



BRD
GROUPE SOCIETE GENERALE

Board of Directors Report
on the individual financial statements prepared for the year ended
December 31, 2010

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1. INTRODUCTION

This report was prepared in accordance with:

- Order of the National Bank of Romania (“NBR”) no. 13/2008 for approval of Accounting Regulations according to the European Directives, applicable to credit institutions, non-bank financial institutions and Guarantee Fund for Bank Deposits;
- National Securities Commission (CNVM) Regulation no.1/2006 related to issuers and security operations, amended on.

BRD – Groupe Société Générale profile

BRD - Groupe Societe Generale („BRD” or „the Bank”) was set up on December 1st, 1990 as an independent bank with the legal status of a joint-stock company and with the share capital mainly held by the Romanian State; by taking over the assets and liabilities of Banca de Investitii (the Investment Bank).

In March 1999, Société Générale (SG) buys a stake representing 51% of the share capital, increasing its holding of shares to 58.32% in 2004, through the acquisition of the residual stake from the Romanian State.

Starting 2001, BRD-Groupe Société Générale operates as an open joint-stock company, according to the legislation on trading companies, bank legislation, provisions of the Articles of Incorporation and the other internal regulations.

Identification data of BRD are:

- **Head Office:** B-dul Ion Mihalache nr. 1-7, sect. 1, Bucuresti
- **Tel/Fax:** 3016100 / 3016800
- **Sole registration number with the Trade Registry:** R 361579
- **Order number with the Trade Registry:** J40-608-1991
- **Regulated market on which the issued securities are traded:** Bucharest Stock Exchange – 1st Category
- **Share capital subscribed and paid:** 696.901.518 lei
- **The main characteristics of securities issued by the company:** ordinary shares with a nominal value of 1 RON

According to articles 5 and 6 of Chapter II of the Articles of Incorporation, the Bank’s object of activity can be summarized as being the performance of banking activities.

2. SECURITIES MARKET

Starting January 15th, 2001, the Bank's shares are listed on the Ist category of the Bucharest Stock Exchange and are included in the BET and BET-C indexes. The Bank's shares are ordinary, nominative, dematerialized and indivisible. According to the Articles of Incorporation, article 17, letter k, the shares of the Bank are traded freely on those capital markets set by General Assembly of the Shareholders ("AGA"), whereas complying with the legislation on the trade of shares issued by bank institutions.

During 2010, the BRD share had a similar trend with the BET index average. The closing price of the BRD share on December 30, 2010, the last trading day of 2010, was of 12.35 RON/share. On the same date, the market capitalisation was 8,606,733,747 RON.

In addition, in November 2006, BRD issued bonds in RON, destined to non resident investors. The operation was performed on the Luxemburg market and amounts to RON 735 millions. The borrowing period is 5 years, and the interest rate is 7.75%.

During 2010 BRD has not redeemed its shares.

Dividends

According to the Romanian legislation and the Articles of Incorporation, dividends are paid from the funds created for this purpose after the approval of the General Assembly of Shareholders („AGA”), within maximum 60 days from the publication date of the AGA decision of approval of dividends in the Official Journal.

The net annual profit is distributed as dividends according to the decision of AGA. The change in the volume of approved and distributed dividends is presented as follows:

	2009	2008	2007
Distributable profit (RON million)	779	1,353	917
Total dividends (RON million)	195	508	412
Number of shares (millions)	697	697	697
Dividend per share (RON), nominal	0.2795	0.7283	0.5921
Distribution rate from distributable profit	25%	37%	45%

The distribution of dividends is made according to the General Assembly decision, upon the Board of Directors' proposal and it depends on the value of the distributable profit and on the future capitalization need of the Bank

2. SECURITIES MARKET (continued)

Payment of dividends

The dividends are distributed to the shareholders proportionally to their participation in the share capital. The dividend income is subject to withholding tax.

According to the Articles of Incorporation of the Bank, dividends are paid within no more than 2 months from the approval date of the annual financial statements for the year then ended, in cash or by bank transfer, according to the shareholders' decision.

Unclaimed dividends are prescribed within 3 years from the payment start date, according to legal provisions.

BRD started the payment of the 2009 dividends on June 25th, 2010.

3. ECONOMIC ENVIRONMENT 2010

The main macroeconomic factors that, in year 2010 had major impact on the banking activity:

- The consumption prices index at the end of 2010, provided by the National Institute of Statistics is 7,96%, compared with December 31, 2009, exceeding the estimations of the Government and the target announced by NBR;
- During 2010, the national currency has slightly depreciated compared to the euro by 1.3 %, in nominal terms;
- The real contraction of the GDP has continued also in 2010, that being of 1.3% according to data provided by the National Institute of Statistics;
- NBR maintained a decreased level of the minimum compulsory reserve, at 25% for foreign currencies resources, respectively at 15% for RON;
- In this context, NBR continued to gradually reduce the monetary policy interest rate, reaching from 7,5% in December 2009 to 6,25%, level determined during the month of May 2010;

The effects of the crisis on the banking system continued in 2010 and were mainly the following:

- further decrease in the volume of operations and, in particular, the production credits;
- Increase participation to public sector financing;
- Further decrease in asset quality, which resulted in significant increases in nonperforming loans and provisions;
- Further harmonization of legal regulations issued by Deposit Guarantee Fund in the Banking System (FGDSB) with European regulations. During 2010, the percentage of contribution of credit institutions to FGDSB was of 0.2% of total deposits guaranteed, compared with 0.1 % in prior year. The upward trend of the percentage of contribution is kept for next year, at 0.3 %, in the context of increasing the deposit guarantee ceiling to 100.000 EUR equivalent, starting with January 1, 2011.

Thus, at the end of 2010 the Romanian banking system comprised 33 banks corporate Romanian entities and 9 branches of foreign banks, who owned assets worthing 341,845 million RON and equity of 30,546 million RON. In the current economic context, the total net losses in the banking system reached 304 million RON.

4. EVOLUTION OF THE MAIN FINANCIAL INDICATORS

During 2010, BRD activity was at a satisfactory level, even if the economic environment was unfavorable, bank results represent proof of the resilience and, especially, of BRD strength .

The main elements of general assessment are the following:

Ratio	2008 ⁽¹⁾	2009	2010
Gross operating income (RON million)	2,048	1,964	2,164
Net profit (RON million)	1,353	779	501
Return on equity (ROE)	39.6%	19.4%	11.6%
Cost/income ratio	38.4%	42.6%	38.8%
Capital adequacy ratio	11.7%	13.2%	14.0%
Non-performing loans ratio		5.5%	9.1%
Liquidity ratio	3.82	1.64	1.46

(1) The ratios take into consideration the net gain from the sale on interest in Asiban SA

(2) loans classified as “Loss 2” (90 days past due and/or legal action)/total loans

(3) According to NBR regulations

During 2010, were taken the appropriate measures in order to keep in place the macro-balances. The general expenses were kept under strict monitoring (operating ratio has improved compared with the one in 2009, by decreasing with 3 percentage points, up to 38,8%) , as far as sales are concerned, special focus was placed on making the best use of the synergies among our business lines, and so we’ve managed to partially compensate for the fall in demand.

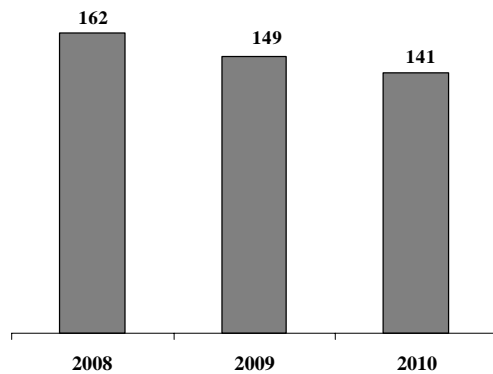
Regarding the level of non-performing loans, BRD is below the average of the banking system, according to NBR statistics.

5. COMMERCIAL ACTIVITY

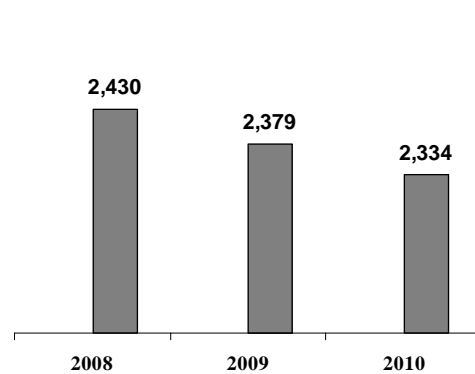
2010 allowed the continuation of network optimisation process. As at December 31st, 2010 the Group had over 930 branches, increasing with 7 branches compared with the year end 2009, which ensured the distribution of its products throughout the whole country.

The clientele¹ base remains robust in spite of slight decrease in number of clients due to the elimination of non-active clients and slow down of acquisition of new ones.

Corporates (x 1 000)



Individuals (x 1 000)



The Group's commercial offer includes a complete portfolio of financial, banking products and consultancy and services designed for both private and corporates customers.

Concerning the loans granted to individuals, BRD has actively participated as during 2009, to the programme „Prima casa”, the production of this type of loan being of RON 690 millions. Moreover, during the 2nd quarter of 2010, the Bank launched a promoting campaign designated for consumer lending (loan facility „Primavera”) which generated a production of more than RON 600 millions.

Evolution of deposits and loans to individuals was as follows:

	31.12.2008	31.12.2009	31.12.2010	millions RON 2010/2009
Deposits	13,055	14,606	14,682	+1%
Loans	15,783	16,038	16,044	+0%

¹ Active clients are clients who have at least one operation in the last 3 months

5. COMMERCIAL ACTIVITY (continued)

Evolution of deposits and loans to corporates was as follows:

	31.12.2008	31.12.2009	31.12.2010	millions RON 2010/2009
Deposits	15,672	14,919	15,212	2%
Loans	16,482	17,211	17,119	-1%

Evolution of the loan portfolio, according to the currency of issue, in the period 2008 - 2010 is as follows:

	31.12.2008	%	31.12.2009	%	million RON 31.12.2010	%
GROSS LOANS	32,264	100	33,249	100	33,164	100
Loans in local currency	16602.26	51.5	15202.83	45.7	14691	44.3
Loans in foreign currency	15662.173	48.5	18045.845	54.3	18472	55.7

Bank is considering further development of the range of products offered taking into account its customers' needs.

The main components of net banking income had the following evolution:

	31.12.2008*	31.12.2009	31.12.2009	millions RON 2010/2009
Net banking income,	3,323	3,416	3,539	+4%
out of wich				
- Interest income	1,348	1,609	1,862	+16%
- Commissions	1,233	1,297	1,261	-3%

^(*) Net banking income includes also the gain from sale of ASIBAN.

Bank revenues are not dependent on a single customer or group of customers, consequently there is no risk that losing a client will significantly affect income levels.

5. COMMERCIAL ACTIVITY (continued)

Further, BRD is the second bank in Romania, in terms of banking assets, holding the following market shares at 31 December 2009 and December 31, 2010:

	31.12.2009	31.12.2010
	<i>(%)</i>	<i>(%)</i>
Total assets	14.1	13.9
Loans corporate customers	15.3	14.2
Deposits corporate customers	18.4	17.8
Loans individual customers	16.0	15.7
Deposits individual customers	14.8	14.1

6. FINANCIAL POSITION ANALYSIS

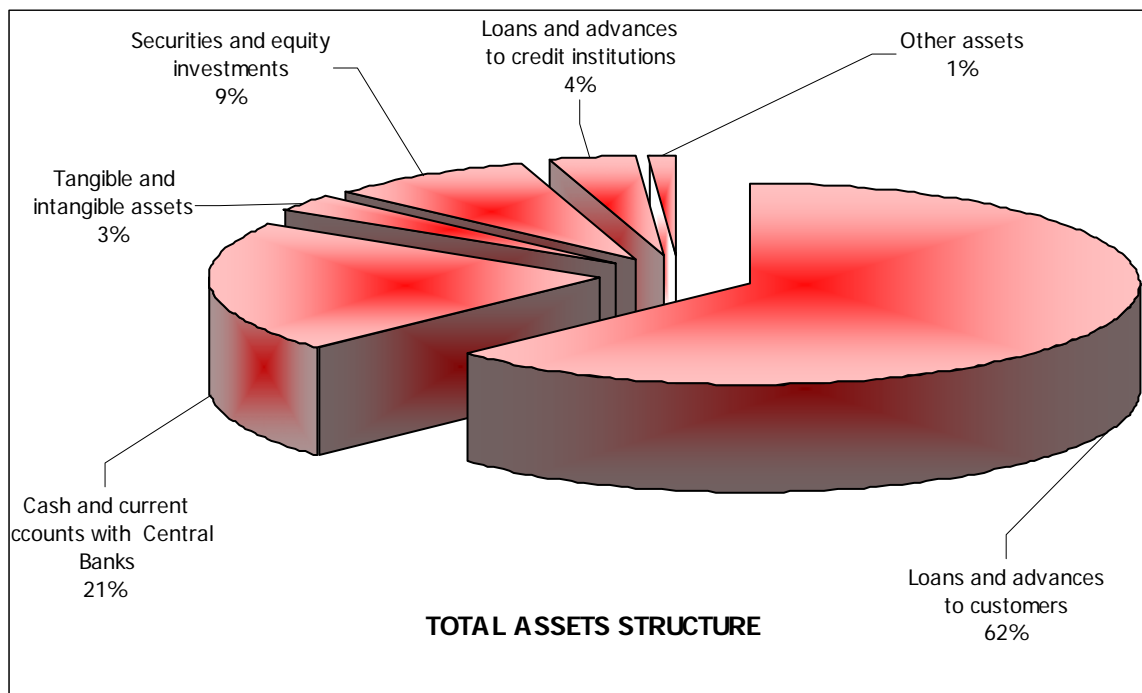
In accordance with NBR Order no 13/ 2008, amended and supplemented, Bank applies Accounting Regulations according with European Directives, applicable to credit institutions, presentation of balance sheet items being according to these regulations.

Financial position – assets

The total assets increased by 2% as at Decemeber 31st, 2010 compared to prior year, respectively decreased by 4% compared with Decemeber 31st, 2008. The main elements evolution was as follows:

Assets	2008	2009	2010	10/09
Loans and advances to customers	31,521	30,745	29,755	-3%
Cash and current accounts with Central Banl	14,254	9,846	10,038	2%
Tangible and intangible assets	1,627	1,401	1,393	-1%
Securities and equity investments	936	2,276	4,052	78%
Loans and advances to credit institutions	522	1,600	1,693	6%
Other assets	380	526	563	7%
Total assets	49,240	46,394	47,494	2%

In terms of balance sheet asset structure at the end of 2010, the situation is the following:



6. FINANCIAL POSITION ANALYSIS (continued)

Receivables from customers

The net loans amounted to RON 29,755 millions represents 63% of the total operations reflected in the financial position.

Cash in hand, current accounts with the Central Bank and loans and advances to credit institutions

The Banks liquid assets, including cash in hand and current account with the Central Bank recorded an increase of 2% compared to December 31st, 2009, and continue to represent 21% of the total financial position. The most important weight of this balance sheet item is held by the minimum compulsory reserve with the National Bank of Romania.

Other financial instruments

The significant increase of these elements is determined by the climb in treasury bills portfolio, having a balance of 3,861 RON millions as at the date of December 31st, 2010, compared to 2,088 RON millions by the end of prior year.

Fixed and intangible assets

The net fixed assets amounted as at December 31st, 2010 to RON 1.303 millions, out of which the most important share is represented by land and buildings (more than 75%). Most of the buildings are recently constructed or modernized and they are situated all over the country, in most of the cities

Capital commitments during 2010

Fixed assets acquisitions made in 2010 were of 226 million RON, the main component being represented by the investment in IT systems..

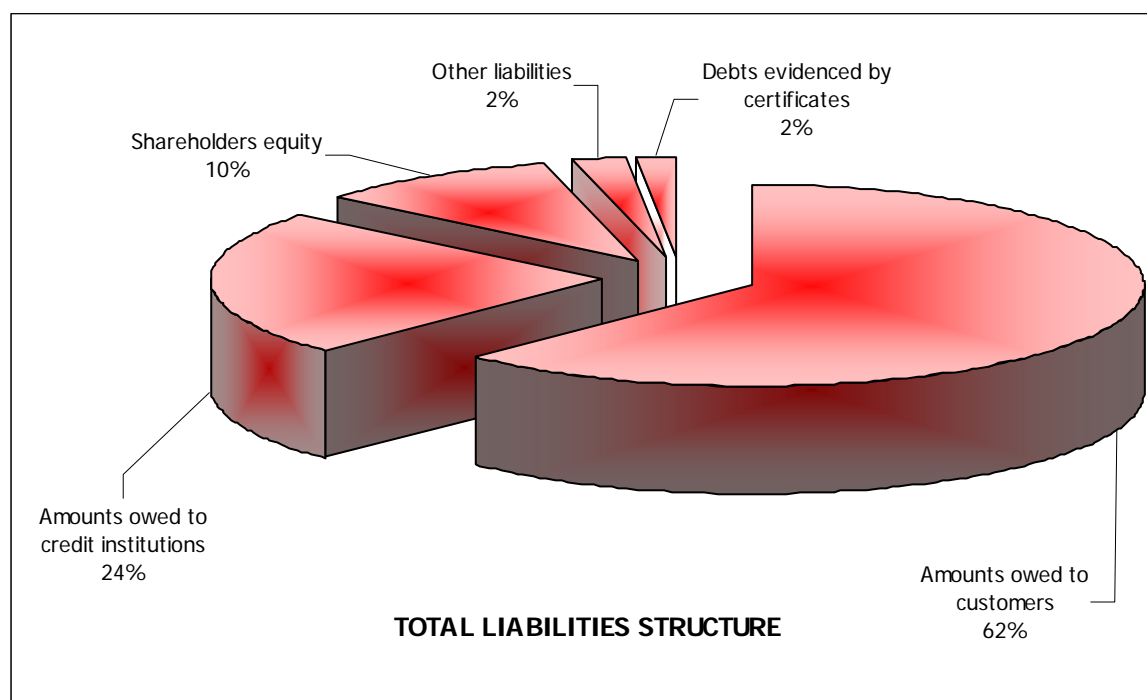
6. FINANCIAL POSITION ANALYSIS (continued)

Financial position - liabilities

The comparative statement of liabilities, for the financial years 2008 – 2010 is as follows:

Liabilities and shareholders equity (RON millions)	2008	2009	2010	10/09
Amounts owed to customers	28,866	29,271	29,625	1%
Amounts owed to credit institutions	13,535	10,813	11,276	4%
Shareholders equity	4,397	4,454	4,761	7%
Other liabilities	1,707	1,121	1,097	-2%
Debts evidenced by certificates	735	735	735	0%
Total liabilities and shareholders equity	49,240	46,394	47,494	2%

On December 31st, 2010, liabilities had the following structure:



Amounts owed to customers

These operations represent 62% of total liabilities; a 1% increase has been registered as compared to the previous year. On December 31st, 2010, the value of the operations was RON 29,625 millions

6. FINANCIAL POSITION ANALYSIS (continued)

Amounts owed to credit institutions

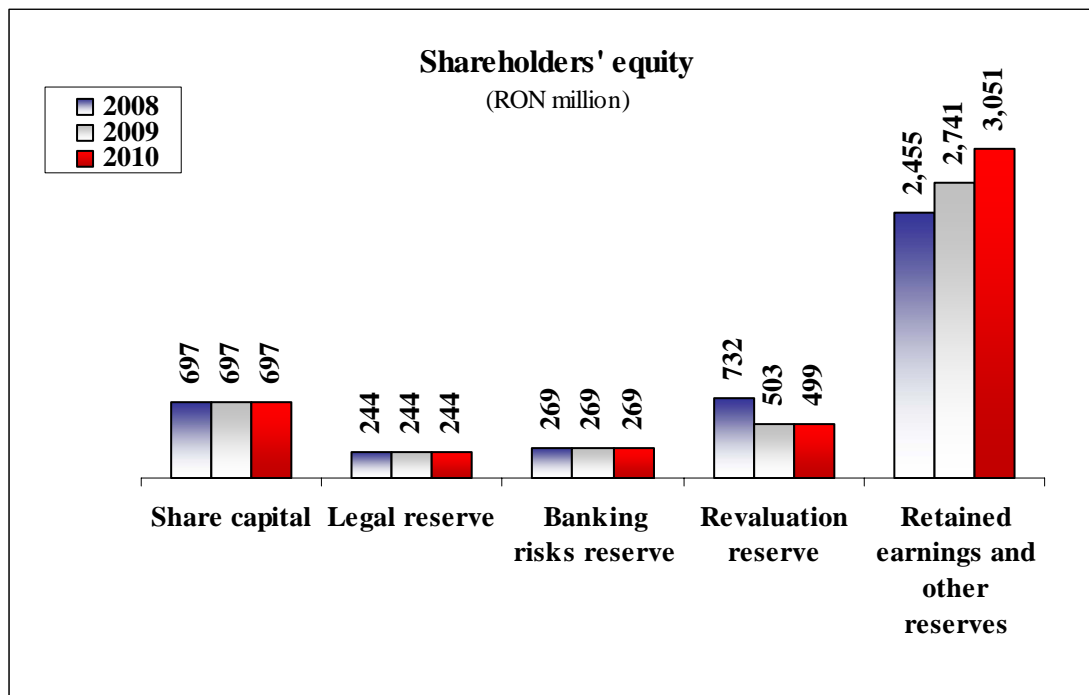
Debts to credit institutions represent 24% of total liabilities, and consist of sight receivables from correspondent accounts, bank deposits, due amounts coming from operations with cheques and cards, term receivables from deposits and financial borrowings from banks

Security Related Debts

Securities related debts represent 2% of the liabilities and include bonds issued in 2006, as well as deposit certificates.

