BRD – Groupe Société Générale S.A.

INTERIM REPORT

JUNE 30, 2012
BRD – Groupe Société Générale S.A.
INDIVIDUAL STATEMENT OF FINANCIAL POSITION
as of June 30, 2012
(Amounts in thousands RON)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Note</th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>592,502</td>
<td>662,171</td>
</tr>
<tr>
<td>Cash in hand</td>
<td></td>
<td>7,855,188</td>
<td>8,741,778</td>
</tr>
<tr>
<td>Due from Central Bank</td>
<td></td>
<td>384,959</td>
<td>995,384</td>
</tr>
<tr>
<td>Due from banks</td>
<td>3</td>
<td>401,103</td>
<td>316,478</td>
</tr>
<tr>
<td>Derivatives and other financial instruments held for trading</td>
<td>4</td>
<td>35,237,181</td>
<td>33,953,459</td>
</tr>
<tr>
<td>Loans, gross</td>
<td></td>
<td>(3,053,199)</td>
<td>(2,398,125)</td>
</tr>
<tr>
<td>Impairment reserve for loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>5</td>
<td>32,183,982</td>
<td>31,555,334</td>
</tr>
<tr>
<td>Financial assets available for sale</td>
<td>6</td>
<td>4,661,526</td>
<td>4,876,826</td>
</tr>
<tr>
<td>Investments in associates and subsidiaries</td>
<td></td>
<td>157,577</td>
<td>153,452</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>7</td>
<td>1,115,923</td>
<td>1,150,743</td>
</tr>
<tr>
<td>Goodwill</td>
<td>8</td>
<td>50,130</td>
<td>50,130</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td>78,646</td>
<td>84,891</td>
</tr>
<tr>
<td>Other assets</td>
<td>9</td>
<td>308,783</td>
<td>163,811</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>47,790,319</td>
<td>48,750,998</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND SHAREHOLDERS' EQUITY</th>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand deposits and current accounts</td>
<td>2,554,332</td>
<td>4,263,579</td>
<td></td>
</tr>
<tr>
<td>Term deposits</td>
<td>32,966,703</td>
<td>30,308,955</td>
<td></td>
</tr>
<tr>
<td>Borrowed funds and debt issued</td>
<td>4,902,178</td>
<td>6,793,165</td>
<td></td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>898,995</td>
<td>874,161</td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>164,050</td>
<td>170,812</td>
<td></td>
</tr>
<tr>
<td>Current tax liability</td>
<td>-</td>
<td>16,867</td>
<td></td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>152,435</td>
<td>145,812</td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>303,902</td>
<td>287,430</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>41,942,595</td>
<td>42,860,761</td>
<td></td>
</tr>
</tbody>
</table>

| Share capital | 13 | 2,515,622 | 2,515,622 |
| Reserves from revaluation of available for sale assets | 15,149 | (15,430) |
| Retained earnings | 3,316,953 | 3,390,045 |
| Total shareholders' equity | 5,847,724 | 5,890,237 |
| Total liabilities and shareholders' equity | 47,790,319 | 48,750,998 |

The accompanying notes are an integral part of this interim report.
BRD – Groupe Société Générale S.A.  
INVIDUAL INCOME STATEMENT  
for the period ended June 30, 2012  
(Amounts in thousands RON)

<table>
<thead>
<tr>
<th>Note</th>
<th>Six months ended June 30, 2012</th>
<th>Six months ended June 30, 2011</th>
<th>Unaudited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>16</td>
<td>1,577,458</td>
<td>1,615,475</td>
</tr>
<tr>
<td>Interest expense</td>
<td>17</td>
<td>(643,737)</td>
<td>(594,811)</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td></td>
<td>933,721</td>
<td>1,020,664</td>
</tr>
<tr>
<td>Fees and commissions, net</td>
<td>18</td>
<td>375,912</td>
<td>379,726</td>
</tr>
<tr>
<td>Foreign exchange gain</td>
<td></td>
<td>168,780</td>
<td>84,958</td>
</tr>
<tr>
<td>(Loss)/Gain on derivative and other financial instruments held for trading</td>
<td></td>
<td>(16,013)</td>
<td>60,632</td>
</tr>
<tr>
<td>Income from associates</td>
<td></td>
<td>-</td>
<td>2,408</td>
</tr>
<tr>
<td>Contribution to Deposit Guarantee Fund</td>
<td>20</td>
<td>(34,242)</td>
<td>(33,973)</td>
</tr>
<tr>
<td>Other income</td>
<td>19</td>
<td>5,514</td>
<td>6,183</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td>1,433,673</td>
<td>1,520,598</td>
</tr>
<tr>
<td>Salaries and related expenses</td>
<td>21</td>
<td>(315,812)</td>
<td>(335,000)</td>
</tr>
<tr>
<td>Depreciation, amortisation and impairment on tangible assets</td>
<td>22</td>
<td>(76,184)</td>
<td>(72,410)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>23</td>
<td>(280,251)</td>
<td>(281,853)</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td>(672,247)</td>
<td>(689,263)</td>
</tr>
<tr>
<td>Credit loss expense</td>
<td>24</td>
<td>(715,263)</td>
<td>(445,008)</td>
</tr>
<tr>
<td><strong>Profit before income tax</strong></td>
<td></td>
<td>46,162</td>
<td>386,327</td>
</tr>
<tr>
<td>Current income tax expense</td>
<td></td>
<td>-</td>
<td>(52,339)</td>
</tr>
<tr>
<td>Deferred tax expense</td>
<td></td>
<td>(6,808)</td>
<td>(11,411)</td>
</tr>
<tr>
<td><strong>Total income tax</strong></td>
<td></td>
<td>(6,808)</td>
<td>(63,750)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td></td>
<td>39,354</td>
<td>322,577</td>
</tr>
<tr>
<td>Earnings per share (in RON)</td>
<td>30</td>
<td>0.0565</td>
<td>0.4629</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of this interim report*
<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2012</th>
<th>Six months ended June 30, 2011</th>
<th>Unaudited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period</td>
<td>39,354</td>
<td>322,577</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net gain on available-for-sale financial assets</td>
<td>30,651</td>
<td>26,528</td>
<td></td>
</tr>
<tr>
<td>Income tax relating to components of other comprehensive income</td>
<td>(72)</td>
<td>(3,149)</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income for the period, net of tax</td>
<td>30,579</td>
<td>23,379</td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income for the period, net of tax</td>
<td>69,933</td>
<td>345,956</td>
<td></td>
</tr>
</tbody>
</table>
BRD – Groupe Société Générale S.A.
INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
for the period ended June 30, 2012
(Amounts in thousands RON)

<table>
<thead>
<tr>
<th>Note</th>
<th>Issued capital</th>
<th>Reserves from revaluation of available for sale assets</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2010</td>
<td>2,515,622</td>
<td>21,786</td>
<td>3,039,790</td>
<td>5,577,498</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>(37,216)</td>
<td>469,377</td>
<td>432,161</td>
</tr>
<tr>
<td>Shared-based payment transactions</td>
<td>-</td>
<td>-</td>
<td>6,025</td>
<td>6,025</td>
</tr>
<tr>
<td>Equity dividends</td>
<td>-</td>
<td>-</td>
<td>(125,147)</td>
<td>(125,147)</td>
</tr>
<tr>
<td>December 31, 2011</td>
<td>2,515,622</td>
<td>(15,430)</td>
<td>3,390,045</td>
<td>5,890,237</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>30,579</td>
<td>39,354</td>
<td>69,933</td>
</tr>
<tr>
<td>Shared-based payment transactions</td>
<td>-</td>
<td>-</td>
<td>3,115</td>
<td>3,115</td>
</tr>
<tr>
<td>Equity dividends</td>
<td>-</td>
<td>-</td>
<td>(115,561)</td>
<td>(115,561)</td>
</tr>
<tr>
<td>June 30, 2012</td>
<td>2,515,622</td>
<td>15,149</td>
<td>3,316,953</td>
<td>5,847,724</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this interim report
### BRD – Groupe Société Générale S.A.
#### INDIVIDUAL STATEMENT OF CASH FLOWS
for the period ended June 30, 2012
(Amounts in thousands RON)

