

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006
(Amounts in RON, unless otherwise specified)

General information

BRD – Groupe Société Générale SA (“BRD” or the “Bank”), a joint-stock company with private equity, began its activity as a state-owned banking company at the end of 1990, by taking over the company assets of the former Investment Bank.

The Bank has its head office in Bucharest, 1-7 Ion Mihalache Boulevard and is registered with the Trade Register as a joint-stock company.

The bank operates as a sole business entity, with a high degree of homogeneity between the products and services of the Bank, between the risks and the benefits generated by such products and services, between the activities of the Bank and the corresponding legal regulations.

The Bank offers a wide range of services consisting in: deposits on demand and term deposits, deposit certificates, domestic and external market operations, extension of loans, operations with cards and derivatives, as well as other banking services, both to private and corporate customers.

BRD holds interests in Romanian companies detailed in note 14 herein.

The structure of the shareholders of the Bank is presented here below:

BRD shareholders	December 31, 2005		December 31, 2006	
	Number of shares (nominal value – RON 1)	%	Number of shares (nominal value – RON 1)	%
Société Générale	406,449,888	58.32%	406,449,888	58.32%
SIF Oltenia	37,198,118	5.34%	37,198,118	5.34%
SIF Muntenia	36,698,530	5.27%	36,698,530	5.27%
SIF Moldova	35,164,738	5.05%	35,164,738	5.05%
SIF Banat Crişana	32,029,817	4.60%	32,029,817	4.60%
SIF Transilvania	34,843,570	5.00%	34,843,570	5.00%
European bank for Reconstruction and Development (“BERD”)	34,845,050	5.00%	34,845,050	5.00%
Other shareholders	<u>79,671,807</u>	<u>11.43%</u>	<u>79,671,807</u>	<u>11.43%</u>
Total	<u>696,901,518</u>	<u>100%</u>	<u>696,901,518</u>	<u>100%</u>

BRD shares are listed in the 1st category of the Bucharest Stock Exchange as of January 15, 2001, and they are included in the BET and BET C index.

In 2006, the share price varied between a minimum of RON 14.00 (on 27.06.2006) and a maximum of RON 19.80 (on 07.02.2006).

The market capitalisation of BRD as at 31.12.2006 was of RON 12.892,68 mil. / EUR 3,764.5 mil.

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Bases of the presentation

BRD applies the Order no. 5/2005 of the National Bank of Romania for the approval of the Accounting norms compliant with the European directives, applicable to the credit institutions, these financial statements being made according to the Accounting Law no. 82/1991, republished.

The financial statements include:

- Balance sheet;
- Profit and loss account;
- Statement on the modification of the own equity;
- Statement on the cash flow;
- Accounting policies and notes to the financial statements.

These financial statements of BRD, as at 31.12.2006, were made without the application of IFRS 3 – *Business Combinations*, IAS 27 – *Consolidated financial statements*, IAS 28 – *Investments in associated entities* and IAS 29 – *Financial reporting in hyper-inflationist economies*.

Note 1. Accounting principles, policies and methods

a) Cash, current accounts with the central bank

The cash includes the BRD vault cash (Romanian and foreign banknotes and coins that are legal tender, including the ones in the ATMs).

The current accounts with the central bank represent the balances of the cash accounts with the central bank, the National Bank of Romania („BNR”), including the minimum obligatory reserve.

b) Amounts receivable from the credit institutions

The amounts receivable from the credit institutions represent placements of BRD in current accounts and deposits with other banks, as well as loans extended to credit institutions.

c) Amounts receivable from the customers

The amounts receivable from the customers represent all the receivables, including those related to the factoring operations, irrespective of their current destinations.

The loans extended by BRD by disbursing the funds directly to the borrower are entered in the balance sheet when such funds are made available to the borrower. Such loans are presented in the balance sheet at the net provision value.

In 2006, the provisions specific to the credit risk were computed in compliance with the BNR Regulation no. 5/2002, as amended by Regulations 7/2002 and 8/2005, for each customer taking into consideration the debt service (the customer’s capacity to repay the loan), the financial performance established depending on quantitative factors (liquidity, solvency, risk and profitability) and qualitative factors (the management of the economic entity, the quality of the shareholders, the guarantees received and the market conditions) and the initiation of rules of procedure.

d) Public bonds and other securities accepted for refinancing at the central bank

This element includes the treasury bills and the debt securities on public bodies, issued in Romania, as well as the instruments of the same kind issued abroad, where they are accepted for refinancing by the central bank of the country or countries in which the credit institution is set.

Public bonds held for trading are those securities mainly purchased to generate profit following the short-term fluctuations of the price or of the intermediary’s margin. Securities are classified as assets held for trading if, irrespective of the reason for which they were purchased, they represent a part of a portfolio for which there is proof of an actual recent rhythm of obtaining short-term gains.

Public bonds classified as financial assets held for trading are initially evaluated at the acquisition cost, made up of the purchase price plus the purchase expenses.

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After the initial recognition, the securities held for trading are evaluated at their fair value, and the differences from revaluation are entered in the accounting books under the incomes or expenses accounts, as the case may be.

The assignment of the securities held for trading is entered in the books at the sale price, and the differences between the sale price and the book value is entered in the incomes or expenses accounts, as the case may be.

Public bonds held until maturity are those securities which a credit institution has the firm intention and capacity to keep until maturity.

Public bonds such as placements held until maturity are initially evaluated at the acquisition cost, made up of the purchase cost plus the acquisition expenses and the interests computed for the elapsed period.

Where the acquisition price is different from the repayment price, the difference needs to be amortized for the remaining life of the security, based on the expenses or incomes, as the case may be.

Assets available for sale are initially entered under costs (trading costs included).

After the initial recognition, they are evaluated at their fair value. Favourable differences are not entered in the books (but are presented in the notes to the financial statements), and provisions are made for unfavourable differences.

All the acquisitions and sales of financial assets requiring the delivery of the assets at a date generally set by the regulations or practices in force on the respective market are entered at the settlement date.

e) Bonds and other fixed income securities

This element includes the bonds and other fixed-income securities, including subordinated securities, issued by the credit institutions, by other companies or by public bodies; such securities issued by public bodies shall be included only where they need not be entered under the asset position "Public bonds and other securities accepted for refinancing at the central bank".

To bonds and other fixed-income securities, there are assimilated the securities whose interest rate vary according to certain specific factors, such as the interest rate on the inter-banking or European market.

f) Shares and other variable income securities

This element includes all the shares and other variable income securities that cannot be included in the asset positions "Interests" or "Shares in the affiliated trading companies", irrespective of whether they are entered as securities held for trading, securities available for sale or securities of the portfolio activity.

The securities of the portfolio activity represent shares and other variable income securities held by BRD for a long period, without being entitled to interfere in the management of the company whose securities it holds.

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Shares and other variable income securities are evaluated upon the entry in the patrimony at the acquisition cost. After the date of the initial recognition, they are evaluated at the current or going value, determined according to the issuer's financial condition, to the quotation of the security and to other factors. For depreciations, provisions are made as the difference between the acquisition cost and the net realizable value.

g) Interests

Interests (Equity interests) represent shares and other variable income securities, other than the shares in the affiliated trading companies, held by BRD in the capital of other trading companies, whose lasting holding is deemed useful to the activity of the bank. Such securities must meet one of the following conditions:

- a) Represent between 20% and 50% of the voting rights of the shareholders or associates;
- b) Represent less than 20% of the voting rights of the shareholders or associates, but the Bank shall exercise a significant influence (the right to participate, either directly or indirectly, in the financial and operational policy decisions of the company, without having exclusive or common control over such company).

Equity interests are evaluated at the historical cost. For depreciations, provisions are made as the difference between the acquisition cost and the net realizable value.

h) Shares in the affiliated trading companies

Shares in the affiliated trading companies include the securities locked in shares and other variable income securities held by BRD in other companies, controlled in an exclusive manner (more than 50% of the voting rights of the shareholders or associates), included or likely to be included by global integration in a consolidated assembly.