Shareholders' equity amounts to RON 4,761 million, registering a 7% increase as compared to 2009.

The evolution of the shareholders equity elements for the period 2008-2010 looks as follows:



Liquidity

The Bank has maintained a balanced structure of resources and investments, even considering that the Romanian market does not yet offer opportunities for medium and long term financing.

Through a flexible policy of interest, the Bank strengthened relationships with depositors, by offering more attractive and diverse interest rates on savings products

6. FINANCIAL POSITION ANALYSIS (continued)

Assessment of research and development

The only development activities of the Bank are those related to software.

Financial results

The net result of the 2010 financial year is RON 501 million.

The comparative position of the bank results for the period 2008-2010 is presented below:

	31.12.2008*	31.12.2009	31.12.2009	millions RON 2010/2009
Net banking income,	3,323	3,416	3,539	+4%
out of wich				
- Interest income	1,348	1,609	1,862	+16%
- Commissions	1,233	1,297	1,261	-3%
Operating expenses	-1,275	-1,456	-1,381	-5%
Operating profit	2,048	1,960	2,158	10%
Net cost of risk	-433	-1,018	-1,554	+52%
Gross profit	1,615	941	604	-36%
Net profit	1,353	779	501	-36%

7. HUMAN RESOURCES

The number of employees of the Bank, as at December 31, 2010 was of 8,613. Given the nature of the activity of credit institutions, the training of bank employees is high, 83% with higher education.

Within the Bank there was only one trade union organization, founded in March 2003 which brings together 3504 members, representing 39% of staff.

The work relations are regulated by the Collective Labour Contract. The negotiations on the Collective Labour Contract for 2011 took place during the period November 2010 – February 2011, between representatives of both employers and labour union. The Collective Labour Contract was registered with the Labour and Social Protection Office of Bucharest on February 16th, 2010 and it became effective starting with the same date.

During 2010, there were 524 new employees and 86% of the personnel followed minimum one training.

During 2010, within the Human Resources Department, the activity and the projects developed were according to SG program, Ambitions 2015, which targets the development of human capital, forming a new leadership model and a closer communication with the employees.

Thus, this year human resources activity concentrated on the **career management** process, namely professional training, identification of key personnel, performance management system and also on the **optimization** of human resources actions from this year.

The career management is based on a single system of behavioral abilities set at GroupE Societe Generale level, which have been introduced also in performance management system.

The personnel internal mobility has remained at a significant value (14.79%), thus reflecting the adaptability of the structures to the present macroeconomic context.

In the same time, the number of promotions slightly increase compared to 2009 and represented 7.68% of the total personnel.

Concerning the employees' *training*, at the level of the BRD Group, the training programs have continued in 2010, according to the development plans set by the time the employees' performance was appraised, but also according to each employee career map. Moreover, new integrated management trainings have been initiated and adapted to each hierarchy level. The average number of training days per employees was of 4.2 days.

In 2010, the human resources policy concerning the *salary package* has remained the same. The BRD Group has continued to reward performance, both at group level and at individual level.

In the same time, the elements insuring the social security have been maintained for all employees, both short term elements (medical services, meal tickets, various indemnity etc) and long term ones (private pension fund, accident insurance, post employment benefits).

8. CORPORATE GOVERNANCE

The corporate governance principles are transposed in the regulatory framework of BRD through its Articles of Incorporation, Internal Regulations and other in-house normative documents which regulate the organisation of the committees set up to support the Board of Directors and the executive management, the information flow, insider trading, professional ethics.

ADMINISTRATION AND MANAGEMENT OF THE BANK

BRD-Groupe Société Générale has adopted the unitary system of administration in full harmony with the principles of good corporate governance, transparency of relevant corporate information, protection of the shareholders and of other categories of concerned persons, as well as of an efficient operation on the banking market.

BOARD OF DIRECTORS

The Board of Directors is made up of 11 members, elected by the General Meeting of the Shareholders for a 4-year term of office.

The structure of the Board of Directors ensures a balance between the executive and the non-executive members, so that no person or limited group of persons can dominate, in general, the decision-making process of the Board of Directors. It includes three executive and 8 non-executive members, among which one independent non-executive member.

The year 2010 brought changes to the composition of the Board of Directors, as follows:

- On January 1, 2010, Mr Guy POUPET took over the position of Chairman – CEO of BRD, following the renunciation by Mr Patrick GELIN to his term of office;
- On March 19, 2010, Mrs Anne FOSSEMALLE gave up her term of office as director of BRD;
- On October 6, 2010, Mr Bernardo SANCHEZ INCERA took over the position of interim member of the Board of Directors of BRD, following the receipt of the approval of the National Bank of Romania.

8. CORPORATE GOVERNANCE (continued)

Members of the Board of Directors (as at 31.12.2010)

Guy Marie Charles POUPET

Chairman - CEO

Born on January 5, 1952

With an experience of over 35 years within the Societe Generale Group, he first started in 1975 as inspector, then, in 1983, took over the management of the group Le Havre – Societe Generale France, as deputy manager. In 1987, he became the Deputy CEO of Banco Supervielle Societe Generale in Argentina and, in 1992, he took over the position of CEO of Societe Generale de Banques in Senegal. In 1995 he was appointed IT Project Manager within the International Division of Societe Generale, and in 1998 he took over the position of Head of Securities and Stock Market - Societe Generale Nantes. He resumed his international career within the Group in 2002, by taking over the position of Vice-Chairman and Deputy - CEO of Komerční Banka in the Czech Republic and, as of 2004, the position of Vice-Chairman and CEO of NSGB (National Societe Generale Bank) in Cairo – Egypt.

He graduated from the Political Studies Institute in Paris. He has a Bachelor in Public Law and a Degree from the University Centre for European Communities Studies, delivered by the Paris University.

Since January 1st, 2010, he has been Chairman of the Board of Directors and CEO of BRD.

He also holds the following positions: Chairman of the Board of Directors of BRD Finance IFN SA, Member of the Board of Directors of ALD Automotive SRL, Vice-Chairman of the Council of Mobiasbanca – Moldova and Member of the Board of Directors of Societe Generale European Business Services SA.

Petre BUNESCU

Member of the Board of Directors

Deputy CEO

Born on November 15, 1952

In 1975, he becomes an employee of the Investment Bank, and in 1990 he is appointed as Deputy CEO of the Bucharest Branch. Once the Romanian Bank for Development is set up, on December 1st, 1990, he takes over the position of Vice-Chairman and member of the Board of Directors and of the Management Board of the bank until July 1999. Between November 1997 and May 1998, he holds the position of Interim Chairman of the Romanian Bank for Development. Since August 1999, he has been Deputy CEO and member of the Board of Directors of BRD - Groupe Societe Generale.

On April 18, 2007, he is re-elected director of BRD for a 4-year term of office.

8. CORPORATE GOVERNANCE (continued)

He is the First Vice-Chairman of the Romanian Banking Association and member of the Board of Directors of Transfond SA. Since 1997, he has been a permanent member of the teaching staff of the Romanian Banking Institute and of the Financial and Banking Studies Institute, and in 2007 he also became an associated member of the teaching staff of the Romanian-American University in Bucharest.

He graduated from the Economic Studies Academy in 1975. In 2003, he got his PhD in Economics.

Sorin - Mihai POPA

Member of the Board of Directors Deputy CEO

Born on September 5, 1964

Other positions held: member of the Board of Directors of BRD Sogelease IFN, member of the Board of Directors of BRD Societate de Administrare a Fondurilor de Pensii Private S.A., member of the Board of Directors of BRD Asigurari de Viata S.A.

After his internship in the commercial and accounting field, he works as inspector with the Pitesti Financial Administration, between 1990 and 1993. He becomes an employee of Societe Generale – Bucharest Branch in 1993, where he successively fills in the positions of Corporate Controller and of Executive Officer of the branch between 1996 and 1999.

He is then appointed Head of the Network Department within BRD-Groupe Société Générale, until 2003 when he takes over the position of Deputy CEO and becomes member of the Board of Directors of BRD. As of 2002, he manages directly the process of restructuring, reorganisation and modernisation of the network, and as of 2004 he coordinates the process of development of BRD and of densification of its agency network.

On April 18, 2007, he is re-elected director of BRD for a 4-year term of office.

He graduated from the Finance – Accounting Faculty – Economic Studies Academy in Bucharest and is the holder of an International Management Degree, delivered by the Business Management Institute within Ecole Supérieure de Gestion – Toulouse, France.

In 2005, the magazine “Saptamâna Financiara” awards him the “Banker of the Year” trophy.

In 2008, he receives the “Mr RON” award from “Saptamâna Financiara”, for “The Most Spectacular Development” regarding the development of the agency network of BRD in 2007.

8. CORPORATE GOVERNANCE (continued)

Didier Charles Maurice ALIX

Non-executive member of the Board of Directors

Born on August 16, 1946

He joined SOCIÉTÉ GÉNÉRALE in 1971.

Between 1972 and 1979, he was an inspector with the General Inspection and became the head of the Central Risk Control structure. In 1984, he was appointed Manager of the Levallois Group, then, in 1987, of the Paris Opera Group.

Between 1991 and 1993, he was assigned at the Specialised Financing Division, seconded at Franfinance, the consumer financing subsidiary, as CEO. In 1993, he was appointed Deputy Manager of the French Network, and Manager in 1995.

In 1998, he was appointed Deputy CEO in charge of private and corporate clients. In September 2006, Didier ALIX was appointed Deputy CEO of the Societe Generale Group.

On April 18, 2007, he was re-elected director of BRD for a 4-year term of office.

He graduated from the Political Studies Institute in Paris and has a degree in Economic Sciences.

Jean-Louis MATTEI

Non-executive member of the Board of Directors

Chairman of the Audit Committee Chairman of the Remuneration Committee

Born on September 8, 1947

In 1973, he joined the Societe Generale Group and, in time, filled in the following positions: Controller of commitments with the Agencies' Division in Provence area, Training Manager – HR Division, Officer in charge of the Cost Laboratory (study of costs and profitability) within the Technical Management Division, Officer in charge with Management Control within the Organisation and Informatics Department within the Management Technique Division, Officer for the Africa Overseas Area.

Since 1998, he has been the Head of BHFM – the structure that coordinates the activity of the commercial banks - subsidiaries of Societe Generale in Central and Eastern Europe, the Mediterranean area, Africa and the French territories.

He has a degree in law and public services, and a diploma from the Centre of Higher Education in Banking.

On April 18, 2007, he was re-elected director of BRD for a 4-year term of office.

8. CORPORATE GOVERNANCE (continued)

Bogdan BALTAZAR

Non-executive member of the Board of Directors of BRD

Born on September 22, 1939

Between 1971 and 1981 he worked at the Ministry of Foreign Affairs as 1st Diplomatic Secretary and then as Manager of the Africa Division. He went back to the Ministry of Foreign Affairs in 1990, as General Manager of the Northern and Southern America Divisions. Between 1990 and 1991, he was a spokesman for the Government, and then, until 1996, a Senior Banking Adviser, coordinator of the group for Romania in the EBRD Headquarters - London. From 1997 until 1998, he was Vice-president of the State Property Fund (FPS).

Between 1998 and 2004, he was Chairman of the Board of Directors of the Romanian Bank for Development, after privatization called BRD-Groupe Societe Generale.

On April 18, 2007, he was re-elected director of BRD for a 4-year term of office.

He is known as publicist and analyst, and he participates with studies, analyses and communications regarding the banking restructuring / privatisation in numerous financial and banking forums: Crans Montana, Frankfurt, Atena, Salonika, Sofia, Viena, London, Bucharest, as well as “Invest – România” in London, Toronto, Istanbul, Viena, etc.

He graduated from the Polytechnics University in Bucharest and he has a PhD in Economy from the City University of New York.

Aurelian DOCHIA

Non-executive member of the Board of Directors

Member of the Audit Committee

Member of the Remuneration Committee

Born on March 8, 1950

Positions held in other companies: Member of the Board of Directors of the Romanian Centre for Economic Policies (CEROPE), a non-governmental centre for studies, Vice-Chairman and founding member of SOREC (Romanian Society of Economy), member of the Statistics Coordination Council (CCAS), an advisory organisation with the National Statistics Institute.

Until May 2007, he was the general manager of the subsidiary BRD Corporate Finance and the coordinator of the investment banking activities developed by BRD.

On April 18, 2007, he was re-elected director of BRD for a 4-year term of office.

Along his career, he combined a solid professional experience as consultant (for institutions such as the World Bank, the European Bank for Reconstruction and Development or OECD), with high-rank positions at the executive and legislative levels, as President of the National Agency for Privatization and member of the first freely elected Parliament (Constitutive Meeting) of Romania, between 1990 and 1992. OECD rapporteur for the first report regarding the corporate Governance in Romania (2001).

8. CORPORATE GOVERNANCE (continued)

Before 1990, he had an academic career, as researcher with the National Economy Institute of the Romanian Academy.

He's got a rich experience in teaching under university programmes. He gave speeches at conferences, seminars, etc.; published more than 80 articles and studies, as well as a few books.

Dumitru POPESCU

Non-executive member of the Board of Directors

Born on March 15, 1953

He has got 30 years of experience in the banking, financial, academic, administrative fields, both in operation and management, at the macro and microeconomic levels, and he filled in the following positions: Deputy Secretary of State in the Ministry of Economy and Finance – Economic Strategy and Orientation Department, National Coordinator of Technical and Economic Assistance for Romania, State Advisor of the Deputy Prime Minister, Secretary of State – Chairman of the Romanian Agency for Restructuring, Vice-Chairman of TEC MIACO, a Romanian-American Enterprise Fund, Project Manager within PSAL II – a World Bank Program for Romania, Senior Consultant for the Chairman of APAPS within the programme “High Technical Assistance for Evaluating the Effects of Privatization in Romania”, Senior Consultant for the United States Agency for International Development within a project regarding a complex analysis of the agricultural system in Romania.

He has 27 years of experience in the university field, now a professor at the Academy of Economic Studies in Bucharest in the fields of economic and financial analysis of companies. He is also the author of 14 books and 45 articles of financial analysis.

On April 18, 2007, he was re-elected director of BRD for a 4-year term of office.

Bernardo Sanchez INCERA

Non-executive member of the Board of Directors of BRD

Born on March 9, 1960

Between 1984 and 1992, he was a customer consultant and deputy manager of the corporate branch La Defense of the Credit Lyonnais bank. Until 1994, he held the position of manager and chairman of the Credit Lyonnais subsidiary in Belgium. Between 1994 and 1996, he was Deputy Manager of the JOVER bank.

From 1996 until 2009, he held several managerial positions, such as Chairman of Zara France, International Operational Director of Inditex Group, Chairman of LVMH Mode et Maroquinerie Europe and LVMH Fashion Group France, Executive General director of Monoprix France, General Director of Viavarte Group.

8. CORPORATE GOVERNANCE (continued)

Since 2009, he has been Delegated CEO of Societe Generale France, in charge of the International Retail Banking Division (BHFM) and of the Specialised Financial Services activity.

He graduated the Institute of Political Studies in Paris and has a Master in Business Administration INSEAD

His appointment as director will be submitted to the BRD General Meeting of the Shareholders on April 14, 2011.

Sorin Marian COCLITU

Independent member of the Board of Directors

Member of the Audit Committee

Member of the Remuneration Committee

Born on July 16, 1948

Positions held in other companies: Chairman – CEO of Fondul Român de Garantare a Creditorilor pentru Intreprinzatorii Privati, General Secretary of the SIF Muntenia Shareholders' Representative Council.

Sorin Marian Coclitu is an economist and, over the years, filled in the following positions: economist with SC Grivita Rosie, main inspector within the State Planning Committee – Synthesis Division, expert with the Ministry of National Economy – Secretariat for Privatization, consultant with the Strategy and Reform Council – Government of Romania, Sub-Secretary of State - Ministry of Economy and Finance, and Advisor of the President and General Manager of the Coordination, Strategy and Control Department with the National Privatization Agency.

He graduated the Economic Computation and Economic Cybernetics Faculty within the Economic Studies Academy in Bucharest.

On April 18, 2007, he was re-elected director of BRD for a 4-year mandate, and on April 22nd, 2008, the General Meeting appointed him an independent director of BRD.

Ioan CUZMAN

Non-executive member of the Board of Directors

Born on October 3, 1944

As of 1981, he filled in the positions of: economist with the Enterprise Electrobanat Timisoara, Financial Office Manager with the Machine-Tools Factory in Arad, Deputy Commercial Manager with the Confections Factory in Arad, Sub-prefect of Arad County, University Lecturer at the West University in Timisoara, Chairman – CEO at Fondul Proprietatii Private no. 1 Banat-Crisana.

He has been a member of the Board of Directors of BRD since July, 25th, 2007, date of approval of the National Bank of Romania.

8. CORPORATE GOVERNANCE (continued)

He graduated the Faculty of Economic Sciences; section “Economics of industry, constructions and commerce” within the West University in Timisoara.

He has a PhD in Economics and is a university reader.

BRD shares held by the members of the Board of Directors as at December 31st, 2010

Name:	Number of shares
Petre BUNESCU	340,150
Ioan CUZMAN	3,500
TOTAL	343,650

Attributions and responsibilities of the Board of Directors

The main attributions of the Board of Directors, including those that cannot be delegated to members of the executive management, are set by law and by the Articles of Incorporation. In cases permitted by law, the General Meeting of Shareholders can delegate to the Board of Directors other attributions, as well.

The Board of Directors sets the main business and development directions of the bank and supervises the activity of the bank and of the executive management structure, and also has the ultimate responsibility for the operations and the financial strength of the bank. The Board of Directors decides on the accounting and financial control system and approves the financial planning.

The Board of Directors approves the general strategy of development of the bank, of identification of significant risks and of management of such risks, and makes sure that the activity of the executive management structure complies with the approved strategy and policies.

The Board of Directors approves the organisational structure of the bank, risk management policy, general remuneration policy regarding the employees, as well as the directors and officers of the bank.

The members of BRD’s Board of Directors meet the eligibility conditions and criteria required for an efficient administration of BRD, meaning they:

- Have a good reputation and carry out their business in compliance with the rules of prudent and healthy banking practices;
- Have the professional experience that implies theoretical and practical knowledge adequate to the nature, extent and complexity of the banking business and of the entrusted responsibilities, as well as experience in a management position, acquired in an entity comparable, in terms of size and activity, to the bank;
- Ensure the conditions of the collective competence of the Board for an efficient and highly performing administration of the bank’s activity.

To designate an independent director, the Board of Directors and the General Meeting of the Shareholders take into account the compliance with the independence criteria stipulated by the Companies’ Act no. 31/1990.

8. CORPORATE GOVERNANCE (continued)

Meetings of the Board of Directors

The Board of Directors meets any time it is necessary, but at least once every 3 months.

The notices of meeting of the Board of Directors specify the place, date and draft of the agenda of the respective meeting, and no decision can be made regarding unexpected issues, except for emergency cases and provided they are ratified by the absent members at the next meeting.

Minutes are drafted for each meeting and include the names of the participants, the order of the deliberations, the decisions made, the number of votes cast and the separate opinions.

Activity of the Board of Directors in 2010.

In 2010, 9 meetings of the Board of Directors took place, and the decisions of the Board were made with the unanimity of the votes.

The Board of Directors was regularly informed of the economic, monetary and financial environment, the evolution of the regulations in force, the market risk, the risk of financial counterparties, the operational risks and permanent supervision, as well as on the main events that took place within BRD.

Remuneration of the members of the Board of Directors

For 2010, the Ordinary General Meeting of Shareholders approved a remuneration for the non-executive members of the Board of Directors amounting to EUR 1,500 / month (gross amount, in lei equivalent), as well as a general limit for the directors' and officers' additional remunerations for 2010, amounting to RON 6,5 million, gross amount.

COMMITTEES SET UP IN SUPPORT OF THE BOARD OF DIRECTORS

In order to develop and maintain good practices of business administration, the Board of Directors set up three committees that assist it in performing its attributions, and for which organisation and operation rules are set and defined in the internal regulations.