<table>
<thead>
<tr>
<th>Note</th>
<th>Six months ended June 30, 2012</th>
<th>Six months ended June 30, 2011</th>
<th>Unaudited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>46,162</td>
<td>386,329</td>
<td></td>
</tr>
<tr>
<td>Adjustments for non-cash items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization expense and net loss/(gain) from disposals of tangible and intangible assets</td>
<td>76,184</td>
<td>72,410</td>
<td></td>
</tr>
<tr>
<td>Share based payment</td>
<td>3,115</td>
<td>4,101</td>
<td></td>
</tr>
<tr>
<td>Loss from investment revaluation</td>
<td>-</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Net expenses from impairment of loans and from provisions income tax paid</td>
<td>25</td>
<td>722,351</td>
<td>445,238</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(51,344)</td>
<td>(26,624)</td>
</tr>
<tr>
<td>Operating profit before changes in operating assets and liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>796,468</td>
<td>881,494</td>
<td></td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current account with NBR</td>
<td>886,592</td>
<td>1,187,365</td>
<td></td>
</tr>
<tr>
<td>Accounts and deposits with banks</td>
<td>65,515</td>
<td>(3,016)</td>
<td></td>
</tr>
<tr>
<td>Available for sale securities</td>
<td>245,879</td>
<td>(524,126)</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>(1,350,797)</td>
<td>(327,624)</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>(236,405)</td>
<td>(565,317)</td>
<td></td>
</tr>
<tr>
<td>Demand deposits and current accounts</td>
<td>(1,709,247)</td>
<td>760,709</td>
<td></td>
</tr>
<tr>
<td>Term deposits</td>
<td>2,657,768</td>
<td>(112,033)</td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>42,462</td>
<td>59,459</td>
<td></td>
</tr>
<tr>
<td>Total changes in operating assets and liabilities</td>
<td></td>
<td>601,767</td>
<td>475,397</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td></td>
<td>1,398,235</td>
<td>1,356,891</td>
</tr>
<tr>
<td>Investing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of equity investments</td>
<td>(4,125)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Acquisition of tangible and intangible assets</td>
<td>(35,660)</td>
<td>(51,070)</td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of tangible and intangible assets</td>
<td>541</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>(39,244)</td>
<td>(51,064)</td>
<td></td>
</tr>
<tr>
<td>Financing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease) in borrowings</td>
<td>(1,866,153)</td>
<td>(782,200)</td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(107,417)</td>
<td>(110,817)</td>
<td></td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>(1,973,570)</td>
<td>(893,017)</td>
<td></td>
</tr>
<tr>
<td>Net movements in cash and cash equivalents</td>
<td>(614,579)</td>
<td>412,810</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the period</td>
<td>25</td>
<td>1,297,274</td>
<td>987,262</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>25</td>
<td>682,695</td>
<td>1,400,072</td>
</tr>
</tbody>
</table>

### Operational cash flows from interest and dividends

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2012</th>
<th>Six months ended June 30, 2011</th>
<th>Unaudited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid</td>
<td>612,579</td>
<td>548,113</td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>1,391,854</td>
<td>1,450,283</td>
<td></td>
</tr>
<tr>
<td>Dividends received</td>
<td>-</td>
<td>2,410</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this interim report.
1. Corporate information

BRD – Groupe Société Générale (the “Bank” or “BRD”) is a joint stock company incorporated in Romania. The Bank commenced business as a state owned credit institution in 1990 by acquiring assets and liabilities of the former Banca de Investitii. The Bank headquarters and registered office is 1-7 Ion Mihalache Blvd, Bucharest.

BRD offers a wide range of banking and financial services to corporates and individuals, as allowed by law.

The ultimate parent is Société Générale S.A. (the “Parent” or “SG”).

The Bank has 932 units throughout the country (December 31, 2011: 937).

The average number of employees of the Bank during 2012 was 8,210 (2011: 8,491 ), and the number of employees of the Bank as of the period-end was 8,179 (December 31, 2011: 8,245 ).

BRD – Groupe Société Générale has been quoted on the First Tier of Bucharest Stock Exchange (“BVB”) since January 15, 2001.

The shareholding structure of the Bank is as follows:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Société Générale France</td>
<td>60.17%</td>
<td>60.17%</td>
</tr>
<tr>
<td>SIF Banat Crisana</td>
<td>4.66%</td>
<td>4.66%</td>
</tr>
<tr>
<td>SIF Oltenia</td>
<td>4.45%</td>
<td>4.64%</td>
</tr>
<tr>
<td>SIF Muntenia</td>
<td>4.15%</td>
<td>4.15%</td>
</tr>
<tr>
<td>Fondul Proprietatea</td>
<td>3.64%</td>
<td>3.64%</td>
</tr>
<tr>
<td>SIF Transilvania</td>
<td>3.02%</td>
<td>3.77%</td>
</tr>
<tr>
<td>SIF Moldova</td>
<td>2.32%</td>
<td>3.28%</td>
</tr>
<tr>
<td>Other shareholders</td>
<td>17.60%</td>
<td>15.69%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this interim report.
2. Basis of preparation

a) Basis of preparation

The financial statements were prepared in accordance with National Bank of Romania Order no 27/2010 for approval of Accounting Regulations in accordance with International Financial Reporting Standards applicable to credit institutions and in accordance with Romanian National Securities Commission Regulation no 1/2006 on issuers and operations with securities and Article 3 from Romanian National Securities Commission Regulation no 1/2008.

The individual financial statements include the individual statement of financial position, the individual income statement, the individual statement of comprehensive income, the statement of changes in shareholders’ equity, the individual cash flow statement, and notes.

The individual financial statements are presented in Romanian lei (“RON”), which is the Bank’s functional and presentation currency, rounded to the nearest thousand, except when otherwise indicated. The individual financial statements have been prepared on a historical cost basis, except for available-for-sale investments, derivative financial instruments, other financial assets and liabilities held for trading or financial assets and liabilities designated at fair value through profit, which have all been measured at fair value.

b) Changes in accounting policies and adoption of revised/amended IFRS

The accounting policies adopted are consistent with those of the previous financial year.

The following new and revised IFRSs have also been adopted in this interim report. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 1 “First-time Adoption of IFRS” - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters published by IASB on 20 December 2010. The first amendment replaces references to a fixed date of “1 January 2004” with “the date of transition to IFRS”, thus eliminating the need for companies adopting IFRS for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

- Amendments to IFRS 7 “Financial Instruments: Disclosures” - Transfers of Financial Assets published by IASB on 7 October 2010. The objective of the amendments is to improve the quality of the information reported about financial assets that have been “transferred” but are still, at least partially, recognised by the entity because they do not qualify for derecognition; and financial assets that are no longer recognised by an entity, because they qualify for derecognition, but with which the entity continues to have some involvement.