Shares in the affiliated trading companies are evaluated at their entry in the patrimony at the acquisition cost. After the date of the initial recognition, locked securities are evaluated at the current or going value, determined according to the issuer's financial condition, to the quotation of the security and to other factors. For depreciations, provisions will be made as the difference between the acquisition cost and the net realizable value.

i) Intangible assets

Intangible assets consisting in acquired computer applications, licences and other acquired rights are recognized at the acquisition cost and are amortized in a linear manner on a 3-year period.

Goodwill:

BRD considers as goodwill and recognizes as asset any surplus of the acquisition cost above its part in the fair value of the identifiable assets and debts acquired following the acquisition of a company, at the transaction date.

The goodwill resulting from the acquisition of Société Générale Bucharest as at December 1, 1999, is linearly amortized on a 10-year period, starting from the acquisition time (December

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1999). The Bank chose this policy in order to line up with the policy of the Group Société Générale. The amortization of 2000 and 2001 was entered in other retained earnings and, starting 2002, it is entered in the account of amortization expenses.

j) Tangible assets

Tangible assets are initially evaluated at the acquisition cost. After the initial recognition as assets, the land, the buildings and the other tangible assets are presented at the revaluation acquisition cost, less the accrued amortization and any permanent depreciation accrued. Value growths are entered as surplus from revaluation, an own equity component. Value decreases are deducted from the existing revaluation surplus of similar assets. If such a surplus does not exist or is insufficient, the value decreases corresponding to the revaluation are entered directly in the profit and loss account.

The revaluation surplus included in the own equity is directly transferred to other retained earnings when such surplus is made. It is considered that the entire surplus is made upon the retirement or the transfer of the asset.

All tangible assets, except for land, are amortized according to their service life.

Starting 2005, from the point of view of service life, the policy adopted by the bank was to line up the service life of tangible assets to the policy of the group, in compliance with the normal service durations established according to the Catalogue on the classification of fixed assets and service lives of fixed assets in terms of tax.

In terms of amortization method, it was adopted the maintenance of the linear method in the books and, for tax purposes, it was applied the facility stipulated by the fiscal law in force on the accelerated amortization of technological equipment, computers and peripherals thereof.

Assets in process are not amortized before their release.

Subsequent expenses with an element of the nature of tangible assets that has already been recognized are capitalized when it is estimated that the Bank will obtain future benefits in addition to the performances initially estimated as adequate. All the other future expenses elements are recognized in the profit and loss account in the period during which they were incurred.

k) Reserves

Until December 31, 2006, BRD made, out of the gross profit, the reserve representing the fund for general banking risks of 1% of the risk-bearing balance-sheet assets. After this date, the bank may make reserves only from the net profit.

l) Conversion of balances expressed in foreign currency

Transactions in foreign currency are entered at the rate of exchange at the transaction date. At the balance-sheet date, money assets and debts denominated in foreign currency are translated by means of the BNR official rate of exchange for the respective day. These rates of exchange were:

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	December 31, 2005	December 31, 2006
EUR/RON	3.6771	3.3817
USD/RON	3.1078	2.5676

The exchange differences originating in the settlement of the transactions at rates different from those at the transaction date, as well as the exchange differences not realized corresponding to the money assets and debts denominated in other currencies are recognized in the profit and loss account, during the period.

m) Recognition of incomes and expenses

Incomes and expenses from interests are recognized in the profit and loss account for all the interest-bearing instruments, until maturity, based on the commitment accounting. BRD enters the interest for all the commercial loans and the loans extended to the population, including for the loans classified as bad, until written-off.

Applying the provisions of IAS 18 “Incomes”, in compliance with the group policy, the fees for the extension of loans superior to EUR 300, charged to the customers, are an integrant part of the actual yield of the financial instrument, therefore they are differed and recognized as adjustment of the actual yield on the period of the credit contracts.

Incomes from banking fees and charges for the various banking services are entered when the transactions are made.

n) Taxation

Current tax refers to the due corporate tax computed according to the Romanian fiscal regulations and entered in the period it refers to.

The bank recognizes in its balance sheet the temporary taxable differences arising following the application of the accelerated amortization method.

o) Result per share

The result per share presented in the profit and loss account is determined as the ratio between the net profit and the weighted average of the number of equivalent shares in the respective year.

p) Analysis of the cash for cash-flow calculus purposes

In order to compute the cash-flows, the cash and cash equivalents consist of: cash, cheques and traveller’s cheques, accounts with BNR and current accounts and deposits with banks, except for collateral deposits and the minimum obligatory reserve.

q) Provisions

According to IAS 37 “Provisions, contingent liabilities and contingent assets”, a provision is recognized only when there is a present obligation (either legal or implicit) resulting from past event and when an outflow of resources implying a future economic profit is likely to be

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necessary to compensate the obligation and when a pertinent estimate can be made with respect to the value of the obligation. Where the modification in time of the purchasing power is significant, the provision amount is the present value of the expense expected to be necessary to extinct the obligation.

r) Off-balance sheet contingent liabilities

Contingent liabilities are not recognized in the balance sheet. They are presented in the notes, except where the possibility of a resource outflow including economic profit is reduced.

s) Off-balance sheet commitments

Commitments are not recognized in the balance sheet, but are presented in the notes if an inflow of economic profit is likely to occur.

t) Affiliated persons

Persons are deemed affiliated to the bank when one of the parties, by a deed of property, contractual rights, family relations or equivalents, has the possibility to directly or indirectly control the other party. Affiliated parties also include persons who are mainly owners, managers and members of the Board of Directors of BRD and members of their families.

u) Employee benefits

Short-term benefits

Short-term benefits include indemnities, salaries, bonuses, contributions to social securities. Short-term benefits are recognized as expenses corresponding to the provision of services.

Post-hiring benefits

BRD has the contractual obligation to pay the retiring staff benefits computed based on the salary at the retiring time and on the number of years worked by each person. The benefits granted based on this benefit plan generates a debt for the bank estimated by the actuarial technique “designed credit factor method“, and it is recognized in the profit and loss account based on the commitment accounting. The gain or loss determined by the modifications of the update rate and of other actuarial hypotheses are recognized as income or expense during the period remained until retirement for the employees participating in the plan.

v) Derivatives

In its current business, BRD makes transactions with derivative financial instruments both for the interest rate risk management and the rate of exchange, including interest rate swap and forward exchange operations. BRD uses these instruments to cover the exchange risk associated to its own assets and liabilities, to optimize the cash management, as well as to provide its customers with instruments to cover the exchange risk of future flows denominated in foreign currency (foreign exchange hedging).

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w) Reclassifications

Where the values corresponding to the current and previous fiscal years, entered in the balance sheet and in the profit and loss account, are not comparable, the values of the previous year are reclassified accordingly so as to ensure comparability.

x) Events following the balance sheet date

Events following the balance sheet date, providing additional information on the BRD position at the balance sheet date (events requiring adjustments), are presented in the financial statements. Events following the balance sheet date not requiring adjustments are presented in the notes, if significant.

The bank applied the provisions of the Fiscal Code according to which the expenses with the amortization related to the revaluation of tangible assets, entered after 31.12.2003, are not tax deductible. On 01.01.2007, these provisions were modified by Law 343/2006 on the amendment of the Fiscal Code. Thus, the revaluation of tangible assets is recognized from the fiscal point of view, as well. In this respect, the differed tax corresponding to the revaluation made in 2004 was reversed on 31.12.2006 on the account of revaluation reserves.

Note 2. Information on certain balance sheet items:
Elements composing the balance sheet assets
2.1. Cash, current accounts with the central bank

The cash on hand and in the accounts with BNR has the following structure:

Cash	December 31, 2005	December 31, 2006
Cash with BNR	4,165,080,138	7,539,873,472
Cash on hand	495,619,350	792,827,695
Total	<u>4.660,699,488</u>	<u>8.332,701,167</u>

The National Bank of Romania imposes banks to maintain reserves computed according to specific regulations („minimum obligatory reserve”), as a percentage of the total deposits, other borrowed funds and transit amounts. BNR computes and pays interests to banks on these reserves.

