for a developing banking market

Last year's successes showed unprecedented dynamics within the bank: the commercial offer was enriched, the quality of the services constantly improved, the number of customers increased considerably and the results reached historical maximums. There is only one explanation for these results: THE PEOPLE of BRD.

5.600 employees
1.350 recruitments
550 promotions
More than 200.000 training hours
2 School Agencies



BRD centred its human resources policy upon performance, starting from the principle that, in order to achieve performance, the personnel must be competent, motivated and integrated in a favourable social environment.

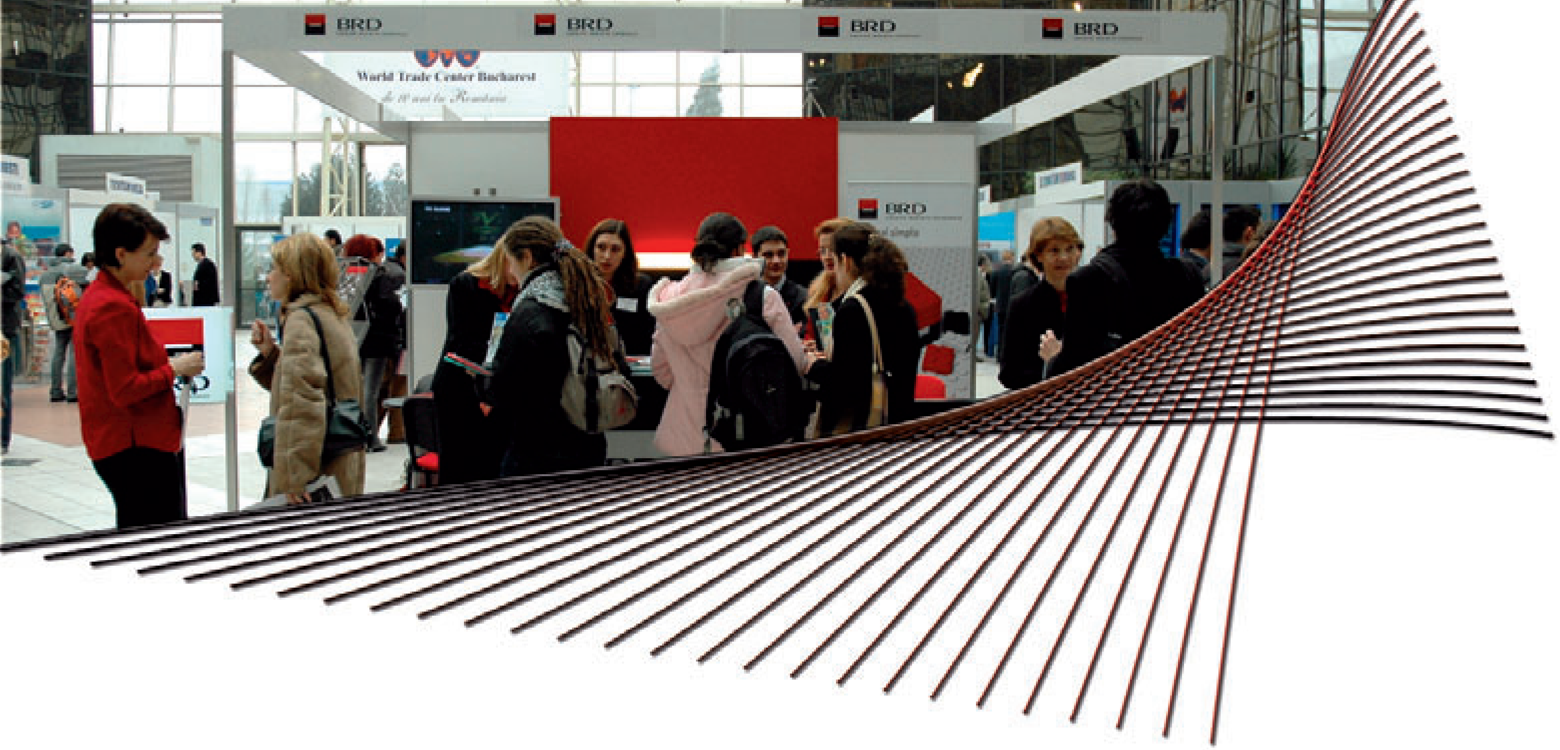
The new approach of competence concept and the importance given to behaviour within the evaluation of the employees' competences radically transformed the BRD's company culture. The candidates who applied for the jobs offered by the bank, as well as the entire personnel understood that, in order to be appreciated, they had to present not only a certain educational level or a certain professional experience, but also and especially a collective results-oriented behaviour.

Unique dynamics of employment

In 2005, BRD was the most important job maker in the Romanian banking system.

Integration and personal development programs without equivalents in Romania, such as: « **A Commercial Career** » or « **Young Inspectors** » had been set up.

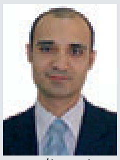
With the « **A Commercial Career** » program, BRD aimed at offering dynamic and ambitious young people the opportunity to make a career in one of the most solid banks in Romania. This program focused on identifying and training young persons with potential for the commercial and management fields in the bank. The program offers basic training in the banking activities and a view on the manager's role.



The « **Young Inspectors** » program is focused on the recruitment and professional training of the young people who wish to join the team that performs the control and audit missions in the BRD Headquarters and Network. The program offers the possibility to learn and further study all the activities of the bank, as well as to develop various professional skills.

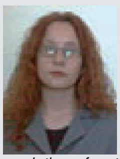
- in the training courses regarding the enhancement of the sales force and the support of the bank's commercial expansion (diagnosis of the customers' financial situation, good knowledge of the products, behaviour-related techniques, knowledge of internal processes and of computer applications, service quality, assimilation of the values in our company culture) ;

Testimonials of the participants in the training programs



Cătălin Munteanu, 30 years – « **A commercial career** » *2002, now Branch Manager in Bucharest*

« This program represented for me not only an opportunity to work in a first class European banking group, but also the chance to cover the stages of a complex and interesting recruitment process. This process was a real challenge for all the participants, not only by its results, but also by its intermediary stages, a challenge I was happy to accept.
Afterwards, I attended the training course - a period that was, at the same time, useful and extremely interesting: approximately 6 months of course, meetings with representatives of the bank's departments and the opportunity to see again (and to share experiences with) the other seven road companions and friends.
The end of this stage meant, in fact, the beginning of the real confrontation, not necessarily with the other, but with ourselves, with our knowledge, our potential that had to be proved, our accumulated experience and, last but not least, with every-day challenges. Because, it is true, every day brought new challenges and opportunities. And I can only hope that the future will be no different.»



Cristina Nica, 28 years – « **A commercial career** » 2002, now Agency Manager in Ploiesti

« We live in a dynamic world and we have to be ready for changes any time. The " Young with potential " program fits reality perfectly, since it includes dynamism, professional evolution, functional and geographical mobility: in February 2002, I began as a trainee at the Militari Branch, I continued as risk analyst at the Victoria Branch, afterwards Corporate Customer Consultant at the Ploiesti Branch and I know this is only the beginning: I have confidence in myself and in this program »

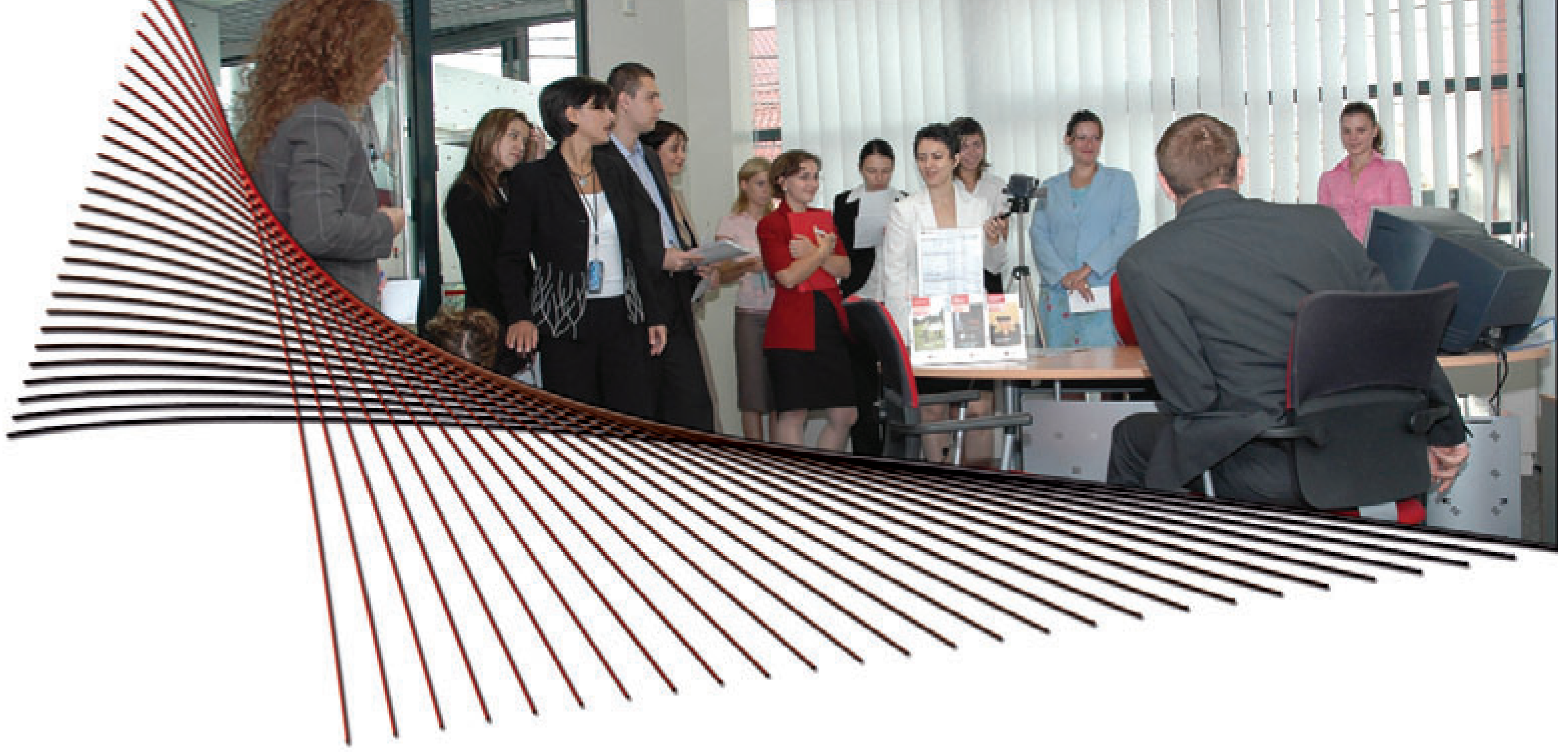
Roxana Vlad, 26 years – « **Young Inspectors** » *2004*

«BRD offered me my first job and the chance to make a career in a professional team. By coming to BRD, through the « Young Inspectors » program, I was provided with the frame and the necessary conditions for continuous professional training. During the entire training course I was supported and encouraged by the seniors, who made my integration in the General Inspection team very pleasant.
During the elapsed period of about one year since my employment by the « Young Inspectors » program, I was involved in various projects and I took part in different integration and professional training programs, in the country and in France. I'm waiting for you at the General Inspection ».

A constantly changing development of competences

Professional training is the main element in the development of our employees' skills. It is prepared for each employee in particular, based on his/her individual needs to improve his/her skills, as well as meeting the need of the entire bank. We are paying attention to all levels of training courses:

- in the training courses for the development of our managers' skills – thus, more than 600 of our employees in team coordination positions benefited from the experience of wellknown managers from the Groupe Société Générale;
- in the training courses concerning the support positions, risk or back-office activities.



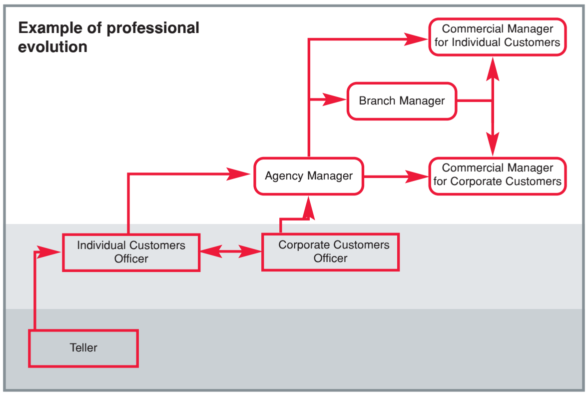
The school-agencies – Bucharest and Predeal – were created to train the new employees of the BRD Express agencies. Similar to a network agency, especially using the model of the BRD Express concept, the role of the School Agencies is to receive all the new employees in the final stage of their integration and training period. The School Agency program is part of a complete training course that lasts 6 weeks, during which the products, the processes, the computer applications and the attitude required when receiving and selling to the customers are being presented.

A motivating system of performance reward

In order to support its dynamic development, the Bank has the ambition to attract, motivate and build its employees' loyalty by providing them with a competitive global remuneration package (basic wages, performance bonuses, other benefits) that rewards both individual and collective performance.

For this, the bank undertakes wage studies by activities, which allow an evaluation of our remuneration system as compared to the market.

Moreover, in order to build the employees' loyalty and to create a link to the bank's performance, Groupe Société Générale makes a share capital increase reserved for its employees. The shares are offered to them for a preferential price. Starting with 2004, The International Shareholding Plan become available to the BRD employees, 40% of which are now shareholders of Groupe Société Générale.



Career opportunities

Having the right person at the right place and at the right time and anticipating the evolutions represent the daily challenge of every entity of the bank. The career management policy is based on a tight collaboration among its employees, executive officers and human resources specialists. The geographical and functional mobility contributes significantly to the development of the employees' skills and performances, meeting at the same time the needs of the bank.

Thus, in 2005, more than 1,743 employees changed their job, most of which within the network, which proves the functional mobility in the bank. Upon the implementation of the reorganisation projects, approximately 1,000 persons were evaluated, trained and reoriented.

BRD also favours internal promotion as an acknowledgement of the development achieved by its employees in terms of skills and responsibilities. Thus, more than 550 persons were promoted within the bank in 2005.

A favourable social environment

Social dialogue is not something you improvise. It is a continuous and lasting process. It implies listening to the employees and, especially, solving their problems.

At BRD, the social dialogue is made on several levels:

- on the individual level – discussions on matters related to the career evolution, professional training, salary, relations with the executive officers, social aid etc. At the same time, every year satisfaction surveys are conducted:
- on the institutional level, through the dialogue with the trade union, the official representative of the employees.

Internal on line communication

The success of internal communication supports has been confirmed. ESENTIAL BRD, the quarterly magazine of the bank distributed to all the employees, and the Intranet are completed by a series of internal magazines, which facilitate a specific communication: 100% RETEA, a newsletter for the sales representatives, Factoring Breaking News, Conect Lease.

These magazines allow all the employees to connect to the current situation of the company - events, activities, bank results, careers opportunities – as well as to exchange the best practices. They are all becoming indispensables.

INNOVATION TROPHY

Innovation is one of the key factors in the development of BRD - Groupe Société Générale. The good results of the bank prove its capacity to innovate in terms of products, organisations, processes, work methods and tools.
In a dynamic and increasingly open competitive context, innovating is more imperative than ever for us to distinguish ourselves from our competitors.
The year 2005 marked the second edition of the in-house competition INNOVATION. The purpose of this contest is to stimulate creativity and to favour an innovative environment inside the bank. It encourages the communication of the best ideas and of their application.
The projects must be part of one of the following categories: Customer Satisfaction, Sustainable Development, Internal Efficiency, Work Environment and Business Development.
It is a project that will have to materialise in the quality of our products and services and that will lead to the reinforcement of our public image.
The "School Agency" project, one of the 4 awarding projects of BRD Innovation Contest, received an award at the Group Innovation Trophy in 2006.

Corporate Social Responsibility

Besides the economic actors, BRD - Groupe Société Générale develops multiple partnerships with the representatives of the other society components. The partnerships in sports, culture, music, education and solidarity prove its deep anchorage in the social issues.

BRD does not limit its involvement to a simple financial contribution, but it supports its social partners as it supports its customers: depending on the aspirations of each of them, it offers an adequate contribution, tailors its advice and develops its programs relying on the entire network.

Culture and education

Culture has constantly been subject of the financial support offered by BRD. The bank is involved in long-term partnerships, in actions supporting authentic values of music, painting, theatre or education.

Given this context, the BRD musical patronage, a true institutional project, has become an acknowledged tradition. The International Classical Guitar Festival and the Jazz Festival, the International Festival « Jeunesses musicales », the concerts at the Bucharest National Opera or the support offered to the National Opera in Târgu Mureş are some of the projects that BRD has chosen to support as part of its effort to promote authentic talents and values.

The partnership with the French Cultural Institute in Romania aims at promoting Francophonie and the French and Romanian cultures. Thus, BRD contributed every year to the organisation of educational actions, among which «Le Mot d'Or » contest, but also of cultural actions, such as « La Fête de la Musique », « La Fête du Cinéma » or « Le Coup de Théâtre ».

The cultural dimension of the support given by BRD to social life is completed by its involvement, that became traditional, in a series of prestigious manifestations, such us, the award ceremony of the Plastic Artists Union.