- Amendments to IAS 12 “Income Taxes” - Deferred Tax: Recovery of Underlying Assets published by IASB on 20 December 2010. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 “Investment Property”. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, be through sale.
2. Basis of preparation (continued)

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

Standards issued but not yet effective up to the date of issuance of the bank’s financial statements are listed below. This listing is of standards and interpretations issued, which the bank reasonably expects to be applicable at a future date. The bank intends to adopt those standards when they become effective. The Bank anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the bank in the period of initial application, except for IFRS 9 as its effects can be material.

- IFRS 9 “Financial Instruments” published by IASB on 12 November 2009. On 28 September 2010 IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities. Standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39. The new requirements on accounting for financial liabilities address the problem of volatility in profit or loss arising from an issuer choosing to measure its own debt at fair value. The IASB decided to maintain the existing amortised cost measurement for most liabilities, limiting change to that required to address the own credit problem. With the new requirements, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity’s own credit risk in the other comprehensive income section of the income statement, rather than within profit or loss.

- IFRS 10 “Consolidated Financial Statements” published by IASB on 12 May 2011. IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns.

- IFRS 11 “Joint Arrangements” published by IASB on 12 May 2011. IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

- IFRS 12 “Disclosures of Involvement with Other Entities” published by IASB on 12 May 2011. IFRS 12 will require enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders’ involvement in the activities of consolidated entities.

- IFRS 13 “Fair Value Measurement” published by IASB on 12 May 2011. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

The accompanying notes are an integral part of this interim report
2. Basis of preparation (continued)

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

- Amendments to IFRS 1 “First-time Adoption of IFRS” - Government Loans published by IASB on 13 March 2012. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance” in 2008.

- Amendments to IFRS 7 “Financial Instruments: Disclosures” - Offsetting Financial Assets and Financial Liabilities published by IASB on 16 December 2011. The amendments require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

- Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” - Mandatory Effective Date and Transition Disclosures published by IASB on 16 December 2011. Amendments defer the mandatory effective date from 1 January 2013 to 1 January 2015. The amendments also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. This relief was originally only available to companies that chose to apply IFRS 9 prior to 2012. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

- Amendments to IAS 1 “Presentation of financial statements” - Presentation of Items of Other Comprehensive Income published by IASB on 16 June 2011. The amendments require companies preparing financial statements in accordance with IFRSs to group together items within OCI that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

- Amendments to IAS 19 “Employee Benefits” - Improvements to the Accounting for Post-employment Benefits published by IASB on 16 June 2011. The amendments make important improvements by: (1) eliminating an option to defer the recognition of gains and losses, known as the “corridor method”; improving comparability and faithfulness of presentation; (2) streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, thereby separating those changes from changes that many perceive to be the result of an entity’s day-to-day operations; (3) enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

- IAS 27 “Separate Financial Statements” (revised in 2011) published by IASB on 12 May 2011. The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.


The accompanying notes are an integral part of this interim report
2. Basis of preparation (continued)

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

the application of the offsetting rules and focus on four main areas (a) the meaning of “currently has a
legally enforceable right of set-off”; (b) the application of simultaneous realisation and settlement; (c) the
offsetting of collateral amounts; (d) the unit of account for applying the offsetting requirements.

d) Significant accounting judgments and estimates

In the process of applying the Bank’s accounting policies, management is required to use its judgments
and make estimates in determining the amounts recognized in the financial statements. The most
significant use of judgments and estimates are as follows:

Going concern
The Bank’s management has made an assessment of the Bank’s ability to continue as a going concern and
is satisfied that the bank has the resources to continue in business for the foreseeable future. Furthermore,
management is not aware of any material uncertainties that may cast significant doubt upon the bank’s
ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the
going concern basis.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded on the statement of financial
position cannot be derived from active markets, they are determined using a variety of valuation
techniques that include the use of mathematical models. The inputs to these models are derived from
observable market data where possible, but where observable market data are not available, judgment is
required to establish fair values. The judgments include considerations of liquidity and model inputs such
as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions
for asset backed securities. The valuation of financial instruments is described in more detail in Note 32.

Impairment losses on loans and receivables
The Bank reviews its problem loans and advances at each reporting date to assess whether an allowance
for impairment should be recorded in the income statement. In particular, judgment by management is
required in the estimation of the amount and timing of future cash flows when determining the level of
allowance required. Such estimates are based on assumptions about a number of factors and actual results
may differ, resulting in future changes to the allowance.

The main considerations for the loan impairment assessment include whether any payments of principal
or interest are overdue by more than 90 days or whether there are any known difficulties in the cash flows
of counterparties, credit rating downgrades, or infringement of the original terms of the contract

In addition to specific allowances against individually significant loans and advances, the Bank also
makes a collective impairment allowance against exposures which, although not specifically identified as
requiring a specific allowance, have a greater risk of default than when originally granted. This takes into
consideration factors such as any deterioration in country risk, industry, and technological obsolescence,
as well as identified structural weaknesses or deterioration in cash flows.

Impairment of available-for-sale investments
The Bank reviews its debt securities classified as available-for-sale investments at each statement of
financial position date to assess whether they are impaired. This requires similar judgment as applied to
the individual assessment of loans and advances.
The Bank also records impairment charges on available-for-sale equity investments when there has been a
significant or prolonged decline in the fair value below their cost. The determination of what is
’significant’ or ‘prolonged’ requires judgment. In making this judgment, the Bank evaluates, among
2. Basis of preparation (continued)

d) Significant accounting judgments and estimates (continued)

other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

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 June 30, 2012 was 50,130 (December 31, 2011: 50,130).

Deferred tax assets
Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Retirement benefits
The cost of the defined benefit retirement plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The assumptions are described in Note 13.

e) Segment information

The operations undertaken by the Bank’s entities are subject to similar risks and returns both from economic environment point of view and type of activity point of view. Therefore, the Bank has not identified operating segments which should be reported separately.

3.
Due from banks

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits at Romanian banks</td>
<td>35,009</td>
<td>440,188</td>
</tr>
<tr>
<td>Deposits at foreign banks</td>
<td>209,132</td>
<td>259,605</td>
</tr>
<tr>
<td>Current accounts at Romanian banks</td>
<td>133</td>
<td>60,405</td>
</tr>
<tr>
<td>Current accounts at foreign banks</td>
<td>140,684</td>
<td>235,186</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>384,959</strong></td>
<td><strong>995,384</strong></td>
</tr>
</tbody>
</table>

4. Derivative financial instruments

<table>
<thead>
<tr>
<th></th>
<th>Assets</th>
<th>Liabilities</th>
<th>Notional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swaps</td>
<td>11,028</td>
<td>90,572²</td>
<td>2,378,035</td>
</tr>
<tr>
<td>Currency swaps</td>
<td>13,463</td>
<td>37,660</td>
<td>7,676,755</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>28,973</td>
<td>3,997</td>
<td>1,762,834</td>
</tr>
<tr>
<td>Currency options</td>
<td>31,822</td>
<td>31,822</td>
<td>4,178,770</td>
</tr>
<tr>
<td><strong>Total derivatives</strong></td>
<td><strong>85,287</strong></td>
<td><strong>164,050</strong></td>
<td><strong>15,996,394</strong></td>
</tr>
<tr>
<td>Financial instruments held for trading</td>
<td>315,816</td>
<td>-</td>
<td>313,202</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>401,103</strong></td>
<td><strong>164,050</strong></td>
<td><strong>16,309,596</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Assets</th>
<th>Liabilities</th>
<th>Notional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swaps</td>
<td>8,731</td>
<td>97,259</td>
<td>2,538,796</td>
</tr>
<tr>
<td>Currency swaps</td>
<td>41,163</td>
<td>25,987</td>
<td>6,305,263</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>22,160</td>
<td>16,199</td>
<td>1,710,711</td>
</tr>
<tr>
<td>Currency options</td>
<td>31,367</td>
<td>31,367</td>
<td>4,692,817</td>
</tr>
<tr>
<td><strong>Total derivatives</strong></td>
<td><strong>103,421</strong></td>
<td><strong>170,812</strong></td>
<td><strong>15,247,587</strong></td>
</tr>
<tr>
<td>Financial instruments held for trading</td>
<td>213,057</td>
<td>-</td>
<td>215,940</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>316,478</strong></td>
<td><strong>170,812</strong></td>
<td><strong>15,463,528</strong></td>
</tr>
</tbody>
</table>