The rate of creation of the minimum obligatory reserve in foreign currency in 2006 increased in March from 35 % to 40% and maintained until the end of the year. For RON, the rate of creation augmented from 16 % - valid until the end of July, to 20% - valid until the end of the year.

In 2006, the interest rate computed by National Bank of Romania for the minimum obligatory reserve varied for RON between 1, 7% and 1,9%, and for foreign currency, between 0,7% and 0,8%.

2.2. Public bonds and other securities accepted for refinancing at the central bank

The structure of the securities portfolio is the following:

Public bonds and other securities	December 31, 2005	December 31, 2006
Securities held for trading	23,493,452	582,643
Securities available for sale	1,536	1,024
Deposit certificates	2,668,199,154	-
Total	<u>2.691,694,142</u>	<u>583,667</u>

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Government bonds are held for trading, being evaluated as at December 31, 2006 at the fair value. The difference of RON 17,282 between the fair value and the amortized cost is recognized in the profit and loss account.

2.3. Amounts receivable from the credit institutions

The bank's placements in loans and deposits at term and on demand with the credit institutions are presented here below:

a. on demand

Placements on demand

	December 31, 2005	December 31, 2006
Deposits on demand with banks	335,764,692	174,170,380
Amounts to recover from banks	50,085,188	39,676,246
Correspondence account with banks	23,944,022	31,042,012
Total	<u>409,793,902</u>	<u>244,888,638</u>

b. at term

Term receivables from the credit institutions

	December 31, 2005	December 31, 2006
Term loans to the credit institutions	182,940,000	182,940,000
Term deposits with BNR	332,409,972	113,595,675
Term deposits with the credit institutions	2,875,885	95,425,030
Collateral deposit placed abroad for guaranties	414,203	357,160
Total	<u>518,640,060</u>	<u>392,317,865</u>

2.4. The amounts receivable by the bank from the customers have the following structure:

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Receivables from the customers

	December 31, 2005	December 31, 2006
Current accounts to customers	9,725,391,697	17,674,893,193
Factoring loans	107,428,315	189,332,129
Unpaid and doubtful loans	44,998,057	60,058,721
Discount and similar operations	50,785,042	53,306,811
Amounts to recover	2,699,137	1,011,524
Provisions	(95,079,072)	(181,895,287)
Total	<u>9,836,223,176</u>	<u>17,796,707,091</u>

Within customer operations, participating loans outstanding as at 31.12.2006 totalize RON 171,682,000, BRD being arranger for loans of RON 160,374,000.

2.5. Bonds and other fixed-income securities:

Corporate bonds

	December 31, 2005	December 31, 2006
Corporate bonds - Estima Finance	3,500,000	3,500,000
Total	<u>3,500,000</u>	<u>3,500,000</u>

2.6. Interests

Interests*

	December 31, 2005	December 31, 2006
Asiban	15,085,100	25,835,100
F.G.C.R	48,790	48,790
Romcard	42,399	45,589
Total	<u>15,176,289</u>	<u>25,929,479</u>

*) Shareholding rates are presented in Note 14. According to the BNR Order no. 5/2005, the holding of a share of the capital of another entity represents an equity interest when it exceeds 20%.

2.7. Shares in the affiliated trading companies

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Shares in the affiliated trading companies

	December 31, 2005	December 31, 2006
BRD Sogelease SRL	9,000,000	8,996,000
BRD Finance	3,914,708	3,914,708
BRD Securities SA	1,863,850	1,863,850
ALD Automotive	300,483	1,672,520
BRD/SG Corporate Finance SRL	57,138	57,138
Provision ALD	(249,595)	(249,595)
Total	<u>14,886,584</u>	<u>16,254,621</u>

The securities of the portfolio activity are detailed in **note 4**.

2.8. Other assets

Other receivables

	December 31, 2005	December 31, 2006
Debtors	22,111,721	22,401,035
Stocks and similar	3,564,940	5,019,219
Derivatives	1,406,442	5,052,138
Settlements between banks	1,012,508	338,902
Other receivables	2,620,838	2,603,270
Provisions	(17,793,955)	(17,235,908)
Total	<u>12,922,494</u>	<u>18,178,656</u>

2.9. Prepaid expenses and other related receivables

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Prepaid expenses and other related receivables

	December 31, 2005	December 31, 2006
Receivables related to extended loans	47,343,988	76,645,345
Prepaid expenses	13,135,923	17,872,499
Unpaid and doubtful receivables	10,684,749	14,627,266
Receivable incomes	8,968,455	11,630,579
Receivables related to cash with banks (BNR included)	1,155,501	2,344,393
Other receivables	21,103,115	71,180
Provisions for related receivables	(5,532,574)	(6,769,272)
Total	<u>96,859,157</u>	<u>116,421,990</u>

Balance sheet liabilities items

2.10. Debts towards the credit institutions:

a) Debts on demand:

Debts on demand to the credit institutions

	December 31, 2005	December 31, 2006
Correspondence bank accounts (loro)	3,068,648	74,516,622
Bank deposits on demand	92,100,000	32,500,000
Other amounts due	30,811,162	224,389,849
Total	<u>125,979,810</u>	<u>331,406,471</u>

b) Term debts:

Term debts to the credit institutions

	December 31, 2005	December 31, 2006
Financial loans from banks	1,411,536,396	2,701,480,443
Deposits from other financial-banking institutions	7,115,039	774,901,400
Collateral deposits	183,855,000	169,085,000
Total	<u>1,602,506,435</u>	<u>3,645,466,843</u>

2.11. Debts towards the customers:

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Debts towards the customers

	December 31, 2005	December 31, 2006
Term deposits	9,339,435,399	11,136,473,950
Customer current accounts and deposits on demand	4,848,933,420	7,886,476,639
Collateral deposits	405,535,115	569,312,250
Other loans, leasing, factoring, cards	229,381,175	153,927,453
Total	<u>14,823,285,109</u>	<u>19,746,190,291</u>

2.12. Debts from leasing

As at December 31, 2006, the Bank recorded the following debts on the financial leasing contracts:

Debts from leasing

	December 31, 2005	December 31, 2006
Maturity < 1 year	4,178,210	4,096,257
Maturity from 1 to 5 years	21,884,353	20,562,827
Maturity > 5 years	13,309,978	8,664,844
	39,372,541	33,323,928
Interest of financial leasing contracts	10,041,874	7,613,880
Net debt in financial leasing	<u>29,330,667</u>	<u>25,710,048</u>
Maturity < 1 year	3,620,618	3,620,618
Maturity from 1 to 5 years	14,482,474	14,482,474
Maturity > 5 years	11,227,575	7,606,956
	<u>29,330,667</u>	<u>25,710,048</u>

The net debts from financial leasing represents the contract signed with BRD Sogelease in March 2003, whose object is represented by the 8th to 11th floors of the building located 1-7 Ion Mihalache Bd., sector 1, Bucharest. This contract was signed for a 10-year period, the total value being of EUR 15,460,770.

2.13. Deposit certificates

Deposit certificates represent a dematerialized money market instrument, used to attract funds, whose duration is from 1 to 24 months. They address both private– patrimonial customers, and corporate customers, being denominated in RON, EUR or USD

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The nominal value of a deposit certificate is of USD/EUR 10.000 or RON 10.000, while the minimum amount to be invested is of USD/EUR 100.000, or RON 100.000, respectively. The interest rate for these instruments is flat for the entire period and is paid upon maturity. The structure of the deposit certificates, by types of currency, is presented here below:

Deposit certificates

	December 31, 2005	December 31, 2006
Deposit certificates in RON	108,130,111	184,460,000
Deposit certificates in EUR	6,530,000	-
Deposit certificates in USD	220,000	-

The breakdown by maturities is presented in note 3.