BRD encourages the acknowledgement of new generations of valuable actors, by various patronage actions having as beneficiary the National University of Theatrical and Cinematographic Art « Ion Luca Caragiale ».

Modern art is another domain in which BRD has been very active for many years. By encouraging young artists at the beginning of their career or by supporting the National Art Museum and the collections of consecrated painters, the Bank tries to render art more accessible.

In 2005, BRD was one of the sponsors of the greatest exhibition of French painting made in Central and Eastern Europe after 1945: the exhibition “Shadows and Lights: 4 centuries of French painting” organised by the National Art Museum, showing to the public more than 70 works of Poussin, De la Tour, Chardin, David, Delacroix, Corot, Cézanne, Matisse, Picasso, Braque etc.

Also related to the cultural field, in 2005, the Bank began a project of promoting the Romanian national patrimony, by entering into a partnership with the Cultural Association Goodartofnoon. The project called “The Cultural Patrimony – discover its value“

aims at promoting the historical monuments of Romania.

BRD is also active in the field of academic life and education, by a series of partnerships with the students' associations, but also by initiatives such as Academic Scholarships that stimulate the whorthy students of our partner universities.

Sport

In the sports field, BRD continued its traditional partnerships with the Romanian sport federations.

The partnership with the Romanian Rugby Federation was renewed in 2005 (for the national senior and junior teams) follows the model of Groupe Société Générale, which is partner of the French national rugby team since 1987. 2005 is the fifth consecutive year of collaboration between BRD and the Federation.

BRD also continues the partnership with the Romanian Tennis Federation for the organisation of national and international tournaments (Davis Cup). Since 2000, BRD has financed the activity of the federation with more than USD 500,000. Other tennis competitions also benefited from the BRD support in 2005, among which the Tennis Cup of the Foreign Affairs Minister or the Banks' Tennis Cup.

For the eighth consecutive year, the Bank is the partner of the Romanian Biking Tour – The Yellow T-shirt – open to international participants, which crosses several Romanian cities.

Through its sports partnerships, which are already a tradition, BRD wishes to prove that the image of a first rank bank does not reside only in the quality of its products and services, but also in the support given to one of the most important ambassadors of Romania, sport.

Humanitarian Actions

With respect to the humanitary patronage, the main action of 2005 was, without any doubt, the involvement in the "World Vision Romania" foundation project to help the victims of the catastrophic floods that took place in Banat, during the spring. The bank's contribution, of more than RON 400,000, will be used for the reconstruction of the affected areas.

A major axis of its social policy is represented by supporting the foundations for excluded or socially disadvantaged children and seniors people:

- The association "Samusocial", involved in projects for the support of homeless persons;
- The association "Valentina", partner in a project of assistance to handicapped children;
- The Organisation "Save the Children" for the project "Christmas Tree Festival", a fund raising event with for the social reintegration of working children;
- The Association for the Support of Physically Handicapped Children in Romania;
- The Humanitarian Association "Equilibre" for the support of senior citizens.

Funds were also been spent for the purchase of medical equipment for the modernisation of hospitals.

Ethics and deontology

As a responsible banker, BRD – Groupe Société Générale centred its corporate management on the ethical and deontological principles. The bank adopted a set of norms regulate for the banking activity and behaviour, the market operations and the fight against money laundering, corruption and financing of terrorism, in compliance with the norms of Groupe Société Générale and with relevant international regulations.

The deontological culture takes into account the following principles:

- Know your customer
- Be capable at any moment to justify a decision taken, based on internal by-laws
- Prevent and avoid the conflicts of interests
- Know how to assess the economic lawfulness of an operation.

The Bank adapted deontological doctrine which are constantely regulation improve every year and which aim at insuring a high standard for the employees' behaviour in their mutual relationships, as well as in their relationships with our partners, shareholders, customers and public institutions; it specifies the personnel's obligations: professional secret, confidentiality of data, respect of the market integrity, sovereignty of the customer's interest, interdiction of using privileged information for personal purposes etc.

A structure based on adequate surveillance tools used for monitoring compliance with these obligations and of the legal and fiscal regulations.

Concerning the fight against money laundering, corruption and financing of terrorism, the Bank adopted strict directives in this respect and it collaborates with the central bank and the relevant public authorities, by submitting to them regular reports on suspect operations. BRD organised several training sessions in 2005, to better inform 3,760 employees on this issue.

An important part of the deontology, the "Know your customer" program forbids the Bank to enter in relation with the entities whose business would be at the limit of legality or contrary to the principles of banking activity.

Quality Approach

In the context of an intensified competition in the Romanian banking system and in order to better meet the expectations of our 1,700, 000 customers, BRD launched a true campaign in favour of quality.

Thus, 2005 may be considered as the “Quality Year” at BRD.

The concept of this internal campaign resides on the idea that quality must concern everyone, both the management and the operating personnel.

The Quality Division, the entity that coordinates this approach in BRD, launched an ample action aiming at building the personnel’s awareness, as well as numerous commercial and administrative actions.

The first stage consisted in the realisation of a diagnosis for each BRD agency, by « mystery – shopping » (visits and calls), which allowed us to have a starting point in our evaluation.

Afterwards, we developed new internal procedures for the processing and the analysis of complaints, in compliance with the new quality requirements.

The complaint becomes more than a signal on the performance and the quality of our services, it is an important source of information with regard to the needs, expectations and behaviours of our customers.

In order to facilitate the communication of our customers’ needs with respect to the quality of our services, a TelVerde Quality number (a number free of charge for complaints and suggestions) was made available in October 2005.

The results of all these actions were more than encouraging, given the fact that in only a few months we succeeded to reduce by more than 50 % the number of errors on internal and international current banking operations.

In order to favour quality initiatives and reward performances inside the bank, BRD organises two competitions:

- The Quality Price, a quarterly contest of ideas destined to all the employees;
- The Annual Quality Trophy, which rewards the Group with the best results in the service quality field.

In its first year of existence, the Quality Price was remarkably successful. It assembled more than 110 ideas for the improvement of our services or of the work environment.

These two in-house competitions are completed by an international one, organised in Groupe Société Générale for the Réussir Trophy, which in 2005 was won by BRD for the actions carried on in a very short period of time for the improvement of its customers services.

Investor Relations

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

A dedicated team

These relationships are the daily task of a dedicated team, assigned to institutional investors and to individual shareholders. Its mission is to apply the action principles defined by the bank with respect to financial information.

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

Our fundamental principles

Our policy related to financial information has three principles:

- Equal access to information for all the shareholders and its immediate availability;
- Compliance with dead line publication of the results;
- Transparency of the information.

Any information either financial or other deemed likely to influence the stock market price, makes the object of an official press release made available to the shareholders through the Bucharest Stock Exchange and the National Securities Commission.

Financial communication schedule 2006

For this purpose, BRD establishes every year a financial communication schedule, in line with the financial communication strategy of Groupe Société Générale. This document, subsequently approved by the Bucharest Stock Exchange and by the National Securities Commission, manages all the financial events of the company.

The General Shareholders Meeting is an occasion for the shareholders to be directly informed on the situation of the bank, to take part in the debates and to express their opinions on the resolutions proposed to them for approval. A press release is published following the General Shareholders Meeting, approving the results.

Every year, the bank organises a press conference, followed by a presentation and a session of questions & answers for a representative number of investors, financial analysts and journalists, in order to present its results at the end of the year.

For 2006, the financial communication schedule is as follows:

March 29, 2006	- Meeting with the analysts and the journalists for the 2005 Results presentation
April 20, 2006	- General Shareholders Meeting for the 2005 Results
April 21, 2006	- Communication of results as of December 31, 2005
May 15, 2006	- Communication of results as of 1st Q 2006
August 14, 2006	- Communication of results as of 2nd Q 2006
November 14, 2006	- Communication of results as of 3rd Q 2006

Telephone: (+40) 21 301 61 00 / extension 61 60

E-mai : investor@brd.ro

The Internet site www.brd.ro provides financial information on the Bank, such as press releases, key figures and main events. It is also possible to download the annual reports and the presentations to financial analysts and institutional investors.

Our Activities

3 core businesses:

Retail Banking

326 agencies

1 ,700, 000 active customers

Volume of loans to individuals: RON 4.1 billion (+75%)

***BRD Finance Credite Consum Branch**, one of the market leaders:*

present in more than 2,000 stores

Corporate Banking

1st bank in the Romanian private sector

52% loans granted to SME

Traditional partner of municipalities and corporations

Leader of the Romanian factoring market

***BRD Sogelease**: among the first 5 leasing companies - bank branches*

*New activities: **ALD Automotive** – car fleet management*

Investment banking and market operations

Complete offer of consulting services for M&A, privatisations

*with **BRD/SG Corporate Finance***

***BRD – Securities**: 4th brokerage company in Romania*

***SG Asset Management**: EUR 25.8 millions under management*

Consolidated presence on financial markets

** Figures according to Romanian Accounting Standards for BRD and subsidiaries, at individual level*

Retail Banking

In 2005, BRD continued its expansion strategy on the market of individual customers, counting at the end of the year about 1,700,000 customers and 326 agencies.

The strategy for wining new customers is built around three main axes:

- Being present on all the markets and taking advantage of their complementarity;
- Being a proximity bank, present in the areas with high growth potential, in large and medium cities and using modern tools of multi-channel bank;
- Having an active policy of enrichment of our commercial offer and high reactivity in terms of interest rates.

The success of this strategy has been translated into a continuous growth of the customer portfolio (+270 % in 5 years).

BRD Express, the proximity bank: growth engine of BRD in 2005

BRD Express proposes a new model of universal bank, whose main advantages are:

- proximity
- rapidity
- simplicity of the operations

This concept was implemented in 2004 and developed in 2005 by the opening of 114 new BRD Express agencies.

The new agencies fit naturally the life of the community: we are present where our customers are, close to their place of residence, in the commercial areas, in the universities, even at their work place. BRD is the first and remains the only bank to enter the universities and public institutions.

The warm and the welcoming atmosphere and the quality of the reception are now acknowledged features of the BRD Express trade mark.

The bank thus reinforced its position on the consumer loan market, on the SME loan market and on the market of specialised financial services.

The new agencies are the result of one of the major axes in the bank's strategy, which is to place the customer at the heart of our preoccupations. In an welcoming, familiar environment, with universal counters that process all the current operations, these structures provide a quick and efficient service.

Being a proximity bank also involves the availability of the customer officer and their allocation to portfolios of dedicated customers, the reinforcement of the sales representatives and the development of the specialised training courses.

The ambitious programme of branch opening will continue in 2006, as well.

In 2005, the retail bank obtained very good results, despite the regulations of the Central Bank aiming at restricting access to loans.

The factors having influenced this evolution:

- The network densification policy that allowed the expansion of the goodwill.
- A constant adjustment of our consumer loan offer, dynamised by the widening of the range of proposed products (especially loans for personal needs, mortgage loans and car loans extended under the partnership signed with RCI Finanţare România) and the activity of BRD Finance Credite Consum, a branch specialised in financings at the point of sale.
- A sustained commercial action aiming at the students' market with an innovative offer and a specific commercial structure.

A powerful entry on the students' market

A targeted commercial policy, based on an innovative offer on the Romanian market, allowed a strong progression of the number of student customers: in 2005, more than 120,000 students subscribed to the products available on this market – the « BRD-ISIC Card » that associates to the card a discount programme with partner traders, « Credit 10 » and « Credit Student Plus » - loans for personal needs and post-graduate studies.

Numerous commercial and promotional operations were launched throughout the year: « BRD Academic Scholarships », animations in universities and partnership agreements with the universities.

This policy, supported by the creation of 11 agencies in the main university campuses, resulted in a clear reinforcement of the BRD impact on this promising segment.

The development of the goodwill is also due to the consolidated presence of BRD on the niche of customers with high potential. The private bank agency, dedicated to big individual accounts, registered good results thanks to a competitive team of counsellors, both private and patrimonial.

In the second half of 2005, BRD opened an agency dedicated to expatriate customers, another high-potential market.

« The Café Bank », one of the Bucharest "musts" in terms of Banking Café, has come to complete our presence.

Loans to individuals

The total volume of the consumer loans reached RON 4.1 billion, growing by 75% during 2005 (in comparable terms). At the end of 2005 the consumer loans represented 42% of the loans amount granted by the bank.

Consumer Loans
The commercial performances of BRD on the consumer loan market were very satisfactory in 2005, influenced on one hand by favourable macro-economic parameters and, on the other hand, by the enrichment of the offer. The introduction of the unique tax rate of 16% resulted in the stimulation of the loans destined to individuals. In exchange, in the second half of the year, the measures taken by the Central Bank to limit the indebtedness of the population had a significant influence on the lending activity.

In order to maintain its market share to a high level, BRD had numerous initiatives: extension of the loan duration, widening of the range of incomes taken into account, introduction of the possibility to present co-borrowers, introduction of the refinancing option, organisation of promotional campaigns.

Car Loans
The lasting partnership between RCI Finanţare România and BRD, developed since 2000, proved its efficiency in 2005 with 34,461 vehicles financed under this agreement. The penetration rate of the BRD financing in overall Dacia sales to individual reached 41.2% in 2005 against an average of 31.8% in 2004.

Financing sales
The branch BRD Finance Credite Consum, incorporated in 2004, in partnership with Franfinance, one of the main European actors of consumer loans and 100% branch of Groupe Société Générale, has rapidly become a major actor of the loan at the point of sale.

Based on the international platform of Franfinance, adapted to the Romanian market, BRD Finance Credite Consum consolidated in 2005 the existing partnerships with representative distribution trade marks in Romania - Carrefour, Praktiker, Bricostore, and signed new partnerships: Cora, Diverta etc.

BRD Finance Credite Consum permanently develops its offer of services (consumer loan, privative co-branded banking cards), as well as its partner network (especially in the fields of electric household equipments, hardware, DIY, furniture and mobile telephony).

At the end of 2005, BRD Finance is present, via 300 partners, in more than 2 000 stores and counts 200.000 customers, with a market share estimated at 16%.

Mortgage and Real Estate Loans
Benefiting from a favourable economic environment, the real estate market has witnessed considerable progress these past few years.

Very active on this growing segment, BRD constantly enriches its range of products and adapts it to the specific needs of this market, also being the first to offer a flat interest rate on the entire duration of the loan (for the real estate loan in RON).

Moreover, in order to seize the opportunities offered by the market, BRD launched a specific commercial approach, based on the signing of partnerships with real estate agencies.

Savings and placements

In 2005, the households financial behaviour continue to reveal an increased preference for liquidity.

Thus, the savings accounts provided by BRD: LIBERCONT, ATUCONT, ATUSTART and ATUSPRINT had great commercial success.

Continuing its offer enrichment policy, BRD launched new products in 2005:

- PROGRESSO, a deposit whose interest rate progresses from one quarter to another, guaranteed by contract on the entire period,
- LIBERCONT, tax free liquid savings account,
- MULTIPLAN, a savings – loan programme, combining a scheduled savings phase, a personal loan and a bonus guaranteed by the bank for the real estate or mortgage loan extended under the programme.

Banking cards

Exceeding the threshold of one million three hundred issued cards, BRD remained at the top of the classification on the very competitive bank cards market.

The first bank to propose medical assistance services, BRD continued the enlargement of its range in order to offer each customer segment the most tailored product.

Its complete range counts debit and credit cards in local and foreign currencies, with associated services: insurances, telephone transfers, direct debit, invoices payment etc. BRD is the only Romanian bank to offer this type of additional services associated to VISA Classic and MasterCard credit cards.

The card offer was enriched and adapted on the customers' needs. As at end 2005, the BRD offer counted 10 types of cards in RON and in foreign currencies, benefiting from the advantages of a network of more than 600 ATM.

The launching of the VIVERE credit card in lei, issued under the MasterCard sign, comes to complete the bank offer. The card can be used in Romania and abroad and had a credit facility up to RON 20 000.

Definitely, the greatest success of 2005 was the launching of the collection of worldwide unique bank cards, imprinted with the image of the 3 great Romanian sports stars: Nadia Comaneci, Ilie Nastase and Gheorghe Hagi.

Outcomes of the campaign:

- more than 500,000 cards sold in only 2 months
- more than 150,000 new customers
- 5% extra market share on the cards market.

In order to siplify the card emision formalities, BRD offers the possibility to order the card on-line on the company site www.brd.ro

BRD, remote bank

The Internet, symbol of a changing world, is the medium that most changed our daily life.

In Romania, as at end 2004, 44,538 both individual and legal entities were using the remote payment services . As at end 2005, Romania counted more than 100,000 users. And 2006 will bring another major increase of their number.

Anticipating this dynamics, BRD constantly improved and diversified the alternative channels of distribution of its services, among which the role played by the Internet is not to be disregarded.

For several years now, BRD services are accessible via several distribution channels: agency network, automated teller machines, telephone banking, mobile-banking and Internet banking.

Corporate Site: A true channel of information on the Bank's organisation and services, the institutional site drew the attention of the Internet users, with almost 1.4 million visits in 2005, which means an average of 114,000 visits per month.
www.brd.ro, the storefront of our bank on the Internet, regularly adds new interactive functionalities. Thus, in 2005, the Internet users benefited from new functionalities such as: on-line order of bank cards, loan simulator etc.

BRD-NET: In only one year, the transactional site of BRD saw an increase of its number of users that places it on top of the Romanian market of internet banking services in terms of number of subscribers. The number of daily payments by the Internet banking service multiplied by three. The product has constantly improved since its launching and continues to add new functionalities (foreign exchange, opening of term deposits, intraday update, additional information displayed on the statement of account etc.).

