Board of Directors Report

on the 2012 individual and consolidated financial statements prepared according to International Financial Reporting Standards as adopted by the European Union

DEZVOLTĂM ÎMPREUNĂ SPIRITUL DE ECHIPĂ

BRD

GROUPE SOCIETE GENERALE

CONTENTS

1. INTRODUCTION

This report was prepared in accordance with:

- Order of the National Bank of Romania ("NBR") no. 27/2010 for approval of Accounting Regulations according to International Financial Reporting Standards, applicable for credit institutions;
- National Securities Commission (CNVM) Regulation no.1/2006 related to issuers and security operations, subsequently amended.

2. HISTORY AND PROFILE OF BRD

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") bought a stake representing 51% of the share capital, increasing its holding 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 companies' legislation, bank legislation, provisions of the Articles of Incorporation and other internal regulations. '

BRD identification data are the following:

- **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

EXTERNAL RATING

As at December 31, 2012 the Bank had the following ratings:

Fitch Ratings *(rating date: 19-Nov-2012)*	Rating
Foreign-Currency Short-Term Issuer Default Rating	F2
Foreign-Currency Long-Term Issuer Default Rating	BBB+
Support Rating	2

Moody's *(rating date: 22-Jun-2012)*	Rating
Global Local Currency Short-Term Deposit	P-3
Global Local Currency Long-Term Deposit	Baa3
Foreign Currency Short-Term Deposit	P-3
Foreign Currency Long-Term Deposit	Baa3
Financial Strength	D-

BRD GROUP („GROUP") includes the following entities:

- BRD - Groupe Societe Generale;
- BRD Sogelease IFN SA;
- BRD Finance IFN SA;
- BRD Asset Management SAI SA;
- BRD Corporate Finance SRL.

2. HISTORY AND PROFILE OF BRD

SOCIÉTÉ GÉNÉRALE PROFILE

Société Générale was set up in 1864 as a banking company, registered in France. Its head office is located on 29 Boulevard Haussmann, 75009, Paris, France, and its shares are listed on the Paris Stock Exchange.

Société Générale is one of the main financial groups worldwide. Based on a diversified universal banking model, Société Générale Group combines financial solidity with a strategy of sustainable growth, and aims to be the reference for relationship banking, recognized on its markets, close to clients, chosen for the quality and commitment of its teams.

Its 160,000 employees based in 77 countries accompany more than 33 million clients throughout the world on a daily basis. SG teams offer advice and services to individual, corporate and institutional customers in three core business:

- *Retail Banking in France* with Societe Generale branch network, Credit du Nord and Boursorama;
- *International retail banking*, with presence in Central and Eastern Europe and Russia, in the Mediterranean basin, in Sub-Saharian Africa, In Asia and in the French Overseas territories;
- *Corporate and investment banking* with a global expertise in investment banking, financing and global markets.

Société Générale is also a significant player in specialized financing and insurance, private banking, asset management and securities services.

As at December 31, 2012, the ratings of Société Générale were:

- Standard and Poor's: A
- Moody's: A2
- Fitch: A+

BRD POSITION WITHIN SOCIÉTÉ GÉNÉRALE

SG has been present in Romania since 1980, being the only significant bank from Western Europe that was present in Romania during the communist era.

In 1999, it takes part in the process of privatization of Banca Română pentru Dezvoltare and acquires 51% of the bank’s assets.

Starting with this period, BRD lined up its operational procedures and business practices to those of the parent company.

BRD is part of the international network of Société Générale, managed by the Division of Retail Banking outside Metropolitan France (BHFM) - a structure created in March 1998 to coordinate the international retail banking activities of Société Générale in three geographical regions.

3. BUSINESS AND STRATEGY

In an adverse economic environment, BRD 2012 result has been affected by the deterioration of the cost of risk, leading to a loss of RON 331 million for the Bank and of RON 291 million for the BRD Group.

Despite these negative results, the Bank has a fundamentally sound business model with a strong network and customer base and a high level of operational efficiency, evidenced by a low cost/income ratio.