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2.14. Other assets

Other debts

	December 31, 2005	December 31, 2006
Sundry lenders	12,451,588	24,083,266
Contributions to social security and protection	11,691	10,603,820
Due corporate tax	8,268,551	8,766,199
Other amounts due to the State budget, the local budgets and special funds	10,022,179	8,521,132
Deferred corporate tax	9,089,749	-
Other debts	8,138,034	8,126,118
Total	<u>47,981,792</u>	<u>60,100,535</u>

2.15. Deferred income and other incurred debts

Deferred income and other incurred debts

	December 31, 2005	December 31, 2006
Debts to customers	66,577,307	89,279,199
Deferred income	45,330,119	83,640,359
Debts to financial debts	6,477,407	18,178,349
Expenses to pay	17,349,981	14,556,182
Debts on subordinated loans	4,781,098	12,520,199
Interests on bonds	1,124,833	4,414,650
Interests on deposit certificates	3,446,218	3,875,195
Debts on securities	45,257	-
Total	<u>145,132,220</u>	<u>226,464,133</u>

2.16. Subordinated loans

The bank signed with Société Générale (the parent company) two contracts on the extension of subordinated loans:

- a) Subordinated loan:
 - Value: EUR 100.000.000;
 - Interest rate: EURIBOR 3M+0.5;
 - Maturity date: 06.07.2015;
- b) Subordinated loan:
 - Value: EUR 100.000.000;

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- Interest rate: EURIBOR 6M+0.99;
- Maturity date: 31.07.2013.

The loans will be repaid upon maturity. The lender cannot request prepayment.

2.17. Reserves

This item includes the legal reserves, the reserve for general banking risks, other reserves.

2.18. Dividends

According to the provisions of IAS 10 regarding the recognition of operations in the books, the drawing of financial statements and measures on the closing of fiscal years, the credit institutions that apply the “Harmonized Accounting Standards” do not recognize, nor present as balance sheet liabilities the allocations as dividends made from the profit of the current year, if such allocations were proposed or declared after the balance sheet date. In this respect, the amounts representing dividends are entered, upon the closing of the year, in the credit of the account 5811 “Deferred income representing unaffected profit”.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006
 (Amounts in RON, unless otherwise specified)

Note 3. Statement on amount receivables and debts

	Balance as at December 31, 2005	PERIOD REMAINED UNTIL MATURITY			
		D ≤ 3 months	3 months < D ≤ 1 year	1 an < D ≤ 5 year	D > 5 years
0	1	2	3	4	5
RECEIVABLES					
Term receivables from the credit institutions	518,640,060	335,700,060	18,294,000	73,176,000	91,470,000
Receivables from the customers	9,836,223,176	2,427,768,056	3,199,756,161	3,128,682,817	1,080,016,142
DEBTS					
Term debts to credit institutions	1,602,506,435	26,617,041	72,402,067	1,319,632,327	183,855,000
Customer deposits	10,296,563,652	7,859,302,471	2,005,238,796	414,250,711	17,771,674
Other debts to customer	4,526,721,457	4,467,756,969	3,234,279	48,123,252	7,606,957
Debts made by other securities	179,232,896	96,262,432	32,970,464	50,000,000	

	Balance as at December 31, 2006	PERIOD REMAINED UNTIL MATURITY			
		D ≤ 3 months	3 months < D ≤ 1 year	1 an < D ≤ 5 years	D > 5 years
0	1	2	3	4	5
RECEIVABLES					
Term receivables from credit institutions	392,317,865	183,952,835	25,425,030	-	182,940,000
Receivables from customers	17,796,707,091	3,672,476,620	4,664,719,234	5,557,405,603	3,902,105,634
DEBTS					
Term debts to credit institutions	3,645,466,843	1,459,715,289	635,326,647	1,381,339,907	169,085,000
Customer deposits	13,139,192,898	10,478,950,926	2,073,667,515	541,796,922	44,777,535
Other debts to customers	6,606,997,393	6,508,546,188	15,421,746	63,236,575	19,792,884
Debts made by other securities	969,460,000	137,410,000	97,050,000	735,000,000	-

Note 4. Information on the securities portfolio

Shares and other securities with variable income

	December 31, 2005	December 31, 2006
FRGCIP	803,200	803,200
Biroul de Credit	773,506	773,506
Argesana	459,818	459,818
Transfond SA	342,917	342,917
Depozitarul Central SA (ex Regisco)	58,489	58,489
Victoria Business Center	45,758	45,758
Casa de Compensare Bucuresti SA (ex SNCDDVM)	16,908	16,908
BRM	10,850	10,850
Grup Bianca SA	12,000	-
Grup Bianca Trans SA	-	2,400
Grup Bianca Leasing IFNSA	-	9,600
Krupp Bilstein Compa	2,700	2,700
RCI Leasing Romania SRL	2,051,802	-
Simfonia	5,101,687	5,101,687
Concerto		9,080,500
Provisions	(1,834)	-
Total	<u>9,677,801</u>	<u>16,708,333</u>

Fund units of the funds Simfonia and Concerto are entered in the books as investments at the purchase price. As at 31.12.2006, BRD held 309.497,00 Simfonia investments and 90.353,33 Concerto investments. The difference between the market value and the entry value (RON 1.472.029,63 for the Simfonia investments and RON 777.037,39 for the Concerto investments) is not entered in the books.

According to its by-laws, the Simfonia Fund does not invest in shares or other unstable financial instruments. In compliance with the investment policy of the Fund, at least 70% of its placements represent financial instruments with a low risk level (cash, bank deposits, deposit certificates, bonds issued by the central and local administration).

The Concerto Fund has a balanced placement strategy, its assets being invested in different types of instruments: money instruments (deposits and deposit certificates, government bonds etc.), bonds (governmental, municipal and corporate) and shares listed on the Bucharest Stock Exchange.

The funds' investments are managed by SG Asset Management – BRD SA (“SGAM-BRD”), a management company authorized by CNVM and held in proportion of 5% by BRD Securities

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006

(Amounts in RON, unless otherwise specified)

SA, a subsidiary of the bank providing financial investment services, and in proportion of 94.5% by SGAM Paris, a management company of the parent-company. The management contract is signed for a 5-year period, with the possibility of renewal.

Note 5. Fixed assets

The goodwill made following the acquisition on December 1, 1999, of Société Générale Bucharest is entered in the books at the historical cost and amortized linearly on a 10-year period.

Tangible assets are entered in the books at the fair value deemed the market value for current use.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006
(Amounts in RON, unless otherwise specified)

Assets	Gross value					Depreciation				
	Balance as at January 1 st	Growth	Revaluation	Abatements	Balance as at December 31 st	Balance as at January 1 st	Depreciation in 2006	Revaluation	Abatements	Balance as at December 31 st
INTANGIBLE ASSETS	113,234,001	24,438,444	-	11,326,971	126,345,474	83,561,738	11,380,947	-	4,457,463	90,485,222
Goodwill	45,033,322	-	-	-	45,033,322	27,019,995	4,503,336	-	-	31,523,331
Other intangible assets	66,919,806	6,852,414	-	4,457,463	69,314,757	56,541,743	6,877,611	-	4,457,463	58,961,891
Intangible assets in progress	1,280,873	17,586,030	-	6,869,508	11,997,395	-	-	-	-	-
TANGIBLE ASSETS	1,248,543,254	349,642,069	-	182,468,976	1,415,716,347	327,002,574	79,576,957	-	17,029,310	389,550,221
Land	32,677,613	39,567	-	7,659,651	25,057,529	-	-	-	-	-
Buildings	793,861,923	58,009,385	-	2,163,789	849,707,519	115,122,084	24,275,866	-	959,119	138,438,831
Plant and machinery	68,271,180	7,692,753	-	1,154,822	74,809,111	34,179,340	8,164,637	-	898,925	41,445,052
Measurement, control and adjustment devices	140,532,167	40,929,507	-	3,526,252	177,935,422	100,707,783	24,582,465	-	3,504,875	121,785,373
Motor vehicles	42,554,596	2,942,453	-	9,124,336	36,372,713	30,440,740	4,096,046	-	9,027,776	25,509,010
Fixtures and fittings, office automation, protective equipment for human and material values, other tangible assets	141,836,604	41,019,970	-	2,995,626	179,860,948	46,552,627	18,457,943	-	2,638,615	62,371,955
Tangible assets in progress	28,809,171	199,008,434	-	155,844,500	71,973,105	-	-	-	-	-
FINANCIAL ASSETS	34,890,414	12,125,230	-	2,055,802	44,959,842	251,427	-	-	1,832	249,595
Shares and other variable income securities	4,577,948	-	-	2,051,802	2,526,146	1,832	-	-	1,832	-
Interests	15,176,289	10,753,190	-	-	25,929,479	-	-	-	-	-
Shares in affiliated companies	15,136,177	1,372,040	-	4,000	16,504,217	249,595	-	-	-	249,595
TOTAL INTANGIBLE ASSETS	1,396,667,669	386,205,743	-	195,851,750	1,587,021,663	410,815,739	90,957,904	-	21,488,605	480,285,038