MultiX: an e-banking tool allowing small, medium and large enterprises to perform all their current operations. In 2005, the following functionalities were enabled:

- intraday time schedule
- foreign exchange (standard and negotiated conditions, at term or at sight)
- opening of deposits in standard conditions
- multiple payments (one debit and several credits)
- e-VAMA: electronic confirmation of customs duty payments
- DPEPrint: DPE form management.

[1] Statistics of the Ministry of Communication and Technology of Information

All these functionalities place our offer among the most complex on the Romanian market and led to the increase of the MultiX utilisation rate: raising of customer's number (+51%), of the payment orders (+177%) and of their amount (+168%), as compared to early 2005.

Mobilis: an innovative Mobile Banking service, enriched with a m-commerce option, which allows customers to pay the goods purchased on the Internet, using their mobile phone.

In 2005, the recourse to the BRD Call Centre continued to grow.

Involved especially in the before- and after-sale services, as a complementary structure to the commercial device of the Network, it permits the agencies to expand their opportunities to contact the customers and the prospects in order to develop their goodwill.

The BRD Call Centre was enriched with new operational functionalities:

- development of a pole for the Romanians abroad (remote opening of accounts and subscription to BRD-NET),
- payments to utility providers trough telephone,
- support to the customers who use the automatic bank services,
- on-line issuance of bank cards for non-residents,
- two new telephone numbers, one, 0800 804 804, dedicated to national promotional campaigns for the launching of new products and services and the other, 0800 802 208, dedicated to the Quality service.

In December 2005, BRD Express 24H – the automatic bank with the most complex offer of the market – came to enrich this commercial device.

Even if the human contact with our customers remains one of the essential values of our Group, BRD adapts its device by seizing all the development and innovation opportunities brought by the new technologies, so as to bring the remote bank closer and closer to its customers.

Corporate Banking

Traditionally a corporate bank, BRD – Groupe Société Générale obtained excellent results in 2005, continuing its sustained development and improving its competitive positions on this market.

Small and medium enterprises

In 2005, many financial and banking institutions developed services dedicated to SME, due to the expansion of this segment in Romania.

Faced to this increased competition, the bank focused on several priorities:
- the development of the network and of the customer database
- efficient commercial reporting systems
- continuous training of commercial officers
- optimisation of the products and of the commercial device.

This segment represents 52% of the portfolio of loans to corporate customers, the rest being dedicated to large enterprises and municipalities.

The Bank has a complete and efficient networking that covers the entire country. Its sectoral exposure is balanced and distributed as follows: 25% industry, 50% services and trade, 12% construction, 5% transports, 8% agriculture.

The SME sector has a dedicated network of commercial officers and a division specialised in structuring specific financing operations.

The SME Commercial Division was created in 2005 and its mission is to coordinate, stimulate and make more efficient the efforts of the network.

Starting with August 2005, the Group of Timisoara created a Corporate Desk, a structure dedicated to business customers.

Including several subdivisions (Italian Desk, French Desk, German Desk), this new structure was created in order to consolidate the commercial relationship with the large local and international SME, by using simplified and flexible procedures.

This new concept of management of the corporate customers will develop in the following years in the large cities.

BRD continued in 2005 its partnerships with the European Investment Fund and with the European Investment Bank for financing SMEs.

These partnerships made possible the extention of financing facilities and guarantees to SME amounting to EUR 38 million.

For the very small enterprises, the Bank implemented a particular financing programme, in collaboration with the Romanian-German Fund. The collaboration with this institution also included the transfer of know-how for the personnel of BRD, in the analysis of micro-enterprises and of authorised freelancers. This programme begun in 2004 and continued in 2005, obtained excellent results: more than 3,700 extended loans, worth EUR 39.2 million.

The corporate banking offer is based on solutions adapted to the specific needs of the companies, by the diversification and the development of the offer of financing products (multi-currency credits, scoring credit, credits for the agricultural sector, for farmers, for liberal professions etc.), placements, current operations, factoring, leasing and remote banking services.

Large enterprises

The year 2005 was characterised by very positive evolutions in the major accounts management, both on the commercial and on the organisational level.

In terms of organisation, the actions lead to: the specialisation of the portfolios, the recruitment and the training of the personnel in France and in Romania, the creation and implementation of new management and reporting tools, the development of the synergies with the activities of Groupe Société Générale.

Owing to a network of alliances that generates strategic partnerships with large enterprises, both public and private, and with economic promotion organisms, the commercial performances registered a very satisfactory progression.

The development axes were oriented towards the energetic sector (Rompetrol, Gaz de France, Distrigaz Sud…), the large retailers (Carrefour, Cora, Kaufland…), the automobile sector (support of Renault/Dacia in the Logan project and of the motor vehicle equipment suppliers), the municipalities and the real estate sector.

A few significant successes of 2005:

- a syndicated loan of EUR 100 million for Hyparlo/Carrefour, arranged by BRD with the support of Société Générale
- support of the DIY businesses: Praktiker, Bricostore
- financing of the acquisition of Dyneff by Rompetrol
- participation in the syndicated loan for Vodafone Romania
- opening of a line of EUR 26 million in RON equivalent for EBRD
- Multi-option financing facility (for the Ministry of Finance) for the down payments of the agreements between Alcatel/CFR, Airbus/Tarom, Alstom/Metrorex and Siemens/CFR
- renewal/extension of credit lines of the European Investment Fund for SME (EUR 62 million)
- conception and implementation of the loans for farmers
- agreement with the Romanian Post (distribution of cash, collection of invoices)
- financing of the ELCEN Bucuresti Vest power plant
- signing of a partnership with the Romanian Agency for Foreign Investments to facilitate the access of the French and European investors to projects in Romania
- participation in the syndicated loan for Hidroelectrica
- management of the special accounts for the Ministry of the Environment, the Ministry of Communication and the Ministry of Administration and Internal Affairs.

BRD – Groupe Société Générale is a traditional partner of local Romanian communities. In the perspective of Romania's accession to the European Union, the local communities accelerated their actions of project development, especially in the infrastructure, environment, education and health sectors.

In 2005, the Bank participated in more than 200 calls for tenders. Among the main projects in which the bank was selected, we should mention:

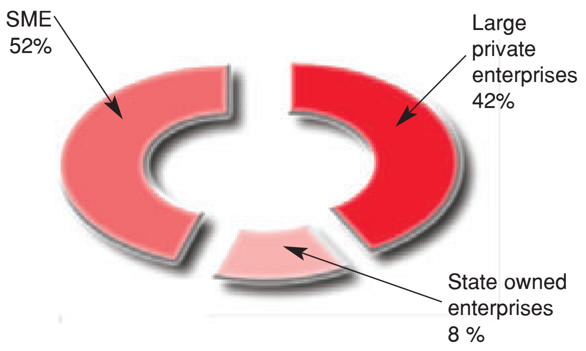
- The Municipality of Râmnicu Vâlcea
- The County Counsel of Bacău
- The Municipality of Timişoara
- The Municipality of Reghin
- The Municipality of Târgu Mureş

Constant growth of lending

The economic growth of Romania, superior to the European average, offers a macroeconomic context favourable to the development of the companies. Relying on this commercial context, BRD registered in 2005 an important progression of the number of credit files in the large corporate segment: thus, the medium and long-term loans rise up to more than EUR 350 million.

The consolidation of the team dedicated to the major accounts (the commercial team, but also the back-office and the financial analysts) allowed an upsurge of the rhythm on this segment, with a concern to improving the risk quality and preserving margins. Tailord financing formulae allowed the Bank to solve quickly the simple and medium value files and also answer in a more efficient manner to complex applications.

Portfolio structure



International operations

International operations in 2005 (in increase by 78% of the total production of international operations in euro equivalent as compared to 2004) reflect the special interest of BRD in the clientele related to exterior trade (SME and large enterprises).

Offering a complete offer of Trade Services (letters of credit, incasso, international guarantees, stand-by letters of credit, cheques and avals), as well as international transfers (including Caixa and i-transfert) and Western Union, BRD makes available for its clientele the professionalism of its specialist' team.

The vast network of 750 correspondents all over the world and the support of Groupe Société Générale represent a competitive advantage, which comes to reinforce the quality and the promptitude of the international services.

In 2005, BRD has tried to add more value to the relationship with its exporting and importing customers, by organising, together with the BRD network, local business reunions. The international trade products presented during these reunions by

the specialists of the International Division as well as their professional advice were highly appreciated.

As a result of the initiative of the International Division and Timişoara Group, BRD consolidated its relationships with SG Yugoslav Bank, by taking part in mutual commercial activities under the Free Trade Agreement signed between Romania and Serbia, aiming at building the foundations of the partnership between these two countries.

Thanks to the joint efforts of the network and of the team from the Head Office, the market share related to international activity as at end of 2005 was estimated at 20%, in increase by 6% compared to the end of the previous year.

Factoring

BRD – Groupe Société Générale has been the leader of the Romanian factoring market since 2004.

In 2005, this activity saw a global growth up to 174% against 2004, namely 110% for international operations and 257% for domestic operations.

The factoring turnover amounted to EUR 211 million in 2005, representing a market share of 38%.

These exceptional results were posible due to the intense commercial activity of the network, the diversification of the offer, the accent placed on the training of the personnel and the improvement of the services. Another priority of 2005 was the simplification of the internal procedures for a more effective service.

In terms of commercial offer, BRD launched a new product – import factoring that completed and developed the international segment of factoring operations. Owing to this product, it is possible to offer to foreign companies the local recovery of their receivables and, if necessary, the cover against the risk of non-payment by the Romanian importers.

In this context, particular attention was paid to the development of the relationships with corresponding factoring companies, members of Factors Chain International, and to the signing of new agreements with factoring companies in order to cover as many countries as possible.

The quality of the services offered to corporate customers, the efficiency of its interventions, the development of its domestic operations and of the external operations, in close collaboration with the largest world factoring network – Factors Chain International – have brought BRD since October 2004 the status of a full fledged member of this prestigious organisation.

Financial and operational leasing

Leasing: BRD Sogelease

In 2005, the leasing sector witnessed a considerable increase of its activity (+40%). In a very competitive environment, the reduction in the customers conditions, accompanied by an increase of the expenses generally determines a fall of the margins on the leasing operations.

Production (in terms of signed contracts) was of EUR 122 million in 2005 as against 98 million in 2004 (+24%), while the aggregate outstanding rose to EUR 154 million against 112 million en 2004 (+37%).

BRD Sogelease remains, in terms of production, among the first five leasing companies, bank branches or financial institutions. Its market share is estimated at 6%.

According to the group policy of BRD – Groupe Société Générale, BRD Sogelease takes interest in the entire market: large enterprises, SME, municipalities, financing any business sector and adapting to the requirements of its customers (2,900 customers in December 2005).

To reach these results, BRD Sogelease relied on its 75 employees and on the support of the BRD network.

The business model developed by BRD Sogelease consists in financing a very wide line of goods, according to the « full-liner » principle; consequently, BRD Sogelease manages a balanced portfolio: construction equipment, industrial equipment, light industrial vehicles and heavy vehicles, passenger cars, buildings, IT&office, medical equipment. Heavy vehicles (44% of the amounts outstanding) and motor cars (26%) represent 70% of financed outstanding amounts.

Making use of the advantage represented by the know-how of Groupe Société Générale, BRD Sogelease offers other special financial products, such as operational leasing, with or without included services, special structures for the IT field, sale & lease back operations, financing of sales (vendor finance programs).

Here are the main accomplishments:

- Simple rental with or without service: Laboratoires Servier, Danone, Romtelecom
- Evolving lease: Alcatel
- Financing of sales with the local importers: Cefin (Iveco), Ircat Co (Bobcat), Marcom (Komat'su), Protruck (Iveco), Scania (Scania), Van Wijk (DAF)
- Financing of public risk (public transport companies)
- Real estate leasing: Praktiker.

ALD Automotive: full service operational leasing and fleet management

By proposing a new product of operational leasing and fleet management, BRD - Groupe Société Générale wishes to meet the increasing needs of the enterprises on the Romanian market, wishing to outsource, partly or fully, the management of their fleet.

Operational in Romania since July 2005, ALD Automotive is a branch of BRD – Groupe Société Générale and of ALD Automotive group.

ALD Automotive group is the division of Groupe Société Générale specialised in operational leasing and car fleet management, with an experience of more than 40 years, present in 31 countries all over the world and 600,000 vehicles under management as at end December 2005.

At the end of December 2005, ALD Automotive has in Romania a team of 14 professionals already managing more than 150 vehicles for 12 customers and relying on a national network of suppliers for all the proposed services.

ALD Automotive provides full service operational leasing for any type and model of vehicle of less than 3.5 t, for a pre-established time and kilometres, in exchange of a flat, fully deductible monthly rent.

The product includes a complete range of services related to the car fleet management: maintenance, insurances, assistance for the vehicle and the driver, replacement vehicle, tyres management, VIP service, consultancy and reporting, as well as the financing of the utilisation of the vehicle.

In addition to full sevice operational leasing, ALD Automotive also offers intermediary solutions of leaseback and of fleet management without financing the vehicles, for the fleets already owned by the companies.

The solutions proposed by ALD Automotive give the enterprises the possibility to benefit from the total control of the cash flow and from a better forecast of the future costs related to the fleet management, as well as to release important financial resources for their main activity.

Investment
Banking and Market operations

Market operations

In 2005, BRD consolidated its presence on the financial markets. For forex operations, its market share increased from 12.5% in 2004 to 14% in 2005.

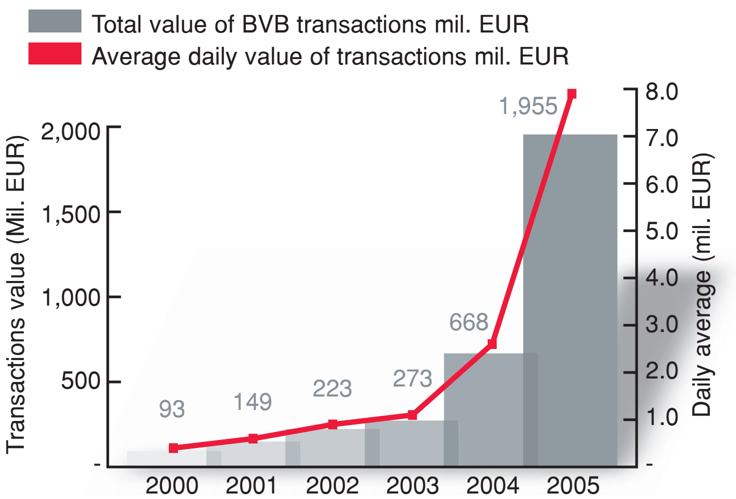
The active promotion of the derivative products lead to significant increases of the volumes of forward exchange and allowed the beginnig of interest rate swap operations.

The business development goes together with the implementation of a new back-office application for the market operations, in partnership with Reuters. The application permits to process in real time the Forex transactions, derivative instruments, money market, securities and deposit certificates and it has a flexible and modular architecture allowing future evolutions.

BRD thus has one of the most performing integrated systems for the management of the market operations, which allowed significant productivity gains.

Brokerage services

Due to the encouraging macroeconomic context of the past few years, the activity on the stock exchange market continues to obtain excellent results in Romania, the average daily value of the transactions increasing constantly.



Source: Bucharest Stock Exchange

BRD Securities, the brokerage branch of BRD –Groupe Société Générale, ranks 4th among the brokers by the volume of processed transactions, with a market share of 5.21%.

The high quality of its research and of its services, in general, have allowed BRD Securities to be the first choice of large international clients; BRD Securities confirmed in 2005 its leadership on the market of transactions performed by the foreign investors in Romania.

The company is also very present in the financing operations via bond issues for large companies (BRD included) and for the municipalities. The reinforced cooperation with the BRD network granted to the company access to a up-market local clientele increasingly active on the stock exchange market. BRD Securities obtain a very good profitability in 2005.

Securities services

Present in the field of securities keeping services since 1998, with a rich experience due both to its belonging to Goupe Société Générale – ranked among the first 3 keepers of global securities in Europe – and to the quality of the provided keeping services, BRD managed in 2005 to build its older customers' loyalty and to recruit new ones, with a progression of more than 100% of the volume of assets entrusted for keeping.

The keeping services cover mainly:
- The keeping of financial instruments,
- The set-off and settlement of the operations at the Bucharest Stock Exchange,
- The settlement of dividends and coupons,
- The application of modifications on the securities features,
- The information on the evolution of the shareholders' structure or of the capital of the issuing companies,
- The representation of the customers at the General Assembly of the Shareholders.

Custody service

On the market of mutual fund custodian services, BRD maintained its leader position with respect to the quality of the services and to the number of customers.
As member of the National Union of Mutual Funds, it had an active participation in all the projects of modification of the regulation regarding the activity of the depositories, of the investment funds ad of the trust companies.

Services to issuers

Owing to the quality of the services offered to the issuers of securities, BRD improved its portfolio of customers for the services of distribution of dividends, of bid under public tenders of shares, government or corporate bonds.
In the perspective of Romania's accession to the EU, BRD - Groupe Société Générale is ready to meet the requirements of the capital market and aims at becoming the local leader on the market of keeping, custody and distribution services offered to resident and non-resident customers.