The Bank applied also hedge accounting and initiated two hedging instruments.

a) On 6 May 2011, the Bank purchased a 3 year fixed rate bond; as a result the Bank is exposed to changes in the fair value of the purchased bond due to changes in market interest rates. In order to minimize its exposure to fair value changes due to changes in market interest rates, management has selected to enter into an interest rate swap to receive variable rate and to pay a fixed rate. The amount of the hedged item is of 182,4 million EUR with an interest rate of 4.5% and the notional amount of the hedging instrument is of 180 million EUR with a fixed interest rate of 2.031%. On March 30, 2012 the hedging operation was partially unwind for a premium of 2.53 million EUR. The nominal amount was reduced to 115 million EUR under the same conditions.

b) On 28 July 2011, the Bank purchased a 4 year fixed rate bond; as a result the Bank is exposed to changes in the fair value of the purchased bond due to changes in market interest rates. The amount of the hedged item is of 99,9 million EUR with an interest rate of 4.7% and the notional amount of the hedging instrument is of 100 million EUR with a fixed interest rate of 2.171%.

We can conclude for both hedging instruments that the hedging relationship was effective.

The accompanying notes are an integral part of this interim report
4. Derivative financial instruments (continued)

Forwards
Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Swaps
Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts concluded by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

In a currency swap, the Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross-settled.

Options
Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Bank purchases and sells options in the over-the-counter markets. Options purchased by the Bank provide the Bank with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Bank is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Options written by the Bank provide the purchaser the opportunity to purchase from or sell to the Bank the underlying asset at an agreed-upon value either on or before the expiration of the option.
5. Loans and advances to customers

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans, gross</td>
<td>35,237,181</td>
<td>33,953,459</td>
</tr>
<tr>
<td>Loans impairment</td>
<td>(3,053,199)</td>
<td>(2,398,125)</td>
</tr>
<tr>
<td>Total</td>
<td>32,183,982</td>
<td>31,555,334</td>
</tr>
</tbody>
</table>

The structure of loans is the following:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital loans</td>
<td>9,957,005</td>
<td>9,302,255</td>
</tr>
<tr>
<td>Loans for equipment</td>
<td>7,653,696</td>
<td>7,488,372</td>
</tr>
<tr>
<td>Trade activities financing</td>
<td>635,506</td>
<td>567,187</td>
</tr>
<tr>
<td>Acquisition of real estate, including mortgage for individuals</td>
<td>5,340,506</td>
<td>4,722,784</td>
</tr>
<tr>
<td>Consumer loans</td>
<td>10,559,261</td>
<td>10,740,810</td>
</tr>
<tr>
<td>Other</td>
<td>1,091,207</td>
<td>1,132,051</td>
</tr>
<tr>
<td>Total</td>
<td>35,237,181</td>
<td>33,953,459</td>
</tr>
</tbody>
</table>

As of June 30, 2012 the amortized cost of loans granted to the 20 largest corporate clients (groups of connected borrowers) amounts to 2,573,514 (December 31, 2011: 2,277,003) while the value of letters of guarantee and letters of credit issued in favor of these clients amounts to 3,073,003 (December 31, 2011: 3,091,008).

Impairment allowance for loans

<table>
<thead>
<tr>
<th></th>
<th>Collective impairment</th>
<th>Specific impairment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2010</td>
<td>192,231</td>
<td>1,328,083</td>
<td>1,520,314</td>
</tr>
<tr>
<td>Net provision expenses/(income)</td>
<td>(70,218)</td>
<td>929,958</td>
<td>859,740</td>
</tr>
<tr>
<td>Foreign exchange losses/(gains)</td>
<td>(545)</td>
<td>18,616</td>
<td>18,071</td>
</tr>
<tr>
<td>Balance as of December 31, 2011</td>
<td>121,468</td>
<td>2,376,657</td>
<td>2,498,125</td>
</tr>
<tr>
<td>Net provision expenses/(income)</td>
<td>(10,890)</td>
<td>587,918</td>
<td>577,028</td>
</tr>
<tr>
<td>Foreign exchange losses/(gains)</td>
<td>2,326</td>
<td>75,719</td>
<td>78,045</td>
</tr>
<tr>
<td>Balance as of June 30, 2012</td>
<td>112,904</td>
<td>2,940,295</td>
<td>3,053,199</td>
</tr>
</tbody>
</table>

Considering the current situation of the real-estate market in Romania, BRD has launched a review of the valuation of its real-estate guarantees on customer loans. At the end of June 2012, the progress of the review led the bank to record an additional depreciation of 111,235. The review will be completed before the end of 2012; on the basis of the works still performed, the bank does not anticipate any additional needs of depreciation that would be material with regard to the related outstanding loans or the financial statements taken as whole.

Impaired loans

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired loans 90 days past due and more</td>
<td>4,864,841</td>
<td>3,908,888</td>
</tr>
<tr>
<td>Provisions for impaired loans 90 days past due and more</td>
<td>(2,620,452)</td>
<td>(1,932,683)</td>
</tr>
<tr>
<td>Impaired loans less than 90 days</td>
<td>1,554,548</td>
<td>1,768,974</td>
</tr>
<tr>
<td>Provisions for impaired loans less than 90 days</td>
<td>(319,843)</td>
<td>(465,442)</td>
</tr>
</tbody>
</table>

The value of loans individually determined to be impaired is 6,419,389 (December 31, 2011: 5,677,862).
6. Financial assets available for sale

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury notes</td>
<td>4,493,499</td>
<td>4,709,049</td>
</tr>
<tr>
<td>Equity investments</td>
<td>11,523</td>
<td>11,519</td>
</tr>
<tr>
<td>Other securities</td>
<td>156,504</td>
<td>156,258</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,661,526</strong></td>
<td><strong>4,876,826</strong></td>
</tr>
</tbody>
</table>

**Treasury notes**

Treasury notes consist of interest bearing bonds issued by the Romanian Ministry of Public Finance, rated as BB+ by Standard&Poors. As of June 30, 2012 there were no treasury notes that have been pledged to NBR for repo transactions (2011: 494,564).

**Equity investments**

Other equity investments represent shares in Victoria Business Centre S.A, Romanian Commodities Exchange, Bucharest Clearing House (the former Romanian Securities Clearing and Depository Company), Depozitarul Central S.A. (Shareholders’ Register for the National Securities Commission), Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati SA, Romanian Clearing House (SC Casa Romana de Compensatie SA), Investor Compensating Fund (Fondul de Compensare a Investitorilor), TransFond and Visa International Service Association.