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006
(Amounts in RON, unless otherwise specified)

Note 6. Own shares and issued bonds

Shares

- The Bank's share capital as at December 31, 2006: RON 696,901,518;
- Nominal value of the BRD share: RON 1;
- Number of shares: 696,901,518.

Changes of the share capital

No.	Previous level of the share capital / endowment capital	Amount requested to increase the share capital	Level of share capital/ endowment capital after increase	Remarks
1	500,000	200,000	700,000	Decision of the Council of the State Representatives no.7/21.05.1991
2	700,000	1,400,000	2,100,000	Decision of the Council of the State Representatives no.23/13.11.1992
3	2,100,000	2,552,000	4,652,000	Decision of the General Assembly of the Shareholders no.6/18.03.1994
4	4,652,000	2,685,275	7,337,275	Decision of the General Assembly of the Shareholders no.24/29.12.1994
5	7,337,275	5,489,850	12,827,125	Decision of the General Assembly of the Shareholders no.47/24.01.1997 Decision of the General Assembly of the Shareholders no.49/30.05.1997
6	12,827,125	1,592,750	14,419,875	Decision of the General Assembly of the Shareholders no.54/24.02.1998
7	14,419,875	8,182,875	22,602,750	Decision of the General Assembly of the Shareholders no.59/24.07.1998
8	22,602,750	17,586,375	40,189,125	Decision of the General Assembly of the Shareholders no.60/04.08.1998
9	40,189,125	361,875	40,551,000	Decision of the General Assembly of the Shareholders no.63/12.11.1998 Legal base: Government Ordinance no.48/1998 modified by Government

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006
(Amounts in RON, unless otherwise specified)

				ordinance no.99/1998
10	40,551,000	8,110,200	48,661,200	Decision of the General Assembly of the Shareholders no.67/6.01.1999
11	48,661,200	125,564,135	174,225,335	Decision of the General Assembly of the Shareholders no.74/20.12.1999
12	174,225,335	174,225,335	348,450,670	Decision of the General Assembly of the Shareholders no. 82/4.04.2002
13	348,450,670	69,690,134	418,140,804	Decision of the General Assembly of the Shareholders no.84 / 17.12.2002
14	418,140,804	278,760,536	696,901,340	Decision of the General Assembly of the Shareholders no.92 / 29.04.2005
15	696,901,340	178	696,901,518	Decision of the General Assembly of the Shareholders no.92/29.04.2005 Decision of the Board of Directors no.190/ 13.06.2005

Bonds

The Bank issued bonds on the domestic market in 2004 and on the foreign market in 2006:

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006
(Amounts in RON, unless otherwise specified)

Bonds issued by BRD

	December 31, 2005	December 31, 2006
Bonds issued on the domestic market	50,000,000	50,000,000
Bonds issued on the foreign market	-	735,000,000
Total	50,000,000	735,000,000

Bonds issued on the domestic market:

- Interest-bearing bonds;
- Par value per unit: RON 2,500;
- Coupon: BUBOR 6M floating;
- Maturity date: 21.03.2007;
- Coupons paid in 2006: RON 4,175,800.

Bonds issued on the foreign market:

- Interest-bearing bonds;
- Par value per unit: RON 35,000;
- Coupon: 7,75% flat;
- Maturity date: 12.12.2011;
- Coupons paid in 2006: -.

Note 7. Profit Distribution

	December 31, 2006
Distributable profit	655,581,242
Legal reserves	-
Statutory or contractual reserves	-
Reserve for banking risks	-
Reserve for general banking risks	86,878,022
Reserve for mutual aid	-
Mutual guarantee reserve	-
Other reserves	-
Other funds	-
Dividends	-
Coverage of accounting loss from previous years	-
Other distributions	-
Retained profit	<u>568,703,220</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006
 (Amounts in RON, unless otherwise specified)

Note 8. Provisions for risks and charges

Name of provision	Balance as at 01.01.2006	Transfers		Balance as at 31.12.2006
		To account	From account	
0	1	2	3	4=1+2-3
Risks of execution of commitments by signature	90,613	-	-	90,613
Pensions and other benefits	8,563,303	1,842,010	82,615	10,322,698
Provisions for taxes	-	16,518,094	14,501,229	2,016,865
Other	38,218,920	26,330,656	37,672,027	26,877,549
Total	46,872,836	44,690,760	52,255,871	39,307,725

Note 9. INFORMATION REGARDING CERTAIN ITEMS IN THE PROFIT AND LOSS ACCOUNT

9.1 Interests receivable and similar revenues

Name of items	December 31, 2005	December 31, 2006
Incomes from interests on customer operations	1,014,546,458	1,445,808,842
Incomes from BNR interests	170,360,812	148,881,752
Incomes from interests on securities	60,266,283	44,709,756
Incomes similar to interests, afferent to off-balance operations	25,892,373	40,100,533
Other incomes from interests on treasury and inter-banking operations	22,855,070	30,814,809
Total	<u>1,293,920,996</u>	<u>1,710,315,692</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006
 (Amounts in RON, unless otherwise specified)

9.2 Interests payable and similar expenses

Name of items	December 31, 2005	December 31, 2006
Expenses with interests on customer operations	493,244,009	673,680,479
Expenses with interests from treasury and inter-banking operations	39,935,911	122,256,727
Interests on subordinated loans	4,656,544	18,680,232
Expenses with interests on securities	7,364,991	7,659,227
Expenses with interests in off-balance sheet operations	2,252,708	1,994,207
Total	<u>547,454,163</u>	<u>824,270,872</u>

9.3 Incomes from fees:

Name of items	December 31, 2005	December 31, 2006
Incomes from fees of customer operations	256,457,461	364,876,376
Incomes from fees of deliveries of financial services	249,434,309	281,758,939
Incomes from fees of treasury and inter-banking operations	13,722,054	24,310,922
Incomes from fees of securities operations	1,391,674	1,501,061
Total incomes from fees	<u>521,005,498</u>	<u>672,447,298</u>

9.4. Fee-related expenses:

Name of items	December 31, 2005	December 31, 2006
Fees for treasury ad inter-banking operations	32,041,002	48,715,563
Fees for customer operations	25,743,874	3,864,413
Fees for deliveries of financial services	3,211,329	2,676,233
Fees for operations with securities	67,307	125,000
Total fee-related expenses	<u>61,063,512</u>	<u>55,381,209</u>

9.5. Net profit or loss from financial operations:

This item comprises:

- Net income from transactions with securities other than financial assets and adjustments and draw-on adjustments of the value of these securities;
- Net income from foreign exchange;
- Net income from other sale– purchase operations with financial instruments.