Audit Committee

The Audit Committee is made up of 3 non-executive directors, one of which is independent, elected by the Board of Directors from among its members: Jean-Louis MATTEI (Chairman), Aurelian DOCHIA (Member), and Sorin Marian COCLITU (Member).

The members of the Audit Committee have the experience required for their specific attributions within the Committee.

8. CORPORATE GOVERNANCE (continued)

The Audit Committee meets at least once a half-year.

The Audit Committee assists the Board of Directors in performing its responsibilities in terms of internal control and financial audit. To this effect, the Audit Committee makes recommendations to the Board of Directors regarding the strategy and policy of the credit institution in the field of internal control and financial audit.

In 2010, 2 meetings of the Audit Committee took place, where it was analysed the internal control activity of the bank.

After each meeting, minutes were drafted, specifying the aspects that required improvements, as well as recommendations for their application.

Remuneration Committee

It is a committee set up to support the Board of Directors, in order to elaborate and supervise the implementation of the remuneration policy of the bank.

The Committee is made up of 3 non-executive directors, one of which is independent, elected by the Board of Directors from among its members: Jean-Louis MATTEI (Chairman), Aurelian DOCHIA (Member), and Sorin Marian COCLITU (Member).

It meets annually or any time necessary.

In order to perform the attributions entrusted to it, the Remuneration Committee presents to the Board of Directors, for approval, the proposed policy of remuneration of the directors and officers, the proposals of remuneration of the directors and officers; it supervises the application of the principles of the bank staff remuneration policy and informs the Board of Directors in this respect.

Risk Management Committee

Chaired by the CEO, the Risk Management Committee meets on a quarterly basis or more often, if necessary. Its objective is the management of significant risks, risks with high impact on the assets and/or image of the bank (credit risk, market risk, liquidity risk, operational risk, and reputational risk), as well as the risks associated to the outsourced activities.

The committee is made up of the members of the Management Board and the officers in charge of the internal structures, with an important role in risk management.

In 2010, 4 meetings of the Risk Management Committee took place.

8. CORPORATE GOVERNANCE (continued)

EXECUTIVE MANAGEMENT

The operational management and the coordination of the daily activity of the bank is delegated by the Board of Directors to the executive officers.

The executive officers of the bank are elected by the Board of Directors, among directors or from outside the Board, and together they represent the Management Board.

The Management Board is made up of the CEO and the Deputy CEOs. The Management Board is run by the CEO who is also the Chairman of the Board of Directors.

Members of the Management Board (as at December 31st, 2010)

Guy Marie Charles POUPET

Chairman - CEO

He has line authority over all the structures and activities in the Bank and, in 2010, the following structures were directly subordinated to him: General Secretariat, Human Resources, Major Corporate Clients and Factoring.

Petre BUNESCU

Member of the Board of Directors

Deputy CEO

He organises and coordinates the financial, means of payment, legal and compliance activities.

Member of the Board of Directors, Management Board and other specialised committees within the bank.

Sorin Mihai POPA

Member of the Board of Directors

Deputy CEO

He coordinates the commercial and marketing activity, as well as the general administration and supervision of the network.

Member of the Board of Directors, Management Board and other specialised committees within the Bank.

8. CORPORATE GOVERNANCE (continued)

Alexandru-Claudiu CERCEL-DUCA

Deputy CEO

Born on February 17, 1968

He coordinates the activity of the Financial Market Arm, made up of the structures: Financial Markets and Securities.

Between 1992 and 1993, he was a sales manager in the field of communications products. He has worked within BRD since 1993, and filled in the positions of Treasury Officer, FX technical analyst, FX trader, Treasury Deputy Manager, Market Operations Manager and Executive Officer of Financial Markets.

He graduated the Economic Studies Academy - Cybernetics Faculty, in 1992, as well as various management and leadership training courses organised both by Societe Generale and other banking institutions: Nomura Bank (London), Bank of America (San Francisco), or the Montreal University and London Business School. He graduated from the Executive Master of Business Administration (EMBA) - ASEBUSS BUCHAREST / UNIVERSITY OF WASHINGTON, USA.

Since October 2, 2008, he has been a Deputy CEO.

BRD shares held by the members of the Management Board as at December 31st, 2010

Name	Number of shares
Petre BUNESCU	340,150
Claudiu CERCEL - DUCA	1,030
TOTAL	341,180

Attributions and responsibilities

Each executive office is vested with all the powers to act on behalf of the Bank and to represent it in the relationships with third parties, in any circumstances related to the activities they coordinate, in compliance with the legal provisions and the Articles of Incorporation.

Within the limit of the powers and responsibilities set for the Board of Directors, the executive officers act jointly, organised in the Management Board, for a series of activities / operations specific to the activity of the bank, detailed in the Articles of Incorporation and in the Internal Regulations of the bank.

8. CORPORATE GOVERNANCE (continued)

Changes in the structure of the Management Board in 2010

On July 1st, 2010, Mr Hervé BARBAZANGE ended his term of office as Deputy CEO of BRD.

The Board of Directors decided to appoint as Deputy CEO, subject to the approval by the National Bank of Romania, Mr Jean Luc GRASSET and Mrs Gabriela Stefania GAVRILESCU.

On February 24, 2011, they both received the approval from the National Bank of Romania.

Meetings of the Management Board

The meetings of the Management Board are held at least once every two weeks, or any time the activity of the bank requires it.

The decisions of the Management Board are made with the absolute majority of the votes cast by its members. Voting cannot be delegated within the meetings of the Management Board.

The minutes of the meeting are signed by the officers who attended the meeting immediately after their drafting.

The executive management provided the Board of Directors regularly and comprehensive detailed information about all the important aspects of the bank's activity, including risk management, potential risk assessment and compliance matters, measures taken and recommended, irregularities found while performing its attributions. Any major event is communicated at once to the Board of Directors.

RIGHTS OF THE SHAREHOLDERS

BRD respects the rights of its shareholders and ensures equal treatment for all of them.

Voting right

The bank's shares are indivisible and confer equal rights to their holders, each share entitling to one vote in the General Meeting of Shareholders.

General meetings are called by the Board of Directors.

General meetings are ordinary and extraordinary. The Ordinary General Meeting of the Shareholders meets at least once a year, within no more than 5 months as of the end of the financial year, and the Extraordinary General Meeting of Shareholders meets whenever necessary. In 2010, there was an Ordinary General Meeting of Shareholders and an Extraordinary General Meeting of the Shareholders, on April 27th, 010.

8. CORPORATE GOVERNANCE (continued)

The notice of meeting is sent at least 30 days before the date set, in compliance with the legal provisions regarding the publicity and notification of the National Securities Commission ("CNVM") and of the Bucharest Stock Exchange ("BVB").

In order to ensure equal treatment and full and equitable exercise of the shareholders' rights, the bank makes available to them all the information related to the General Meeting of Shareholders and to the adopted decisions, both by mass communication means and in the special section on its own Internet page (www.brd.ro).

The shareholders can participate in the works of the general meetings personally, through a representative or they can vote by correspondence. Forms of power of attorney and vote by correspondence are made available to the shareholders in the special section on the bank's own Internet page.

The procedures regarding the works of the General Meeting of the Shareholders are submitted to the shareholders' approval, in order to ensure an orderly and efficient development of such works.

Within the General Meetings of the Shareholders, dialogue between the shareholders and the members of the Board of Directors and/or executive management is allowed and encouraged. Each shareholder can ask the directors questions regarding the activity of the bank.

Right to dividends

Each share of the bank, held by a shareholder at the registration date (set according to the specific regulations and approved by the General Meeting of Shareholders) entitles the shareholder to dividends for the prior financial year, in the quantum and conditions established by the General Meeting of Shareholders.

In 2010, the General Meeting approved the distribution of a gross dividend of RON 0.27947/share and established the dividend distribution procedure.

Right to information

BRD makes sure its shareholders have access to relevant information, so that they may exercise all their rights in an equitable manner. The communication strategy of the bank relies on the following principles:

- Equal access to information for all shareholders and immediate availability of relevant information;
- Meeting deadlines for the publication of the results;
- Transparency and coherence of the provided information.

BRD set up and maintains an adequate structure for its relation with the investors, in general, and with its own shareholders, in particular. The staff of this structure has the necessary knowledge to carry out this activity and periodically attend professional training courses aimed at the development of their professional skills specific to this activity.

8. CORPORATE GOVERNANCE (continued)

Shareholders / investors may send their requests to the bank through e-mail or over the telephone, at the contact data displayed on the institutional site. Also, all the shareholders receive an annual individual letter of information regarding their shares and the dividends due to them for the ended financial year.

The relevant information is published on the bank's Internet page, both in Romanian and in English.

For the information of shareholders and investors, the bank sets at the beginning of the year a financial reporting calendar, which it sends to the Bucharest Stock Exchange and to the National Securities Commission. Financial reporting is made according to the accounting regulations imposed through the NBR Order no. 13/2008 for the approval of the Accounting Regulations compliant with the European Directives, applicable to credit institutions, non-banking financial institutions and to the Bank Deposit Guarantee Fund (on a quarterly basis), as well as to the highest financial reporting standards – the International Financial Reporting Standards (IFRS) (on an annual basis) – and in compliance with the regulations specific to the capital market.

In order to communicate on its financial results, BRD organises reunions with financial analysts, investment consultants, brokers and investors. These reunions during which the annual results of the bank are presented are an opportunity for Bank management and the financial market analysts to exchange opinions. The same policy of transparency has been adopted regarding the communication with the rating agencies and with the capital market institutions.

Financial calendar for the year 2011 is the following:

Presentation of preliminary results as at December 31, 2010 during the meeting with analysts	February 14, 2011
Annual General Meeting of Shareholders	April 14, 2011
Presentation of annual results for 2010	April 14, 2011
Presentation of quarterly results Q1	May 3, 2011
Presentation of quarterly results Q2	August 1, 2011
Presentation of quarterly results Q3	November 1, 2011

OTHER CORPORATE GOVERNANCE ELEMENTS

1. Conflicts of interest

In 2010, there were not identified any conflicts of interests between the members of the Board of Directors and of the Management Board and the interests of the bank.

8. CORPORATE GOVERNANCE (continued)

The main obligations respected by the members of the Board of Directors and of the Management Board, imposed at the bank level in order to prevent and avoid conflicts of interests at such level, are:

- the obligation to act only in the interest of the bank and to make decisions without allowing themselves to be influenced by any own interests that could occur in their activity;
- -the obligation to keep the confidentiality of any fact, data or information which they became aware of while performing their duties, understanding that they do not have the right to use or reveal such information either during or after the end of their activity;
- the obligation to inform other members of the Board of Directors and the internal auditors of any operation in which they have direct or indirect interests, which are contrary to the interests of the bank, and not to take part in any deliberation regarding such operation.

2. Transactions with affiliated persons

The internal regulations establish a set of rules to be observed by all members of the Board of Directors, members of the executive management and employees of the bank when performing their own transactions, and also in order to avoid any real or apparent (potential) conflict of interest.

The approval of the loans to affiliated private and corporate persons falls within the competence of the Board of Directors.

3. Insider trading

In order to set a preventive and secured action framework for market operations performed by persons who, on account of their position within the bank, have access to privileged information, the bank established and applied a series of professional ethics rules which must be observed by directors, executive officers and other initiated persons, in order to avoid the breach of the legal framework applicable to trading with financial instruments issued by BRD.

In addition, for the purpose of protecting persons who have access to privileged information, trading financial instruments issued by BRD is forbidden before publication of the periodical reports of the Bank. Also, there have been set obligations to report to the Bank the transactions made.

The characteristics of the internal control and of the risk management system in relation to the financial reporting process are described in chapter 9 - Risk Management.

9. RISK MANAGEMENT

Framework

The Bank approaches risk prudently, in line with its long-term strategy. The risk management policies and activities are designed in line with the practices of Société Générale and focus on identifying and assessing risks as early as possible. The bank implements this approach by means of the risk management function that is independent from the business. The implementation combines centralizing the risk management policies and decentralizing risk control and follow-up.

Risk governance

The Bank's Board of Directors (BoD) sets the strategic risk view, which is then translated into policies by the Executive Committee (EC). A part of the EC's responsibilities are delegated to two main committees, namely the Risk Management Committee (RMC) and the Asset and Liabilities Committee (ALCO).

The Central Risk Control Unit (CRCU) is responsible for monitoring and managing the credit risk, the operational risk and a part of the market risks, while the Financial Department monitors and manages the liquidity risk and the „banking book” interest risk.

Risk Management Function

The Risk Management Committee (RMC) is the most senior structure with attributions, delegated by the MC, in credit, market and operational risk management. The committee is made up of the Chairman CEO, the Deputy CEOs, the head of CRCU and other departments and divisions heads of the bank. RMC follows up periodically the main aspects related to risk management, including:

- Risks generated by the launch of new activities and products;
- Credit risk concentration on industries and counter parties;
- Level of default by customer and portfolio;
- Watch list customers;
- Cost of risk and its future evolution;
- Use of derivatives;
- Exposure to sovereign risk;
- Losses from operational risks;
- Business continuity planning.

The risk management function is accomplished on two-levels:

- Transversal risk management extended to the territorial and departmental levels;
- Risk control made by the Central Risk Control Department (CRCU)

CRCU is directly subordinated to the Chairman - CEO. The credit risk management function is extended to the local level by the network through the risk controllers, who have dual reporting lines to the network line structures and to the head of CRCU.

9. RISK MANAGEMENT (continued)

Assets and Liabilities Management

The Assets and Liabilities Committee (ALCO) manages the Bank's balance sheet. The ALCO members come from the finance, treasury, risk function, as well as from the business areas. Its main objective is the managing of the exposure to foreign exchange, interest banking book liquidity risks and, consequently, the protection of the bank's capital and profitability against such risks.

Credit risk

Credit risk is mainly the risk that a counter party may fail to fulfill its payment obligations towards the Bank and also that a counterparty's or an issuer's credit quality may deteriorate.

The Bank's management of credit risk is well integrated with SG's risk management processes. Some of the main principles employed in managing credit risk are as follows:

- Review and approval by senior management of new products and activities involving risks;
- Use of well-defined credit-granting criteria by type of customer, including thorough knowledge of the borrower as well as the purpose and structure of the credit, and of the source of repayment; the request of collateral or personal guarantees to mitigate credit risk;
- Well formalized processes for credit approval, including a clear system of delegated approval limits;
- Ongoing follow-up of exposures, at single or group level, if such may be the case;
- Regularly monitoring and reporting to senior management the quality of the credit portfolios;
- Regular internal independent review of lending activity by the Internal Audit position; and
- Identification and management of non-performing loans and various other workout situations, using objective indicators.

The Bank's primary exposure to credit risk arises through the loan, including leasing and guarantees it issues..

9. RISK MANAGEMENT (continued)

Corporate credit risk

The main features of lending to commercial customers are as follows:

- Consolidation of the exposures to a single obligor: consolidation of all direct and indirect exposures to a given relationship first at the Romanian level and then worldwide (SG);
- Use of the internal rating system: the Bank's internal rating system is a version of SG's rating system, customized and calibrated to the local business environment.
- Transfer of non-performing customers to a division independent from the business.

Retail credit risk

Lending to individuals and to certain small and medium-sized enterprises is approached in a standardized manner, by designing products in line with identified market needs. Thus, the credit products are aimed at an identified target customer segment and have standard risk acceptance criteria attached, implemented by means of credit scores. BRD constantly monitors the risk of this portfolio, using objective and verifiable criteria, such as the debt service. Once a customer has reached a certain number of days of delay, the exposure is transferred to the responsibility of a well equipped recovery unit that is independent from the originating business function.

Interest rate risk and foreign exchange risk in the banking book (structural risks)

The interest rate and foreign exchange risks incurred both by the commercial activities and proprietary activities (transactions regarding the shareholders' equity, investments and issues of bonds) are hedged, to the extent possible, on an individual basis or by means of macro-hedging techniques, the remaining part is maintained within pre-established limits at prudent levels.

The main tool used in managing the interest rate risk is the gap analysis, along with a measure of the balance sheet sensitivity to the movements in the market interest rates. A set of limits is applied to such sensitivity and the compliance within those limits is monitored by ALMC on a monthly basis.

For the foreign exchange position (banking and trading book), the Bank has a set of limits set at prudent levels, monitored daily by CRCU.

9. RISK MANAGEMENT (continued)

Liquidity risk

The liquidity risk is associated with the incapacity to meet one's payment obligations on the due date, with reasonable costs.

The bank's liquidity management has two major components:

- monitoring the liquidity position and estimating the financing needs of the bank on the short, medium and long term, based on forecasts, and identifying the adequate financing solutions;
- contingency planning including ongoing assessment of potential trends, events and uncertainties that could impact on the Bank's liquidity position.

For foreign currencies funding, the Bank's liquidity management is well integrated with Société Générale.

ALCO validates the basic principles for the organisation and management of liquidity risk, validates the Bank's financing programs, examines the reports on the future liquidity position, reviews the contingency scenarios and proposes appropriate actions to the Executive Committee.

Operational risk

Operational risk is the risk of losses resulting from inadequate or failed internal procedures, human errors, system-related errors and also external events.

The Bank employs the following three methodologies in managing operational risk: Risk and Controls Self-Assessment Methodology (RCSA); Operational Loss Data Collection (OLDC); and Key Risk Indicators Methodology (KRI).

RCSA is a structured preventive approach for identifying and assessing risks and implementing appropriate actions to prevent the risks identified and assessed as unacceptable, given the Bank's tolerance to such risks. OLDC is a methodology that allows for the systematic collection of operational risk losses exceeding a certain threshold, followed by direct reporting to the senior management. KRI is an approach using a set of indicators (by areas assessed as high risk) whose monitoring indicate possible adverse changes in the operational risk profile and triggers appropriate actions.

Besides these risk management methodologies, the Bank mitigates certain operational risks through insurance policies.

10. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Bank pays special attention to its contribution to the development of the Romanian society, as a whole.

BRD gets involved in fields such as culture, sports, teaching and education, humanitarian actions and protection of the environment. To this end, the bank has entered into partnerships with the civil society, under programmes aimed at the Romanian public.

Also, BRD is particularly engaged in growing the awareness and involvement of its employees in social and environmental responsibility, in humanitarian actions and civic actions.

Social and environmental responsibility at BRD manifests internally through responsible HR policies, and externally through a smaller impact of the bank's activities over the environment and through projects of involvement in the community.

Responsibility towards the community

BRD's priorities in this respect are: education, the fight against dropping out of school and the professional insertion of the persons excluded from the labour market.

A few of the 2010 projects

- ▶ The employees' involvement programme "*Change a destiny. Give value to life.*" Through this programme, 800 disadvantaged children and young people were helped to continue their education, to keep a job or to pursue their talent. 14 NGOs were supported with a total amount of EUR 130,000, 50% of which were donated by the employees.
- ▶ Week of Solidarity: more than 4,000 BRD employees were volunteers for partner organisation for one week. Results: more than 6,000 donated hours, over EUR 38,000 raised from clients and colleagues for the benefit of the organisation.
- ▶ Youth Bank. The programme through which more than 300 high school students learn to manage funds and to build projects for their communities.
- ▶ The programme through which we addressed the floods of the summer of 2010. More than EUR 100,000 were donated by BRD to rebuild the damaged houses, to provide emergency supplies and to send 75 children from the families affected by the floods to camps, in the BRD training centres.

Cultural Patronage

BRD got involved in 2010, as well, in supporting modern and contemporary art, the Romanian cultural patrimony and classical music. We've got traditional partnerships with institutions such as: the Romanian Opera, the National Museum of Contemporary Art, the Village Museum, etc.

10. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (continued)

Sports Partnerships

For 11 years, BRD has been the Official Partner of the Romanian Cycling and Triathlon Federation and the sponsor of the Romanian Cycling Tour.]

The bank has continued its partnership with Hagi Academy, through which it supports a programme dedicated to young talented footballers.

BRD also started a partnership with the Romanian handball Federation, becoming one of the supporters of Romanian handball.

Environmental responsibility

Reduction of CO₂ emissions - the objective is to reduce the CO₂ emission by 11% / employee between 2008 and 2012, which includes the consumption of energy, travels for professional purposes and office paper.

By applying the same policy, BRD started in 2010 to apply a measure plan which would reduce the negative impact and which focuses in 3 main directions:

- Optimised consumption (electricity, paper, water) and travels for professional purposes;
- Energetic efficacy of the buildings;
- Decreased negative impact of the IT activity.

BRD also favours the eco behaviours of its collaborators and builds trustworthy relations with its suppliers, based on the development of eco-responsible practices, as well.

BRD undertakes to enforce its commitments and to make continuous progresses.