**Other securities**

The Bank holds units in:
- A monetary fund ("Simfonia 1") amounting to 14,619 (December 31, 2011:14,202);
- A balanced fund ("BRD Obligatiuni") amounting to 12,434 (December 31, 2011: 12,086);
- A balanced fund ("Diverso Europa Regional") amounting to 21,912 (December 31, 2011: 20,427);
- A balanced fund ("Actiuni Europa Regional") amounting to 12,757 (December 31, 2011: 11,956);
- A balanced fund ("Index Europa Regional") amounting to 2,079 (December 31, 2011: 1,910)
7. Property, plant and equipment

During the six months ended June 30, 2012 the Bank acquired assets in total amount of 37,467 representing mainly modernization of buildings and corresponding equipments, also modernization in security systems.

8. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net identifiable assets transferred from Société Générale Bucharest to the Group in 1999. The goodwill is no longer amortized starting with January 1, 2004 (see accounting policies). During 2012 there was no impairment of the goodwill.

9. Other assets

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundry debtors</td>
<td>225,261</td>
<td>113,715</td>
</tr>
<tr>
<td>Materials and consumables</td>
<td>828</td>
<td>1,061</td>
</tr>
<tr>
<td>Miscellaneous assets</td>
<td>82,694</td>
<td>49,035</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>308,783</strong></td>
<td><strong>163,811</strong></td>
</tr>
</tbody>
</table>

The sundry debtors balances are presented net of an impairment allowance related to amounts under litigation of 33,463 (December 31, 2011: 59,228).

10. Borrowed funds and debt issued

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings from related parties</td>
<td>4,335,613</td>
<td>5,929,204</td>
</tr>
<tr>
<td>Borrowings from international financial institutions</td>
<td>506,604</td>
<td>529,598</td>
</tr>
<tr>
<td>Borrowings from other institutions</td>
<td>40,877</td>
<td>263,960</td>
</tr>
<tr>
<td>Other borrowings</td>
<td>19,084</td>
<td>70,403</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,902,178</strong></td>
<td><strong>6,793,165</strong></td>
</tr>
</tbody>
</table>

11. Subordinated debt

Subordinated debt is in amount of EUR 200,000,000, RON 889,880,000 equivalent (2011: EUR 200,000,000, RON 863,940,000 equivalent) representing two subordinated loans, EUR 100,000,000 received in 2005, at EURIBOR6M+0.5%, due in 2015 and a EUR 100,000,000 loan received in 2006, at EURIBOR6M+0.99%, due in 2013. The accrued interest to the subordinated debt is as of June 30, 2012 in amount of RON 9,115,313. (December 31, 2011: RON 10,221,430)

Other funds borrowed from related parties are senior unsecured and are used in the normal course of business.
# 12. Other liabilities

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundry creditors</td>
<td>71,880</td>
<td>63,400</td>
</tr>
<tr>
<td>Other payables to State budget</td>
<td>59,341</td>
<td>58,221</td>
</tr>
<tr>
<td>Deferred income</td>
<td>16,629</td>
<td>18,419</td>
</tr>
<tr>
<td>Payables to employees</td>
<td>71,806</td>
<td>83,445</td>
</tr>
<tr>
<td>Dividends payable</td>
<td>10,216</td>
<td>2,072</td>
</tr>
<tr>
<td>Other provisions</td>
<td>3,426</td>
<td>3,224</td>
</tr>
<tr>
<td>Financial guarantee contracts</td>
<td>70,604</td>
<td>58,649</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>303,902</strong></td>
<td><strong>287,430</strong></td>
</tr>
</tbody>
</table>

Payables to employees include, among other, gross bonuses relating to 2012 profit, amounting to 14,319 (2011: 29,952) and post-employment benefits amounting to 51,806 (2011: 48,258). The social security contributions relating to bonuses 4,039 (2011: 8,448) are included in Other payables to State Budget.

The movement in other provisions is as follows:

<table>
<thead>
<tr>
<th>Carrying value as of December 31, 2010</th>
<th>3,005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional expenses</td>
<td>350</td>
</tr>
<tr>
<td>Reversals of provisions</td>
<td>(131)</td>
</tr>
<tr>
<td><strong>Carrying value as of December 31, 2011</strong></td>
<td><strong>3,224</strong></td>
</tr>
<tr>
<td>Additional expenses</td>
<td>210</td>
</tr>
<tr>
<td>Reversals of provisions</td>
<td>(8)</td>
</tr>
<tr>
<td><strong>Carrying value as of June 30, 2012</strong></td>
<td><strong>3,426</strong></td>
</tr>
</tbody>
</table>
12. Other liabilities (continued)

Post-employment benefit plan

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

Expenses recognised in profit and loss

<table>
<thead>
<tr>
<th></th>
<th>Six months ended</th>
<th></th>
<th>Six months ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2012</td>
<td></td>
<td>June 30, 2011</td>
<td></td>
</tr>
<tr>
<td>Current service cost</td>
<td>2,013</td>
<td></td>
<td>3,077</td>
<td></td>
</tr>
<tr>
<td>Interest cost on benefit obligation</td>
<td>1,574</td>
<td></td>
<td>1,349</td>
<td></td>
</tr>
<tr>
<td>Actuarial losses recognized during the year</td>
<td>256</td>
<td></td>
<td>543</td>
<td></td>
</tr>
<tr>
<td>Past service cost</td>
<td>10</td>
<td></td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>Net benefit expense</strong></td>
<td><strong>3,854</strong></td>
<td></td>
<td><strong>4,978</strong></td>
<td></td>
</tr>
</tbody>
</table>

Movement in defined benefits obligations

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th></th>
<th>December 31, 2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening defined benefit obligation</strong></td>
<td>48,258</td>
<td></td>
<td>39,116</td>
<td></td>
</tr>
<tr>
<td>Total service cost</td>
<td>2,023</td>
<td></td>
<td>6,173</td>
<td></td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(306)</td>
<td></td>
<td>(814)</td>
<td></td>
</tr>
<tr>
<td>Interest cost on benefit obligation</td>
<td>1,574</td>
<td></td>
<td>2,698</td>
<td></td>
</tr>
<tr>
<td>Actuarial losses recognized during the year</td>
<td>256</td>
<td></td>
<td>1,085</td>
<td></td>
</tr>
<tr>
<td><strong>Closing defined benefit obligation</strong></td>
<td><strong>51,806</strong></td>
<td></td>
<td><strong>48,258</strong></td>
<td></td>
</tr>
</tbody>
</table>

Discount rate
Inflation rate
Average salary increase rate (0-4 years)
Average salary increase rate (over 5 years)
Average remaining working period (years)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th></th>
<th>December 31, 2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>5.00%</td>
<td></td>
<td>5.00%</td>
<td></td>
</tr>
<tr>
<td>Inflation rate</td>
<td>1.90%</td>
<td></td>
<td>1.90%</td>
<td></td>
</tr>
<tr>
<td>Average salary increase rate (0-4 years)</td>
<td>2.90%</td>
<td></td>
<td>2.90%</td>
<td></td>
</tr>
<tr>
<td>Average salary increase rate (over 5 years)</td>
<td>3.90%</td>
<td></td>
<td>3.90%</td>
<td></td>
</tr>
<tr>
<td>Average remaining working period (years)</td>
<td>17.33</td>
<td></td>
<td>17.33</td>
<td></td>
</tr>
</tbody>
</table>

Defined benefit obligation
Experience adjustment on plan liabilities

The accompanying notes are an integral part of this interim report.
13. Share capital

The nominal share capital, as registered with the Registry of Commerce is 696,901 (2011: 696,901). Included in the share capital there is an amount of 1,818,721 (2011: 1,818,721) representing hyper inflation restatement surplus.