Name of items	December 31, 2005	December 31, 2006
Incomes from exchange operations	1,925,488,661	2,459,748,545
Expenses with exchange operations	1,761,684,078	2,255,016,490
<i>Profit from foreign exchange operations</i>	<i>163,804,583</i>	<i>204,732,055</i>
Incomes from operations with securities	15,370,954	18,370,591
Expenses with operations with securities	13,788,105	12,361,278
<i>Profit from securities operations</i>	<i>1,582,849</i>	<i>6,009,313</i>
Incomes from operations with derivatives	12,942,295	55,524,322
Losses from operations with derivatives	11,745,184	54,465,898
<i>Profit from operations with derivatives</i>	<i>1,197,111</i>	<i>1,058,424</i>
Total incomes from financial operations, net	<u>166,584,543</u>	<u>211,799,792</u>

9.6 Other operating incomes:

Name of items	December 31, 2005	December 31, 2006
Incomes from insurance brokerage activities	19,756,641	19,169,042
Incomes from the assignment and retirement of tangible assets	971,032	12,729,906
Incomes from accounts closed on the bank's initiative	1,545,124	3,871,166
Incomes from services delivered to customers	1,571,664	3,001,541
Incomes from rents	1,577,031	1,616,454
Incomes obtained in the professional training centres	1,903,639	1,446,386
Other operating incomes	24,651,061	8,990,421
Total other operating incomes	<u>51,976,192</u>	<u>50,824,916</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006
 (Amounts in RON, unless otherwise specified)

9.7 Other operating expenses:

Name of items	December 31, 2005	December 31, 2006
Contribution to the deposit guarantee fund in the banking system	28,258,115	15,211,047
Other taxes, duties and similar	9,608,875	10,445,427
World stock ownership plan	6,274,614	9,620,038
Losses from the assignment and retirement of tangible assets	2,622,852	9,201,605
Prizes	744,879	6,845,748
Sponsoring	4,481,866	5,196,778
ALD simple leasing operations	-	4,397,699
Leasing contracts – related price differences	2,226,476	1,217,337
Other operating expenses	9,545,402	15,045,396
Total other operating expenses	<u>63,763,079</u>	<u>77,181,073</u>

9.8. Other administrative expenses:

Name of items	December 31, 2005	December 31, 2006
Royalties	26,025,212	58,501,307
Maintenance and utilities	36,388,453	47,061,888
Materials	31,559,737	44,868,557
Post and telecommunications	34,578,625	43,524,426
Insurance premiums	43,717,237	36,233,839
Publicity and protocol	27,949,197	31,535,001
RCI Leasing fees	-	25,661,520
Security	16,169,062	23,832,390
Counselling	7,603,461	18,985,081
Services provided by the group companies	15,538,718	19,876,435
Maintenance of computer programs and data access	12,357,501	12,712,586
Travels	4,822,798	7,935,237
Other works and services provided by third parties	12,748,516	19,391,033
Total other administrative expenses	<u>269,458,517</u>	<u>390,119,300</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006
(Amounts in RON, unless otherwise specified)

Further information:

- a) Expenses related to auditors totalize RON 643,755 in 2006 and represent the payment of audit services corresponding to all reporting packages, including those to Groupe Société Générale.
- b) The loss from sales, corresponding to fixed assets exits in 2006, totalized RON 3,528,301 in 2006.
- c) Interests paid during the fiscal year for subordinated loans totalled EUR 2,915,277.78.
- d) Revenues from evaluation, technical, economic and financial consultancy and feasibility studies totalled RON 29,052, 20% accounting for legal entities and 80% for individuals.

Note 10. Information on employees, directors and executives

Name of items	December 31, 2005	December 31, 2006
Personnel remunerations	185,234,975	242,610,962
Meal tickets	7,202,063	9,887,227
Other expenses with social security	19,901,181	26,220,355
Pensions	42,370,797	49,887,768
Other personnel expenses	16,778,880	19,066,533
Total personnel expenses	<u>271,487,896</u>	<u>347,672,845</u>

Under the provisions of IAS 19 concerning “Employee benefits”, as at end 2006, the Bank has a provision of RON 10,322,698 meant to cover the retirement benefits stipulated by contract. In 2006, the increase was of RON 1,759,395.

In 2006, gross benefits to directors totalled RON 390,518. The Bank has no contractual duties related to the payment of pensions to former directors and administrators.

In 2006, the Bank had an average of 5,956 employees, out of which:

- 795 – management;
- 5.161 – operating personnel.

The Bank has not signed any pension agreements outside the system of state pensions in Romania. The Romanian system of state pensions provides for the employer to make current payments, calculated as a percentage of the current gross payments. These amounts are registered as charges for the period while this payment is due to the employee.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006
(Amounts in RON, unless otherwise specified)
Note 11. TRANSACTIONS WITH PARTIES AFFILIATED TO THE LENDING INSTITUTION

Items	2005			2006		
	Companies of the Group	Associated Companies	Management	Companies of the Group	Associated Companies	Management
LOANS, balance at the end of the fiscal year						
Placements, advances and loans extended	562,834,365	147,305,453		677,447,270	-	31,909
Related receivables	1,229,284	42,358		917,210	-	
IRS collected interests	593,457			24,582,661		
DEBTS, balance at the end of the fiscal year						
Loans taken	1,500,170,667			3,001,606,048		
Current accounts and deposits	236,541,132	29,948,244	38,957	594,234,148	53,556,158	35,457
Related debts	9,902,864	16,642		27,071,442	297,067	
IRS paid interests				24,122,800		
Off-balance sheet items						
Guarantee commitments	55,075,158	299,314		664,847,363	298,356	
Guarantees from the banks of SG Group	331,458,198			207,931,097		
Transactions						
Off-balance sheet foreign currency dealings with lending institutions of the SG Group – assets	8,432,962,692			1,701,687,045		
Off-balance sheet foreign currency dealings with lending institutions of the SG Group - liabilities	8,466,455,495			1,701,176,726		
Revenues from fees and interests	15,638,797	4,057,364		47,578,213	509,051	
Expenses related to fees and interests	1,624,137	1,057,101		100,633,583	1,104,800	

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006

(Amounts in RON unless otherwise specified)

Placements, advances and loans to companies in the group, except for related receivables:

	December 31, 2005	December 31, 2006
Loan to BRD Finance	269,428,400	386,628,757
Loans to the credit institutions in the group	197,922,154	208,517,968
Loan to ALD Automotive	29,416,800	54,418,045
Loans to BRD Sogelease	66,067,011	27,882,500
TOTAL	<u>562,834,365</u>	<u>677,447,270</u>

Receivables related to placements, advances and loans to companies in the group:

	December 31, 2005	December 31, 2006
Receivables related to the Sogelease loan	823,662	662,807
Receivables from the credit institutions	296,539	161,154
Receivables related to the BRD Finance loan	108,516	86,946
Receivables related to the ALD Automotive loan	567	6,303
TOTAL	<u>1,229,284</u>	<u>917,210</u>

Placements, advances and loans to associated companies:

	December 31, 2005	December 31, 2006
Loan to RCI Leasing	147,305,453	-
TOTAL	<u>147,305,453</u>	<u>-</u>

Receivables related to placements, advances and loans to associated companies:

	December 31, 2005	December 31, 2006
Receivables related to the RCI Leasing loan	42,358	-
TOTAL	<u>42,358</u>	<u>-</u>

Loans to management:

	December 31, 2005	December 31, 2006
Loans to management	-	31,909
TOTAL	<u>-</u>	<u>31,909</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006

(Amounts in RON unless otherwise specified)

Loans from the companies in the group:

	December 31, 2005	December 31, 2006
Loan from Société Générale	1,470,840,000	2,975,896,000
Leasing BRD Sogelease	29,330,667	25,710,048
TOTAL	<u>1,500,170,667</u>	<u>3,001,606,048</u>

Current accounts and deposits of the Group Companies:

	December 31, 2005	December 31, 2006
Deposits made by the credit institutions within the group	183,855,000	384,746,319
Term deposits of BRD Sogelease	31,622,340	101,476,475
LORO account of the credit institutions within the group	337,551	66,115,658
Term deposits of BRD Securities	8,754,857	8,695,822
Term deposits of BRD Finance	0	1,997
Current accounts of BRD Securities	4,755,579	31,386,991
Current accounts of BRD Finance	1,217,523	816,005
Current accounts of ALD Automotive	3,342	805,711
Current accounts of SG Corporate Finance	-	116,811
Current accounts of BRD Sogelease	5,994,940	72,359
TOTAL	<u>236,541,132</u>	<u>594,234,148</u>

Debts related to deposits of the Group companies:

	December 31, 2005	December 31, 2006
Debts related to the deposits made by the credit institutions within the SG group	7,762,609	25,136,327
Leasing debts to Sogelease	2,118,832	1,870,403
Debts related to the Sogelease debts	8,371	61,616
Debts related to the BRD Securities deposits	13,052	3,096
TOTAL	<u>9,902,864</u>	<u>27,071,442</u>

Current accounts and deposits of associated companies:

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006

(Amounts in RON unless otherwise specified)

	December 31, 2005	December 31, 2006
Deposits of Asiban	28,635,808.0	48,426,891
Current accounts of Asiban	435,296.0	5,129,267
Current accounts of RCI Leasing	877,140.0	-
TOTAL	<u>29,948,244</u>	<u>53,556,158</u>

Debts related to deposits of associated companies:

	December 31, 2005	December 31, 2006
Debts related to the deposits of Asiban	16,642	297,067
TOTAL	<u>16,642</u>	<u>297,067</u>

Current accounts and deposits of the management:

	December 31, 2005	December 31, 2006
Current accounts of the management	-	23,830
Deposits of the management	38,957	11,627
TOTAL	<u>38,957</u>	<u>35,457</u>

Guarantee commitments concerning the companies in the Group:

	December 31, 2005	December 31, 2006
Letters of guarantee issued in relationship with SG	12,807,178	589,222,916
Commitments to Soglease	41,402,615	57,496,807
Commitments to BRD Finance	-	16,164,973
Confirmations of opening of LC	798,705	1,822,667
Letter of guarantee issued to BRD Securities	66,660	140,000
TOTAL	<u>55,075,158</u>	<u>664,847,363</u>

Commitments concerning associated companies:

	December 31, 2005	December 31, 2006
Commitments Asiban	299,314	298,356
TOTAL	<u>299,314</u>	<u>298,356</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006

(Amounts in RON unless otherwise specified)

Guarantees from banks of the SG Group:

	December 31, 2005	December 31, 2006
Guarantees received from banks within the SG group	331,458,198	207,931,097
TOTAL	<u>331,458,198</u>	<u>207,931,097</u>

Incomes from fees and interests from companies of the group obtained in 2006:

	December 31, 2005	December 31, 2006
BRD Finance	5,738,151	24,973,531
Credit institutions in the SG group	317,093	13,048,700
BRD Sogelease	9,511,235	8,505,265
ALD Automotive	54,616	988,189
BRD Securities	17,702	59,419
SG Corporate Finance		3,109
TOTAL	<u>15,638,797</u>	<u>47,578,213</u>

Incomes from fees and interests from associated companies obtained in 2006:

	31 decembrie 2005	31 decembrie 2006
Asiban	104,897	509,051
RCI Leasing	3,952,467	-
TOTAL	<u>4,057,364</u>	<u>509,051</u>

Expenses related to fees and interests from the companies of the group made in 2006:

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006

(Amounts in RON unless otherwise specified)

	December 31, 2005	December 31, 2006
Credit institutions in the SG group	358,091	95,967,283
BRD Sogelease	805,775	3,416,581
BRD Securities	367,939	1,239,935
BRD Finance	90,671	7,879
SG Corporate Finance		1,275
ALD Automotive	1,661	630
TOTAL	<u>1,624,137</u>	<u>100,633,583</u>

Expenses related to fees and interests from associated companies made in 2006:

	31 decembrie 2005	31 decembrie 2006
Asiban	993,181	1,104,800
RCI Leasing	63,920	-
TOTAL	<u>1,057,101</u>	<u>1,104,800</u>

Foreign currency operations:

Assets	December 31, 2005	December 31, 2006
IRS transactions with credit institutions in the SG group	-	600,704,629
IRS transactions with BRD Sogelease	380,212,140	579,521,929
SWAP transactions with credit institutions in the SG group	7,403,415,079	521,075,347
SPOT transactions with credit institutions in the SG group	649,335,473	385,140
TOTAL	<u>8,432,962,692</u>	<u>1,701,687,045</u>

Liabilities

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006

(Amounts in RON unless otherwise specified)

	December 31, 2005	December 31, 2006
IRS transactions with credit institutions within the SG group	412,377,870	600,704,629
IRS transactions with BRD Sogelease		579,521,929
SWAP transactions with credit institutions in the SG group	7,401,134,058	520,563,806
SPOT transactions with credit institutions in the SG group	652,943,567	386,362
TOTAL	<u>8,466,455,495</u>	<u>1,701,176,726</u>

IRS Interests:
a) IRS collected interests

	December 31, 2005	December 31, 2006
IRS collected interests from the credit institutions in the SG group	593,457	15,001,747
IRS collected interests from BRD Sogelease	-	9,580,914
TOTAL	<u>593,457</u>	<u>24,582,661</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006

(Amounts in RON unless otherwise specified)

b) IRS paid interests

	December 31, 2005	December 31, 2006
IRS paid interests from the credit institutions in the SG group	-	10,300,778
IRS paid interests from BRD Sogelease	-	13,822,022
TOTAL	-	<u>24,122,800</u>

The parties affiliated to the bank are financed at the market interest rate.

Note 12. INFORMATION ON REPORTABLE SEGMENTS

The Bank provides goods and services and operates in geographic areas with similar risks and benefits.

Note 13. CONTINGENT LIABILITIES AND COMMITMENTS

The Bank issues letters of guarantee and letters of credit on behalf of its customers. The risk of issuing such guarantees is similar to the risk arising from the lending activity, if the Bank is requested to pay for one of the guaranteed customers. All letters of credit issued by the Bank are collateralized.

All these commitments are acknowledged by the Romanian legislation.

No provisions were created for guarantees issued on the basis of counter guarantees.

Contingent liabilities:

	December 31, 2005	December 31, 2006
Letters of bank guarantee issued to customers	1,240,811,789	1,603,783,524
Other securities to other credit institutions	106,600,991	712,255,533
Administrative and tax sureties	62,565,896	117,571,790
Confirmation of letters of credit open to corresponding banks	4,479,361	16,788,946
Total	<u>1,414,458,037</u>	<u>2,450,399,793</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006

(Amounts in RON unless otherwise specified)

Commitments:

	December 31, 2005	December 31, 2006
Loan financing commitments	1,146,152,495	2,804,069,848
Import letters of credit	285,062,898	242,331,177
Payment acceptances and commitments	528,165,719	93,207,564
Sale-repurchase transactions	14,453,274	-
Total	<u>1,973,834,386</u>	<u>3,139,608,589</u>

On 31.12.2006, foreign currency operations made for transaction purposes and which had not reached maturity had the following structure:

Speculative transactions

	December 31, 2005	December 31, 2006
Receivable FCY against deliverable FCY - SWAP	958,321,853	1,031,176,941
Deliverable FCY against receivable FCY - SWAP	(957,239,875)	(1,028,751,287)
Receivable Lei against deliverable FCY	9,637,049	564,114,552
Deliverable FCY against receivable lei	(9,650,154)	(553,829,422)
Receivable FCY against deliverable lei	143,283,139	423,700,103
Deliverable lei against receivable FCY	(143,980,272)	(437,398,755)

The assets pledged for own debts, of USD 139.103,02, have the form of a collateral deposit made for the settlement of foreign exchange transactions with MASTERCARD cards.

Note 14. FURTHER INFORMATION

 ➤ **Bank network:**

As at December 31, 2006, the bank operates through 600 territorial units, coordinated by 20 groups.