Consulting services

With an experience of more than 8 years on the Romanian market of consulting in privatisation, M&A, the subsidiary BRD/SG Corporate Finance is a constant partner of the companies requiring assistance in their operations of restructuring, expansion, financing and partnership.

A systematic cooperation with the Large Corporate Division developed and allowed once more to bring out the synergies among the different business lines of the bank. The team of experimented professionals is assisted in important operations by the specialists of SG Corporate Finance from Paris, also benefiting from the support of the mergers & acquisitions international network of Groupe Société Générale.

Asset management

The environment is still not favourable to investments on the money market. In fact, in 2005, the investment fund Simfonia 1 registered a net collection decrease of EUR 23.8 million, namely 13.4% in real terms.

Despite this unfavourable context, SG Asset Management – BRD, a branch of SG Asset Management Paris, remains in 2005 the most important collective trust companies in Romania, with a market share estimated at 25.8%.

Risk Management

In 2005, BRD consolidated its risk division and extended its scope of operations. Subordinated directly to the Chairman & CEO, it supervises the entire range of risks:

- the liquidity and solvency policy, managed in coordination with the Financial Departament;
- the credit risks, aiming at maintaining a balanced portfolio by economic sector. The Risk Division is in charge of training the credit officers and, by means of a specialised audit team, it operates subsequent controls with respect to the risks taken by the Agencies;
- the market risks that require a much more tight control, in the context of the growth of the interest rate instruments and foreign currency operations;
- the operational risks, whose management implies permanent control, specific methodologies and periodic control, both in the Network and in the Head Office of the bank.

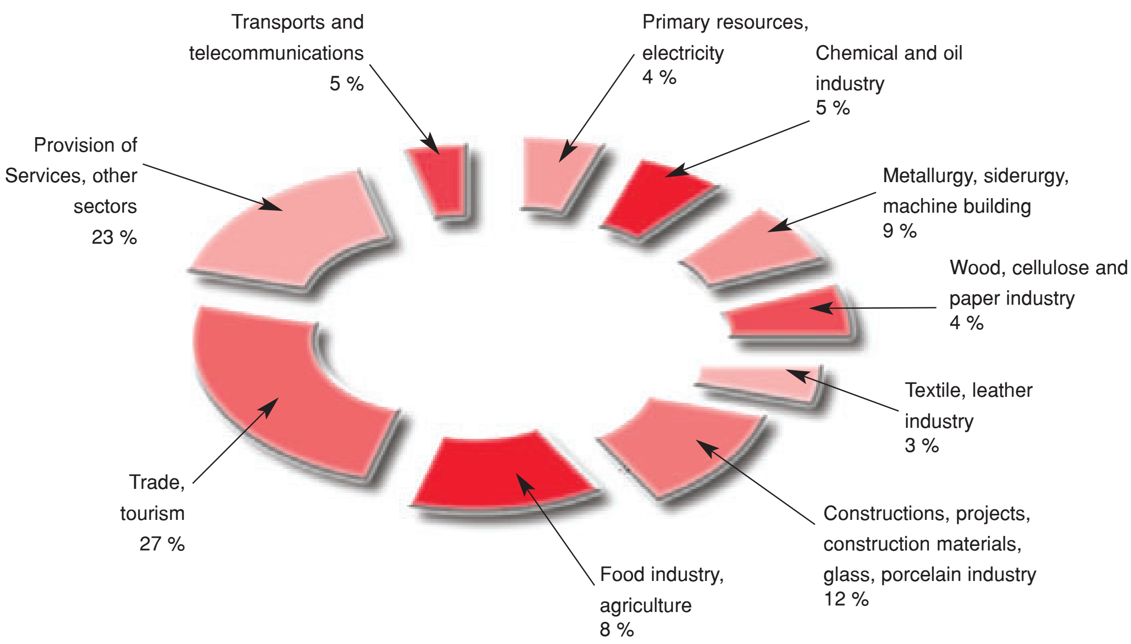
In 2005, the main actions concerned the implementation of a refined structure and normes for the management of operational risks, according to the local regulatory requirements (Norm 17 BNR/2003) and to those of the Basel II Agreement.

- In order to reduce its risks, the bank develops a culture of operational risks and takes measures to improve the awareness and training of the personnel. Normative documents are permanently adapted to the regulations and the market conditions, the procedures, computer applications and security systems of the bank are developed and reinforced, so as to control and prevent these risks and also to reduce the effects of the identified operational risk incidents.
- A Business Continuity Plan is implemented, both for the head Office and for the branches; should there occur any events that would prevent us from continuing our business in the current premises (natural or accidental disasters etc.), back-up centres equipped with means of communication, as well as adequate procedures were set up and tested.

Studies were made with respect to the impact of the exchange risk on the lending activity of the bank, the history and the main trends in the evolution of the retail trade and textile industry sectors in Romania, the impact of Romania’s accession to the European Union on the various economic sectors.

Under the implementation of the Basel II Agreement in Groupe Société Générale, BRD participates in enriching and updating the in-house specific applications and databases.

Finally, the bank set up a regulated follow-up of its sectoral exposure, in order to maintain a good diversification of the loan portfolio. As at December 31, 2005, the sectoral repartition was as follows:



Project Management

The main change factors - competition, regulations, macro-economic evolutions, customers, employees, operating costs and acceleration of the technological innovation - are a daily challenge for us in terms of organisation.

Community of interests, sharing of knowledge, partnerships, mutualisation of means, collaborative work - these are key notions that illustrate our mark in project management.

In 2005, great multidisciplinary projects - commercial, IT etc. - were put across:

- the opening of 114 BRD Express agencies, a logistic, financial and human effort that is unique among the banks in Romania
- the launching of numerous innovative products
- the improvement of the processes and of the reporting tools
- the adoption of the new leu
- the change of the IT system managing banking cards
- the unification of the current account with the card account
- the implementation of the electronic payment system

These are projects that proved that team spirit, professionalism and innovation lead to success.

Electronic Payment System

The electronic payment system is one of the most complex projects achieved in the Romanian banking system in the past few years, its implementation having completely changed the national payment system, based before on the exchange and the physical circulation of payments on paper support.
Over 45 financial institutions (the National Bank, the commercial banks, the Stock Exchange, Visa, Mastercard etc.) were involved in this project launched in early 2003 and finalised in October 2005.
The implementation of the electronic payment system created the premises of the development of new banking products and services and, at the same time, made it possible to improve the functionalities of the already existing products. Among its main impacts:

- increase of the processing speed
- more efficient management of the bank cash assets
- fluidisation of the inter-banking payment flows
- sensible reduction of the fees per transaction
- reduction of operational costs.

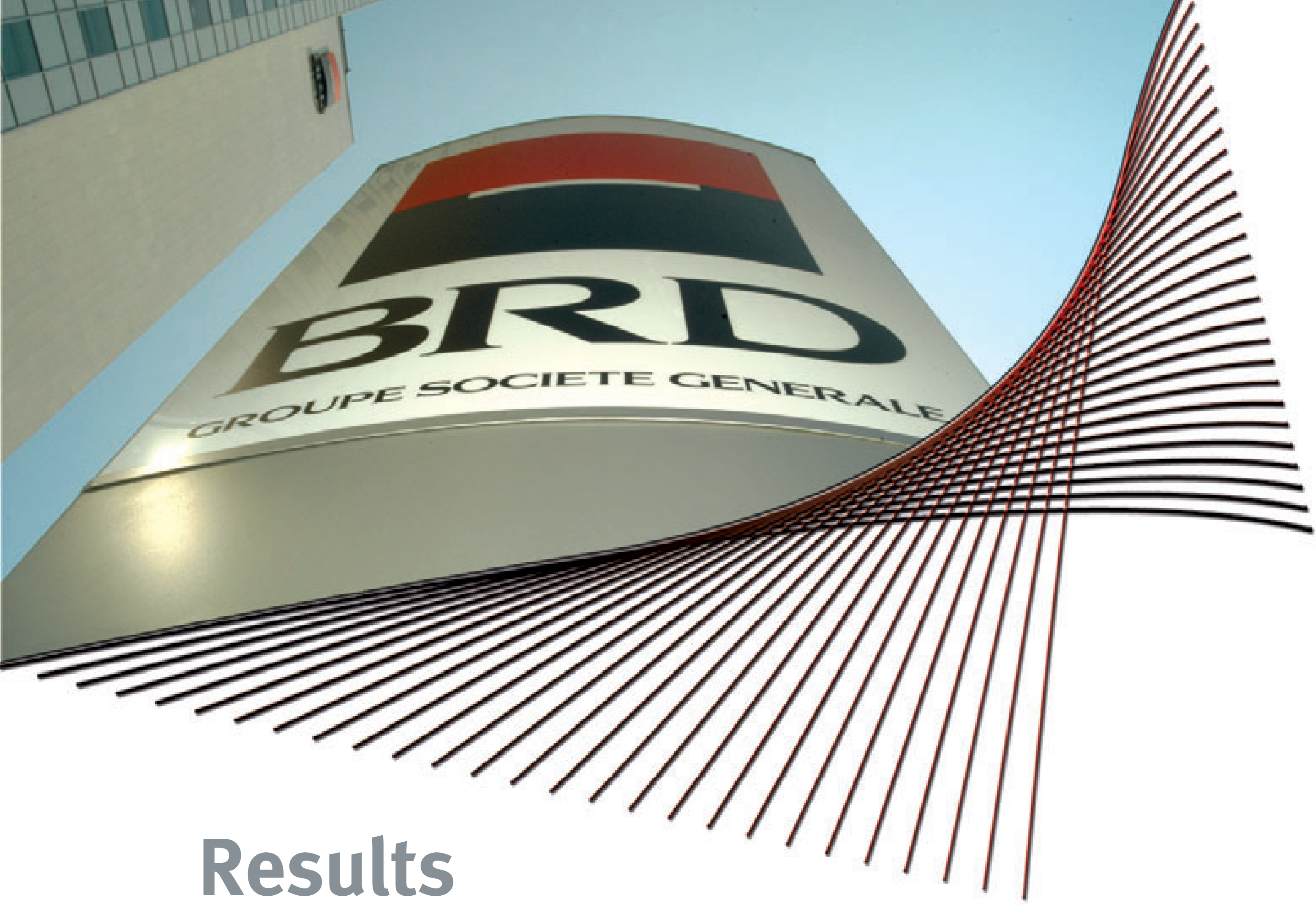
The adoption of the new leu

July 1st, 2005, marked the date of introduction of the new Romanian leu. The project consisted in the reduction of the nominal value, 10.000 lei becoming 1 new leu. BRD had launched since March 1st, 2005, a complete campaign of communication on the new leu.
The introduction of the new leu was marked by an event organised at the Head Office of the Bank, with the participation of the President of Romania, of the Prime Minister, of the Governor of the National Bank, as well as of numerous journalists, analysts and members of the diplomatic body.
Behind this technical and communication success lies the effort of over 100 persons who spent in all 1800 days of work to this project.

The launching of the unique current account

The entry of BRD on the retail market and the launching of the first complete line of banking cards, in early 2000, marked a great turning point in the commercial strategy of the bank. The number of card holders increased rapidly every year, in the same time with the enrichment of our offer of services attached to cards: the payment of invoices at the ATM, the Mobile Banking service, card-attached insurances, the Vocalis service etc.

In 2005, in order to simplify the life of the customers who had a card account, as well as a current account opened with BRD and managed separately, the bank decided to place the current account in the centre of its relationship with the customers. From then on, all the services attached to the card accounts were transferred to the current account. A team of 120 persons who spent 3.800 person-days put across this extremely complex project.



Results

High-quality operational performances

In 2005, all of the Bank's business lines yielded satisfactory results. This accomplishment proves the capacity of BRD to manage the strong organic growth in all its business lines, maintaining at the same time a high return on equity level (increasing ROE to 37%).
Operational results saw a significant progression: the gross operating income rose by 17%, in comparable terms, triggered by net banking income up by 13%; operating costs are well monitored (+10%) and the current profit before tax (RON 640 million) increased by 20%.
These good results allowed a reinforcement of the financial structure of the Group: the Cooke ratio settles now at 17.9%, namely 5.9 points above the minimum established by the regulation (12%).

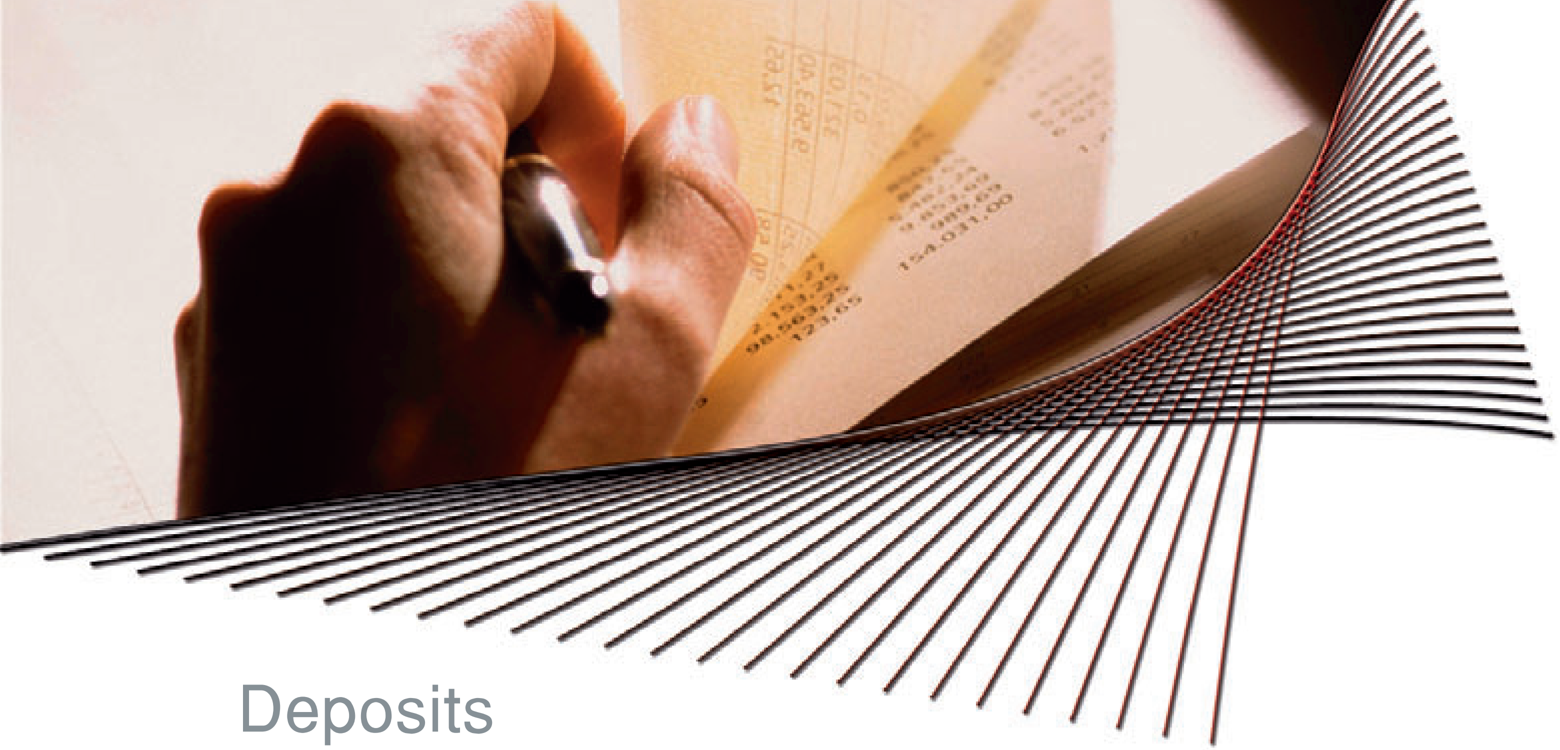
*Figures according to Romanian Accounting Standards for BRD at individual level

Balance Sheet

The total balance sheet at the end of 2005 represents RON 19,221 million (EUR 5,227 million), rise, in comparable terms, by 51% as compared to last year.

In million RON as at December 31	**2004**	**2005**	**Evolution 05 / 04 (*)**
Assets			
Cash and current accounts with the Central Bank	2,226	4,661	93%
Receivables from credit institutions	1,524	928	-44%
Receivables from customers	6,576	9,836	38%
Securities	263	2,701	844%
Equity investments	28	34	14%
Fixed assets	939	951	-7%
Other assets	169	110	-40%
Total assets	**11,725**	**19,221**	**51%**
Liabilities			
Debts to credit institutions	1,203	1,728	32%
Debts to customers, of which:	8,752	15,003	58%
term	5,984	9,924	53%
Other liabilities	265	608	111%
Shareholders' equity	1,505	1,883	15%
Total liabilities	**11,725**	**19,221**	**51%**

(*) comparable terms



Deposits and Loans

As at December 31, 2005, the total loans granted to the customers represented RON 9,929 million (EUR 2,700 million), up to 38% in comparable terms compared to last year.

The portfolio of loans to individuals saw a large development in 2005 reaching, at the end of the year, 41% of the total outstanding loans.

The customer deposits at December 31, 2005, amounted to RON 14,732 million (EUR 4,006 million), up to 59% in comparable terms against 2004.