Share capital as of June 30, 2012 represents 696,901,518 (2011: 696,901,518) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2011: RON 1).

During 2012 and 2011, the Bank did not buy back any of its own shares.

14. Retained earnings

Included in the Retained earnings there is an amount of 513,515 (2011: 513,515) representing legal reserves, general banking reserves and other reserves with a restricted use as required by the banking legislation.

15. Capital management

The Bank manages its capital with the objective of maintaining a strong capital base to support its business activities and to meet capital regulatory requirements in the current period and going forward.

The Bank’s capital principally consists of the following balances: share capital, reserve funds, undistributed profit and subordinated debt.

For the periods ending June 30, 2012 and December 31, 2011, the adequacy of the Bank’s capital has been monitored using the local regulations that are based on the European Directive 2006/48/49/EC (Basel II). During 2012 and 2011 the Bank has complied in full with these requirements.

16. Interest income

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2012</th>
<th>Six months ended June 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loans</td>
<td>1,386,530</td>
<td>1,431,240</td>
</tr>
<tr>
<td>Interest on deposit with banks</td>
<td>48,951</td>
<td>71,254</td>
</tr>
<tr>
<td>Interest on treasury notes</td>
<td>141,977</td>
<td>112,979</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,577,458</strong></td>
<td><strong>1,615,475</strong></td>
</tr>
</tbody>
</table>
17. Interest expense

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2012</th>
<th>Six months ended June 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on term deposits</td>
<td>427,624</td>
<td>360,268</td>
</tr>
<tr>
<td>Interest on demand deposits</td>
<td>119,715</td>
<td>134,796</td>
</tr>
<tr>
<td>Interest on borrowings</td>
<td>96,398</td>
<td>99,746</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>643,737</strong></td>
<td><strong>594,811</strong></td>
</tr>
</tbody>
</table>

18. Fees and commissions, net

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2012</th>
<th>Six months ended June 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission revenue from processing of transactions</td>
<td>420,027</td>
<td>410,924</td>
</tr>
<tr>
<td>Other commission revenue</td>
<td>40,684</td>
<td>43,739</td>
</tr>
<tr>
<td>Commission expense</td>
<td>(84,799)</td>
<td>(74,936)</td>
</tr>
<tr>
<td><strong>Net commission revenue</strong></td>
<td><strong>375,912</strong></td>
<td><strong>379,726</strong></td>
</tr>
</tbody>
</table>

19. Other income

Other income includes income from banking activities offered to the clients and income from non-banking activities, such as income from rentals. The income from rental of investment properties, for the Bank, is 1,118 (2011:2,161).

20. Contribution to Deposit Guarantee Fund

The deposits of individuals and certain entities including small and medium sized enterprises are insured up to a certain level, by the Deposit Guarantee Fund ("FGDSB"), an entity, whose resources are based mainly on the contributions made by the banks, calculated as a percentage of qualifying deposits.

21. Salaries and related expenses

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2012</th>
<th>Six months ended June 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>216,671</td>
<td>218,953</td>
</tr>
<tr>
<td>Social security</td>
<td>67,755</td>
<td>58,344</td>
</tr>
<tr>
<td>Bonuses</td>
<td>18,359</td>
<td>22,400</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>448</td>
<td>4,487</td>
</tr>
<tr>
<td>Other</td>
<td>12,580</td>
<td>30,816</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>315,812</strong></td>
<td><strong>335,000</strong></td>
</tr>
</tbody>
</table>

Employee expenses for share - based payment transactions are included in line Other salaries and related expenses in amount of 3,115 for 2012 (2011: 4,143).
21. Salaries and related expenses (continued)

Share based payment transactions

On November 2nd, 2010 the Parent established a share based payment program that grants each employee of the bank 40 Societe Generale shares.

The terms and conditions of the grant are as follows: all shares are to be settled by physical delivery of shares:

<table>
<thead>
<tr>
<th>Grant date/ employees entitled</th>
<th>Number of instruments</th>
<th>Vesting conditions</th>
<th>Contractual life of share based options</th>
</tr>
</thead>
<tbody>
<tr>
<td>shares granted to all employees of the group at 02/11/2010</td>
<td>16</td>
<td>ROE before tax for 2012 &gt;10% presence in the group until 31/03/2015</td>
<td>4 years and 5 months</td>
</tr>
<tr>
<td>shares granted to all employees of the group at 02/11/2010</td>
<td>24</td>
<td>improvement of customer satisfaction between 2010 and 2013 presence in the group until 31/03/2016</td>
<td>5 years and 5 months</td>
</tr>
<tr>
<td><strong>Total shares</strong></td>
<td><strong>40</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The number and weighted average exercise price of shares is as follows:

<table>
<thead>
<tr>
<th>Weighted average exercise price (RON)</th>
<th>Number of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding as at January 1, 2012</td>
<td>529</td>
</tr>
<tr>
<td>Granted during the period</td>
<td></td>
</tr>
<tr>
<td>- exercise date 31/03/2015</td>
<td>154</td>
</tr>
<tr>
<td>- exercise date 31/03/2016</td>
<td>147</td>
</tr>
<tr>
<td>Outstanding as at June 30, 2012</td>
<td>830</td>
</tr>
</tbody>
</table>

Employee expenses for share - based payment transactions

<table>
<thead>
<tr>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares granted in 2010</td>
<td>1,070</td>
</tr>
<tr>
<td>Expense arising from shares granted in 2011</td>
<td>6,025</td>
</tr>
<tr>
<td>Expense arising from shares granted in 2012</td>
<td>3,115</td>
</tr>
<tr>
<td><strong>Total expense recognised as personnel expense</strong></td>
<td><strong>10,210</strong></td>
</tr>
</tbody>
</table>

The shares outstanding as at June 30, 2012 have an exercise price of 154 RON (those with an exercise date as at March 31, 2015) and of 147 RON (those with an exercise date as at March 31, 2016) and a contractual life of 4 years and 5 months and 5 years and 5 months respectively.

The accompanying notes are an integral part of this interim report
22. Depreciation and amortization expense

<table>
<thead>
<tr>
<th></th>
<th>Six months ended</th>
<th></th>
<th>Six months ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2012</td>
<td></td>
<td>June 30, 2011</td>
<td></td>
</tr>
<tr>
<td>Depreciation and impairment</td>
<td>61,674</td>
<td></td>
<td>59,509</td>
<td></td>
</tr>
<tr>
<td>Amortisation</td>
<td>15,052</td>
<td></td>
<td>12,058</td>
<td></td>
</tr>
<tr>
<td>Losses/(Gains) on disposal of tangible and intangible assets</td>
<td>(541)</td>
<td></td>
<td>843</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>76,184</td>
<td></td>
<td>72,410</td>
<td></td>
</tr>
</tbody>
</table>

23. Other operating expense

<table>
<thead>
<tr>
<th></th>
<th>Six months ended</th>
<th></th>
<th>Six months ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2012</td>
<td></td>
<td>June 30, 2011</td>
<td></td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>238,453</td>
<td></td>
<td>247,860</td>
<td></td>
</tr>
<tr>
<td>Publicity and sponsorships</td>
<td>15,729</td>
<td></td>
<td>19,664</td>
<td></td>
</tr>
<tr>
<td>Other expenses</td>
<td>26,069</td>
<td></td>
<td>14,329</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>280,251</td>
<td></td>
<td>281,853</td>
<td></td>
</tr>
</tbody>
</table>

Administrative expenses refer mainly to rentals, maintenance expenses, local taxes and various utilities such as energy and telecommunication.