 ➤ **Assets and liabilities in foreign currency:**

As at December 31, 2006, the total assets and liabilities in foreign currency expressed in foreign currencies converted into lei are presented here below:

	December 31, 2005	December 31, 2006
Total assets in foreign currencies	7,686,544,524	11,487,470,620
Total liabilities in foreign currencies	7,787,787,865	11,130,906,039

(Amounts in RON unless otherwise specified)

➤ **Reconciliation of the accounting and fiscal result:**

	December 31, 2005	December 31, 2006
Net accounting result	553,237,128	655,581,242
Fond for general banking risk	74,845,690	86,878,022
Capital cost allowance	76,116,487	83,803,227
Dividends received from another legal entity, Romanian or foreign	2,552,140	3,472,250
Other tax free incomes	41,475,864	56,617,750
Total deductions	194,990,181	230,771,249
Corporate tax	90,151,745	106,254,471
Tax on the income from abroad	3,238	3,376
Fines, delay penalties, increases and penalties paid or due to the Romanian or foreign authorities seizure of goods and values	469,298	610,873
Depreciation	75,084,805	79,956,013
Sponsoring expenses	4,452,035	5,196,778
Amounts used to create or increase the provisions above the limits stipulated by law	39,799,498	43,326,268
Other non-deductible expenses	23,190,586	36,412,534
Total non-deductible expenses	233,151,205	271,760,313
TAXABLE PROFIT	591,398,152	696,570,306

➤ **Interests:**

The information on the companies in which the Bank holds interests is detailed further on:

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006

(Amounts in RON unless otherwise specified)

No.	Company	Address	Company object	Type of shares	End date of the fiscal year	Profit	Share capital	Reserves	BRD share
1	BRD Securities Groupe Société Générale SA	Ion Mihalache, no.1-7, sector 1, Bucuresti, 011171	Other types of financial intermediations	common shares	31.12.2006		2,360,000		99.82%
2	BRD / SG Corporate Finance SRL	Ion Mihalache, no.1-7, sector 1, Bucuresti, 011171	Business and management consultancy	shares	31.12.2006		8,000		51.25%
3	BRD Sogelease IFN SA	Ion Mihalache, no.1-7, sector 1, Bucuresti, 011171	Contract-based credit activities (financial leasing)	common shares	31.12.2006		9,000,000		99.96%
4	BRD Finance IFN SA	Ion Mihalache, no.1-7, sector 1, Bucuresti, 011171	Other credit activities	common shares	31.12.2006		7,988,000		49.00%
5	Biroul de Credit SA	Calea Victoriei, no. 15, sector 3, Bucuresti	Auxiliary activities to financial intermediations (except for insurance and pension funds)	common shares	31.12.2006		4,114,615		18.80%
6	Fondul de Garantare a Creditului Rural IFN SA	Occidentului, no. 5, sector 1, Bucuresti	Other credit activities	common shares	31.12.2006		2,914,750		26.32%
7	ALD Automotive SRL	Ion Mihalache, no.1-7, sector 1, Bucuresti, 011171	Rental of passenger and small capacity utility cars	shares	31.12.2006		7,235,800		20.00%
8	ASIBAN SA	Bd. Marasti, no. 2, sector 1, Bucuresti	Other insurance activities	common shares	31.12.2006		76,000,000		25.00%
9	ROMCARD SA	Stefan Mihaileanu, no. 38, ap. 3, sector 2, Bucuresti	Computer data processing	common shares	31.12.2006		95,700		20.00%
10	Argesana SA	Nicolae Balcescu, no. 186, Pitesti, Arges	Worsted cloth and similar fibres	common shares	31.12.2006		10,663,965		10.66%

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006

(Amounts in RON unless otherwise specified)

No.	Company	Address	Company object	Type of shares	End date of the fiscal year	Profit	Share capital	Reserves	BRD share
11	Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati SA	Matasari, no. 46, sector 2, Bucuresti	Other credit activities	common shares	31.12.2006		7,792,163		12.85%
12	Victoria Business Center SA	Calea Victoriei, no. 12C, bl. A, sc. P, sector 3, Bucuresti	Lease and sublease of own or rented real estate assets	common shares	31.12.2006		457,600		10.00%
13	Societatea Nationala de Transfer de Fonduri si Decontari-TransFonD SA	Bd. Ficusului, no. 1, sector 1, Bucuresti	Other types of financial intermediations	common shares	31.12.2006		6,720,000		2.72%
14	SC Depozitarul Central SA	FGeneral Assembly of the Shareholdersras, no. 25, sector 1, Bucuresti	Other types of financial intermediations	common shares	31.12.2006		11,031,300		2.10%
15	Casa de Compensare Bucuresti SA	Piata Montreal, no. 10, bl. WTC, sc. F, ap. 223, sector 1, Bucuresti	Other types of financial intermediations	common shares	31.12.2006		1,381,820		1.23%
16	Bursa Romana de Marfuri SA	Piata Presei Libere, no. 1, sector 1, Bucuresti	Financial market management	common shares	31.12.2006		3,795,000		2.64%
17	Grup Bianca Trans SA	Nicolae Iorga, no. 2, Brasov	Merchandise road transportations	common shares	31.12.2006		543,031		0.44%
18	Grup Bianca Leasing IFN SA	Nicolae Iorga, no. 2, Brasov	Contract-based credit activities (financial leasing)	common shares	31.12.2006		2,172,124		0.44%
19	ThyssenKrupp Bilstein Compa SA	Henri Coanda, no. 8, Sibiu	Manufacture of parts and accessories for motor vehicles and their engines	common shares	31.12.2006		3,029,076		0.09%

(Amounts in RON unless otherwise specified)

➤ **Drawing of financial statements**

These financial statements made for the year finished on December 31, 2006, are individual financial statements.

➤ **Risk management**

Risk management is ensured by the Bank in compliance with the norms of the National Bank of Romania and by fully applying the procedures of the Group Société Générale, the parent company of the bank, whose expertise is worldwide acknowledged.

This management is made within the limits and powers attributed to operational officers. Exposures are regularly reviewed by specialised committees made up of the bank management (Risk Committee, Asset and Liabilities Management Committee, Credit Committee).

Main types of risks:

Market risk

The market risk is the risk of loss related to the modification of the market variables, such as interest rates and rates of exchange.

Foreign exchange risk

The foreign exchange risk is related to the modification of the rates of exchange. The bank manages the foreign exchange risk by using limits for the foreign exchange positions opened at the level of each foreign currency and of the global foreign exchange position (more restrictive limits than the ones imposed by the National Bank of Romania), monitoring on a daily basis a synthetic ratio (Value at risk) on the foreign exchange position.

Interest rate risk

The interest rate risk is related to the modification of the interest rates. The Bank manages this risk by monitoring the structure/differences of the assets and liabilities on due date/maturity intervals and by using a limit of sensitivity of the balance sheet structure to the interest rate risk.

Credit risk

The credit risk represents the loss which the Bank would incur if a counterparty or another partner failed to meet its contractual obligations. The credit risk is implicit in traditional banking products – loans, credit commitments and other contingent liabilities, such as the letters of credit – but also in contracts of the derivatives type.

The bank limits its exposure both towards individual counterparties and towards groups of corporate customers by credit limits established at the time of the analysis. The limit value

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2006

(Amounts in RON unless otherwise specified)

depends on quantitative factors, such as the customer's position and financial condition, the industry condition, but also on qualitative factors, such as the management quality and the structure of the shareholders. The exposure as against the authorised limits is continuously monitored. For the private customers, the bank uses an acceptance scoring system, which it validates permanently.

Liquidity risk

The liquidity risk is associated either to the difficulty in obtaining the funds necessary to respect the commitments or to the impossibility to sell a financial asset in due time and at its fair value.

The Bank's approach of liquidity risk management begins with the elaboration of a strategy on liquidity, approved by the Bank Management. Based on this strategy, the Bank permanently monitors/adjusts the differences between its assets and liabilities, on time intervals, depending on the duration remained between the balance sheet date and the maturity date.