In million RON	**2004**		**2005**		**Evolution 05 / 04 (*)**
Individual customers	2,158	32%	4,091	41%	75%
Corporate customers	4,485	68%	5,838	59%	20%
Loans on customers	6,643	100%	9,929	100%	38%
RON	3,300	50%	4,958	50%	38%
FCY	3,342	49%	4,971	50%	37%
Deposits of customers	8,543	100%	14,732	100%	59%
RON	4,828	57%	9,018	61%	72%
FCY	3,714	43%	5,714	39%	42%

(*) comparable terms

Profit and Loss Account

In 2005, the net banking income progressed by 13% in comparable terms. Commissions and fees increased by 22% in comparable terms and represent 35% of the net income.

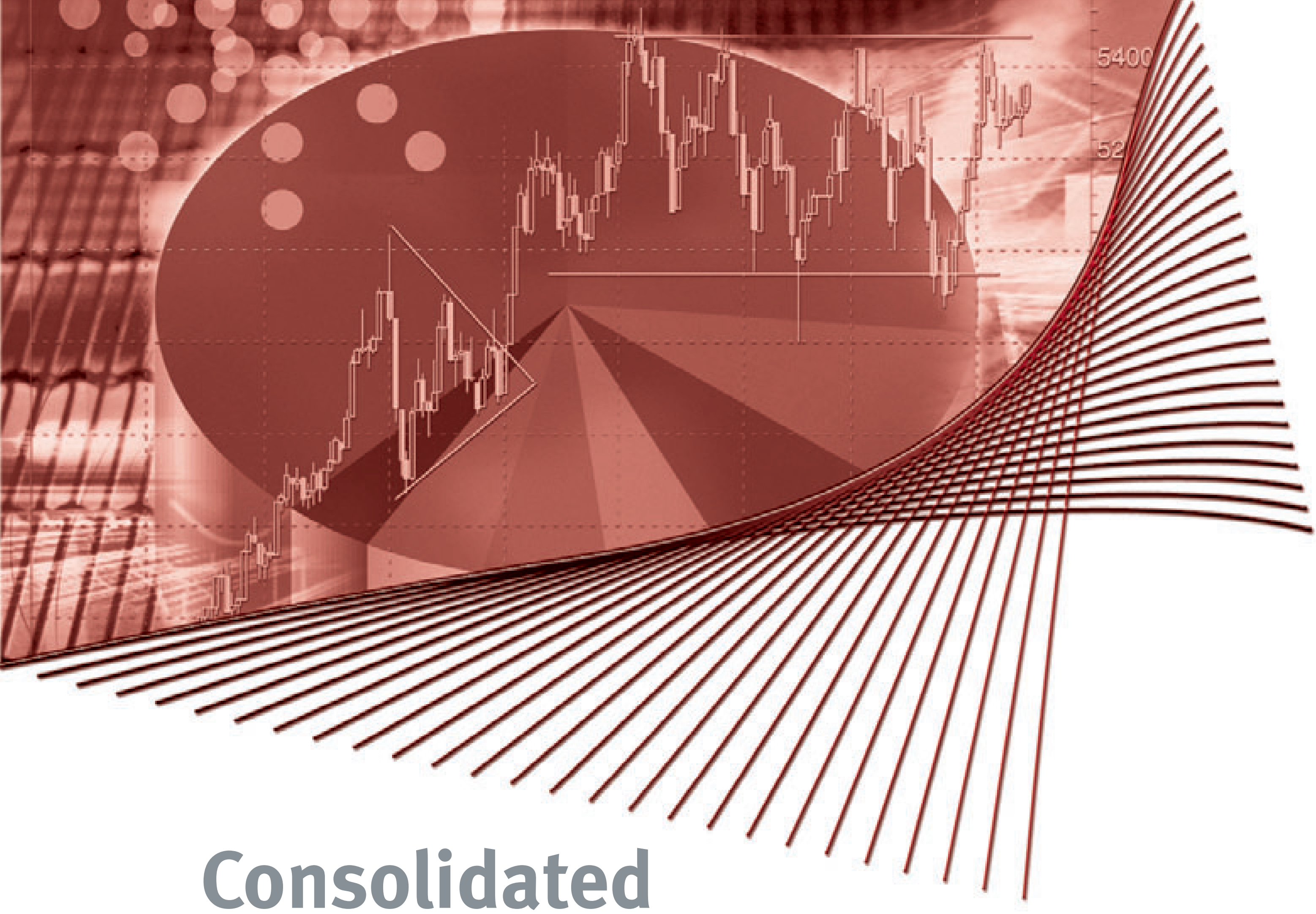
The progress of the Operating Expenses was limited to 10% in comparable terms, their growth being mainly due to the business development: extension of the agency network, advertising campaigns, growth of volumes.

The net risk cost maintained at a very low level in 2005.
The weight of bad loans in the total loans in the balance sheet decreased, from 1.4% in 2004 to 1.0% in 2005.

The 2005 net profit reached RON 553 millions, a rise by 42% in comparable terms against 2004. The return on equity (ROE) is 37%.

In million RON	**2004**	**2005**	**Evolution 05 / 04 (*)**
Net Banking Income	1,082	1,332	13%
Operating Expenses	(519)	(620)	10%
Gross Operating Income	563	712	17%
Net Risk Cost	(72)	(72)	-7%
Tax on Companies	(131)	(87)	
Net Profit	360	553	42%
Cost/income ratio	48%	47%	
Return on equity (ROE)	30%	37%	

(*) comparable terms



Consolidated Financial Statements

Independent auditors' report

To the Shareholders of BRD – GROUPE SOCIETE GENERALE

1. We have audited the accompanying financial statements of BRD – Groupe Société Générale SA and its subsidiaries (the "Bank"), which comprise the consolidated balance sheet as at 31 December 2005 and the consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these 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. 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. In our opinion the financial statements present fairly, in all material respects the financial position of the Bank as of 31 December 2005 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 Assurance Services SRL

Date: 20 March 2005
Bucharest, Romania

Ernst & Young

Consolidated Balance Sheet as of December 31, 2005

(Amounts in thousands RON)

	Note	December 31, 2005	December 31, 2004
ASSETS			
Cash and cash equivalents	4	495,543	244,802
Current accounts with Central Bank	5	7,190,145	3,479,532
Accounts and deposits with banks	6	598,274	282,108
Assets available for sale	7	33,665	57,769
Loans, net	8	9,521,803	6,316,561
Lease receivables	9	574,409	413,400
Investments accounted for under equity method	10	39,806	46,198
Equity investments	11	8,084	6,333
Tangible assets, net	12	1,048,918	1,050,364
Goodwill, net	13	50,151	50,151
Intangible assets, net	14	14,770	21,016
Deferred tax asset, net	19	8,548	–
Other assets, net	15	65,923	60,581
Total assets		**19,650,039**	**12,028,815**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits and current accounts			
Demand deposits and current accounts	16	5,162,580	2,927,127
Term deposits	17	10,113,375	6,040,299
Total deposits		15,275,955	8,967,426
Borrowings	18	2,393,652	1,451,535
Current tax liability	19	7,943	10,529
Deferred tax liability, net	19	–	751
Other liabilities	20	147,938	92,479
Total liabilities		**17,825,488**	**10,522,720**
Share capital	21	2,515,622	2,236,862
Reserves relating to available for sale instruments		4,987	3,638
Accumulated deficit		(696,887)	(738,278)
Minority interest		829	3,873
Total shareholders' equity		**1,824,551**	**1,506,095**
Total liabilities and shareholders' equity		**19,650,039**	**12,028,815**

The financial statements have been authorized by the Bank's management on March 20, 2006 and are signed on the Bank's behalf by:

Mr. Patrick Gelin
Chief Executive Officer,
and Chairman of the Board

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, 2005

(Amounts in thousands RON)

	Note	December 31, 2005	December 31, 2004
Interest income			
Interests on loans	23	1,272,291	1,139,516
Interest on deposits at banks	23	192,312	203,845
Interests on securities	23	63,778	32,764
Total interest income		**1,528,381**	**1,376,125**
Interest expense			
Interests on deposits	24	(503,268)	(524,698)
Interests on borrowings	24	(46,297)	(15,495)
Total interest expense		**(549,565)**	**(540,193)**
Net interest income		978,816	835,932
Loans impairment	8	(92,467)	(101,289)
Net interest income less impairment		886,349	734,643
Commission revenues	25	399,984	269,016
Commission expense	25	(160,138)	(60,631)
Commission revenue, net		**239,846**	**208,385**
Other non-interest income			
Foreign exchange income, net	26	157,772	78,296
Income /(loss) from associates		(1,218)	4,005
Other income	27	15,292	15,352
Total non-interest income		**171,846**	**97,653**
Income before non-interest expense		1,298,041	1,040,681
Non-interest expense			
Contribution to the Deposit Guarantee Fund	28	(29,063)	(24,604)
Salaries and related expenses	29	(313,883)	(244,391)
Depreciation, amortization and impairment	30	(115,720)	(114,833)
Other operating expenses	31	(263,752)	(217,767)
Total non-interest expense		**(722,418)**	**(601,595)**
Profit before income tax		**575,623**	**439,086**
Income tax			
Current income tax expense	19	(92,751)	(133,350)
Deferred tax income	19	9,553	16,612
Total income tax		**(83,198)**	**(116,738)**
Net profit for the year		**492,425**	**322,348**
Profit/(loss) attributable to minority interest		(3,044)	(202)
Profit attributable to parent company shareholders		495,469	322,550
Earnings per share (in RON)	**38**	**0.7110**	**0.4628**

The accompanying notes are an integral part of these financial statements

Consolidated Cash Flow Statement for the Year Ended December 31, 2005

(Amounts in thousands RON)

	December 31, 2005	December 31, 2004
Cash flows from operating activities		
Operating profit before income tax	**575,623**	**439,086**
Adjustments for non-cash items		
Depreciation and amortization expense	117,222	112,236
Net loss from disposals of tangible and intangible assets	(1,502)	2,597
(Gain)/ Loss from investment revaluation	532	(1,633)
Allowance for loans and interests and other provision expenses	92,542	121,793
Total adjustments for non-cash items	**208,794**	**234,993**
Net profit adjusted for non-cash items	**784,417**	**674,079**
Changes in operating assets and liabilities		
Current account with NBR	(2,183,331)	(747,182)
Collaterals at banks	(35)	28,407
Available for sale assets	23,719	(4,699)
Loans	(3,297,709)	(1,840,933)
Lease receivables	(161,008)	(191,608)
Other assets	(5,343)	(33,218)
Demand deposits and current accounts	2,235,454	883,408
Term deposits	4,073,076	1,574,647
Other liabilities	54,974	34,072
Total changes in operating assets and liabilities	**739,797**	**(297,106)**
Income tax paid	(95,337)	(136,957)
Net cash from operating activities	**1,428,877**	**240,016**
Cash-flows (used in) investing activities		
Acquisition of equity investments	(12,185)	(3,001)
Proceeds from equity investments	18,285	–
Acquisition of tangible and intangible assets	(111,801)	(95,696)
Proceeds from sale of tangible and intangible assets	3,772	2,405
Net cash (used in) investing activities	**(101,929)**	**(96,292)**
Cash-flows from financing activities		
Increase in other borrowed funds	942,117	1,009,801
Dividends paid	(174,909)	(96,646)
Net cash from financing activities	**767,208**	**913,155**
Net movements in cash and cash equivalents	**2,094,156**	**1,056,879**
Cash and cash equivalents at beginning of the period	**2,023,486**	**966,607**
Cash and cash equivalents at the end of the period	**4,117,642**	**2,023,486**

The accompanying notes are an integral part of these financial statements

Statement of Changes in Shareholders' Equity for the Year Ended December 31, 2005

(Amounts in thousands RON)

	Share capital	Reserve relating to available for sale instruments	Minority interest	Accumulated deficit	Total
Balance as of December 31, 2003	**2,236,862**	**–**	**–**	**(964,181)**	**1,272,681**
Effect of acquisitions on minority interest	–	–	4,075	–	4,075
Net profit/(loss) in 2004	–		(202)	322,550	322,348
Distribution of dividends for 2003	–	–	–	(96,647)	(96,647)
Reserve from revaluation of available for sale instruments	–	3,638	–	–	3,638
Balance as of December 31, 2004	**2,236,862**	**3,638**	**3,873**	**(738,278)**	**1,506,095**
Increase in share capital	278,760	–	–	(278,760)	–
Net profit/(loss) in 2005	–	–	(3,044)	495,469	492,425
Distribution of dividends for 2004	–	–	–	(175,318)	(175,318)
Reserve from revaluation of available for sale instruments	–	1,349	–	–	1,349
Balance as of December 31, 2005	**2,515,622**	**4,987**	**829**	**(696,889)**	**1,824,551**

The accompanying notes are an integral part of these financial statements

Notes to the Consolidated Financial Statements

(Amounts in thousands RON)

1. Corporate information

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

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

The Bank has 326 units throughout the country (December 31, 2004: 212), organized in 20 groups. The average number of employees during 2005 was 5,107 (2004: 4,362), and the number of employees as of the year-end was 5,654 (December 31, 2004: 4,583).

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

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

The shareholding structure of the Bank is as follows:

	December 31, 2005	December 31, 2004
Société Générale France	58.32%	58.32%
SIF Oltenia	5.34%	5.47%
SIF Muntenia	5.27%	5.27%
SIF Moldova	5.05%	5.05%
SIF Banat Crisana	4.60%	4.70%
SIF Transilvania	5.00%	5.00%
European Bank for Reconstruction and Development (“EBRD”)	5.00%	5.00%
Other shareholders	11.42%	11.19%
Total	**100.00%**	**100.00%**

2. Basis of preparation

a) Basis of accounting

The consolidated financial statements of the Bank and all its subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board (IASB)

The consolidated financial statements are presented in Romanian lei ("RON"), which is the Bank’s and its subsidiaries’ functional and presentation currency, rounded to the nearest thousand and are prepared

under the historical cost convention, modified to include the fair value of certain types of financial instruments.

As at July 1, 2005 the Romanian currency (ROL) has been redenominated by National Bank of Romania and lost four zeros (1 RON = 10,000 ROL). The comparative figures have been presented in the new currency (RON).

The books and records of the Bank and its subsidiaries are maintained in accordance with Romanian Accounting Regulations. These consolidated financial statements are based on the statutory records, adjusted for the differences in the accounting treatment, including restatement for the changes in the general purchasing power of ROL up to December 31, 2003 and other adjustments for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS").

b) Basis for consolidation

The consolidated financial statements comprise the financial statements of BRD Group Societe Generale and its subsidiaries as at December 31, each year. The financial statements of the subsidiaries are prepared for the same reporting period as the parent-company’s, using consistent accounting policies.

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, 2004: 100%), BRD Finance Credite de Consum (49% ownership, 2004: 49%) and BRD Securities (99,82% ownership, 2004: 99,82%). All intercompany transactions, balances and unrealized gains and losses on transactions between BRD Groupe Societe Generale and the consolidated subsidiaries have been cancelled. The other subsidiaries (note 10), which are not considered material, are accounted under equity method.

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

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

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

The accounting policies that have been followed were the same as those followed in the previous year, except for the adoption by the Bank of the following revised/amended IFRSs as of January 1, 2005 and during the year 2005.

- IAS 8 (revised 2003) “Accounting policies, changes in accounting estimates and errors”
- IAS 10 (amended 2004) “Events after the balance sheet date”
- IAS 16 (amended 2004) “Property, plant and equipment”
- IAS 17 (amended 2004) “Leases”
- IAS 21 (revised 2003) “The effects of changes in foreign exchange rates”
- IAS 24 (revised 2003) “Related party disclosures”
- IAS 27 (revised 2003) “Consolidated and separate financial statements”
- IAS 28 (revised 2003) “Investments in associates”

- IAS 33 (revised 2003) “Earnings per share”
- IAS 40 (revised 2003) “Investment property”
- IFRS 5 (issued 2004) “Non-current assets held for sale and discontinued operations”

The adoption of the above Standards did not have a material effect on the financial statements of the Group.

During 2004 the Bank has early adopted the following revised/amended standards:

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

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

The Bank has not adopted the following IFRSs and Interpretations, which are issued but have not yet come into effect:

<u>IFRS 7: “Financial instruments: Disclosures”</u>
The Standard replaces IAS 30 and the disclosure requirements of IAS 32. The Standard is effective for annual periods beginning on or after January 1, 2007. The Bank expects that the adoption of the Standard will not have a material effect on the financial statements other than the presentation of the additional disclosures required by IFRS 7 concerning financial instruments.

<u>Interpretation 4: “Determining whether an arrangement contains a lease”</u>
The Interpretation is effective for annual periods beginning on or after January 1, 2006. The Interpretation specifies criteria for the determination of whether an agreement is or contains a lease and specifies the circumstances under which agreements that do not have the legal nature of a lease should be recognized in accordance with IAS 17 "Leases". The adoption of the Interpretation is not expected to have material effect on the financial statements of the Group.

<u>IAS 19 (Amendment), “Employee Benefits” (effective as of January 1, 2006):</u>
This amendment introduces the option of an alternative recognition approach for actuarial gains and losses on defined benefit plans.

<u>IAS 39 (Amendment), “Cash Flow Hedge Accounting of Forecast Intra-group Transactions” (effective as of January 1, 2006):</u>
The amendment allows the foreign currency risk of a highly probable forecast intra-group transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss.

e) Judgments

In the process of applying the Group’s accounting policies, management makes judgments, apart from those involving estimates, that may significantly affect the amounts recognized in the financial statements.