24. Credit loss expense

<table>
<thead>
<tr>
<th></th>
<th>Six months ended</th>
<th></th>
<th>Six months ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2012</td>
<td></td>
<td>June 30, 2011</td>
<td></td>
</tr>
<tr>
<td>Net impairment allowance for loans</td>
<td>577,774</td>
<td></td>
<td>364,192</td>
<td></td>
</tr>
<tr>
<td>Net impairment allowance for sundry debtors</td>
<td>1,721</td>
<td></td>
<td>(3,874)</td>
<td></td>
</tr>
<tr>
<td>(6,886)</td>
<td>(467)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from recoveries of derecognized receivables</td>
<td>132,276</td>
<td></td>
<td>78,794</td>
<td></td>
</tr>
<tr>
<td>Write-offs of bad debts</td>
<td>10,378</td>
<td></td>
<td>6,364</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>715,263</td>
<td></td>
<td>445,008</td>
<td></td>
</tr>
</tbody>
</table>
25. Cash and cash equivalents 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:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>592,502</td>
<td>662,171</td>
</tr>
<tr>
<td>Current accounts and deposits with banks</td>
<td>90,193</td>
<td>635,103</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>682,695</strong></td>
<td><strong>1,297,274</strong></td>
</tr>
</tbody>
</table>

For the purpose of cash flow statement the net expenses from impairment of loans and from provisions are reconciled as follows:

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2012</th>
<th>Six months ended June 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unaudited</td>
<td></td>
</tr>
<tr>
<td>Net impairment allowance for loans</td>
<td>577,774</td>
<td>364,192</td>
</tr>
<tr>
<td>Net impairment allowance for sundry debtors</td>
<td>1,721</td>
<td>(3,874)</td>
</tr>
<tr>
<td>Write-offs expenses</td>
<td>132,276</td>
<td>78,794</td>
</tr>
<tr>
<td>Financial guarantee contracts</td>
<td>10,378</td>
<td>6,364</td>
</tr>
<tr>
<td>Net movement in other provisions</td>
<td>202</td>
<td>(236)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>722,351</strong></td>
<td><strong>445,238</strong></td>
</tr>
</tbody>
</table>

26. Guarantees and other financial commitments

Guarantees and letters of credit
The Bank issues guarantees and letters of credit for its customers. The primary purpose of letters of credit is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry a similar credit risk as loans.
The market and credit risk on these financial instruments, as well as the operational risk is similar to that arising from granting of loans. In the event of a claim on the Bank as a result of a customer’s default on a guarantee these instruments also present a degree of liquidity risk to the Bank.

Credit related commitments
Financing commitments represent unused amounts of approved credit facilities. While there is some credit risk associated with the commitment, the risk is viewed as modest, since it results from the possibility of unused portions of loan authorizations being drawn by the client and, these amounts not being repaid subsequently when due.
The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The total outstanding contractual amount of commitments does not necessarily represent future cash requirements, since many of these commitments will expire or be terminated without being funded.

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of guarantee granted</td>
<td>7,910,571</td>
<td>7,191,162</td>
</tr>
<tr>
<td>Financing commitments granted</td>
<td>3,742,871</td>
<td>4,272,428</td>
</tr>
<tr>
<td><strong>Total commitments granted</strong></td>
<td><strong>11,653,443</strong></td>
<td><strong>11,463,590</strong></td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of this interim report*
27. Capital commitments

The line Services presented in the note includes commitments for operating leasing.

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible non-current assets</td>
<td>6,852</td>
<td>15,354</td>
</tr>
<tr>
<td>Intangible non-current assets</td>
<td>2,177</td>
<td>729</td>
</tr>
<tr>
<td>Services</td>
<td>31,887</td>
<td>50,122</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40,916</strong></td>
<td><strong>66,205</strong></td>
</tr>
</tbody>
</table>
28. Related parties

The Bank enters into related party transactions with its parent, other SG entities and associates. All related party transactions were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing for similar transactions with unrelated parties. The transactions/balances with related parties can be summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th></th>
<th></th>
<th></th>
<th>2011</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Parent</td>
<td>Other SG entities</td>
<td>Subsidiaries</td>
<td>Associates</td>
<td>Parent</td>
<td>Other SG entities</td>
<td>Subsidiaries</td>
<td>Associates</td>
</tr>
<tr>
<td>Assets</td>
<td>551,287</td>
<td>3,921</td>
<td>126,099</td>
<td>6,391</td>
<td>335,894</td>
<td>3,538</td>
<td>157,887</td>
<td>-</td>
</tr>
<tr>
<td>Nostro accounts</td>
<td>335,866</td>
<td>1,252</td>
<td>-</td>
<td>-</td>
<td>95,113</td>
<td>1,348</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deposits</td>
<td>14,764</td>
<td>2,699</td>
<td>-</td>
<td>-</td>
<td>27,841</td>
<td>2,370</td>
<td>-46,002</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>182,940</td>
<td>-</td>
<td>126,099</td>
<td>6,391</td>
<td>182,940</td>
<td>-</td>
<td>109,194</td>
<td>-</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,691</td>
<td>-</td>
</tr>
<tr>
<td>Liabilities</td>
<td>6,464,778</td>
<td>25,877</td>
<td>93,270</td>
<td>58,931</td>
<td>10,288,413</td>
<td>35,271</td>
<td>143,072</td>
<td>29,924</td>
</tr>
<tr>
<td>Loans accounts</td>
<td>12,060</td>
<td>5,585</td>
<td>-</td>
<td>-</td>
<td>846</td>
<td>4,413</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deposits</td>
<td>1,217,565</td>
<td>20,292</td>
<td>51,357</td>
<td>58,931</td>
<td>2,352,339</td>
<td>30,958</td>
<td>85,639</td>
<td>29,924</td>
</tr>
<tr>
<td>Borrowings</td>
<td>4,335,613</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,800,877</td>
<td>-</td>
<td>5,765</td>
<td>-</td>
</tr>
<tr>
<td>Subordinated borrowings</td>
<td>898,095</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>874,161</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lease payable</td>
<td>-</td>
<td>-</td>
<td>41,912</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>48,978</td>
<td>-</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,691</td>
<td>-</td>
</tr>
<tr>
<td>Commitments</td>
<td>9,808,608</td>
<td>5,065</td>
<td>145,109</td>
<td>-</td>
<td>8,435,161</td>
<td>21,249</td>
<td>125,085</td>
<td>-</td>
</tr>
<tr>
<td>Letters of guarantee paid</td>
<td>323,464</td>
<td>5,065</td>
<td>504</td>
<td>-</td>
<td>241,827</td>
<td>21,249</td>
<td>37,039</td>
<td>-</td>
</tr>
<tr>
<td>National amount of foreign exchange transactions</td>
<td>7,510,930</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,048,711</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>National amount of interest rate derivatives</td>
<td>1,944,214</td>
<td>-</td>
<td>77,857</td>
<td>-</td>
<td>2,144,623</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income statement</td>
<td>15,191</td>
<td>54,563</td>
<td>7,766</td>
<td>1,447</td>
<td>30,904</td>
<td>35,543</td>
<td>13,231</td>
<td>881</td>
</tr>
<tr>
<td>Interest and commission revenues</td>
<td>7,686</td>
<td>14</td>
<td>4,501</td>
<td>433</td>
<td>7,384</td>
<td>52</td>
<td>6,672</td>
<td>134</td>
</tr>
<tr>
<td>Interest and commission expense</td>
<td>38,499</td>
<td>54,948</td>
<td>2,866</td>
<td>1,014</td>
<td>29,853</td>
<td>35,384</td>
<td>5,657</td>
<td>746</td>
</tr>
<tr>
<td>Net (loss) on interest rate derivatives</td>
<td>(16,976)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,208</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net gain/(loss) on foreign exchange derivatives</td>
<td>(4,018)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7,451)</td>
<td>107</td>
<td>-550</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>352</td>
<td>-</td>
</tr>
<tr>
<td>Other expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The interest expenses include an amount of 10,157 (2011: 19,406) relating to subordinated loans.