11. PROFIT DISTRIBUTION AND DISCHARGE OF THE BOARD OF DIRECTORS

Considering the aspects presented in this report, we submit for the approval of the General Meeting of the Shareholders of BRD:

a) The individual financial statements of 2010, made up of:

- Balance sheet;
- Profit and loss account;
- Informative data;
- Statement of non-current assets;
- Statement of changes in equity;
- Cash flow statement;
- Accounting policies and explanatory notes;

b) Distribution of the profit of RON 500,589,835. as follows:

	RON
Dividends payable to shareholders	125,147,459
Retained earnings	375,442,376

Given the above, the evolution of the dividend per share is presented below:

	<u>2009</u>	<u>2010</u>	<u>2010/2009</u>
Dividend per share (RON/share)	0.27947	0.17957	-36%
Distribution rate of the distributable profit	25%	25%	

c) Discharge of the Board of Directors

The Board of Directors Report and financial statements, together with explanatory notes are attached to this report.

President – Chief Executive Officer

Guy Charles Marie POUPET

Head of Financial Department

Jean-Pierre TRAN QUAN NAM

Statement “Apply or explain” - March 2010
Corporate Governance Code of the Bucharest Stock Exchange

Principle / Recommendation		Question	YES	NO	If NO, EXPLAIN:
P19		Is the issuer managed based on a dual system?		No	BRD - Groupe Société Générale S.A. (“BRD” or “the Bank”) has adopted a unitary system of administration which meets the current needs of the Bank in terms of good administration and management of the company. By complying with the principles of clear separation of responsibilities between the Board of Directors and the executive management, by avoiding to involve the Board of Directors in the daily management of the bank, by having a majority number of non-executive directors, the management system of BRD is in full harmony with the objective of corporate governance, ensuring the transparency of information, the protection of the interests of both the shareholders and of other categories of concerned persons, as well as an efficient operation on the banking market.
P1	R1	Has the issuer elaborated Corporate Governance Statutes / Regulations which would describe the main corporate governance aspects?		No	BRD has an internal normative framework which complies with the corporate governance rules. In this respect, the Articles of Incorporation, the Internal Operating Procedures, the Internal Regulations, the Directives of the advisory committees set the rules of organisation and operation, and the powers of the Board of Directors, of the Management Board and of other committees set up in their support. The professional ethics regulations transpose the corporate governance rules specific to preventing the conflict of interests.
		Are the Corporate Governance Statutes/ Regulation posted on the company website, with an indication of the latest update?		No	Relevant information specific to BRD’s corporate governance has been displayed on the BRD website through the Annual Report and the Articles of Incorporation.
	R2	Are the corporate governance structures, the positions, the powers and responsibilities of the Board of Directors (BoD) and of the executive management defined in the Corporate Governance Statutes / Regulations?		No	The Articles of Incorporation, the Internal Operating Procedures, the Directives of the committees set up in support of the Board of Directors, and the Annual Report include information on the corporate governance structures, their organisation, members and powers.
	R3	Does the issuer’s Annual Report include a chapter dedicated to corporate governance, describing all the relevant elements related to corporate governance, occurred during the previous financial year?	Yes		

Statement “Apply or explain” - March 2010
Corporate Governance Code of the Bucharest Stock Exchange

		Does the issuer disseminate on the company’s website information regarding the following aspects related to its corporate governance policy:	Yes		
		a) Description of its corporate governance structures?			
		b) Updated articles of incorporation?	Yes		
		c) Internal regulations / essential aspects thereof for each speciality commission / committee?		No	Starting with 2011, the Annual Report and the Articles of Incorporation published on the bank website include relevant information regarding the organisation / operation and the powers of the major committees within the bank.
		d) The “Apply or Explain” statement?	Yes		
		e) The list of the members of the Board of Directors, indicating which of them are independent and/or non-executive, the members of the executive management and of the specialised committees / commissions?	Yes		
		f) A short version CV of each member of the Board of Directors and of the executive management?	Yes		
P2		Does the issuer respect the rights of the holders of financial instruments issued by such issuer, by providing them with equitable treatment and by submitting to their approval any changes in the conferred rights, within the special meetings of such holders?	Yes		
P3	R4	Does the issuer publish in a dedicated website section details on the General Meeting of the Shareholders (GMS):	Yes		
		a) the notice of meeting of GMS?			
		b) the materials/documents related to the agenda and any other information regarding the items on the agenda?	Yes		
		c) forms of special power of attorney?	Yes		
	R6	Has the issuer elaborated and proposed to GMS any procedures for the orderly and efficient development of the	Yes		

Statement “Apply or explain” - March 2010
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		GMS works, without nevertheless prejudicing the right of any shareholder of freely expressing their opinion on the matters under debate?			
	R8	Does the issuer disseminate, in a dedicated section of its website, the shareholders’ rights and the rules and procedures for attending the GMS?	Yes		
		Does the issuer inform in due time (immediately after the GMS) all the shareholders, through the dedicated section on its website, on:	Yes		
		a) the decisions made within the GMS?			
		b) the detailed results of the vote?	Yes		
		Do the issuers disseminate, through a special section on their website, which is easily identifiable and accessible:	Yes		
		a) current reports / releases?			
		b) the financial calendar, annual, half-yearly and quarterly reports?	Yes		
	R9	Is there within the issuing company a specialised department / person dedicated to the relation with the investors?	Yes		
P4, P5	R10	Does the BoD meet at least once a quarter to monitor the issuer’s activity?	Yes		
	R12	Does the issuer hold a set of rules regarding the behaviour and the obligations to report the transactions with the shares or other financial instruments issued by the company (“the securities of the company”) made in their own account by the directors and other involved natural persons?	Yes		
		If a member of the BoD or of the executive management or another involved person makes, on his/her own account, a transaction with the securities of the company, is this transaction communicated through the company website, according to the related Rules?		No	The members of the Board of Directors have the obligation to declare to the Bucharest Stock Exchange and to the National Securities Commission any transaction (buying or selling) they make with the securities of the bank and, thus, this information becomes public.
P6		Does the structure of the issuer’s Board of Directors ensure a balance between the executive and the non-executive members (particularly, the independent non-	Yes		

Statement "Apply or explain" - March 2010
Corporate Governance Code of the Bucharest Stock Exchange

		executive directors) so that no person or limited group of persons can dominate, in general, the decision-making process of the BoD?			
P7		Does the structure of the issuer's Board of Directors ensure a sufficient number of independent members?	Yes		
P8	R15	Does the BoD have, in its activity, the support of advisory committees / commissions to examine specific themes chosen by the BoD and to advise it on such themes?	Yes		
		Do the advisory committees / commissions submit to the BoD activity reports regarding the themes assigned by it?	Yes		
	R16	Does the Board of Directors use the evaluation criteria specified in Recommendation no. 16 to evaluate the independence of its non-executive members?	Yes		The independent, non-executive director of the bank meets the evaluation criteria specified by Law 31.
	R17	Do the members of the BoD permanently improve their knowledge by training in the field of corporate governance?	Yes		
P9		Does the election of the BoD members rely on a transparent procedure (objective criteria regarding their personal / professional qualification, etc.)?	Yes		
P10		Is there a Nomination Committee within the Company?		No	The evaluation of the potential candidates and the nominations for the position of BoD member are made by the Board of Directors.
P11	R21	Does the Board of Directors analyse at least once a year the need to set up a remuneration committee / policy for the directors and members of the executive management?	Yes		The Board of Directors has set up a Remuneration Committee. The Committee meets up once a year, on which occasion it also analyzes the remuneration policy.
		Is the remuneration policy approved by GMS?		No	The BRD remuneration policy is approved by the Board of Directors. The GMS approves the non-executive directors' remuneration for the current financial year, as well as the general limits for the additional remunerations due to the directors and officers.
	R22	Is there a Remuneration Committee made up exclusively of non-executive directors?	Yes		

Statement "Apply or explain" - March 2010
Corporate Governance Code of the Bucharest Stock Exchange

	R24	Is the remuneration policy of the company presented in the Corporate Governance Statutes / Regulations?		No	The remuneration policy is formalised through a distinct document, approved by the Board of Directors of the bank.
P12, P13	R25	Does the issuer disseminate in English the information subject to the reporting obligations: a) periodic information (period supply of information)?	Yes		
		b) continuous information (continuous supply of information)?	Yes		
		Does the issuer prepare and disseminate the financial reporting according to IFRS?	Yes		
	R26	Does the issuer promote, at least once a year, meetings with financial analysts, brokers, rating agencies and other market specialists, in order to present to them the financial elements which are relevant for making investment decisions?	Yes		
	R27	Is there an Audit Committee within the company?	Yes		
	R28	Does the BoD or Audit Committee, as applicable, regularly examine the efficiency of financial reporting, internal control and risk management system adopted by the company?	Yes		
	R29	Is the Audit Committee formed exclusively of non-executive directors and does it have a sufficient number of independent directors?	Yes		
	R30	Does the Audit Committee meet at least twice a year, with the specific purpose of preparing and disseminating to the shareholders the half-yearly and annual results?	Yes		In 2010, the Audit Committee had 2 meetings, mainly dedicated to the analysis of the internal control activity. Starting with 2011, the Audit Committee has two more meetings dedicated to the evaluation of the financial results. There took place a first meeting for the reporting of the annual financial results of 2010.
R32	Does the Audit Committee make recommendations to the BoD regarding the selection, appointment, reappointment and replacement of the financial auditor, as well as the terms and conditions of remuneration of the financial auditor?	Yes		Starting with the reporting of the financial results for 2010, the Audit Committee makes recommendations to the Board of Directors regarding the financial auditor.	
P14		Has the BoD adopted a procedure for the purpose of identifying and properly solving the cases of conflicts of	Yes		

Statement “Apply or explain” - March 2010
Corporate Governance Code of the Bucharest Stock Exchange

		interests?			
P15	R33	Do the directors inform the BoD on the conflicts of interests as and when they occur and do they abstain from debating and voting on such matters, in compliance with the applicable legal provisions?	Yes		
P16	R34/ R35	Has the BoD adopted specific procedures in order to ensure the procedural correctness (criteria for identifying transactions with material impact, of transparency, objectivity, non-competition, etc.) and to identify transactions with involved parties?	Yes		The internal regulatory framework specific to financial reporting, the risk management policies ensure the conditions for identifying the transactions with involved parties.
P17	R36	Has the BoD adopted a procedure regarding the internal circuit and the disclosure to third parties of the documents and information regarding the issuer, by paying special attention to the information that can influence the evolution of the market price of its securities?	Yes		The professional ethics rules within the bank, as well as the instruction regarding insiders set rules and obligations regarding the flow of the information that can influence the evolution of the market price of the shares issued by BRD.
P18	R37/ R38	Does the issuer carry out activities with regard to the company’s social and environmental responsibility?	Yes		

Chairman - CEO
 Guy POUPET

Deputy CEO
 Petre BUNESCU

DEPARTMENT 41
 NAME OF THE CREDIT INSTITUTION: BRD GROUPE SOCIETE GENERAL
 ADDRESS: BUCHAREST, 1st district
 1-7 Ion Mihalache Bvd
 PHONE: 301.68.25 FAX: 301.68.28
 NUMBER WITH THE TRADE REGISTRY: J40/608/1991

FORM OF PROPERTY 34
 BUSINESS (write the main business)
 Other monetary intermediation activities
 NACE Code 6419
 SOLE REGISTRATION NUMBER 361579

BALANCE SHEET
 as at December 31, 2010

- lei -

ASSETS	Position code	Note	Financial year	
			previous	ended
A	B	C	1	2
Cash and current accounts with Central Banks	010	2.1.	9,846,200,083	10,037,940,093
Treasury bills and other bills eligible for refinancing with Central Banks	020	2.2.	2,088,070,784	3,861,463,777
- treasury bills and similar securities	023		2,088,070,784	3,861,463,777
- other bills eligible for refinancing with Central Banks	026		0	0
Loans and advances to credit institutions	030		1,599,909,535	1,693,145,468
- on demand	033	2.3.a	216,408,226	182,052,246
- others	036	2.3.b	1,383,501,309	1,511,093,222
Loans and advances to customers	040	2.4.	30,744,792,444	29,755,088,902
Bonds and other fixed-income securities	050	2.5.	3,500,000	0
- issued by public bodies	053		0	0
- issued by others, out of which:	056		3,500,000	0
- own-debt securities	058		0	0
Shares and other variable yield securities	060	4	53,563,943	52,936,465
Equity investments, out of which:	070	2.6.	59,401,222	70,939,149
- equity investments in credit institutions	075		29,017,185	29,017,185
Investments in affiliated undertakings, out of which:	080	2.7.	71,645,029	66,614,472
- Investments in credit institutions	085		0	0
Intangible assets, out of which:	090		79,139,911	89,648,053
- set-up costs	093		0	0
- goodwill, if acquired for good and valuable consideration	096		0	0
Tangible assets, out of which:	100		1,321,987,959	1,303,086,273
-land and buildings for the operating activity	105		1,013,110,217	986,040,843
Share capital subscribed and not paid in	110		0	0
Other assets	120	2.8.	191,492,942	191,331,485
Prepaid expenses and accrued income	130	2.9.	334,294,941	371,924,894
Total Assets	140		46,393,998,793	47,494,119,031

DIRECTOR,
 Last and first names
 GUY MARIE CHARLES POUPET
 Signature

PREPARED BY**
 Last and first names¹ ADINA ILEANA
 RADULESCU
 Capacity² Head of General
 Accounting Division
 Signature

Unit stamp

Registration no. with
 the professional body

* According to the classification in force as of 01.01.2008.

** Government Ordinance no. 65/1994 regarding the organisation of forensic accounting and of certified public accountants, republished

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BALANCE SHEET
as at December 31, 2010

- lei -

LIABILITIES	Position code	Note	Financial year	
			previous	ended
A	B	C	1	2
Amounts owed to credit institutions	300	2.10.	9,967,109,277	10,418,908,719
- on demand	303		974,214,044	607,989,422
- at term	306		8,992,895,233	9,810,919,297
Amounts owed to customers	310	2.11.	29,271,144,409	29,624,968,258
- deposits, out of which:	313		18,479,864,650	19,271,514,899
- on demand	314		2,849,788,917	3,097,028,403
- at term	315		15,630,075,733	16,174,486,496
- other liabilities, out of which:	316		10,791,279,759	10,353,453,359
- on demand	317		10,664,429,414	10,229,089,070
- at term	318		126,850,345	124,364,289
Debts evidenced by certificates:	320	6	735,000,000	735,000,000
- interbank debts evidenced by certificates, bonds, outstanding negotiable debt securities	323		735,000,000	735,000,000
- other securities	326		0	0
Other liabilities	330	2.14.	541,842,081	619,073,303
Deferred income and accruals	340	2.15.	483,795,867	392,341,837
Provisions , out of which:	350	8	95,456,479	85,962,204
- provisions for pensions and similar obligations	353		31,727,555	39,100,728
- provision for taxes	355		2,016,865	0
- other provisions	356		61,712,059	46,861,476
Subordinated debt	360		845,640,000	856,960,000
Share capital	370		696,901,518	696,901,518
Share premium	380		0	0
Reserves	390		513,552,229	514,623,853
- legal reserves	392		244,156,714	244,156,714
- statutory or contractual reserves	394		0	0
- reserves for banking risks	396		269,358,296	269,358,296
- reserve for mutual aid	397		0	0
- mutual guarantee reserve	398		0	0
- other reserves	399		37,219	1,108,843
Revaluation reserves	400		502,889,119	498,547,767
Own shares (-)	410		0	0
Retained earnings				
- Profit	423		1,961,598,097	2,550,241,737
- Loss	426		0	0
Profit or loss for the financial year				
- Profit	433		779,069,717	500,589,835
- Loss	436		0	0
Distribution of the profit	440		0	0
Total liabilities	450		46,393,998,793	47,494,119,031

DIRECTOR,
Last and first names
GUY MARIE CHARLES POUPET

Signature

Unit stamp

PREPARED BY**

Last and first names¹ ADINA ILEANA
RADULESCU
Head of General
Accounting Division
Capacity²
Signature

Registration no. with
the professional body

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BALANCE SHEET
as at December 31, 2010

- lei -

OFF-BALANCE SHEET ITEMS	Position code	Note	Financial year	
			previous	ended
			1	2
A	B	C		
Contingent liabilities, out of which:	600		8,825,626,340	8,379,271,301
- acceptances and endorsements	603		6,125,768,595	5,954,008,548
- collaterals and pledged assets	606		2,465,237,206	2,265,123,806
Commitments, out of which:	610		3,818,299,451	3,337,384,237
- commitments of sale and repurchase	615		-	-

DIRECTOR,
Last and first names
GUY MARIE CHARLES POUPET

Signature

Unit stamp

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Head of General
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PROFIT AND LOSS ACCOUNT
as at December 31, 2010

- lei -

Name of item	Position Code	Note C	Financial year	
			previous	ended
Interest and similar income, out of which:	010		4,466,833,207	3,676,362,994
- from bonds and other fixed income securities	015		7,220,527	108,088,880
Interest and similar expenses	020		2,455,461,088	1,340,381,583
Income from securities, out of which	030		2,120,510	2,342,296
- income from shares and other variable yield securities	033		0	0
- income from equity investments	035		2,120,510	2,342,296
- income from investments in related parties	037		0	0
Commission income	040		755,981,165	762,637,820
Commission expenses	050		96,071,186	105,108,138
Net profit / loss from financial operations	060		757,522,470	546,816,724
Other operating income	070		81,009,003	91,990,982
General administrative expenses	080		1,120,397,426	1,129,060,310
- Staff expenses, out of which:	083		637,544,301	641,162,033
- Salaries	084		464,750,489	468,456,137
- Social security, out of which:	085		133,561,880	134,597,351
- pension related costs	086		100,224,837	101,041,515
- Other administrative expenses	087		482,853,125	487,898,277
Value adjustments in respect of tangible and intangible assets	090		149,514,767	128,711,970
Other operating expenses	100		250,715,443	230,357,370
Value adjustments on receivables and provisions for contingent liabilities and commitments	110		2,939,707,069	4,262,937,613
Reversal of value adjustments on receivables and provisions for contingent liabilities and commitments	120		1,877,550,317	2,713,729,319
Value adjustments on transferable securities - non-current financial assets - investments and shares held in related parties	130		27,072	0
Reversal of value adjustments on transferable securities - non-current financial assets - investments and shares held in related parties	140		12,204,304	6,669,959
Profit or loss on ordinary activities				
- Profit	153		941,326,925	603,993,110
- Loss	156			
Extraordinary income	160			
Extraordinary charges	170			

Name of item	Position Code	Note C	Financial year	
			previous	closed
Result of the extraordinary activity				
- Profit	183		0	0
- Loss	186		0	0
Total income	190		16,476,717,325	19,038,922,118
Total expenses	200		15,535,390,400	18,434,929,008
Gross result				
- Profit	213		941,326,925	603,993,110
- Loss	216		0	0
Income tax	220		162,257,208	103,403,275
Other taxes	230		0	0
Net result for the year				
- Profit	243		779,069,717	500,589,835
- Loss	246		0	0

DIRECTOR,
Last and first names
GUY MARIE CHARLES POUPET

Signature

Unit stamp

PREPARED BY*

Last and first names¹

Capacity²

Signature

Registration no. with
the professional body

ADINA ILEANA RADULESCU

Head of General Accounting
Division

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STATEMENT OF CASH FLOWS
as at December 31, 2010 - example of indirect method -

- lei -

Name of ratio	Position code	Note	Financial year	
			previous	ended
Net Result	01		779,069,717	500,589,835
<i>Income items that do not generate cash flows regarding the operating activity</i>				
± set-up or accrual of adjustments for depreciation and of provisions	02		872,938,001	1,118,394,177
+ depreciation expenses	03		138,932,445	128,711,970
± other adjustments to the elements that do not generate cash flows	04			0
± adjustments to the elements included in the investment or financing activities	05		66,777,020	8,465,828
± other adjustments	06		175,328,174	17,347,289
Sub-total (lines 01 to 06)	07		2,033,045,357	1,773,509,099
<i>Changes in operating assets and liabilities after adjustments of elements that do not generate cash flows regarding the operating activity</i>				
± securities that are not financial assets	08		-1,335,516,872	-1,776,759,350
± receivables from credit institutions	09		3,524,422,884	-528,891,141
± receivables from customers	10		95,661,554	108,183,598
± accrued receivables	11		-212,948,203	-237,894,239
± other operating assets	12		98,303,508	139,542,556
± debts to credit institutions	13		-2,504,043,643	-4,267,648,073
± debts to customers	14		404,765,860	353,823,849
± accrued debts	15		1,361,958	-71,466,693
± other operating liabilities	16		140,839,857	57,520,193
=- cash payments representing corporate tax	17		-330,441,067	-194,516,746
Cash flows from operating activities (lines 07 to 17)	18		1,915,451,193	-4,644,596,947
Cash flows from investment activities				
- cash payments for the acquisition of subsidiaries or other sub-units	19		0	0
+ cash collections from the sale of subsidiaries or other sub-units	20		0	0
+ cash collections representing dividends received	21		2,120,510	2,342,296
=- cash payments for the acquisition of securities that are financial assets	22		-5,050,682	-6,257,776
+ cash collections from the sale of securities that are financial assets	23		0	0
+ cash collections representing interests received	24		0	0
- cash payments for the acquisition of land and fixed assets, intangible assets and other long-term assets	25		-149,643,563	-125,616,744
+ cash collections from the sale of land and fixed assets, intangible assets and other long-term assets	26		1,701,936	5,810,194
- other cash payments regarding investment activities	27		0	0
+ other cash collections regarding investment activities	28		0	0
Cash flows from investment activities (lines 19 to 28)	29		-150,871,799	-123,722,030