Loans and advances to customers and finance lease receivables - determination of amortized cost
Based on the accounting policies applied at the global Bank level, fees related to loans and advances granted and finance lease subscribed, which are less than EUR 300 are recognized as income immediately once the financial instrument is issued. The management believes that the exception ceiling applied approximates the direct incremental costs of granting loans.

As of December 31, 2005 and 2004 amortized cost of loans and advances to customers is determined, in respect of fees on loans, by applying the linear method rather than effective interest rate method as required by IAS 39. The management believes that the difference between the two methods is not material.

f) Estimates

The key assumptions and other key sources of uncertainty regarding estimates at the balance sheet date, that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are presented below:

Provisions for impairment of loans
The Bank reviews its loans portfolios for evidence that it will not be able to collect all amounts due from an individual loan or a portfolio of homogeneous loans. Evidence includes the customer's payment record, overall financial position and the realizable value of any collateral. If such evidence exists, the recoverable amount is estimated and a provision is made for impairment and is charged to the income statement. The review of credit risk is continuous. The methodology and assumptions used for estimating the provision are reviewed regularly to reduce any differences between estimated and actual losses.

Impairment of goodwill
The Bank determines whether the goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Bank to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as of December 31, 2005 was 50,151 (2004: 50,151).

g) Impact of inflation

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

IAS 29 suggests that economies should be regarded as hyperinflationary if, among other factors, the cumulative inflation rate over a period of three years is approaching, or exceeds, 100%. The annual increase in the general price index as issued by the "National Institute for Statistics and Economic Studies" ("INSSE") over the years 2003 to 2005 was as follows:

	Movement in consumer price index	Increase / decrease in the exchange rate of the EUR vs. ROL
Year ended December 31, 2003	14.10%	17.70%
Year ended December 31, 2004	9.30%	(3.54%)
Year ended December 31, 2005	8.60%	(7.29%)

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 behavior occurred, that together with the decreasing trend of inflation, led to the cessation of hyperinflation accounting starting with January 1, 2004. In addition, given the EU accession planned for 2007, an increasing priority of the Romanian authorities is the stabilization of the Romanian economy, which involves, among others, a commitment to curb inflation to a single digit figure from 2004.

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

h) Segment 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.

3. Summary of significant accounting policies

a) Foreign currency translation

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

The exchange rates as of December 31, 2005 and 2004 were as follows:

	December 31, 2005	December 31, 2004
RON/ USD	3.1078	2.9067
RON/ EUR	3.6771	3.9663

(Amounts in thousands RON)

b) Cash and cash equivalents

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

c) Current accounts and deposits with banks

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

d) Loans and advances to customers and finance lease receivables

Loans and advances to customers and finance lease receivables originated by the Bank by providing money directly to the borrower are recognized when the cash is advanced to those parties. They are measured initially at fair value including arrangement costs. Loans and advances to customers originated by the Bank are subsequently measured at amortized cost using, for the amortization of fees, the linear method (refer to note 2 e)). Loans and advances to customers originated by the consumer loans subsidiary and finance lease receivables originated by the lease subsidiary are subsequently measured at amortized cost using the effective interest rate method.

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

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

e) Leases

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

<u>Group as a lessor</u>

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

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

f) Investment in associate

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

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

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

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

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

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

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

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

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

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

h) Tangible assets

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

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

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

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

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

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

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

i) Borrowing costs

Borrowing costs are recognized as an expense when incurred.

j) Investment properties

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

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

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

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

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

k) Held for sale assets

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

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

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

l) Goodwill

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

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

m) Intangible assets

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

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

All intangible assets of the Bank carried as of December 31, 2005 and 2004 have finite useful lives and are amortized on a straight-line basis over the estimated useful life of up to 5 years. The amortization period and the amortization method are reviewed at least at each financial year end.

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

n) Derivative financial instruments

The Bank uses derivative financial instruments such as forward currency contracts and interest rate swaps to trade with the clients and to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

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

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

The Bank does not currently apply hedge accounting.

o) Borrowings

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

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

p) Offsetting of financial assets and liabilities

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

q) Sale and repurchase agreements

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

r) Customers' deposits and current accounts

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

s) De-recognition of financial assets and liabilities

Financial assets

A financial asset is derecognized where:

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

Financial liabilities

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

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

t) Revenue recognition

Interest income 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 linear 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.

u) Employee benefits

Short-term employee benefits:

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

Social Security Contributions:

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

Post-employment benefits:
The Bank has a contractual obligation to pay to retiring employees a benefit calculated taking into account the salary at the date of retirement and the number of years served by the individual. The cost of providing benefits under defined benefit plans is estimated annually using the projected unit credit actuarial valuation method and is recognized to the income statement on an accruals basis. The surplus or deficit, arising from changes in the discount rate and from other actuarial assumptions is recognized as income or expense over the expected average remaining working lives of the employees participating in the plan.

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

v) Taxation

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

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

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

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

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

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

w) Provisions

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

x) Contingencies

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

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

y) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. As of December 31, 2005 and 2004 there were no dilutive equity instruments issued by the Group.

z) Related parties

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

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

aa) Subsequent events

Post 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.

4. Cash and cash equivalents

	December 31, 2005	December 31, 2004
Cash in hand and treasury	246,777	161,048
Cash in ATM	248,766	83,754
Total	**495,543**	**244,802**

5. Accounts with the Central Bank

	December 31, 2005	December 31, 2004
Current accounts	4,165,906	1,982,557
Deposits	3,024,239	1,496,975
Total	7,190,145	3,479,532

The National Bank of Romania (NBR or Central Bank) requires commercial banks to maintain a minimum reserve on 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, 2005 the rate for RON and foreign currency denominated compulsory reserves was 16% and 30% respectively (18%, and 30% respectively for 2004). The minimum compulsory reserve for liabilities in foreign currencies was denominated in USD until February 2005 and in EUR afterwards.

The required level of the minimum compulsory reserve for the last calculation period of the year was 3,726,780 (2004: 1,992,628).

The interest paid by the NBR for the compulsory reserves during 2005 was between 1.5%. and 4% p.a. for RON deposits (6% p.a. during 2004), between 0.8% and 0.95% p.a. for USD deposits (0.75% p.a. during 2004), and between 0.7% and 1% p.a. for EUR.

The deposit at NBR as of December 31, 2005 is placed for a period of 32 days, maturing in January 2006 and bearing an interest rate of 7.5% p.a.

6. Current accounts and deposits with banks

	December 31, 2005	December 31, 2004
Deposits at Romanian banks	70,027	10,005
Deposits at foreign banks	452,348	227,567
Current accounts at Romanian banks	425	216
Current accounts at foreign banks	75,474	44,320
Total	**598,274**	**282,108**

As of December 31, 2005 the above balances include pledged accounts of 414 (2004: 379). 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 between 0.1% and 1.71% p.a. (2004: 0.5%-3.85% p.a.). The interest rates earned on deposit at banks in RON ranged in 2005 between 1.35% and 19.0% p.a. (2004: 5.0%-24.0% p.a.) and for foreign currency ranged between 1.00% and 5.90% p.a. (2004: 0.85%-5.13% p.a.).

The accompanying notes are an integral part of these financial statements
(Amounts in thousands RON)

7. Assets available for sale

	December 31, 2005	December 31, 2004
Treasury bills	27,450	51,904
Other securities	6,215	5,865
Total	**33,665**	**57,769**

Treasury bills

Treasury bills as of December 31, 2005 consist of RON interest bearing or discounted bonds issued by the Romanian Ministry of Public Finance with maturities between 729 days and 1,092 days (2004: between 272 and 364 days).

As of December 31, 2005 there have been no treasury bills pledged for clearing purposes (48,402 as of December 31, 2004).

Other securities

As of December 31, 2005, the Bank holds units in a collective investment fund Fondul Simfonia 1 ("the Fund") with a nominal value of RON 10 each, amounting 6,215 (5,865 as of December 31, 2004).

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 debt 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 its placements are in financial instruments with low level of risk (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 asset management 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.

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, 2005 the depository bank for the Fund is BRD Groupe Societe Generale.

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, 2005 Simfonia Fund had total net assets of 87,391 (100,940 in 2004). The total number of outstanding units was 4,351,615 (5,326,989 in 2004) and the value per unit title was of RON 20.08 (2004: 18.95) The Bank held as of the year-end a total number of 309,497 units (2004: 309,497 units).

(Amounts in thousands RON)

8. Loans, net

	December 31, 2005	December 31, 2004
Loans, gross	10,075,922	6,798,077
Loans impairment provision	(554,119)	(481,516)
Total	**9,521,803**	**6,316,561**

The total loans granted as of December 31, 2005 and 2004 had the following structure:

	December 31, 2005	December 31, 2004
Treasury loans	3,279,199	2,881,639
Loans for equipment	2,056,407	1,701,241
Trade activities financing	159,494	102,939
Acquisition of real estate	763,018	540,951
Government loans	1,441	1,956
Consumer loans	3,291,296	1,515,919
Other	525,067	53,432
Total	**10,075,922**	**6,798,077**

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 installments commencing 1998. Interest on the bond is paid quarterly at the NBR "credit line" rate.

As of December 31, 2005, balances relating to factoring are 107,811 (82,594 as of December 31, 2004) and those relating to forfeiting 50,795 (9,640 as of December 31, 2004).

The annual interest rates applicable to the loans in RON ranged in 2005 between 8.44% and 30% p.a. (2004: 20.5%-34% p.a.) and for foreign currency between 9.4% and 13% p.a. (2004: 8.25%-14% p.a.)

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

December 31, 2005:

Type of ownership	Total loans	Of which	
		In RON	In foreign currency
Private companies	5,524,290	2,456,344	3,067,946
Public companies	443,170	140,871	302,299
Individuals	4,108,462	2,464,718	1,643,744
Total	**10,075,922**	**5,061,933**	**5,013,989**

December 31, 2004:

Type of ownership	Total loans	Of which	
		In RON	In foreign currency
Private companies	3,904,528	1,461,675	2,442,853
Public companies	630,971	367,553	263,418
Individuals	2,262,578	1,644,495	618,083
Total	**6,798,077**	**3,473,723**	**3,324,354**

(Amounts in thousands RON)

Sector analysis

	December 31, 2005	December 31, 2004
Manufacturing	13.70%	21.10%
Food industry	4.20%	7.20%
Transportation and other services	11.30%	12.40%
Trade	15.80%	15.40%
Agriculture	1.30%	1.70%
Constructions	3.90%	7.30%
Individuals	41.20%	33.30%
Other	8.60%	1.60%
Total	**100.00%**	**100.00%**

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

Impairment reserve for loans

Balance as of December 31, 2003	**413,102**
Write offs, net of recoveries	(32,875)
Provision expense, net of provision income	101,289
Balance as of December 31, 2004	**481,516**
Write offs, net of recoveries	(19,864)
Provision expense, net of provision income	92,467
Balance as of December 31, 2005	**554,119**

The impairment provision includes the provisions for the loans specifically identified as impairment as well as the provision for the collective impairment.

9. Lease receivables

	December 31, 2005	December 31, 2004
Gross investment in finance lease:		
Maturity under 1 year	56,923	158,614
Maturity between 1 and 5 years	579,249	304,081
Maturity higher than 5 years	32,631	16,563
	668,803	**479,258**
Interest related to finance lease contracts	(94,394)	(65,858)
Net investment in finance lease	**574,409**	**413,400**
Net investment in finance lease:		
Maturity under 1 year	48,943	125,289
Maturity between 1 and 5 years	496,325	280,798
Maturity higher than 5 years	29,141	7,313
	574,409	**413,400**

(Amounts in thousands RON)

10. Investments accounted for under equity method

The investments accounted for under equity method represent unconsolidated subsidiaries and associates.

The percentage of ownership is presented below:

	Field of activity	December 31, 2005 %	December 31, 2004 %
Unconsolidated subsidiaries			
BRD/SG Corporate Finance	Consulting services	51.25%	51.25%
ALD Automotive	Operating leasing	20.00%	20.00%
Associates			
Fondul Roman de Garantare a Creditului Rural "FGCR"	Deposits guarantee	26.32%	26.32%
Asiban S.A	Insurance	25.00%	20.00%
Romcard S.A.	Card processing	20.00%	20.00%
Biroul de Credit SA	Loan grant supervision	18.80%	24.74%
RCI Leasing Romania SRL	Leasing	9.00%	9.00%
MISR Romanian Bank	Banking services	–	15.00%

BRD/SG Corporate Finance and ALD Automotive have not been consolidated due to the fact that there are not material for the consolidated financial statements.

ALD Automotive is accounted as a subsidiary as the Bank, together with other subsidiaries of the Parent controls the company.

Similarly, RCI Leasing is accounted as an associate due to the fact that together with other subsidiaries of the Parent, the Bank owns a percentage of voting rights which allows exercising a significant influence.

The carrying value of unconsolidated subsidiaries is 575 (2004: 757) and the carrying value of the associates is 39,231 (2004: 45,441).

The summarized financial statements for the year 2005 of unconsolidated subsidiaries are presented below:

(Amounts in thousands RON)

BRD Corporate Finance	
Current assets	611
Non-current assets	35
Current liabilities	(42)
Non-current liabilities	–
Net assets	**604**
Carrying amount of the investment	**604**
Revenue	880
Loss	(288)

ALD Automotive	
Current assets	1,591
Non-current assets	6,570
Current liabilities	(2,100)
Non-current liabilities	(7,605)
Net assets	**(1,546)**
Carrying amount of the investment	**(1,546)**
Revenue	703
Loss	(3,088)

The Bank's share in the 2005 financial statements of the main associates is summarized below.

Fondul de garantare a creditului rural	
Current assets	1,279
Non-current assets	13,146
Current liabilities	(44)
Non-current liabilities	(45)
Net assets	**14,336**
Carrying amount of the investment	14,336
Revenue	3,035
Profit	508

Asiban	
Current assets	108,296
Non-current assets	10,578
Current liabilities	(23,451)
Non-current liabilities	(82,523)
Net assets	**12,900**
Goodwill on acquisition	8,921
Carrying amount of the investment	21,821
Revenue	70,005
Profit	1,939

The accompanying notes are an integral part of these financial statements
(Amounts in thousands RON)

RCI Leasing	
Current assets	1,963
Non-current assets	39,022
Current liabilities	(21,375)
Non-current liabilities	(14,271)
Net assets	**5,339**
Carrying amount of the investment	**5,339**
Revenue	11,151
Profit	2,080

11. Equity investments

	Field of activity	Ownership 2005 (%)	December 31, 2004	Additions in 2005	Disposals in 2005	Change in net assets	December 31, 2005
Investments							
Fondul Roman de Garantare a Creditelor "FRGCIP"	Deposits guarantee	12.85%	827	–	–	117	944
Argesana S.A.	Production	11.87%	1,721	–	–	(50)	1,671
Other			3,785	480	(69)	1,273	5,469
			6,333	**480**	**(69)**	**1,34**	**8,084**

These investments are accounted as available for sale assets.

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., Thyssen Krupp Bilstein Compa S.A., Regisco S.A. (Shareholders' Register for the National Securities Commission) and TransFond.

(Amounts in thousands RON)

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	**27,366**	**900,565**	**37,389**	**71,691**	**19,388**	**1,056,399**
Transfers and additions	3,091	20,988	15,625	25,843	24,866	90,413
Net book value of disposals	(156)	(2,122)	(36)	(260)	–	(2,574)
Transfers on stocks	–	(5,749)	–	–	–	(5,749)
Depreciation	–	(40,577)	(25,504)	(21,764)	–	(87,844)
Impairment loss	135	(132)	–	–	(284)	(281)
Net carrying value as of December 31, 2004	**30,436**	**872,974**	**27,474**	**75,510**	**43,970**	**1,050,364**
Transfers and additions	2,692	47,246	37,792	24,903	(13,903)	98,730
Net book value of disposals	(86)	(900)	(1,639)	(248)	–	(2,873)
Transfers on stocks	(6,929)	6,787	–	(1,250)	–	(1,392)
Depreciation	–	(47,741)	(26,530)	(21,954)	–	(96,225)
Impairment loss	(22)	336	–	–	–	314
Net carrying value as of December 31, 2005	**26,091**	**878,702**	**37,097**	**76,961**	**30,067**	**1,048,918**

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

	Investment properties
Net carrying value as of December 31, 2003	**185**
Transfers and additions	18,973
Net book value of disposals	–
Depreciation	(4,304)
Impairment loss	–
Net carrying value as of December 31, 2004	**14,854**
Transfers and additions	39,073
Net book value of disposals	–
Depreciation	(3,120)
Impairment loss	(238)
Net carrying value as of December 31, 2005	**50,569**

The carrying value of investment properties approximates their fair value.

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)

In 2005 there was no impairment identified in relation to goodwill.

The accompanying notes are an integral part of these financial statements
(Amounts in thousands RON)

14. Intangible assets, net

The balance of the intangible assets as of December 31, 2005 and 2004 represents mainly banking software.