As of June 30, 2012, the Board of Directors and Managing Committee members own 304,530 (2011: 329,530) shares.

The short-term benefits relating to the key management personnel (salaries, bonuses, other emoluments and related social security contributions) amounted to 4,258 (2011: 6,576).
29. Contingencies

As of June 30, 2012 BRD is the defendant in a number of lawsuits arising in the course of business, amounting to approximately 3,495 (2011: 16,733). 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.

An amount of 19,483 (5 million Euro equivalent) was fined by the Competition Council following an audit of this authority held in October 2008 in several Romanian banks. The Bank considers the fine illegal and groundless and consequently challenged in court its application.

30. Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares on the market</td>
<td>696,901,518</td>
<td>696,901,518</td>
</tr>
<tr>
<td>Profit attributable to shareholders</td>
<td>39,354</td>
<td>469,377</td>
</tr>
<tr>
<td>Earnings per share (in RON)</td>
<td>0.0565</td>
<td>0.6735</td>
</tr>
</tbody>
</table>

31. Dividends on ordinary shares

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declared and paid during the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends for 2011: 0.16690 (2010: 0.17957)</td>
<td>106,100</td>
<td>123,076</td>
</tr>
</tbody>
</table>
32. Fair value

*Determination of fair value and fair value hierarchy*

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

*Level 1:* quoted (unadjusted) prices in active markets for identical assets or liabilities;

*Level 2:* other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

*Level 3:* techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:
### Financial assets

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>June 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
</tr>
<tr>
<td><strong>Derivative financial instruments</strong></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>-</td>
</tr>
<tr>
<td>Currency swaps</td>
<td>-</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>-</td>
</tr>
<tr>
<td>Currency options</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Financial assets available for sale</strong></td>
<td></td>
</tr>
<tr>
<td>Treasury notes</td>
<td>-</td>
</tr>
<tr>
<td>Equity investments</td>
<td>3,330</td>
</tr>
<tr>
<td>Other securities</td>
<td>156,504</td>
</tr>
<tr>
<td></td>
<td>159,834</td>
</tr>
<tr>
<td><strong>Derivatives and other financial instruments held for trading</strong></td>
<td>315,816</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>475,650</td>
</tr>
</tbody>
</table>

### Financial liabilities

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>June 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
</tr>
<tr>
<td><strong>Derivative financial instruments</strong></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>-</td>
</tr>
<tr>
<td>Currency swaps</td>
<td>-</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>-</td>
</tr>
<tr>
<td>Currency options</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this interim report.

28
32. Fair value (continued)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2011</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>-</td>
<td>8,731</td>
<td>-</td>
<td>8,731</td>
</tr>
<tr>
<td>Currency swaps</td>
<td>-</td>
<td>41,163</td>
<td>-</td>
<td>41,163</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>-</td>
<td>22,160</td>
<td>-</td>
<td>22,160</td>
</tr>
<tr>
<td>Currency options</td>
<td>-</td>
<td>31,367</td>
<td>-</td>
<td>31,367</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>103,421</td>
<td>-</td>
<td>103,421</td>
</tr>
<tr>
<td>Financial assets available for sale</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury notes</td>
<td>-</td>
<td>4,709,049</td>
<td>-</td>
<td>4,709,049</td>
</tr>
<tr>
<td>Equity investments</td>
<td>2,039</td>
<td>-</td>
<td>9,479</td>
<td>11,519</td>
</tr>
<tr>
<td>Other securities</td>
<td>156,258</td>
<td>-</td>
<td>-</td>
<td>156,258</td>
</tr>
<tr>
<td></td>
<td>158,298</td>
<td>4,709,049</td>
<td>9,479</td>
<td>4,876,826</td>
</tr>
<tr>
<td>Derivatives and other financial instruments held for trading</td>
<td>213,057</td>
<td>-</td>
<td>-</td>
<td>213,057</td>
</tr>
<tr>
<td>Total</td>
<td>371,355</td>
<td>4,812,470</td>
<td>9,479</td>
<td>5,193,304</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>-</td>
<td>97,259</td>
<td>-</td>
<td>97,259</td>
</tr>
<tr>
<td>Currency swaps</td>
<td>-</td>
<td>25,987</td>
<td>-</td>
<td>25,987</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>-</td>
<td>16,199</td>
<td>-</td>
<td>16,199</td>
</tr>
<tr>
<td>Currency options</td>
<td>-</td>
<td>31,367</td>
<td>-</td>
<td>31,367</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>170,812</td>
<td>-</td>
<td>170,812</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this interim report
32. Fair value (continued)

Financial instruments recorded at fair value
The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Bank’s estimate of assumptions that a market participant would make when valuing the instruments.

Derivatives
Derivative products valued using a valuation technique with market observable inputs are mainly interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves.

Financial assets available for sale
Available-for-sale financial assets valued using a valuation technique or pricing models primarily consist of unquoted equities and debt securities. These assets are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the financial performance of the investee.

Fair value of financial assets and liabilities not carried at fair value

Financial assets
Deposits with banks, loans originated by the Bank and leases are measured at amortized cost using the effective interest rate method less any impairment allowance.

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

Financial liabilities
The amortized cost of deposits from banks and customers is considered to approximate their respective fair values, since these items have predominantly short maturities, carry interest rates reflecting current market conditions and are settled without significant transaction costs.
### 32. Fair value (continued)

The following table presents the fair value and the carrying amount per type of financial instrument.

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying value</td>
<td>Fair value</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td>592,502</td>
<td>592,502</td>
</tr>
<tr>
<td>Due from Central Bank</td>
<td>7,855,188</td>
<td>7,855,188</td>
</tr>
<tr>
<td>Due from banks</td>
<td>384,959</td>
<td>384,959</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>32,183,982</td>
<td>32,456,827</td>
</tr>
<tr>
<td></td>
<td><strong>41,016,631</strong></td>
<td><strong>41,289,476</strong></td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand deposits and current accounts</td>
<td>15,301,532</td>
<td>15,301,532</td>
</tr>
<tr>
<td>Term deposits</td>
<td>20,219,503</td>
<td>20,225,116</td>
</tr>
<tr>
<td>Borrowed funds and debt issued</td>
<td>4,902,178</td>
<td>4,901,094</td>
</tr>
<tr>
<td></td>
<td><strong>40,423,213</strong></td>
<td><strong>40,427,742</strong></td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of this interim report*
32. Fair value (continued)

The methods and significant assumptions applied in determining the fair value of the elements in the table above are listed below.

The fair value of fixed rate instruments is estimated by discounting the maturing cash flows with discount factors derived from the rates offered to similar clients, for similar products on similar maturities. The fair value of floating instruments is estimated by discounting from the next re-pricing date using as discount factors rates offered to similar clients, for similar products on similar time horizons.

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.