Name of ratio	Position code	Note	Financial year	
			previous	ended
Cash flows from financing activities				
+ cash collections from debts made by securities and subordinated debts	30		0	0
- cash payments regarding debts made by securities and subordinated debts	31		0	0
+ cash collections from the issuance of shares	32		0	0
- cash payments for the acquisition of own shares	33		0	0
=+ cash collections from the sale of own shares	34		0	0
- cash payments representing dividends	35		-506,741,712	-195,043,737
- other cash payments regarding financing activities	36		-1,909,328,823	-12,343,054,565
+ other cash collections from financing activities	37		845,640,000	17,062,502,080
Cash flows from financing activities (lines 30 to 37)	38		-1,570,430,535	4,524,403,778
Cash at the beginning of the period	39		2,275,203,954.00	2,469,352,813
± Cash flows from operating activities (line 18)	40		1,915,451,193	-4,644,596,947
± Cash flows from investment activities (line 29)	41		-150,871,799	-123,722,030
± Cash flows from financing activities (line 38)	42		-1,570,430,535	4,524,403,778
± Effect of the variation of the rate of exchange on the cash	43		0	0
Cash at the end of the period (lines 39 to 43)	44		2,469,352,813	2,225,437,614.00

DIRECTOR,
Last and first names
GUY MARIE CHARLES POUPEY

Signature

Unit stamp

PREPARED BY*

Last and first names¹

Capacity²
Signature

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the professional body

ADINA ILEANA
RADULESCU
Head of General
Accounting Division

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STATEMENT OF CHANGES IN EQUITY
as at December 31, 2010

- RON -

Equity item	Note	Balance as at January 1st	Increase		Decrease		Balance as at December 31
			Total, out of which:	by transfer	Total, out of which:	by transfer	
0	1	2	3	4	5	6	7
Subscribed capital		696,901,518.00					696,901,518.00
Capital premiums		-					-
Legal reserves		244,156,714.00					244,156,714.00
Reserves provided for by the articles of association or contracts		-					-
General reserve for credit risk		98,596,363.00					98,596,363.00
Reserve for general banking risk		170,761,933.00					170,761,933.00
Revaluation reserves		502,889,119.00	4,810.00	4,810.00	4,346,162.00	4,346,162.00	498,547,767.00
Own shares (-)		-					-
Mutual aid reserve		-					-
Mutual guarantee reserve		-					-
Other reserves		37,219.00	1,071,624.00	1,071,624.00			1,108,843.00
Retained earnings		-					-
Profit not distributed		1,922,786,962.00	779,069,717.00	779,069,717.00	194,767,429.00		2,507,089,250.00
Loss not covered		-					-
Retained earnings from first-time application of IAS, less IAS 29		-					-
Credit balance		-					-
Debit balance		-					-
Retained earnings from correction of accounting errors		-					-
Sold creditor		-					-
Sold debtor		-					-
Retained earnings representing surplus from revaluation reserves		38,811,135.00	4,346,162.00	4,346,162.00	4,810.00	4,810.00	43,152,487.00
Retained earnings from adopting accounting regulations compliant with European directive:							
Credit balance							
Debit balance							
Profit or loss for the year							
Credit balance		779,069,717.00	500,589,835.00		779,069,717.00	779,069,717.00	500,589,835.00
Debit balance							

Note:

Figures, as in the example above, must be accompanied by information regarding:

- nature of changes;
- tax treatment applied, where applicable;
- any other significant information.

DIRECTOR,
Last and first names
GUY MARIE CHARLES POUPEL

Signature

Unit stamp

PREPARED BY*

ADINA ILEANA RADULESCU
Head of General Accounting

Signature

Registration no. with
the professional body

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- OR

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STATEMENT OF CHANGES IN EQUITY
as at December 31, 2010

- lei -

	Note	Share capital	Capital premiums	Legal reserves	Profit or loss of the financial year	Other equity									Total equity
						Reserves provided for in the articles of association or contracts	General reserve for credit risk	Reserve for general banking risks	Own shares (-)	Revaluation reserves	Mutual aid reserve	Mutual guarantee reserve	Retained earnings	Other equity	
Balance at the end of the financial year 2009		696,901,518		244,156,714	779,069,717		98,596,363	170,761,933		502,889,119			1,961,598,096	37,219	4,454,010,679
Changes (increase or decrease), out of which:															0
- Increase of Share capital															0
- profit allocation for 2009													(194,767,428)		(194,767,428)
- allocations to reserves															0
- profit of 2009					(779,069,717)										(779,069,717)
- profit of 2010					500,589,835								779,069,717		1,279,659,552
- profit allocation for 2010								0							0
- surplus from revaluation of fixed asset:										(4,341,352)			4,341,352		0
- revaluation reserves for 2010															0
- other changes														1,071,624	1,071,624
Balance at the end of the financial year 2010		696,901,518	0	244,156,714	500,589,835	0	98,596,363	170,761,933	0	498,547,767	0	0	2,550,241,737	1,108,843	4,760,904,710

Note:

Figures, as in the example above, must be accompanied by information regarding:

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STATEMENT OF CHANGES IN EQUITY
as at December 31, 2009

- lei -

Equity item	Note	Balance as at January 1st	Increase		Decrease		Balance as at December 31
			Total, out of which:	by transfer	Total, out of which:	by transfer	
0	1	2	3	4	5	6	7
Subscribed capital		696,901,518					696,901,518
Capital premiums		0					0
Legal reserves		244,156,714					244,156,714
Reserves provided for by the articles of association		0					0
General reserve for credit risk		98,596,363					98,596,363
Reserve for general banking risk:		170,761,932					170,761,932
Revaluation reserves		731,916,133	46,580,567		275,607,581	14,617,915	502,889,119
Own shares (-)							0
Mutual aid reserve							
Mutual guarantee reserve							
Other reserves		37,219					37,219
Retained earnings							0
Profit not distributed		1,082,149,135	1,353,484,233	1,353,484,233	512,846,406	5,302,853	1,922,786,962
Loss not covered							
Retained earnings from first-time application of IAS, less IAS 29							
Credit balance							
Debit balance							
Retained earnings from correction of accounting errors							
Sold creditor							0
Sold debtor							0
Retained earnings representing surplus from revaluation reserves		24,193,220	14,617,915	14,617,915			38,811,135
Retained earnings from adopting accounting regulations compliant with European directive:							0
Credit balance							0
Debit balance		5,302,853			5,302,853	5,302,853	0
Profit or loss for the year							
Credit balance		1,353,484,233	779,069,717		1,353,484,233	1,353,484,233	779,069,717
Debit balance							

Note 1:

Figures, as in the example above, must be accompanied by information regarding:

- nature of changes;
- tax treatment applied, where applicable;
- nature and purpose for which the reserves were created;
- any other significant information.

Note 2:

The changes in equity are presented for the two financial years, previous and current.

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Signature

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STATEMENT OF CHANGES IN EQUITY
as at December 31, 2009

STATEMENT OF CHANGES IN EQUITY
as at December 31, 2008

- lei -

	Note	Share capital	Capital premiums	Legal reserves	Profit or loss of the financial year	Other equity								Total equity	
						Reserves provided for in the articles of association or contracts	General reserve for credit risk	Reserve for general banking risks	Own shares (-)	Revaluation reserves	Mutual aid reserve	Mutual guarantee reserve	Retained earnings		Other equity
Balance at the end of the financial year 2008		696,901,518		244,156,714	1,353,484,233		98,596,363	170,761,932		731,916,133			1,101,039,502	37,219	4,396,893,614
Changes (increase or decrease), out of which:															0
- Increase of Share capital															0
- profit allocation for 2008													(507,543,554)		(507,543,554)
- allocations to reserves															0
- profit of 2008					(1,353,484,233)								0		(1,353,484,233)
- profit of 2009					779,069,717								1,353,484,233		2,132,553,950
- profit allocation for 2009															0
- surplus from revaluation of fixed asset										(14,617,915)			14,617,915		0
- revaluation reserves for 2009										(214,409,099)					(214,409,099)
- cover in 2009 of the debit balance from applying the accounting regulations compliant with European directives													(5,302,853)		(5,302,853)
- other changes													5,302,853		5,302,853
Balance at the end of the financial year 2009		696,901,518		244,156,714	779,069,717		98,596,363	170,761,932		502,889,119			1,961,598,096	37,219	4,454,010,678

Note:

Figures, as in the example above, must be accompanied by information regarding:

- nature of changes;
- tax treatment applied, where applicable;
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INFORMATIVE DATA

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- RON -

I. INCOME DATA	Position code	Number of units	Amounts
A	B	1	2
Units with profit	101	1	500,589,835
Units with loss	102	0	0

II. DATA ON OVERDUE PAYMENTS	Position code	Total col.2 + 3	of which:	
			For current business	For investment business
A	B	1	2	3
OVERDUE PAYMENTS – TOTAL				
(pos.202+206+212 la 216+221+222+227), of which:	201	0	0	0
Outstanding accounts payable – TOTAL (pos. 203 to 205),	202			
of which:		0	0	0
- more than 30 days	203	0	0	0
- more than 90 days	204	0	0	0
- more than 1 year	205	0	0	0
Arrears to national insurance fund – TOTAL (pos.207 to 211),	206			
of which:		0	0	0
- contributions to public social insurance, due by employers, employees and other assimilated persons	207	0	0	0
- contributions to social health insurance fund	208	0	0	0
- contribution to additional pension	209	0	0	0
- contributions to unemployment insurance budget	210	0	0	0
- other personnel-related debts	211	0	0	0
Arrears to special funds and other funds' budgets	212	0	0	0
Arrears to other creditors	213	0	0	0
Overdue taxes and fees to the State budget	214	0	0	0
Overdue taxes and fees to the local budgets	215	0	0	0
Received loans overdue TOTAL (pos.217 la 220), of which:	216	0	0	0
- arrears less than 30 days old	217	0	0	0
- arrears more than 30 days old	218	0	0	0
- arrears more than 90 days old	219	0	0	0
- arrears more than 1 year old	220	0	0	0
Overdue interests on received loans	221	0	0	0
Overdue cash deposits received - TOTAL (pos.223 to 226),	222*)			
din care:		0	0	0
- arrears less than 30 days old	223*)	0	0	0
- arrears more than 30 days old	224*)	0	0	0
- arrears more than 90 days old	225*)	0	0	0
- arrears more than 1 year old	226*)	0	0	0
Overdue interests on cash deposits received	227*)	0	0	0

III. AVERAGE NUMBER OF EMPLOYEES	Position code	December 31, last year	December 31, current year
A	B	1	2
Average number of employees	301	8,048	7,980

IV. PAYMENTS OF INTERESTS AND ROYALTIES	Position code	Amounts - RON -
Gross income from interests paid by Romanian juridical persons to non-resident natural persons from the EU Member States, of which:		8,828,446
- tax payable to the State Budget	401	
	402	175,635
Gross income from interests paid by Romanian juridical persons to affiliated**) non-resident natural persons from the EU Member States, of which:		136,784,337
- tax payable to the State Budget	403	
	404	2,364,470
Income from royalties paid by Romanian juridical persons to affiliated non-resident juridical persons from the EU Member States, of which:		-
	405	
- tax payable to the State Budget	406	

V. MEAL TICKETS	Position code	Amounts - RON -
Counter-value of meal tickets given to employees	501	15,835,537

VI. INNOVATION EXPENSES***)	Position code	Amounts - RON -	
		December 31, last year	December 31, current year
A	B		
- innovation expenses finalised during the period	601	0	0
- innovation expenses finalising during the period	602	0	0
		0	0
- innovation expenses abandoned during the period	603		

*) to be completed by credit institutions only

**) For the statute of "affiliated juridical persons", there shall be considered the provisions of art.7 point.21 in Law no.571/2003 on the Tax regime, as further amended and completed.

***) Innovation expenses are determined according to the Commission Regulation no. 1450/2004, published in the Official Journal of the European Union, series L267/14.08.2004.

DIRECTOR,
Last and first names
GUY MARIE CHARLES POUPET

Signature

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PREPARED BY****

Last and first names¹

Capacity²

Signature

Registration number with
the professional body

ADINA ILEANA RADULESCU

Head of General Accounting

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STATEMENT OF NON-CURRENT ASSETS

40

- RON -

GROSS VALUE OF NON-CURRENT ASSETS	Cod pozitie	Sold initial	Cresteri	Reduceri		Sold final (col.5=1+2-3)
				Total	din care: dezmembrari si casari	
A	B	1(1)	2(2)	3(3)	4(4)	5(5)
INTANGIBLE ASSETS						
Goodwill	101	45,033,322	0	0	0	45,033,322
Set-up costs	102	0	0	0	0	0
Other intangible assets	103	141,669,026	41,265,534	9,604	0	182,924,956
Advances and intangible assets in progress	104	23,552,558	18,044,676	28,540,901	0	13,056,333
TOTAL (pos.101 to 104)	105	210,254,906	59,310,210	28,550,505	0	241,014,611
TANGIBLE ASSETS						
Land	106	62,078,039	1,504,423	570,553	0	63,011,909
Land improvements	107	0	0	0	0	0
Buildings	108	1,021,360,714	25,257,110	6,278,927	1,116,128	1,040,338,897
Plant and machinery	109	114,134,453	9,402,875	2,920,288	2,454,576	120,617,040
Measurement, control and adjustment devices	110	187,875,924	33,100,263	7,558,588	4,608,420	213,417,599
Means of transportation	111	22,180,034	599,434	1,771,154	12,415	21,008,314
Fixtures and fittings	113	278,007,089	14,403,252	4,448,933	3,863,315	287,961,408
Advances and tangible assets in progress	114	67,542,747	83,093,390	66,741,132	40,210	83,895,005
TOTAL (pos.106 to 114)	115	1,753,179,000	167,360,747	90,289,575	12,095,064	1,830,250,172
FINANCIAL ASSETS						
Public bonds and assimilated	116	0	0	0	0	0
Bonds and other fixed-income securities	117	0	0	0	0	0
Investments in affiliated undertakings	118	71,894,624	0	5,280,152	0	66,614,472
Participating interests and portfolio activities	119	62,440,493	11,875,812	1,206,137	0	73,110,168
TOTAL (lines 116 to 119)	120	134,335,117	11,875,812	6,486,289	0	139,724,640
NON-CURRENT ASSETS - TOTAL (lines 105+115+120)	121	2,097,769,023	238,546,769	125,326,369	12,095,064	2,210,989,423

DEPRECIATION OF NON-CURRENT ASSETS	Position code	Initial balance	Depreciation during the year	Depreciation of retired non-current assets	Depreciation at year-end (col.9=6+7-8)
A	B	6(1)	7(2)	8(3)	9(4)
INTANGIBLE ASSETS					
Goodwill	131	45,033,322	0	0	45,033,322
Set-up costs	132	0	0	0	0
Other intangible assets	133	86,081,673	20,251,563	0	106,333,236
TOTAL (pos.131 to 133)	134	131,114,995	20,251,563	0	151,366,558
TANGIBLE ASSETS					
Land improvements	135	0	0	0	0
Buildings	136	70,328,536	47,429,590	448,163	117,309,963
Plant and machinery	137	65,049,019	11,317,715	2,601,972	73,764,762
Measurement, control and adjustment devices	138	160,041,553	18,094,134	4,908,487	173,227,200
Means of transportation	139	15,805,738	2,307,995	1,771,154	16,342,579
Fixtures and fittings	141	119,966,195	29,871,285	3,318,085	146,519,395
TOTAL (pos.135 to 141)	142	431,191,041	109,020,719	13,047,861	527,163,899
DEPRECIATIONS - TOTAL (pos.134+142)	143	562,306,036	129,272,282	13,047,861	678,530,457

PROVISIONS FOR NON-CURRENT ASSETS IMPAIRMENT LOSSES	Position Code	Initial balance	Provisions created during the year	Write-back of provisions	Final balance (col.13=10+11-12)
A	B	10(1)	11(2)	12(3)	13(4)
INTANGIBLE LOSSES					
Goodwill	151	0	0	0	0
Set-up costs	152	0	0	0	0
Other intangible assets	153	0	0	0	0
Advances and intangible assets in progress	154	0	0	0	0
TOTAL (pos.151 to 154)	155	0	0	0	0
TANGIBLE ASSETS					
Land	156	0	0	0	0
Land improvements	157	0	0	0	0
Buildings	158	0	0	0	0
Plant and machinery	159	0	0	0	0
Measurement, control and adjustment devices	160	0	0	0	0
Means of transportation	161	0	0	0	0
Fittings and fixtures	163	0	0	0	0
Advances and tangible assets in progress	164	0	0	0	0
TOTAL (pos.156 to 164)	165	0	0	0	0
FINANCIAL ASSETS					
Public bonds and assimilated	166	0	0	0	0
Bonds and other fixed-income securities	167	0	0	0	0
Investments in affiliated undertakings	168	249,595	0	0	249,595
Participating interests and portfolio activities	169	0	0	0	0
TOTAL (pos.166 to 169)	170	249,595	0	0	249,595
PROVISIONS FOR IMPAIRMENT LOSSES - TOTAL (pos.155+165+170)	171	249,595	0	0	249,595

DIRECTOR,
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Signature

Unit stamp

PREPARED BY**

Last and first names¹

Capacity²

Signature

Registration no. with
the professional body

ADINA ILEANA
RADULESCU
Head of General
Accounting Division

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NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
(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 assets of the former Investment Bank.

Starting of March 1999, the Bank has been a member of the Société Générale Group, headquartered in 29 Boulevard Haussmann, 75009, Paris, France.

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 its products and services, between the risks and the benefits generated by them, between the activities of the Bank and the corresponding legal regulations.

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

BRD holds stakes in Romanian and foreign companies, presented in detail in note 14 herein.

The structure of the Bank’s shareholders is the following:

BRD Shareholders	31 decembrie 2009		31 decembrie 2010	
	Number of shares (nominal value – 1RON)	%	Number of shares (nominal value – 1RON)	%
Société Générale	413,721,288	59.37%	413,721,288	59.37%
SIF Oltenia	38,343,928	5.50%	38,373,908	5.51%
Banca Europeană pentru Reconstrucție și Dezvoltare ("BERD")	34,845,050	5.00%	34,845,050	5.00%
SIF Banat Crișana	32,379,237	4.65%	32,463,577	4.66%
SIF Transilvania	34,872,840	5.00%	30,434,290	4.37%
SIF Muntenia	36,698,530	5.27%	28,845,330	4.14%
SIF Moldova	33,084,518	4.75%	26,945,688	3.87%
Other shareholders	72,956,127	10.46%	91,272,387	13.08%
Total	<u>696,901,518</u>	<u>100%</u>	<u>696,901,518</u>	<u>100%</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

(Amounts in RON unless otherwise specified)

BRD shares have been listed in the 1st category of the Bucharest Stock Exchange since January 15, 2001, and included in the BET and BET C indexes.

During 2010, the price of the share varied between a minimum of RON 10,5 (on 29.06.2010) and a maximum of RON 15.9 (on 01.04.2010).

The stock market capitalisation of BRD as at 31.12.2010 was of mn. RON 8,606.73 (calculated at the closing price of RON 12.35).

Basis of the presentation

BRD applies the Order no. 13/2008 of the National Bank of Romania for the approval of the Accounting norms in compliance with the European directives, applicable to credit institutions, as subsequently amended and completed, these financial statements being prepared according to the Accounting Law no. 82/1991, republished and to regulation no.3 / 2009 concerning classification of loans and investments and the establishment, regulation and use of risk provisions.

The financial statements include:

- Balance sheet;
- Profit and loss account;
- Statement of changes in equity;
- Cash flow statement;
- Accounting policies and notes to the financial statements.

The RON/EUR rates of exchange used in the financial statements are:

Rate as at Dec.31, 2009	4.2282
Rate as at Dec.31, 2010	4.2848

The RON/USD rates of exchange used in the financial statements are:

Rate as at Dec.31, 2009	2.9361
Rate as at Dec.31, 2010	3.2045

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
(Amounts in RON unless otherwise specified)

Note 1. Accounting principles, policies and methods

a) Cash, current accounts with Central Bank

The cash includes the cash on hand (Romanian and foreign banknotes and coins that are legal tender, including the ones in the ATMs and foreign exchange automatic machines - ASV), travellers' cheques bought and not remitted to the issuers for collection.

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

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

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

It also includes other securities accepted for refinancing by the central banks, i.e. the securities held in the portfolio, which were purchased from credit institutions or from the customers, if accepted as per the national legislation for refinancing by the central bank of the country or countries in which the credit institution is set.