Net book value as of December 31, 2003	**39,867**
Additions in 2004	5,283
Net book value of intangibles written-off	(23)
Amortization expense	(24,111)
Net book value as of December 31, 2004	**21,016**
Additions in 2005	10,690
Net book value of intangibles written-off	–
Amortization expense	(16,936)
Net book value as of December 31, 2005	**14,770**

15. Other assets, net

	December 31, 2005	December 31, 2004
Sundry debtors, net	18,813	24,531
Fair value of derivatives	2,411	6,943
Materials and consumables	3,694	4,191
Advances to suppliers	19,726	16,743
Held for sale assets	4,734	3,556
Other assets	16,545	4,617
Total	**65,923**	**60,581**

The sundry debtors balance include a bad debt provision 7,790 (December 31, 2004: 7,774).

Held for sale assets represent buildings and related land that are not used any more and are put for sale. The movement is as follows:

Carrying value as of December 31, 2004	**3,556**
Additions	1,392
Disposals	(214)
Carrying value as of December 31, 2005	**4,734**

16. Demand deposits and current accounts

	December 31, 2005	December 31, 2004
Deposits of:		
Individuals and legal entities	4,977,405	2,742,449
Ministry of Finance	80,542	95,803
Romanian Banks	94,501	87,869
Foreign banks	668	29
Settlement amounts at NBR	9,464	977
Total	**5,162,580**	**2,927,127**

(Amounts in thousands RON)

The RON annual interest rates offered by the Bank for current accounts and demand deposits in RON of individuals and companies ranged between 0.25 % p.a. and 14.50% p.a. during 2005 (between 0.5% p.a. and 15% p.a. during 2004).

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 2005 was 0.25% p.a. for USD and EUR (0.5% p.a. for USD and EUR in 2004). The average interest rates for interbank deposits paid by the Bank during 2005 were 2.48% p.a. for USD and 2.15% p.a. for EUR (1.53% p.a. for USD and 2.12% p.a. for EUR in 2004).

17. Term deposits

	December 31, 2005	December 31, 2004
Time deposits:		
Individuals and legal entities	9,922,256	5,952,530
Foreign banks	183,972	–
Romanian banks	7,147	87,769
Total	**10,113,375**	**6,040,299**

The annual interest rates paid by the Bank for the RON deposits ranged in 2005 between 0.25% and 14.75% p.a. (2004: 11%-17% p.a.) and for foreign currency deposits between 1.25% and 4.00% p.a. (2004: 1.25%-4.00% p.a.)

18. Borrowings

	December 31, 2005	December 31, 2004
European Investments Bank	305,467	374,504
SG Paris	1,991,360	951,145
EBRD	40,581	63,439
IBRD (from Eximbank sources)	5,119	9,093
Deutsche Genossenschaftsbank	–	718
Bonds	51,125	52,636
Total	**2,393,652**	**1,451,535**

The interest rates for the borrowings in EUR ranged between 2.1% p.a. and 7.17% p.a. The interest rates for the borrowings in USD ranged between 3.74% p.a. and 5.79% p.a. Refer to notes 41 and 42 for the maturity structure, respectively the re-pricing gap of borrowings.

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 thousands RON)

19. Taxation

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

	2005	2004
Current income tax expense	92,751	133,350
Deferred tax income	(9,553)	(16,612)
Total	**83,198**	**116,738**

Starting with 2005, the income tax rate is 16%. The statutory income tax rate for 2004 was 25%.

The deferred tax liability/asset is reconciled as follows:

	December 31, 2005		
	Temporary differences	**Consolidated Balance Sheet**	**Consolidated Income statement**
Deferred tax liability			
Tangible and intangible assets	(239,997)	(38,399)	(325)
Investments and other securities	(31,533)	(5,045)	(292)
Others	(5,746)	(919)	(919)
Total	**(277,276)**	**(44,363)**	**(1,536)**
Deferred tax asset			
Loans	305,541	48,887	8,383
Other	25,149	4,024	2,706
Total	**330,690**	**52,911**	**11,089**
Taxable items according IAS 12	**53,414**	**8,548**	
Deferred income tax income			**9,553**

	December 31, 2004		
	Temporary differences	**Consolidated Balance Sheet**	**Consolidated Income statement**
Deferred tax liability			
Tangible and intangible assets	(237,966)	(38,075)	30,931
Investments and other securities	(28,099)	(4,496)	4,684
Others	–	–	–
Total	**(266,065)**	**(42,571)**	**35,615**
Deferred tax asset			
Loans	253,140	40,502	(15,944)
Other	8,239	1,318	(3,059)
Total	**261,379**	**41,820**	**(19,003)**
Taxable items according IAS 12	**(4,686)**	**(751)**	
Deferred income tax income			**16,612**

(Amounts in thousands RON)

Movement in deferred tax is as follows:

Deferred tax liability, net as of December 31, 2003	**(16,669)**
Deferred tax recognized as equity	(694)
Net deferred tax income	16,612
Deferred tax liability, net as of December 31, 2004	**(751)**
Deferred tax recognized as equity	(254)
Net deferred tax income	9,553
Deferred tax asset, net as of December 31, 2005	**8,548**

The IFRS accounting profit before tax and tax expense for 2005 are reconciled as follows:

	2005	**2004**
Gross profit (before income tax)	575,623	439,086
Income tax (16%/25%)	(92,100)	(70,254)
Non-deductible/ Non-taxable elements	8,902	(44,984)
Effect of change in tax rate	–	(1,500)
Income tax at effective tax rate of 14.4%/26.6%	**(83,198)**	**(116,738)**

20. Other liabilities

	December 31, 2005	**December 31, 2004**
Sundry creditors	75,192	51,602
Dividends payable	795	432
Payables to employees	31,040	23,274
Accrued income	14,828	969
Other payables to State budget	10,829	1,023
Provisions	15,254	15,179
Total	**147,938**	**92,479**

Payables to employees include also, among other, bonuses relating to 2005 profit, amounting to 22,400 (2004: 15,000) and accruals for post-employment benefits in amount of 8,499 (2004: 8,239).

The movement in provisions is as follows:

Carrying value as of December 31, 2004	**15,179**
Additional expenditure in 2005	75
Reversals in provision in 2005	–
Carrying value as of December 31, 2005	**15,254**

The most significant item amounting to 14,000 (2004: 14,000) refers to a single litigation in respect of the implementation of a third party debt order. The litigation is going to be closed by the end of the first half 2006.

(Amounts in thousands RON)

21. Equity

Share capital

The nominal share capital, as registered with the Registry of Commerce is 696,901 (2004: 418,141). Included in the share capital there is an amount of 1,818,721 (2004: 1,818,721) representing hyper inflation restatement surplus.

Share capital as of December 31, 2005 represents 696,901,518 (2004: 1,393,802,680) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2004: 0.3).

In 2005 the Bank increased its share capital, from 418,141 to 696,901 through reserves incorporation increasing of the nominal value of a share from 0.3 to 0.5 followed by a decrease of the number of shares by merging of two shares. Following these operations the nominal value of a share reaches RON 1.

During 2005 and 2004, the Bank did not buy back any of its own shares.

Accumulated deficit

Included in the Accumulated deficit there is an amount of 351,791 (2004: 438,615) representing legal reserves, general banking risk reserves and other reserves with restricted use required by the banking legislation.

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, 2005 the solvency ratio determined in accordance with the above-mentioned regulations was 17.91% (2004: 16.4%)

23. Interest income

	2005	2004
Interest on loans	1,272,291	1,139,516
Interest on deposit with banks	192,312	203,845
Interest on treasury bills	63,778	32,764
Total	**1,528,381**	**1,376,125**

(Amounts in thousands RON)

24. Interest expense

	2005	2004
Interest for term deposits	427,622	452,664
Interest for demand deposits	75,646	72,034
Interest for borrowings	46,297	15,495
Total	**549,565**	**540,193**

25. Bank fees and commissions, net

	2005	2004
Relating to transaction processing	289,118	245,952
Other commissions	110,866	23,064
Total revenue	**399,984**	**269,016**
Commission expense	(160,138)	(60,631)
Total	**239,846**	**208,385**

26. Foreign exchange income, net

	2005	2004
Foreign exchange income	1,898,466	789,558
Foreign exchange expenses	(1,740,694)	(711,262)
Total	**157,772**	**78,296**

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 certain other entities, including small and medium size enterprises, are insured up to a certain level, by the Deposit Guarantee Fund ("FGDSB"), an 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

	2005	2004
Salaries	201,759	144,813
Social security	65,965	48,795
Bonuses from profit granted to employees	22,400	15,000
Other	23,759	35,783
Total	**313,883**	**244,391**

(Amounts in thousands RON)

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 actuarial assumptions used in determining the obligations were the increase in real salary by 2.33% per annum, personnel turnover of 4.67 % per annum, discount rate of 3.95%.

30.Depreciation and amortization expense

	2005	2004
Depreciation and impairment (see Note 12)	95,911	88,125
Amortization of other intangible assets (see Note 14)	16,936	24,111
Loss on disposal of fixed assets	2,873	2,597
Total	**115,720**	**114,833**

31. Other operating expense

	2005	2004
Administrative expenses	218,608	167,446
Publicity and sponsorships	27,954	19,944
Other expenses	17,190	30,377
Total	**263,752**	**217,767**

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, 2005	December 31, 2004
Cash and cash equivalents	495,543	244,802
Current accounts and deposits at banks	597,860	281,710
Deposits and deposit certificates at NBR	3,024,239	1,496,974
Total	**4,117,642**	**2,023,486**

(Amounts in thousands RON)

33. Guarantees and other financial commitments

	December 31, 2005	December 31, 2004
Letters of guarantee granted	1,059,255	880,846
Financing commitments granted	1,857,743	1,420,398
Amounts to be paid in respect of foreign exchange operations	1,666,823	727,776
Total commitments granted	**4,583,821**	**3,029,020**
Letters of guarantee received	1,170,457	249,470
Financing commitments received	21,145	84,468
Amounts to be received in respect of foreign exchange operations	1,666,823	727,179
Total commitments received	**2,858,425**	**1,061,117**

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 be terminated without being funded.

34. Capital commitments

	December 31, 2005	December 31, 2004
Tangible non-current assets	8,994	4,657
Intangible non-current assets	1,731	14,122
Total	**10,725**	**18,779**

(Amounts in thousands RON)

35. Exposure to the Government and the NBR

As of December 31, 2005 the receivables due from the Government and the NBR represented 37% of the Bank's total assets (29% as of December 31, 2004), as follows:

	December 31, 2005	December 31, 2004
Accounts with the Central Bank	7,190,145	3,479,532
Treasury bills	27,450	51,904
Government loans	1,441	1,956
Total	**7,219,036**	**3,533,392**

36. Related parties

Balances:

	December 31, 2005	
	Receivables	**Payables**
Societe Generale Paris		
Loro accounts	–	369
Loans	–	1,799,940
Subordinates loans	–	372,805
Borrowings	182,940	–
Nostro accounts	2,985	–
Societe Generale New York		
Nostro accounts	6,902	–
Societe Generale Zurich		
Nostro accounts	4,609	–
Komercni Banka, Praga		
Nostro accounts	3	–
Societe Generale, Vienna		
Nostro accounts	41	–
Societe Generale, Frankfurt		
Nostro accounts	80	–
Societe Generale, Tokyo		
Nostro accounts	34	–
Societe Generale, Warszawa		
Nostro accounts	341	–
Total	**197,935**	**2,173,114**

(Amounts in thousands RON)

	December 31, 2004	
	Receivables	Payables
Societe Generale Paris		
Loro accounts	–	29
Loans	–	951,145
Subordinates loans		
Borrowings		
Nostro accounts	4,407	–
Societe Generale New York		
Deposits	–	–
Nostro accounts	2,793	–
Societe Generale Zurich		
Nostro accounts	3,029	–
Komercni Banka, Praga		
Nostro accounts	4	–
Societe Generale, Vienna		
Nostro accounts	55	–
Societe Generale, Frankfurt		
Nostro accounts	259	–
Societe Generale, Tokyo		
Nostro accounts	45	–
Societe Generale, Warszawa		
Nostro accounts	107	–
Total	**10,699**	**951,174**

Off-balance sheet items:

	December 31, 2005	
	Receivables	Payables
Societe Generale Paris		
Foreign exchange operations		
Forward and SWAP	212,763	213,853
Swap on interest rate	412,378	412,378
Letters of guarantee	15,820	325,913
Letters of credit	170,770	–
Societe Generale, Lille		
Letters of guarantee		1,868
Societe Generale, Liban		
Letters of guarantee		3,677
Letters of credit	115	
Societe Generale New York		
Letters of credit	21,122	
SG Aman		
Letters of guarantee	235	
NSGB Egipt		
Letters of guarantee	111	
SoGeParis-Com.Bk of Siria		
Letters of guarantee	77	
SG Algeria		
Letters of guarantee	7	
Societe Generale London		
Spot	9,751	9,730
Total	**843,149**	**967,419**

The accompanying notes are an integral part of these financial statements
(Amounts in thousands RON)

	December 31, 2004	
	Receivables	Payables
Societe Generale Paris		
Foreign exchange operations		
Spot	991	992
Forward and SWAP	195,793	199,473
Refinancing commitments	12,973	–
Letters of guarantee	146,394	8,243
Letters of credit	–	138,301
Societe Generale, Lille		
Letters of guarantee	3,265	–
Societe Generale, Liban		
Letters of guarantee	291	–
Letters of credit	–	138
Societe Generale New York		
Letters of credit	–	57,115
Societe Generale Cairo		
Letters of credit	–	13
SG Express Varna		
Letters of credit	–	258
SG Private Banking		
Letters of guarantee	1,453	–
SG de Banque		
Letters of guarantee	3,966	–
SG Atena		
Letters of guarantee	7,933	–
SG Amsterdam		
Letters of guarantee	1,587	–
SG Aman		
Letters of guarantee	–	545
NSGB Egipt		
Letters of guarantee	–	16
SoGeParis-Com.Bk of Siria		
Letters of guarantee	–	145
Total	**374,646**	**405,239**

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.

The total interest and commission expenses with the above related parties is 38,400 (2004: 16,088).The total interest and commission income with the above related parties is 317 (2004: 2,038).

As at December 31, 2005 the loans outstanding granted by BRD-Groupe Societe Generale to its management and employees amount to 211,468 (2004: 76,456). As at December 31, 2005 and 2004, the Board of Directors and Managing Committee members did not have any significant loans and advances due to the Bank.

As of December 31, 2005, the Board of Directors and Managing Committee members own 703,010 shares (2004: 1,087,604).

The accompanying notes are an integral part of these financial statements
(Amounts in thousands RON)

The short-term benefits relating to the key management personnel (salaries, bonuses, other emoluments and related social security contributions) amounted to 1,936 (2004: 1,370).

37. Contingencies

As of December 31, 2005 BRD-Groupe Societe Generale is defendant in a number of lawsuits arising ordinary business activities, amounting to approximately 35,500 (2004: 11,122). 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

	December 31, 2005	December 31, 2004
Ordinary shares on the market	**696,901,518**	**1,393,802,680**
Equivalent number of shares	**696,901,518**	**696,901,518**
Result for the year	**495,469**	**322,550**
Earnings per share	**0.00071**	**0.00046**
Earnings per share (in RON)	**0.711**	**0.4628**

The calculation of the basic earnings per share for all periods presented has been adjusted retrospectively (refer to note 21).

39. Dividends on ordinary shares

	2005	2004
Declared and paid during the year		
Dividends for 2004: 0.2514 RON (2003: 0.1386)	174,909	96,830
Proposed for approval at AGM		
Dividends for 2005: 0.3089 RON (2004: 0.2514)	215,276	175,318

The dividends payable amounting to 795 (2004: 432) are included in other liabilities (refer to note 20).

40. Risk management

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

(Amounts in thousands RON)

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 (refer to the notes 8, 9 and 33).

The Bank restricts its credit exposure to both individual counterparties and counterparty groups by using credit limits attributed when the Bank rates the client. The size of limit depends on the assessment of quantitative factors such as their financial strength, industry position, and qualitative factors such as quality of management and shareholders structure, as well as the soundness of the securities provided by the client. The securities could take the form of collateral or personal guarantees. 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 sensitivity based limit of the balance sheet.

Liquidity risk

The liquidity risk is associated either with the difficulty of an enterprise to raise necessary funds in order to meet commitments or with its inability to realize a financial asset quickly and for an amount close to its fair value.