The securities presented in this balance sheet item are the financial assets represented by a security, a public bond or a bond tradable on a regulated market, or any security, public bond or bond having been subject to a transaction for valuable consideration, knowingly made by two parties in normal commercial conditions.

The securities included in this item may be classified in trading securities, securities available for sale and securities held to maturity.

Trading securities

Trading securities 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 trading securities if, irrespective of the reason for which they were purchased, they represent a part of a portfolio for which there is proof of a recent actual rhythm of obtaining short-term gains.

Public bonds classified as trading securities are initially evaluated at the acquisition cost, made up of the purchase price (the purchase expenses are not included).

After the initial recognition, trading securities are evaluated at their market value, and the differences from revaluation are entered in the accounting books under the incomes or expenses accounts, as applicable.

For the instruments for which there is no active market, the evaluation is made based on the generally accepted evaluation models or techniques, so as to ensure a reasonable expression of the market value.

The assignment of the trading securities is entered in the books at the sale price, and the differences between the sale price and the book value are entered in the incomes or expenses accounts, as applicable.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

(Amounts in RON unless otherwise specified)

Transfers from the trading securities category to other categories (securities available for sale and securities held to maturity) are allowed only in rare situations, namely situations determined by singular, uncommon events and with a very low probability of reoccurrence in the near future. It is not allowed to reclassify securities from other securities categories as trading securities.

Securities available for sale

Securities available for sale are those securities, other than the ones representing fixed assets, which cannot be classified as trading securities or as securities held to maturity.

Securities available for sale are initially evaluated at the acquisition cost, made up of the purchase cost, including the acquisition expenses, and the interests computed for the elapsed period.

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

After the initial recognition, securities available for sale are revaluated at the lowest between the market value and the purchase cost. Provisions for depreciation are made for the negative difference between the two. The positive difference between the market value and the acquisition cost of the securities available for sale is presented in the explanatory notes. The securities available for sale are evaluated based on the evaluation techniques or, for the unquoted ones, based on the pricing models. These assets are evaluated by using models that can incorporate data obtained on the market and/or following presumptions regarding financial performance.

For fixed-income securities classified as securities available for sale, the receivables from the interests calculated for the period between their issuance and the acquisition time (the elapsed coupon) may be entered in the security accounts or in the corresponding related receivable accounts. In the latter case, the difference between the acquisition cost and the coupon for the elapsed period is entered in the corresponding security accounts.

Transfers from the category of securities available for sale to the category of trading securities are not allowed.

In the case of the transfer from the category of securities available for sale to the category of securities held to maturity, the net book value of such securities at the transfer date becomes their new purchase cost/price. This transfer can be made in the following cases:

- a change in the intention or capacity of the bank to hold such assets;
- two fiscal years have elapsed since the sale or reclassification of securities held to maturity, of significant amounts.

Securities held to maturity

Securities held to maturity are those securities for which BRD has the firm intention and capacity to keep until maturity. The classification of the securities in this category depends on:

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- the conditions and characteristics of the financial asset; and
- the capacity and actual intention of the credit institution to hold such instruments until maturity.

A prior condition for a security to be classified as held to maturity is the assessment of the intention and capacity of the credit institution to hold such instruments until their maturity; this assessment must be made not only upon the initial purchase, but also at the closing of each financial year.

Securities held to maturity are recognized at the purchase time at their purchase price, including the purchase expenses.

They may be transferred to the category of securities available for sale following a change in the intention or capacity of the bank to hold until maturity the instruments in the category of securities held to maturity.

c) Amounts receivable from credit institutions

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

Only the amounts that may be withdrawn at any time without prior notice or the amounts for which a due date or a prior notice of 24 hours or one banking day was set are considered as amounts at sight.

d) Amounts receivable from customers

The amounts receivable from customers represent all the receivables, including those related to the factoring operations held over customers other than credit institutions.

The loans extended by BRD by disbursing the funds directly to the borrower are recorded in the balance sheet when such funds are made available to the borrower. Such loans are presented in the balance sheet at their value less the adjustments for depreciation

The interests receivable (calculated and not yet due) corresponding to the current year are calculated at the date of disbursement of the funds and are recorded in the accounting books on a monthly basis and on the due date of the operations, if the related funds are due during the month, in the "Related amounts receivable" accounts within the account groups, as counterpart of the income accounts.

Provisions are calculated by the bank under the principles established in Regulation of National Bank of Romania no. 3 /2009.

e) Bonds and other fixed-income securities

This item includes bonds and other tradable fixed-income securities, issued by credit institutions or other companies or public bodies, if they were not entered under the asset position “Public bonds and other securities accepted for refinancing at the central bank”.

Fixed-income securities are those securities that generate fix or determinable payments and that have a fixed maturity.

To bonds and other fixed-income securities, there are assimilated those securities having interest rate depending on certain specific factors, such as the interest rate on the inter-banking or European market.

The evaluation subsequent to the initial recognition is done depending on the classification established at the acquisition time, i.e. trading securities or securities available for sale.

f) Shares and other variable income securities

This item includes all the shares and other variable income securities that cannot be included in the asset positions “Participating Interests” or “Investments in affiliated undertakings”, and that can be entered as trading securities, securities available for sale or securities held to maturity.

Fixed-income securities are those securities that do not generate fix or determinable payments and that do not have a fixed maturity.

Shares and other variable income securities are evaluated upon the entry in the patrimony at the acquisition cost.

Portfolio securities, such as shares and other variable income securities are deemed long-term investments, being held by BRD for a long period, without the right to interfere in the management of the company the securities of which it holds. After the date of the initial recognition, long term investments are evaluated at the current or going value, determined based on the financial condition of the issuer, the quotation of the security and other factors. For depreciations, value adjustments are made as the difference between the acquisition cost and the current or going value.

g) Derivative instruments

The bank performs transactions with derivative financial instruments, such as: forward, swap and foreign exchange options, as well as interest rate swaps.

The bank performs transactions with derivative financial instruments in order to cover the risks related to fluctuations in the interest rate and foreign exchange rates.

Derivative financial instruments are initially recognized in the balance sheet at their fair value when BRD performs transactions with such derivatives. Following the initial recognition, the derivative financial instruments are evaluated at their fair value, the positive values being recognized as assets, and the negative ones as liabilities, in the profit and loss account.

Derivative instruments are evaluated based on the data available on the market, the interest rates and the swap rates of exchange, the forward exchange contracts. The most used evaluation methods include swap models and forward prices, using the calculation of the current value.

h) Participating Interests

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

- a) Represent between 20% and 50% of the voting rights of the shareholders or partners;
- b) Represent less than 20% of the voting rights of the shareholders or partners, 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 purchase cost when entering the patrimony.

After recognition, participating interests are evaluated at the current or going value determined depending on the issuer's financial statements or on the quotation of the security and other factors.

For depreciations, adjustments are made, set as the difference between the historical cost and the current or going value.

i) Investments in affiliates

Investments in affiliates include the securities represented by 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 partners), included or likely to be included by global integration in a consolidated whole.

Investments in affiliated undertakings are evaluated at the acquisition cost when entering the patrimony. After the date of the initial recognition, immobilized 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, adjustments are made, set as the difference between the historical cost and the current or going value.

j) Intangible assets

Intangible assets represent identifiable non-monetary assets, without a material support. They include: goodwill, set-up costs, other intangible assets (acquired computer applications, licences and other acquired rights), down-payments for intangible assets and intangible assets in progress.

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 liabilities, acquired following the acquisition of a company, at the transaction date.

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The goodwill resulting from the acquisition of Société Générale Bucharest on December 1, 1999, is linearly amortized over a 10-year period, starting from the acquisition time (December 1999). The Bank chose this policy in order to line up with the policy of the Société Générale Group.

Set-up costs, as well as other intangible assets are entered at the acquisition cost and linearly amortized over a 3-year period.

k) Tangible assets

Tangible assets are assets that:

- are held by the institution to be used in the delivery of services, for administrative purposes or to be rented to third parties, in compliance with the legal provisions specific to credit institutions;
- and
- are used for a period longer than one year.

Tangible assets are initially evaluated at the acquisition cost. Subsequent expenses are recognized as a component of the asset under the form of investments made in the tangible assets, provided they result in improving their initial technical parameters and lead to future benefits, additional to those initially estimated.

All the other expenses ensuring the maintenance of the initial parameters are recognized in the profit and loss account.

Durations used in calculating the depreciation:

Type of asset	Years
Constructions	10-40
Computers and equipment	3-6
Furniture	10
Motor vehicles	5

A tangible asset is written-off when assigned or retired, when no other future economic benefit is expected from its further use.

Gains or losses from the transfer or retirement of a tangible asset are determined as the difference between the incomes from the sale of the fixed asset or of its components, and the non-amortized value and they are presented in the profit and loss account.

In case of total or partial destruction of tangible assets, the related receivable or compensatory amounts collected from third parties, as well as the purchase of new assets are distinct operations and recorded as such based on supporting documents.

Thus, the depreciation of the assets is entered at the time it is found, and the collection of the compensations is entered under incomes.

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After the initial recognition as assets, for land, buildings and other tangible assets, the institution has adopted the alternative rule of evaluation of tangible assets, which consists in revaluating them at their fair value, based on evaluations made by qualified professionals. Thus, these assets are presented at the revaluated acquisition cost, less the accrued depreciation and any permanent depreciation accrued.

If a fixed asset is revaluated, then all the other assets in its group must be revaluated, except where there is no active market for the said asset.

Value growths are entered as surplus from revaluation, a component of own funds. 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 funds is directly transferred to other retained earnings when such surplus is realized. It is considered that the entire surplus is realized upon the retirement or the transfer of the asset.

All tangible assets, except for lands, are depreciated according to their useful life.

Starting 2005, from the point of view of useful life, the policy adopted by the bank was to line up the useful 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 useful lives of fixed assets in terms of tax.

In terms of depreciation 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 depreciation of technological equipment, computers and peripherals thereof.

Assets in process are not depreciated before their release.

l) Debts to credit institutions

Debts to credit institutions are all the debts arising from banking transactions, to national or foreign credit institutions, whatever their name.

These debts are presented at the contractual value, updated with the related debts calculated for the current fiscal year.

Repo agreements are sold with a simultaneous commitment contracting to repurchase at a specified future date. Debt continues to be recognized in the balance sheet.

m) Debts to customers

Debts to customers include the amounts owed to the customers, other than credit institutions.

Deposits mean exclusively the deposits that meet the conditions required to this effect by the legal provisions in force.

Interests owed, calculated and not yet due, corresponding to the current year, are calculated since the date of receipt of the funds and are entered in the accounting books on a monthly basis or at the due date of the operations if the related funds must be repaid during the month,

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in the account “Related debts” within the groups of accounts, as counterpart of the expense accounts.

n) Debts evidenced by securities

This item includes both the deposit certificates that are negotiable securities, and fixed-income bonds issued by BRD.

Bonds are initially recognized at their issuance value, and the issuance expenses are recognized during their entire life, being amortized on a monthly basis. The related debts are entered in the profit and loss account on a monthly basis.

o) Reserves

Reserve categories:

- Legal reserves;
- Statutory or contractual reserves;
- Reserves for banking risks;
- Revaluation reserves;
- Other.

Legal reserves are set-up from the profit of the bank, on an annual basis, within the quotas and limits set by the law. They can be used only in compliance with the law.

Statutory or contractual reserves are made from the net profit, according to the provisions of the memorandum of association.

The reserves for the banking risks include the general reserve for the credit risk (created by the end of the fiscal year 2003) and the reserve for general banking risks (created in the period 2004 – 2006). They may be used for the purposes stipulated by the legal provisions.

Revaluation reserves are made from the differences arising from the revaluation of tangible assets and cannot be distributed.

Other reserves are created in compliance with the legal provisions or with the decisions of the general meeting of the shareholders, according to the legal provisions.

The amounts registered in the balance carried forward, representing the surplus from revaluation reserves, are taxed when they change destination. Also, a tax is levied on the value of the amortisation of the surplus from revaluation used to cover subsequent depreciations.

For the scheme to grant by the parent free shares, the bank record the amounts in reserve.

p) Provisions

A provision is recognised when there is a present obligation arising from previous events and when it is probable that an outflow of resources embodying a future economic benefit is required to settle the obligation, and when a reliable estimate can be made with respect to the amount of the obligation. This obligation must be:

- legal or contractual – arising from a contract, from the legislation or from another effect of the law;

or

- constructive – arising from previously-set practices, from the bank policy or from inducing the partners to believe that the bank will honour its responsibilities.

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The provisions for future losses from operations are not recognised.

Periodically, on the date of creation of the provisions, as well as when they lose their object, provisions are analysed and regularised.

q) Recognition of incomes and expenses

Incomes are recognized in the profit and loss account when there has been an increase of the future economic benefits, other than those resulting from the shareholders' contributions, corresponding to the increase of an asset or to the diminution of a liability, and this increase can be assessed in a credible manner.

Incomes from interests are calculated for all the interest-bearing assets recognised in the balance sheet.

Recognising the incomes from the commissions for the financial services delivered by the bank depends on their economic nature.

The accounting treatment applicable to the commissions for the financial services is set depending on the classification of the respective commissions, as follows:

- The commissions that are an integrant part of the actual interest rate of a financial instrument, collected in advance and recognised as an adjustment of the incomes from interests, by means of the linear method, throughout the life of the respective financial instrument;
- The commissions gained as and when the services are delivered, but collected in advance, and which are to be recognised in the income account as and when such services are delivered or during the commitment period;
- The commissions gained upon the fulfilment of a main contractual obligation are recognised as income when the service is delivered.

Expenses are recognised in the profit and loss account when there has been a reduction of the future economic benefits, on account of the diminution of an asset or of the increase of a liability, and such reduction can be assessed in a credible manner.

r) Employee benefits

Short-term benefits

Short-term benefits include allowances, salaries, premiums, contributions to social securities. Short-term benefits are recognised as expenses as and when the services are delivered.

Social insurance

The bank contributes to the private pension fund created by BRD Fond de Pensii for the employees who sign the subscription contract therewith, and recognized this contribution in the expenses accounts for personnel-related social security, where the Collective Employment Agreement stipulates such costs.

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Post-employment benefits

BRD pays, at the time of retiring of its personnel, post-employment benefits set according to the Collective Employment Agreement, the amounts being estimated by the “projected unit credit actuarial valuation method”, and recognized in the profit and loss account based on the accrual principle. The surplus or deficit arising from changes in the discount rate and from other actuarial assumptions is recognised as income or expense over the expected average remaining working lives of the employees that participate in the plan.

s) 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, monetary assets and liabilities denominated in foreign currency are converted by means of the NBR official rate of exchange for the respective day, except for the assets in foreign currencies registered as long-term investments, which are converted in lei at the rate of exchange in force at the date of their purchase.

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

t) Taxation

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

u) Off-balance sheet contingent liabilities

Contingent liabilities are not recognized in the balance sheet. They are disclosed in the notes, unless when the possibility of an outflow of resources embodying economic benefits is remote.

v) Off-balance sheet commitments

This item includes all the irrevocable commitments that could generate a risk. Commitments are not recognized in the balance sheet, but are disclosed in the notes if an inflow of economic benefits is probable to occur.

w) Analysis of the cash for cash-flow calculation purposes

In order to calculate the cash-flows, the cash and cash equivalents consist of: cash, cheques and traveller’s cheques, accounts with NBR and current accounts and deposits with banks with maturity up to 3 months, except for collateral deposits and the minimum legal reserve.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

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x) 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.

y) Reclassifications

Where the values corresponding to the current fiscal year and to the previous fiscal year, recorded 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.

z) Subsequent events

Post-balance sheet events providing additional information on the BRD position at the balance sheet date (adjusting events), are presented in the financial statements. Events following the balance sheet date that are not adjusting events are disclosed in the notes, when significant.

Note 2: Information on certain balance sheet items:

Items making up the balance sheet asset

2.1. Cash, current accounts with the central bank

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

Cash

	December 31', 2009	December 31', 2010
Accounts with the Central Bank	9,214,648,716	9,426,392,612
Cash in hand	631,551,367	611,547,481
Total	<u>9,846,200,083</u>	<u>10,037,940,093</u>

The National Bank of Romania requires banks to maintain reserves calculated according to specific regulations („minimum legal reserve”), as a percentage of the total deposits, other borrowed funds and transit amounts. NBR calculates and pays interest to banks on these reserves.

The required minimum legal reserve was constant in 2010, 15% for lei and 25% for euro. In 2009 the reserve decreased from 40% in the period January – July, to 25% in December. For lei, it decreased from 18% (valid in the period January – July) to 15% (in the period August – December).

During 2010, interest rate for minimum reserves calculated by the National Bank of Romania recorded a downward trend, ie from 2.89% to 1.56% for lei and from 1.27% to 0.88% for the euro.

In 2009, the interest rate calculated by the National Bank of Romania for the minimum legal reserve varied for foreign currency between 1.26% and 2.8%, and for lei between 3.36% and 5.9%.

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

The structure of the securities portfolio is the following:

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Public bonds and other securities

	December 31', 2009	December 31', 2010
Treasury bonds held for trading	1,102,573,401	0
Treasury bond available for sale	985,497,383	3,868,957,612
Impairment of treasury bond available for sale	0	(7,493,835)
Total	<u>2,088,070,784</u>	<u>3,861,463,777</u>

During 2010, the Bank's management approved the transfer of treasury bills issued by the state classified as trading instruments to available for sale instruments, due to the change in the Bank's trading policy. On the transfer date the market value of the bills becomes the new cost/purchase price. Gains or losses on these titles already recorded in the income statement will not be reversed in the sense of diminishing or increasing the amount of the bills, such gains or losses remaining recorded in the income or expense accounts.

The favourable differences as at 31.12.2010 between the market value and the purchase cost (the related receivable included) are of RON 29,744,986 for securities in ron. They are not recognized in the books.

2.3. Amounts receivable from credit institutions

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

a. on demand

Placements on demand

	December 31', 2009	December 31', 2010
Amounts receivable from banks	74,086,225	73,401,129
Correspondent account with banks	56,787,522	79,983,015
Demand deposits with banks	85,534,479	28,668,102
Total	<u>216,408,226</u>	<u>182,052,246</u>

b. at term

Term receivables from credit institutions

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
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	December 31', 2009	December 31', 2010
Term loans to credit institutions	1,353,501,309	1,273,093,222
Term deposits with credit institutions	30,000,000	238,000,000
Total	<u>1,383,501,309</u>	<u>1,511,093,222</u>

The outstanding deposits as at 31.12.2010 are free from burdens.

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

Receivables from customers

	December 31', 2009	December 31', 2010
Current loans to customers	30,754,523,079	29,506,272,645
Overdue and doubtful loans	1,224,768,535	2,299,296,609
Commercial receivables	195,608,545	259,205,681
Collectible amounts	3,145,636	5,087,262
Adjustments	(1,433,253,351)	(2,314,773,295)
Total	<u>30,744,792,444</u>	<u>29,755,088,902</u>

Under customer operations, outstanding syndicated loans as at 31.12.2010 represent a total of RON 1,918,481,845, increasing with RON 115,764,660 towards 31.12.2009.
 For adjustments variation during 2010 see note 2.8.

2.5. Bonds and other fixed-income securities:

Corporate bonds

	December 31', 2009	December 31', 2010
Corporate bonds- Estima Finance	3,500,000	0
Total	<u>3,500,000</u>	<u>0</u>

Corporate bonds are due on 04.01.2010.

2.6. Participating Interests

Participating Interests*

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	December 31', 2009	December 31', 2010
Mobiasbanca	29,017,185	29,017,185
BRD Fond de Pensii	14,690,200	14,690,200
BRD Asigurari de Viata	13,532,085	13,532,085
F.G.C.R	1,008,983	1,008,983
ECS International	287,996	0
Romcard	45,589	0
Sogeprom	40,000	40,000
Biroul de Credit	779,184	779,184
ALD Automotive	0	11,871,512
Total	<u>59,401,222</u>	<u>70,939,149</u>

*) The participation rates are presented in Note 14.

As the bank has no longer significant influence on the ALD Automotive, ALD was transferred during 2010 from the category of investments in affiliated undertakings (note 2.7.) to participations.

During 2010 ALD decided to increase the capital, the bank contribution amounting RON 6,591,360.

Evolution of participating interests and investments in affiliated undertakings 2009-2010:

variances 2009-2010		
Investments in affiliated undertakings	Participating Interests	Comments
(5,280,151)		transfer ALD in participations
249,595		provision reversal - ALD
	5,280,151	transfer ALD in participations
	6,591,361	amount to increase the capital of ALD
	(287,996)	ECS sale
	(45,589)	Romcard sale
<u>(5,030,556)</u>	<u>11,537,927</u>	

2.7. Investments in affiliated undertakings

Investments in affiliated undertakings

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	December 31', 2009	December 31', 2010
BRD Finance	53,018,588	53,018,588
BRD Sogelease SRL	8,998,000	8,998,000
BRD Securities SA	1,912,705	1,912,705
BRD Asset Management	2,321,168	2,321,168
BRD/SG Corporate Finance SRL	364,012	364,011
ALD Automotive	5,280,151	0
Provizion ALD	(249,595)	0
Total	<u>71,645,029</u>	<u>66,614,472</u>

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

2.8. Other assets

Other receivables

	December 31', 2009	December 31', 2010
Derivative financial instruments	103,912,387	92,153,715
Debtors	53,772,120	72,848,851
Adjustement for debtors	(23,912,572)	(14,955,548)
Stocks and assimilated	1,274,531	1,069,677
Other receivables	11,661,176	17,662,302
Corporate tax	44,785,300	22,552,488
Total	<u>191,492,942</u>	<u>191,331,485</u>

The amount of RON 92,153,715 includes gains from the revaluation of foreign exchange derivative transactions and currency swap contracts on interest rate amounting in total RON 40,074,982.

For comparability balance at 31.12.2009 was restated according with this principle.

In accounting these operations are reflected on a net basis.

The impact of this restatement on assets and liabilities as at 31.12.2009:

	Variances due to restatement (31.12.2009 actual minus 31.12.2009 previous)
Total assets -code 120	47,732,474
Total liabilities -code 330	47,732,474

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Variation for impairment of loans, interest and other receivables during 2010:

Variation	Balance as at January 1st	additions	decreases	Exchange differences	Balance as at December 31', 2010
Adjustments for impairment of loans	(1,433,253,351)	(3,263,645,364)	2,397,552,895	(15,427,475)	(2,314,773,295)
Adjustments for accrued receivables	(244,677,410)	(447,031,865)	223,134,799	(1,737,423)	(470,311,899)
Adjustment for debtors and other receivables	(23,912,572)	(25,922,806)	1,983,798	(5,826,436)	(53,678,016)

Note: the table is correlated with adjustments in note 2.4 and 2.9.

2.9. Prepaid expenses and other accruals

Prepaid expenses and other accruals

	December 31', 2009	December 31', 2010
Receivables related to extended loans	158,873,644	150,612,945
Overdue and doubtful receivables	285,726,038	499,763,879
Prepaid expenses	75,923,450	70,502,754
Receivable income	48,059,549	78,850,448
Receivables related to accounts with banks (NBR included)	3,338,370	2,130,581
Other receivables	7,051,300	79,098,654
	(244,677,410)	(470,311,899)
Adjustments for accrued receivables		0
Adjustments for other receivables		(38,722,468)
Total	<u>334,294,941</u>	<u>371,924,894</u>

For adjustments variation during 2010 see note 2.8.

Items making up the balance sheet liabilities

2.10. Debts to credit institutions:

a) debts on demand:

Debts on demand towards credit institutions

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	December 31', 2009	December 31', 2010
Bank deposits on demand	690,892,802	433,093,800
Other due amounts	115,921,497	121,211,864
Bank current accounts (loro)	167,399,745	53,683,758
Total	<u>974,214,044</u>	<u>607,989,422</u>

b) term debts:

Term debts to credit institutions

	December 31', 2009	December 31', 2010
Deposits attracted from other financial - banking institutions	4,645,308,000	1,127,184,351
Financial loans from banks	3,700,498,675	8,469,482,216
Collateral deposits	211,410,042	214,252,730
NBR repo	435,678,516	0
Total	<u>8,992,895,233</u>	<u>9,810,919,297</u>

2.11. Debts to customers:

Debts to customers

	December 31', 2009	December 31', 2010
Term deposits	14,770,160,084	15,293,018,046
Current accounts and term deposits of customers	13,497,834,596	13,308,853,730
Collateral deposits	859,915,649	881,468,450
Other loans, leasing, factoring, cards	143,234,080	141,628,032
Total	<u>29,271,144,409</u>	<u>29,624,968,258</u>

2.12. Leasing debts

As at December 31, 2010, the Bank recorded the following debts on the financial leasing contracts:

Debts from financial leasing

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
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	December 31', 2009	December 31', 2010
Maturity under 1 year	7,451,243	7,466,123
Maturity between 1 and 5 years	31,548,103	25,760,512
Maturity over 5 years	33,629,608	29,708,291
	72,628,954	62,934,926
Interest on financial leasing contracts	13,181,626	9,331,208
Net debt in financial leasing	<u>59,447,328</u>	<u>53,603,718</u>
Maturity under 1 year	6,551,687	6,732,104
Maturity between 1 and 5 years	23,321,247	19,716,803
Maturity over 5 years	29,574,394	27,154,811
	<u>59,447,328</u>	<u>53,603,718</u>

The net debt from financial leasing represents:

- The contract signed with BRD Sogelease in March 2003, concerning floors 8 to 11 of the building located 1-7 Ion Mihalache Bd., 1st district, Bucharest. This contract was signed for a 10-year period, the total value being of EUR 15,460,769.
- The contract signed with BRD Sogelease in May 2008, the object of which is represented by the Computer Centre Berceni. The contract was signed for a 10-year period, its initial value being of EUR 16,112,392. Subsequently, the contractual value was recalculated based on the updated interest, which resulted as at 31.12.2010 into a value of EUR 13,700,481.

2.13 Other liabilities

Other debts

	December 31', 2009	December 31', 2010
Derivative financial instruments	65,424,680	91,639,133
Sundry debtors	73,440,385	92,470,187

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Other amounts due to the state budget, local budgets and special funds	10,115,323	27,981,140
Contributions to social security and social insurance	14,166,115	21,304,819
Intrabanking settlements	2,461,945	3,645,091
Other debts	376,233,633	382,032,933
Total	<u>541,842,081</u>	<u>619,073,303</u>

As at 31.12.2010, the “Other liabilities” position includes “other deposits from received guarantees” and customer accounts for securities transactions.

Position "Derivatives" include: forward exchange rate, exchange rate swaps, interest rate swaps and options exchange.

The amount of RON 91,639,133 includes gains from the revaluation of foreign exchange derivative transactions and currency swap contracts on interest rate amounting in total RON 39,560,399.

For comparability balance at 31.12.2009 was restated according with this principle. In accounting these operations are reflected on a net basis. Impact of restatements on assets and liabilities as at 31.12.2009 is found in note 2.8.

2.14 Deferred income and other incurred debts

Deferred income and other incurred debts

	December 31', 2009	December 31', 2010
Deferred income	275,603,155	266,728,744
Accrued interest to customers	112,485,160	86,847,273
Committed amounts	21,616,463	10,503,536
Accrued interest to financial institutions	60,659,038	15,973,633
Accrued interest on subordinated loans	7,641,426	7,258,630
Interests on bonds	3,121,233	3,121,233
Accrued interest on financial leasing	2,378,940	1,908,788
Accrued interest on NBR repo	290,452	0
Total	<u>483,795,867</u>	<u>392,341,837</u>

The “Deferred income” position includes the incomes from credit commissions, which are allocated throughout the life of the credit.

2.15 Subordinated loans

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

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- a) Subordinated loan:
- Value: EUR 100,000,000
 - Interest rate: EURIBOR 6M+0.5;
 - Due date: 06.07.2015;
- b) Subordinated loan:
- Value: EUR 100,000,000
 - Interest rate: EURIBOR 6M+0.99;
 - Due date: 31.07.2013.

The loans will be repaid on the due date. The lender cannot request prepayment.

2.16 Reserves

This item includes the legal reserves, the reserve for banking risks (the reserve for the credit risk and the reserve for general banking risks), and other reserves.

In 2010, the revaluation surplus transferred to retained earnings due to derecognition of assets was RON 4,342,162.

During the year the parent company decided to award in 2015 40 free shares to group employees. Free assignment is conditioned by fulfillment of ROE target group ($> = 10\%$) as well as qualitative factors of customer satisfaction.

2.17 Dividends

According to the provisions of Order 13, paragraph 301, the dividends distributed to the shareholders, proposed or declared after the date of the balance sheet, are not recognised as debt at the date of the balance sheet. The amounts representing dividends are entered in the balance brought forward and, after the approval of this destination by the General meeting of the Shareholders, they will be entered in the corresponding debt accounts.

Note 3: Statement of receivables and debts

	Balance as at December 31, 2009	PERIOADA RĂMASĂ PÂNĂ LA SCADENȚĂ			
		D ≤ 3 months	3 months <D ≤ 1year	1 year <D ≤ 5 years	D > 5 years
0	1	2	3	4	5
RECEIVABLES					

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
(Amounts in RON unless otherwise specified)

Term receivables from credit institutions	1,383,501,309	122,370,000	18,294,000	1,130,226,000	112,611,309
Receivables from customers	30,744,792,444	4,784,826,027	7,342,890,269	10,689,612,131	7,927,464,017
DEBTS					
Term debts to credit institutions	8,992,895,233	5,503,806,558	1,923,281,883	1,333,255,792	232,551,000
Customer deposits	18,479,864,650	16,843,250,338	1,238,915,731	302,425,364	95,273,217
Other debts to customers	10,791,279,759	10,694,567,177	7,996,274	7,397,612	81,318,696
Debts made by other securities	735,000,000	-	-	735,000,000	-

	Balance as at December 31, 2010	PERIOADA RĂMASĂ PÂNĂ LA SCADENȚĂ			
		D ≤ 3 months	3 months <D ≤ 1 year	1 year <D ≤ 5 years	D > 5 years
0	1	2	3	4	5
RECEIVABLES					
Term receivables from credit institutions	1,511,093,222	238,000,000	1,071,200,000	91,470,000	110,423,222
Receivables from customers	29,755,088,902	3,945,073,667	6,925,311,492	9,837,413,045	9,047,290,698
DEBTS					
Term debts to credit institutions	9,810,919,297	2,198,397,081	6,586,349,714	790,508,502	235,664,000
Customer deposits	19,271,514,899	16,738,121,949	1,592,090,861	854,997,418	86,304,671
Other debts to customers	10,353,453,359	10,271,049,598	50,059,086	9,396,805	22,947,870
Debts made by other securities	735,000,000	-	735,000,000	-	-

Note 4: Information on the securities portfolio

The securities portfolio is made up of:

Shares and other variable-income securities

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
(Amounts in RON unless otherwise specified)

	December 31', 2009	December 31', 2010
<i>1. Long-term investments</i>		
VISA INC	1,745,104	872,552
FRGCIP	803,200	803,200
Transfond SA	342,917	342,917
Depozitarul Central SA	58,489	58,489
Victoria Business Center	45,758	45,758
Casa de Compensare Bucuresti	17,518	17,518
Casa Romana de Compensatie	21,000	21,000
Krupp Bilstein Compa	2,700	2,700
BRM	1,085	1,085
Fondul de compensare a investitorilor	1,500	1,500
SG European Business Service	0	4,300
<i>total long-term investments</i>	<i>3,039,271</i>	<i>2,171,019</i>
<i>2. Short-term investments</i>		
Simfonia	9,439,023	9,439,023
Concerto	9,080,500	9,080,500
Diverso ER	20,005,149	18,066,549
Actiuni ER	12,000,000	12,000,000
Actiuni Index ER	0	2,179,374
<i>total short-term investments</i>	<i>50,524,672</i>	<i>50,765,446</i>
Total	<u>53,563,943</u>	<u>52,936,465</u>

The fund units of Simfonia, Concerto, Diverso Europa Regional and Actiuni Europa Regional are entered in the books as securities available for sale at the purchase price, as the purchase price is smaller than the market value.

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, public bonds etc.), bonds (governmental, municipal and corporate) and shares listed on the Bucharest Stock Exchange.

The objective of the open-end investment funds Diverso Europa Regional and Actiuni Europa Regional is to seek an active capitalization of the collected resources and, to this end, the assets of the funds may be invested, among others, on the monetary markets, the bond markets and the share markets in Romania and Eastern and Central Europe.

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Regional Europe Index Fund's objective is looking for a valuation of the assets collected resources through various financial markets investments and a diversified portfolio of investments in the Romanian market and the markets of Poland, Hungary and the Czech Republic.

For this purpose the Fund will pursue investment of assets in proportion of 75% in shares of companies that goes into a mix of indicators based on 50% BET-XT, 20% WIG-20 , 10% Budapest SE Index and 20% Prague SE Index. In order to improve short-term liquidity, the fund will make investments in money markets instruments too.

The funds' investments are managed by BRD Asset Management, a management company authorized by NSC, in which BRD-Groupe Société Générale holds 99.95%.

Note 5: Fixed assets

The goodwill resulting from the acquisition on December 1, 1999, of Société Générale Bucharest is entered in the books at the historical cost and fully amortized until 31.12.2009.

Tangible assets are entered in the books at the fair value deemed the market value for current use. Management has estimated no significant differences between the accounting and market value at 31.12.2010.

In 2009, BRD proceeded to reevaluate the tangible assets such as existing buildings and land at the fair value. The revaluation was done by an independent evaluator.

In order to determine the market value, the evaluator used the following methods: the market comparison method, the income capitalization method, the cost method.

The market comparison method is based on the direct comparison of the revaluation property with other comparable properties that have been recently sold or put out for sale. This method was used in revaluating the residential land and premises, for which the comparable data were extracted from the existing market information.

The income capitalization method is based on the income generated by a property when rented, at a set occupancy rate, based on a capitalization rate that reflects the market standards and the investors' interest in properties of the kind.

The cost method: The net replacement cost is based on estimating the market value for the current use of the land, plus the gross cost for replacing the developments of the land and related buildings, minus the allocation (in terms of value) for the physical deterioration and any relevant forms of depreciation.

At the revaluation date, the accrued amortization was eliminated from the gross accounting value of buildings.

The difference between the value resulting from revaluation and the book value net of the accrued amortization is presented in the balance sheet as the revaluation reserve, as a distinct-sub-item in the own equity items.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

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The assets for which an increase followed from the revaluation, as compared to the net book value, were treated as follows:

- The increase of the revaluation reserve presented in the own equity items, if there was no prior decrease recognised as asset-related expense;
- An income that would set off the expense against the decrease previously recognised for the respective asset. This income is presented in the profit and loss account under item 090 - "Corrections of the value of tangible and intangible assets".

The assets for which a decrease of the net book value followed from the revaluation were treated as follows:

- As an expense with the entire depreciation value, when no revaluation surplus is recorded in the revaluation reserve. This expense is presented in the profit and loss account under item 090 - "Corrections of the value of tangible and intangible assets".
- As a decrease of the revaluation reserve presented in the own equity item, with the minimum between the value of such reserve and the value of the decrease, and the uncovered difference is registered as expense.

The fiscal treatment of revaluation reserves:

According to the Fiscal Code, the book value and tax basis as at 31.12.2003 included the revaluation reserves resulted from the revaluations made by the said date.

The revaluation reserves corresponding to the revaluations made after 01.01.2004 were not included in the tax basis until 01.01.2007. Starting with 01.01.2007, the revaluation reserves have been included both in the book value and in the tax basis, their amortization being considered as deductible expense.

As of 01.05.2009, the revaluation reserves corresponding to the revaluations made after 01.01.2004, deducted by means of the amortization, as well as of the amount remained not amortized upon retirement, have been included in the calculation of the profit tax as taxable incomes.

The revaluation surplus is deemed realized upon the retirement of the revaluated fixed assets. For the revaluation reserves corresponding to the revaluations made after 1.01.2004, deducted before 01.05.2009, as well as for those corresponding to the revaluations performed before 01.01.2004, taxation will be done when there occurs a change in the destination of the revaluation surplus realized.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
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Assets	Gross value				Depreciation			
	Balance as at January 1st, 2010	Increases	Decreases	Balance as at December 31', 2010	Balance as at January 1st, 2010	Depreciation recorded in 2010	Decreases	Balance as at December 31', 2010
INTANGIBLE ASSETS	210,254,906	59,310,210	28,550,505	241,014,611	131,114,995	20,251,563	0	151,366,558
Goodwill	45,033,322	0	0	45,033,322	45,033,322	0	0	45,033,322
Other intangible assets	141,669,026	41,265,534	9,604	182,924,956	86,081,673	20,251,563	0	106,333,236
Intangible assets in progress	23,552,558	18,044,676	28,540,901	13,056,333	0	0	0	0
TANGIBLE ASSETS	1,753,179,000	167,360,747	90,289,575	1,830,250,172	431,191,041	109,020,719	13,047,861	527,163,899
Land	62,078,039	1,504,423	570,553	63,011,909	0	0	0	0
Buildings	1,021,360,714	25,257,110	6,278,927	1,040,338,897	70,328,536	47,429,590	448,163	117,309,963
Technological equipment (machines, tools and work installations)	114,134,453	9,402,875	2,920,288	120,617,040	65,049,019	11,317,715	2,601,972	73,764,762
Measurement, control and adjustment devices	187,875,924	33,100,263	7,558,588	213,417,599	160,041,553	18,094,134	4,908,487	173,227,200
Means of transportation	22,180,034	599,434	1,771,154	21,008,314	15,805,738	2,307,995	1,771,154	16,342,579
Furniture, bureautics, equipment for the protection of human and material values and other tangible assets	278,007,089	14,403,252	4,448,933	287,961,408	119,966,195	29,871,285	3,318,085	146,519,395
Tangible assets in progress	67,542,747	83,093,390	66,741,132	83,895,005	0	0	0	0
LONG-TERM INVESTMENTS	134,335,117	11,875,812	6,486,289	139,724,640	249,595	0	249,595	0
Bonds and other fixed-income securities	0	0	0	0	0	0	0	0
Shares and other variable-income securities	3,039,271	4,300	872,552	2,171,019	0	0	0	0
Participating interests	59,401,222	11,871,512	333,585	70,939,149	0	0	0	0
Investments in affiliated undertakings	71,894,624	0	5,280,152	66,614,472	249,595	0	249,595	0
TOTAL FIXED ASSETS	2,097,769,023	238,546,769	125,326,369	2,210,989,423	562,555,631	129,272,282	13,297,456	678,530,457

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
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Note 6: Own shares and issued bonds

Shares

- The Bank's share capital as at December 31, 2009: RON 696,901,518;
- Nominal value of the BRD share: RON 1;
- Number of shares: 696,901,518.

Changes in the share capital

No.	Prior level of the share capital / endowment capital	Amount requested for the increase of the share capital	Level of the share capital / endowment capital after capital increase	Observations
1	500,000	200,000	700,000	Decision of the Foreign Investors Council no. 7 / 21.05.1991
2	700,000	1,400,000	2,100,000	Decision of the Foreign Investors Council no. 23 / 13.11.1992
3	2,100,000	2,552,000	4,652,000	Decision of the General Meeting of the Shareholders no.6/18.03.1994
4	4,652,000	2,685,275	7,337,275	Decision of the General Meeting of the Shareholders no.24/29.12.1994
5	7,337,275	5,489,850	12,827,125	Decision of the General Meeting of the Shareholders no.47/24.01.1997 Hot AGA nr.49/30.05.1997
6	12,827,125	1,592,750	14,419,875	Hot AGA nr.54/24.02.1998
7	14,419,875	8,182,875	22,602,750	Decision of the General Meeting of the Shareholders no.59/24.07.1998
8	22,602,750	17,586,375	40,189,125	Decision of the General Meeting of the Shareholders no.60/04.08.1998
9	40,189,125	361,875	40,551,000	Decision of the General Meeting of the Shareholders no.63/12.11.1998 Legal base: Government ordinance no.48/1998 modified by Government ordinance no.99/1998
10	40,551,000	8,110,200	48,661,200	Decision of the General Meeting of the Shareholders no.67/6.01.1999

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11	48,661,200	125,564,135	174,225,335	Decision of the General Meeting of the Shareholders no.74/20.12.1999
12	174,225,335	174,225,335	348,450,670	Decision of the General Meeting of the Shareholders no. 82/4.04.2002
13	348,450,670	69,690,134	418,140,804	Decision of the General Meeting of the Shareholders no.84 / 17.12.2002
14	418,140,804	278,760,536	696,901,340	Decision of the General Meeting of the Shareholders no.92 / 29.04.2005
15	696,901,340	178	696,901,518	Decision of the General Meeting 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 foreign market in 2006:

Bonds issued by BRD

	December 31', 2009	December 31', 2010
Bonds issued on the external market	735,000,000	735,000,000
Total	<u>735,000,000</u>	<u>735,000,000</u>

Bonds issued on the external market:

- Interest-bearing bonds;
- Nominal value per unit: RON 35,000;
- Coupon: 7.75% flat;
- Maturity: 12.12.2011;
- Paid coupons 2009: RON 56,962,500;

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
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Note 7: Profit allocation

Profit allocation proposal:

	December 31', 2009	December 31', 2010
Profit to be distributed	779,069,717	500,589,835
Legal reserves	0	0
Statutory or contractual reserves	0	0
Reserve for banking risks	0	0
Reserve for the fund of general banking risks	0	0
Mutual aid reserve	0	0
Mutual guarantee reserve	0	0
Other reserves	0	0
Other funds	0	0
Dividends	0	0
Cover of the accounting loss of the previous years	0	0
Other distributions	0	0
Non-distributed profit	<u>779,069,717</u>	<u>500,589,835</u>

For 2010, the proposal for the allocation of the profit amounting to RON 500,589,835 is:

- Dividends to shareholders: RON 125,147,459
- Balance carried forward: RON 375,442,376

Note 8: Provisions for risks and charges

Provisions for risks and charges

Name of provision	Balance as at January 1st	Transfers	Transfers	Balance as at December 31', 2010
		to the account	from the account	
0	1	2	3	4=1+2-3
Provisions for pensions and similar obligations	31,727,555	8,861,175	1,488,002	39,100,728
Provisions for taxes	2,016,865	-	2,016,865	-
Other provisions	61,721,568	45,392,215	60,252,307	46,861,476
Total	95,465,988	54,253,390	63,757,174	85,962,204

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The opening balance contain RON equivalent amounts based on half-yearly financial statements exchange rate. (As at December 31th, 2010 Eur1 = Ron 4.2848 compared to EUR1= RON 4.2282 as at December 31th,2009)

In 2010, there were set up provisions for the facilities extended to personnel of RON 8,861,175. In 2009, the provisions set up was RON 18,798,934.