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

41. Balance sheet structure by currency

	December 31, 2005		
	Total	ROL	FCY
ASSETS			
Cash and cash equivalents	495,543	427,732	67,811
Current accounts at the Central Bank	7,190,145	4,832,792	2,357,353
Current accounts and deposits at banks	598,274	297,282	300,992
Assets available for sale	33,665	32,398	1,267
Loans, net	9,521,803	4,772,626	4,749,177
Lease receivables	574,409	–	574,409
Goodwill, net	50,151	50,151	–
Deferred tax asset, net	8,548	8,548	–
Tangibles, intangibles and other assets, net	1,177,501	1,082,981	94,520
Total assets	**19,650,039**	**11,504,510**	**8,145,529**
LIABILITIES			
Demand deposits and current accounts	5,162,580	3,265,874	1,896,706
Term deposits	10,113,375	6,031,914	4,081,461
Borrowings	2,393,652	51,075	2,342,577
Current income tax payable, net	7,943	7,943	–
Other payables	147,938	128,830	19,108
SHAREHOLDERS' EQUITY	1,824,551	1,824,551	–
Total liabilities and shareholders' equity	**19,650,039**	**11,310,187**	**8,339,852**

	December 31, 2004		
	Total	ROL	FCY
ASSETS			
Cash and cash equivalents	244,802	177,665	67,137
Current accounts at the Central Bank	3,479,532	2,326,277	1,153,255
Current accounts and deposits at banks	282,108	12,308	269,800
Assets available for sale	57,769	57,398	371
Loans, net	6,316,561	3,165,904	3,150,657
Lease receivables	413,400	–	413,400
Goodwill, net	50,151	50,151	–
Tangibles, intangibles and other assets, net	1,184,492	1,166,423	18,069
Total assets	**12,028,815**	**6,956,126**	**5,072,689**
LIABILITIES			
Demand deposits	2,927,127	1,577,567	1,349,560
Term deposits	6,040,299	3,418,185	2,622,114
Borrowings	1,451,535	52,636	1,398,899
Current income tax payable, net	10,529	10,529	–
Deferred income tax payable, net	751	751	–
Other payables	92,479	78,949	13,530
SHAREHOLDERS' EQUITY	1,506,095	1,506,095	
Total liabilities and shareholders' equity	**12,028,815**	**6,644,712**	**5,384,103**

The accompanying notes are an integral part of these financial statements
(Amounts in thousands RON)

42. Maturity structure

The maturity structure of the Bank's assets and liabilities, based on the remaining maturity as of December 31, 2005 and 2004 is as follows:

December 31, 2005	Total	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Without defined maturity
ASSETS							
Cash and cash equivalents	495,543	495,543	–	–	–	–	–
Accounts with the Central Bank	7,190,145	5,998,638	1,191,507	–	–	–	–
Current accounts and deposits at banks	598,274	415,334	–	18,294	73,176	91,470	–
Assets available for sale	33,665	–	–	–	27,450	6,215	–
Loans, net	9,521,803	898,077	876,758	3,204,418	3,511,269	1,031,281	–
Lease receivables	574,409	26,124	32,768	130,960	360,907	23,650	
Goodwill, net	50,151	–	–	–	–	–	50,151
Deferred tax asset, net	8,548	–	–	–	8,548	–	–
Tangibles, intangibles and other assets, net	1,177,501	–	65,922	–	–	–	1,111,579
Total assets	**19,650,039**	**7,833,716**	**2,166,955**	**3,353,672**	**3,981,350**	**1,152,616**	**1,161,730**
LIABILITIES							
Demand deposits	5,162,580	5,162,580	–	–	–	–	–
Term deposits	10,113,375	5,615,638	1,857,447	2,028,247	506,391	105,652	–
Borrowings	2,393,652	8,797	23,156	46,447	1,763,687	551,565	–
Current income tax liability	7,943	–	–	7,943	–	–	–
Other liabilities	147,938	72,746	75,192	–	–	–	–
Total liabilities	**17,825,488**	**10,859,761**	**1,955,795**	**2,082,637**	**2,270,078**	**657,217**	**–**
Total shareholders equity	**1,824,551**	**–**	**–**	**–**	**–**	**–**	**1,824,551**
Gap		**(3,026,045)**	**211,160**	**1,271,035**	**1,711,272**	**495,399**	**(662,821)**
Cumulated gap		**(3,026,045)**	**(2,814,885)**	**(1,543,850)**	**167,422**	**662,821**	**–**

The accompanying notes are an integral part of these financial statements
(Amounts in thousands RON)

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	244,802	244,802	–	–	–	–	–
Accounts with the Central Bank	3,479,532	3,234,253	245,279	–	–	–	–
Current accounts and deposits at banks	282,108	282,108	–	–	–	–	–
Assets available for sale	57,769	–	22,817	28,716	371	–	5,865
Loans, net	6,316,561	470,310	667,358	2,643,798	2,073,470	461,341	284
Lease receivables	413,400	10,298	20,091	95,747	280,204	7,060	–
Goodwill, net	50,151	–	–	–	–	–	50,151
Tangibles, intangibles and other assets, net	1,184,492	–	58,160	–	–	–	1,126,332
Total assets	**12,028,815**	**4,241,771**	**1,013,705**	**2,768,261**	**2,354,045**	**468,401**	**1,182,632**
LIABILITIES							
Demand deposits	2,927,127	2,927,127	–	–	–	–	–
Term deposits	6,040,299	3,768,787	1,486,480	579,402	35,281	15,451	154,898
Borrowings	1,451,535	262	24,291	452,324	726,343	248,315	–
Current income tax liability	10,529	–	–	10,529	–	–	–
Deferred income tax liability, net	751	–	–	–	751	–	–
Other liabilities	92,479	40,877	51,602	–	–	–	–
Total liabilities	**10,522,720**	**6,737,053**	**1,562,373**	**1,042,255**	**762,375**	**263,766**	**154,898**
Total shareholders equity	**1,506,095**	**–**	**–**	**–**	**–**	**–**	**1,506,095**
Gap		**(2,495,282)**	**(548,668)**	**1,726,006**	**1,591,670**	**204,635**	**(478,361)**
Cumulated gap		**(2,495,282)**	**(3,043,950)**	**(1,317,944)**	**273,726**	**478,361**	**–**

The accompanying notes are an integral part of these financial statements
(Amounts in thousands RON)

43. Interest rate risk exposure

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

December 31, 2005	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
Assets						
Cash and cash equivalents	495,543	–	–	–	–	495,543
Accounts with the Central Bank	5,998,638	1,191,507	–	–	–	7,190,145
Current accounts and deposits at banks	415,334	–	18,294	73,176	91,470	598,274
Assets available for sale	–	–	–	27,450	6,215	33,665
Loans, net	5,000,306	1,681,741	816,809	1,869,118	153,829	9,521,803
Lease receivables	26,124	32,768	130,960	360,907	23,650	574,409
Goodwill, net	–	–	–	–	50,151	50,151
Deferred tax asset, net	–	–	–	–	8,548	8,548
Tangibles, intangibles and other assets, net	–	–	–	–	1,177,501	1,177,501
Total assets	**11,935,945**	**2,906,016**	**966,063**	**2,330,651**	**1,511,364**	**19,650,039**
Liabilities						
Demand deposits	5,162,580	–	–	–	–	5,162,580
Term deposits	7,083,488	1,058,435	1,565,675	405,389	388	10,113,375
Borrowings	–	1,849,718	543,934	–	–	2,393,652
Current tax liability	–	–	7,943	–	–	7,943
Other liabilities	–	–	–	–	147,938	147,938
Total liabilities	**12,246,068**	**2,908,153**	**2,117,552**	**405,389**	**148,326**	**17,825,488**
Total shareholders' equity	**–**	**–**	**–**		**–1,824,551**	
Net assets interest rate risk	**(310,123)**	**(2,137)**	**(1,151,489)**	**1,925,262**	**(461,513)**	

The accompanying notes are an integral part of these financial statements
(Amounts in thousands RON)

December 31, 2004	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
Assets						
Cash and cash equivalents	244,802	–	–	–	–	244,802
Accounts with the Central Bank	3,234,253	245,279	–	–	–	3,479,532
Current accounts and deposits at banks	282,108	–	–	–	–	282,108
Assets available for sale	–	22,817	28,716	371	5,865	57,769
Loans, net	4,598,457	1,061,182	410,576	162,462	83,884	6,316,561
Lease receivables	10,298	20,091	95,747	280,204	7,060	413,400
Goodwill, net	–	–	–	–	50,151	50,151
Tangibles, intangibles and other assets, net	–	–	–	–	1,184,492	1,184,492
Total assets	**8,369,918**	**1,349,369**	**535,039**	**443,037**	**1,331,452**	**12,028,815**
Liabilities						
Demand deposits	2,927,127	–	–	–	–	2,927,127
Term deposits	5,828,510	106,629	104,464	696	–	6,040,299
Borrowings	8,964	1,416,823	25,748	–	–	1,451,535
Current tax liability	–	–	–	–	10,529	10,529
	–	–	–	–	751	751
Other liabilities	–	–	–	–	92,479	92,479
Total liabilities	**8,764,601**	**1,523,452**	**130,212**	**696**	**103,759**	**10,522,720**
Total shareholders' equity	**–**	**–**	**–**	**–**	**1,506,095**	
Net assets interest rate risk	**(394,683)**	**(174,083)**	**404,827**	**442,341**	**(278,402)**	

44. Fair value

Fair value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than forced sale or liquidation. The fair value is best evidenced by a quoted market price, if such exists.

Financial assets

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

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

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

(Amounts in thousands RON)

	Carrying value 31.12.2005	Fair value 31.12.2005
Loans to customers	9,533,489	9,497,894

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments presented in the above table which are carried at cost:

(a) the fair value of variable rate financial instruments is assumed to be approximated by their carrying;
(b) the fair value of fixed rate loans carried at amortized cost is estimated by using current market rates offered on similar loans.

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

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

Financial liabilities

The amortized cost of customer deposits and borrowings is considered to approximate their respective fair values, since these items have predominantly short re-pricing, carry interest rates reflecting current market conditions and are settled without significant transaction costs.

45. Subsequent events

Change in minimum compulsory reserve requirements

In accordance with the new regulations issued by the National Bank of Romania ("NBR"), the minimum reserve held with NBR for foreign currencies denominated funds, increased in two steps from 30% to 40%.

Change in regulations regarding non-banking financial institutions

NBR enacted new prudential legislation relating to non-banking financial institutions and announced the intent to further issue other pieces of prudential regulation. This is applicable for certain subsidiaries of the Bank (i.e. BRD Sogelease and BRD Finance Credite de Consum).

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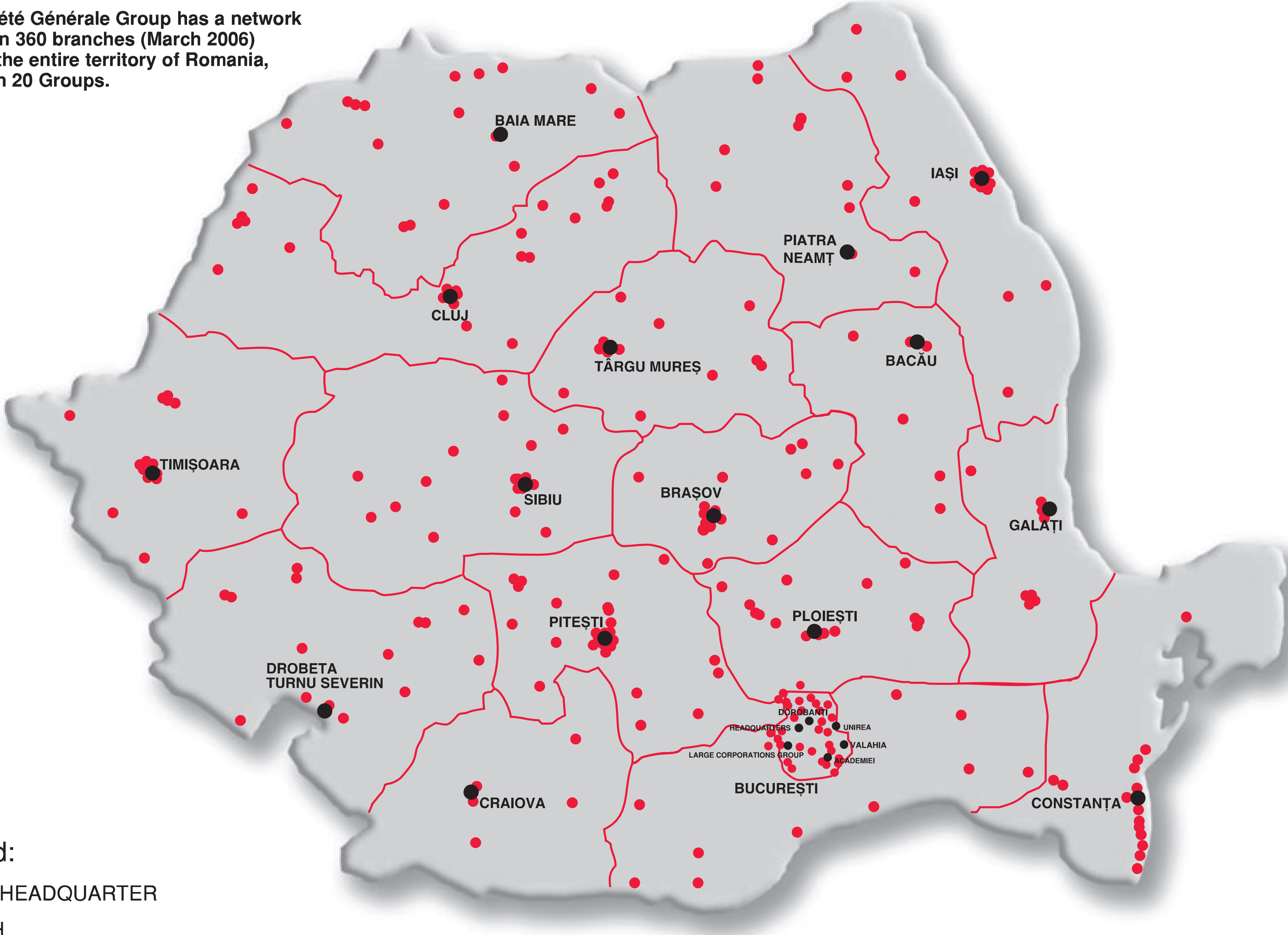
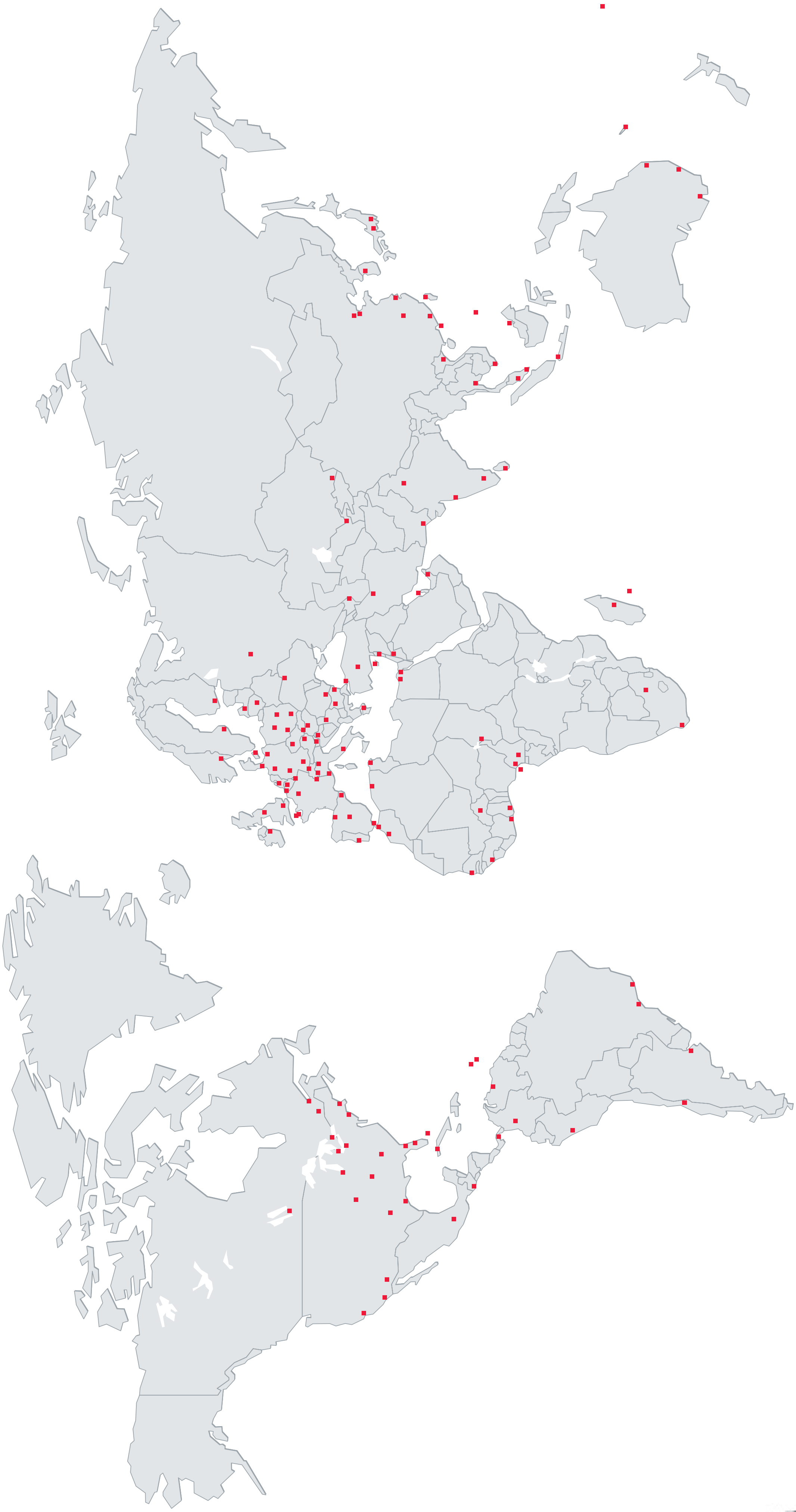
BRD – Société Générale Group has a network of more than 360 branches (March 2006) located on the entire territory of Romania, organized in 20 Groups.



Legend:

- GROUP HEADQUARTER
- BRANCH



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