From balance of 46,861,476 RON at 31.12.2010 for other provisions, the amount of RON 44,800,000 allowance is established for employee participation in profits, and the difference represents reserves for litigation. In 2009 the allowance for employee participation in profits was RON 57,600,000.

Note 9: INFORMATION REGARDING CERTAIN ITEMS IN THE PROFIT AND LOSS ACCOUNT
9.1. Interest income and similar income
Interest income and similar income

	December 31', 2009	December 31', 2010
Interest income from customer operations	3,943,282,822	3,249,147,862
Interest income from NBR	324,449,229	122,823,643
Income assimilated to interest, from off-balance sheet and derivatives operations	123,927,782	113,105,769
Interest income from treasury and interbank operations	62,012,585	83,196,839
Interest income from securities	13,160,789	108,088,881
Total	<u>4,466,833,207</u>	<u>3,676,362,994</u>

9.2 Interest expense and similar expenses

Interest expenses and similar expenses

	December 31', 2009	December 31', 2010
Interest expense for customer operations	1,945,736,174	1,088,283,840
Interest expenses for treasury and interbank operations	400,034,696	137,321,980
Interest expense for securities	60,959,792	60,114,935
Interest expense on subordinated loans	24,256,980	15,270,546
Interest expense for off-balance sheet and derivatives operations	24,473,446	39,390,282
Total	<u>2,455,461,088</u>	<u>1,340,381,583</u>

9.3 Commission income

Commission income

	December 31', 2009	December 31', 2010
Commission income from customer operations	293,509,769	316,484,920
Commission income from financial services delivered	408,126,955	390,965,524
Commission income from treasury and interbank operations	51,542,228	50,137,559
Commission income from security operations	2,646,633	3,694,267
Commission income from operations with derivatives	155,580	1,355,550
Total	<u>755,981,165</u>	<u>762,637,820</u>

In 2009, the revenues from services trade promotion and support - Visa/Mastercard were entered in the "other income from financial services benefits" category and included in the

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
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profit and loss account on the position 040 – “Commission income”. In 2010, the amounts were entered in Miscellaneous other operating income, on the position 070 – “Other operating income”. Consequently, in 2009, the account was reclassified to code 070, the related adjustments of RON 1,642,732 being presented in the Profit and loss account.

9.4. Commission expenses

Commission expense	December 31', 2009	December 31', 2010
Commission expense for treasury and interbank operations	87,370,813	94,451,476
Commission expense for financial services delivered	6,101,913	7,160,809
Commission expense for customer operations	2,448,163	3,205,290
Commission expense for securities operations	150,297	290,563
Total	<u>96,071,186</u>	<u>105,108,138</u>

9.5. Net profit or loss from financial operations:

This item includes:

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

Profit or loss from financial operations

	December 31', 2009	December 31', 2010
Gains from foreign exchange operations	5,581,133,473	7,392,401,933
Losses from foreign exchange operations	5,117,719,256	7,079,217,708
<i>Profit from foreign exchange operations</i>	<i>463,414,217</i>	<i>313,184,225</i>
Income from securities operations	294,798,682	473,172,026
Expenses with securities operations	70,913,621	330,593,306
<i>Profit from securities operations</i>	<i>223,885,061</i>	<i>142,578,720</i>

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
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Gains from operations with derivatives	3,404,888,571	3,919,362,943
Losses from operations with derivatives	3,334,665,379	3,828,309,164
<i>Profit from operations with derivatives</i>	<i>70,223,192</i>	<i>91,053,779</i>
Total	<u>757,522,470</u>	<u>546,816,724</u>

9.6 Other operating incomes
Other operating incomes

	December 31', 2009	December 31', 2010
Income from insurance intermediation operations	41,730,760	40,914,916
Income from assignment and decommissioning of fixed assets	1,701,936	5,810,194
Income from services to customers	11,022,507	11,078,223
Income from rents	5,486,159	3,228,869
Income from commissions for financial services - leasing	1,157,242	1,027,551
Income from damages, fines, penalties	7,527,706	162,841
Income from professional training centres	1,265,407	1,121,671
Income obtained as marketing agent	600,135	870,002
Revenues from promotion services and support trade - Visa/Mastercard	1,642,732	2,798,051
Other operating income	8,874,419	24,978,664
Total	<u>81,009,003</u>	<u>91,990,982</u>

The total for 2009 presented here above was modified as per the explanation made in note 9.3.

9.7 Other operating expenses

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
(Amounts in RON unless otherwise specified)

Other operating expenses

	December 31', 2009	December 31', 2010
Losses from assignment and decommissioning of fixed assets	21,999,466	5,298,318
Expenses with other taxes, charges and related payments	21,714,499	20,400,611
Contribution to the bank deposits guarantee fund	36,461,701	38,286,841
Expenses with operational lease	154,368,095	148,190,436
World employee stock ownership plan	2,776,032	1,907,261
Annulled commissions and interests	1,055,616	572,329
Sponsorship	7,404,668	5,861,476
Other operating expenses	4,935,366	9,840,098
Total	<u>250,715,443</u>	<u>230,357,370</u>

9.8. Other administrative expenses

Other administrative expenses

	December 31', 2009	December 31', 2010
Royalties	1,084,437	1,204,771
Maintenance and utilities	97,471,294	103,486,660
Materials	42,285,321	44,433,917
Post and telecommunications	67,200,177	52,464,511
Security	57,101,460	55,893,433
Protocol and advertising	40,680,454	37,806,842
Other works and services provided by third parties	45,101,009	48,893,236
Consulting	30,014,065	24,735,118
Services provided by the group companies	33,254,603	41,644,082
Maintenance of computer programs and data access	25,175,268	31,339,878

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
(Amounts in RON unless otherwise specified)

Travels, secondments and transfers	22,529,828	22,061,718
Insurance premiums	11,527,900	13,688,332
RCI Leasing commissions	9,427,309	10,245,779
Total	<u>482,853,125</u>	<u>487,898,277</u>

Other information:

- a) The auditor expenses for 2010 amount to RON 1,289,148 and represent the payment of the audit services for all the reporting packages, including to Société Générale.
- b) The loss from the assignment of fixed assets in 2010 amounts to RON 511,876.
- c) The interests paid during the fiscal year for subordinated loans amounted to EUR 3,738,817.
- d) The expenses with the simple lease operations made during the year amount to RON 148,190,436.
- e) The financial leasing installments paid during 2010 by the bank under the contract signed with BRD Sogelease are of EUR 2,324,910.

Note 10: Information on employees, directors and executives
Personnel expenses

	31 decembrie 2009	31 decembrie 2010
Personnel remuneration	449,167,460	452,533,581
Pensions	100,224,837	101,041,515
Other expenses with insurance and social security	33,337,043	33,555,837
Other personnel expenses	39,231,931	38,108,545
Meal tickets	15,583,030	15,922,555
Total cheltuieli cu personalul	<u>637,544,301</u>	<u>641,162,033</u>

At the end of 2010, the bank made a cumulated provision of RON 39,100,728 to cover the contractual indemnities given to the employees upon their retirement.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

(Amounts in RON unless otherwise specified)

In compliance with the Collective Employment Agreement for 2010, the Bank recognised as charges the social security contribution – private pension fund set up with BRD Fond de Pensii, of a net amount of EUR 200/year/employee.

The Bank did not sign any pension agreements distinct from the pension system in Romania. The pension system in Romania stipulates current payments made by the employer, calculated as a percentage of the current gross payments. These amounts are registered as expenses in the period for which the respective remuneration is due to the employee.

In 2010, the gross allowances paid to the directors were of RON 545,442. The Bank does not have any contractual obligations regarding the payment of pensions to its former executives and directors.

The average number of employees of the Bank in 2010 was of 7,980 composed of:

- Management: 1,311;
- Operating personnel: 6,669;

The average statistically number was determined based on time actually worked. Of the total time allocated is deducted the disease for sick leave, maternity, child care up to 2 years, leave without pay.

The total number of employees at the end of 2010 was 8,598, increasing with 156 people over the previous year.

Note 11: TRANSACTIONS WITH PARTIES IN SPECIAL RELATIONS WITH THE CREDIT INSTITUTION

Name of item	2009			2010		
	Group companies	Associated companies	Management	Group companies	Associated companies	Management
LOANS						
Placements, down payments and loans extended	363,580,263	1,223,766	1,369,913	139,189,124	0	1,486,666
Related receivables	3,097,748	355	3,141	791,601	0	3,370
DEBTS						
Loans received	3,019,187,328	0	0	8,201,062,587	0	0
Current accounts and deposits	5,596,225,767	52,321,239	11,396,264	1,613,279,165	572,490	4,069,447
Related debts	72,510,259	448,198	338,621	4,361,145	8,840	10,429
Income from commissions and interests	57,137,373	43,231	87,375	29,513,691	2,102	75,878
Expenses with commissions and interests	250,338,173	14,815,561	892,193	122,269,889	420,443	540,732
Off-balance sheet items						
Contingent liabilities	96,208,463	0	0	93,701,114	0	0
Commitments	87,544,417	0	78,530	104,839,015	0	114,969

The parties in special relations with the bank are financed at the market interest rate.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
(Amounts in RON unless otherwise specified)
Note 12: INFORMATION REGARDING REPORTABLE SEGMENTS

The Bank provides products and services and operates in geographical 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', 2009	December 31', 2010
Letters of bank guarantee issued in favour of the customers	6,115,612,032	5,947,963,960
Other guarantees given to other credit institutions	2,465,237,205	2,265,123,806
Administrative and fiscal guarantees	234,620,539	160,138,947
Confirmations of documentary credits open to correspondent banks	10,156,564	6,044,588
Total	<u>8,825,626,340</u>	<u>8,379,271,301</u>

Commitments

	December 31', 2009	December 31', 2010
Financing commitments for loans	3,648,168,786	2,995,395,055
Import letters of credit	170,000,665	243,521,491
Payment acceptances and commitments	130,000	92,500,000
Bonds to be received	0	5,967,691
Total	<u>3,818,299,451</u>	<u>3,337,384,237</u>

As at 31.12.2010 the FCY operations made for trading purposes, and which have not reached maturity has the following structure:

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
(Amounts in RON unless otherwise specified)
Speculative operations

	December 31', 2009	December 31', 2010
Foreign currency to receive versus foreign currency to deliver - SWAP	674,458,458	1,338,037,726
Foreign currency to deliver against foreign currency to receive - SWAP	(669,859,939)	(1,341,047,276)
Lei to receive against foreign currency to deliver	2,390,418,641	2,891,129,183
Foreign currency to deliver against lei to receive	(2,314,425,082)	(2,855,597,564)
Foreign currency to receive against lei to deliver	593,633,813	1,191,077,233
Lei to deliver against foreign currency to receive	(592,221,745)	(1,215,625,054)

Note 14: OTHER INFORMATION:

➤ **Bank network:**

As at December 31, 2010, the bank carried out its business through 930 territorial agencies coordinated by 21 groups.

➤ **Assets and liabilities in foreign currency**

As at December 31, 2010, the total assets and liabilities in foreign currency expressed in foreign currencies converted into lei, are:

	31 decembrie 2009	31 decembrie 2010
Total assets in foreign currency	25,074,448,823	24,536,320,158
Total liabilities in foreign currency	23,269,669,156	22,806,763,041

➤ **Derivative financial instruments:**

Portofoliu	Instrument	Activ	Pasiv
transaction	Forward on rate of exchange	3,294,065	9,630,575
transaction	Swap on rate of exchange	27,034,766	19,091,113
transaction	Swap on interest rate	9,746,151	10,838,711
transaction	Options on rate of exchange -CALL	52,078,733	0
transaction	Options on rate of exchange - PUT	0	52,078,733
Total		92,153,715	91,639,132

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
(Amounts in RON unless otherwise specified)

➤ **Reconciliation between the accounting and fiscal results:**

	December 31', 2009	December 31', 2010
Net accounting income	779,069,717	500,589,835
Capital cost allowance	138,195,091	143,123,350
Dividends received from another Romanian or foreign person	2,072,811	2,331,076
Other non taxable incomes	88,813,681	251,307,843
Other deductions	2,544,144	-
Total deductions	231,625,727	396,762,269
Corporate tax	162,257,208	103,403,275
Fines, delay penalties and gross-up paid or due to Romanian or foreign authorities, seizures of goods and values	253,226	281,479
Depreciation	134,429,116	128,711,969
Sponsoring expenses	7,182,805	5,885,662
Amounts used to set up or increase the provisions and reserves beyond the legal limits	110,305,369	278,091,692
Other non-deductible expenses	78,917,725	53,319,411
Total non-deductible expenses	493,345,449	569,693,488
Assimilated incomes	18,210,641	9,534,805
TAXABLE PROFIT	<u>1,059,000,080</u>	<u>683,055,859</u>

➤ **Participating Interests:**

The information regarding the companies in which the Bank holds participating interests is detailed hereinafter.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
(Amounts in RON unless otherwise specified)

No.	Company	Company object	Address	Type of shares	End date of financial year	Profit/Loss	Share capital	Reserves	BRD quota
1	BRD Securities Groupe Societe Generale SA (is under liquidation)	Other types of financial intermediations	Ion Mihalache, nr.1-7, sector 1, Bucuresti, 011171	Common shares	31.12.2010		2,360,000		99.99%
2	BRD Corporate Finance SRL	Business and management consulting	Ion Mihalache, nr.1-7, sector 1, Bucuresti, 011171	Shares	31.12.2010	14,955	300,000	404,379	100.00%
3	BRD Sogelease IFN SA	Contract-based lending (financial leasing)	Ion Mihalache, nr.1-7, sector 1, Bucuresti, 011171	Common shares	31.12.2010	28,855,559	9,000,000	105,642,678	99.98%
4	BRD Finance IFN SA	Other lending activities	Ion Mihalache, nr.1-7, sector 1, Bucuresti, 011171	Common shares	31.12.2010	3,019,921	108,200,000	-36,167,428	49.00%
5	Fondul de Garantare a Creditului Rural IFN SA	Other lending activities	Occidentului, nr. 5, sector 1, Bucuresti	Common shares	31.12.2010	13,326,367	2,914,750	12,551,581	33.33%
6	BRD Societate de Administrare a Fondurilor de Pensii Private SA	Administration of pension funds – pillars II and III	B-dul Unirii, nr. 64, bl. K4, sc. 5, parter, sector 3, Bucuresti	Common shares	31.12.2010	-2,865,541	-7,401,937	29,980,000	49.00%
7	ALD Automotive SRL	Rental of motor vehicles and small capacity commercial vehicles	Ion Mihalache, nr.1-7, sector 1, Bucuresti, 011171	Shares	31.12.2010	20,326,381	59,925,505	-17,610,242	20.00%
8	SOGEPROM Romania SRL	Real estate development (promotion)	Ion Mihalache, nr.1-7, sector 1, Bucuresti, 011172	Shares	31.12.2010	398,483	200,000	-2,315,341	20.00%
9	Victoria Business Center SA	Rental and sub-rental of own or rented real estate properties	Calea Victoriei, nr. 12C, bl. A, sc. P, sector 3, Bucuresti	Common shares	31.12.2010		1,457,600		3.14%

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
(Amounts in RON unless otherwise specified)

No.	Company	Company object	Address	Type of shares	End date of financial year	Profit/Loss	Share capital	Reserves	BRD quota
10	Societatea Nationala de Transfer de Fonduri si Decontari-TransFonD SA	Other types of financial intermediations	Bd. Ficusului, nr. 1, sector 1, Bucuresti	Common shares	31.12.2010		6,720,000		2.72%
11	BRD Asigurari de Viata SA	Life insurance activities	B-dul Unirii, nr. 64, bl. K4, sc.4, parter, sector 3, Bucuresti	Common shares	31.12.2010	-2,555,372	27,616,500	-2,192,657	49.00%
12	BRD Asset Management SAI SA	Fund administration activities	Bucuresti, Str. Clucerul Udricani nr 1-3, bl 106A, sector 3	Common shares	31.12.2010	1,787,717	2,000,000	709,236	99.95%
13	Mobiasbanca - Groupe Societe Generale SA	Other monetary intermediation activities	Bd. Stefan cel Mare si Sfint 81-a, Chisinau, MD-2012, Republica Moldova	Common shares	31.12.2010	61.446.735 mdl 16.350.976 ron	100.000.000 mdl 26.610.000 ron	526.583.556 mdl 140.123.884 ron	20.00%
14	Societe Generale European Business Services SA	Support service activities	Bucuresti, bdul Ion Mihalache, nr.1-7, et.5, cam.234, sector 1	Common shares	31.12.2010	0	1.000.000 eur 4300 ron	0	0.10%
15	Biroul de Credit SA	Activities auxiliary to financial intermediation (except for insurance and pension funds)	Str. Stanta Vineri nr. 29 etaj 4, sector 3, Bucuresti	Common shares	31.12.2010	4,114,615	3,566,174	7,975,101	18.85%
16	Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati SA	Other lending activities	Matasari, nr. 46, sector 2, Bucuresti	Common shares	31.12.2010	504,744	16,065,609	10,349,647	6.23%
17	SC Depozitarul Central SA	Other types of financial intermediations	Fagaras, nr. 25, sector 1, Bucuresti	Common shares	31.12.2010		21,796,697	13,424,619	1.06%
18	Casa de Compensare Bucuresti SA	Other types of financial intermediations	B-dul Carol I, nr. 34-36, etaj 12, sector 2, Bucuresti	Common shares	31.12.2010	-205,536	6,895,850	-405,245	0.26%
19	Bursa Romana de Marfuri SA	Administration of financial markets	Piata Presei Libere, nr. 1, sector 1, Bucuresti	Common shares	31.12.2010		7,552,000		0.13%

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010
(Amounts in RON unless otherwise specified)

No.	Company	Company object	Address	Type of shares	End date of financial year	Profit/Loss	Share capital	Reserves	BRD quota
20	ThyssenKrupp Bilstein Compa SA	Manufacturing of parts and accessories for vehicles and vehicle engines	Henri Coanda, nr. 8, Sibiu	Common shares	31.12.2010	6,851,973	3,029,076	-6,457,139	0.09%
21	Casa Romana de Compensatie SA	Intermediation of financial transactions	Str. M. Kogălniceanu nr. 2. Sibiu, județul Sibiu.	Common shares	31.12.2010	12,539	10,813,500	1,837,969	0.37%
22	Fondul de Compensare a Investitorilor	Other financial intermediation		Common shares	31.12.2010	411,199	344,350	13,382,065	0.44%
23	Visa INC.				31.12.2010				



NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2009

(Amounts in RON unless otherwise specified)

➤ **Preparation of financial statements**

These financial statements prepared for the year ended on December 31, 2010 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 Société Générale Group, the parent company of the bank, the expertise of which is worldwide acknowledged.

This management is made within the limits and powers attributed to operational officers. Exposures are regularly reviewed by specialized 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 changes in the market variables, such as interest rates and rates of exchange.

Foreign exchange risk

The foreign exchange risk is related to the variation 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 fluctuation in the interest rates. The Bank manages this risk by monitoring the structure/gaps 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.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2009

(Amounts in RON unless otherwise specified)

The bank limits its exposure both towards individual counterparties and groups of corporate customers by credit limits established at the time of the analysis. The limit value depends on quantitative factors, such as the customer's position and financial performance, the industry position, but also on qualitative factors, such as the management quality and the structure of the shareholders. The exposure against the authorised limits is monitored on a continuous basis. For the private customers, the bank uses an acceptance scoring system, which is validated permanently.

Liquidity risk:

The liquidity risk is associated either to the difficulty in raising necessary funds in order to meet the commitments, or to the inability 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's Management. Based on this strategy, the Bank permanently monitors/adjusts the differences between its assets and liabilities, on time intervals, depending on the duration remaining between the balance sheet date and the maturity date.

➤ **Subsequent events**

No significant subsequent events that would affect the financial statements were noticed.