BRD strategic orientations for 2013 and beyond are clear and articulated along 3 three main axis:

- **Continuation of selective investments in the commercial development**:
  - On the individual segment, the main targets on the Bank will be to:
    - keep on developing and providing useful, innovative services to meet the needs of the customers, leading to an improvement in cross selling levels and an increase in market shares (+ 1 to 2 pts on a 3 years' horizon);
    - Reinforce leadership on housing loans;
    - Continue to be a practical bank accessible through a variety of channels (branches, mobile banking, internet);
    - Enhance communication with the customers
  - On SMEs, activities' development will be based on:
    - The development of the Bank's presence on liberal professions and agriculture;
    - A credit offer based on:
      - RON lending;
      - selective sectoral approach (agriculture, industry);
      - more secured operations like leasing, factoring, pre/co financing EU funds.
  - On the large corporate segment, BRD will focus on reinforcing its leadership and adding value to clients business through tailor made approaches and sophisticated offer (hedging instruments, structured financing).
- **Reinforcement of the operational efficiency by simplifying, pooling, industrializing**

  The Bank will continue the back-office centralization, extend their scope of activities and improve the efficiency of their processes. Support functions will be further centralized for an enhanced efficiency;

  The number of branches will be adjusted pragmatically according to the economic conditions, while maintaining a powerful network.
- **Strengthening of risk functional line, as well as the risk procedures and policies.**

4. THE COMPANY AND ITS SHAREHOLDERS

2012 KEY FIGURES

The Bank	2012	2011	12/11
Net banking income (RONm)	2,912	3,100	-6.1%
Operating expenses (RONm)	(1,353)	(1,384)	-2.2%
Cost of risk (RONm)	(1,937)	(1,199)	61.6%
Net result (RONm)	(331)	469	
Cost / income ratio	46.5%	44.6%	1.8 pts
ROE	-5.8%	8.2%	-14 pts
Own funds (RONm)	4,397	4,937	-10.9%
RWA (RONbn)	29.9	31.2	-4.1%
CAR (Basel 2)	13.9%	14.9%	-1.0 pt
Total gross loans (RON bn)	35.4	33.9	4.3%
Total deposits (RON bn)	31.9	30.3	5.2%
Liquidity ratio (1st time band)	1.03	1.06	
Non - performing loans ratio	21.2%	16.7%	4.5 pts
No of branches	915	937	-22
No of active customers (x 1000)	2,321	2,373	-52

The Group	2012	2011	12/11
Net banking income (RONm)	3,046	3,242	-6.1%
Operating expenses (RONm)	(1,432)	(1,465)	-2.2%
Cost of risk (RONm)	(1,943)	(1,223)	58.9%
Net result (RONm)	(291)	498	
Cost / income ratio	47.0%	45.2%	1.8 pts
ROE	-4.9%	8.4%	-13 pts
Total gross loans, including leasing (RON bn)	36.4	35.1	3.7%
Total deposits (RON bn)	31.8	30.2	5.2%

4. THE COMPANY AND ITS SHAREHOLDERS

SECURITIES MARKET

Starting with January 15th, 2001, the Bank's shares are listed in the 1st category of the Bucharest Stock Exchange and are included in the BET and BET-C indexes. The Bank's shares are ordinary, nominative, dematerialised 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 Shareholders („AGA"), whereas complying with the legislation on the trade of shares issued by bank institutions.

The closing price for BRD share as at December 28th, 2012, the last 2012 trading day, was of 8.11 RON/share. On the same date, the market capitalisation was RON 5,651.9 million.

During 2012 neither the Bank, nor its subsidiaries have bought back its own 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, 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:

	2011	2010	2009
Distributable profit (RON million)	465.3	500.6	779.1
Total dividends (RON million)	116.3	125.1	194.8
Number of shares (millions)	696.9	696.9	696.9
Dividend per share (RON), nominal	0.16690	0.17957	0.27947
Distribution rate from distributable profit	25%	25%	25%

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

DIVIDENDS PAYMENT

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 3 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' choice.

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

BRD started the payment of the 2011 dividends on June 22, 2012.

Due to the 2012 negative result, no dividend will be distributed for the financial year 2012.

5. Group Activity and Results

Economic and banking environment 2012

The main macroeconomic factors that, in year 2012 had major impact on the banking activity:

- With increased inflationary pressures starting from third quarter of the year, influenced by rising food and energy prices, the hike in the consumption prices index reached 4.95% in 2012;
- The national currency depreciated by 2.5% compared to the Euro;
- During 2012 the recovery of the Romanian economy has stopped with a Gross Domestic Product growth limited to 0.3%, according to the provisory data provided by the National Institute of Statistics;
- NBR has maintained the minimum compulsory reserves at the same level as in 2011 (namely 20% for foreign currencies resources, and 15% for RON resources) and reduced the reference interest rate from 6.25%, in November 2011 to 5.25 % in March 2012. The rate was kept unchanged till the end of year;

In 2012, the number of credit institutions dropped to 40 units, from 41 in 2011, out of which 8 are foreign bank branches and 2 are banks with fully or majority state-owned capital.

The total aggregate assets of the banking system stood at RON bln 366 at end of 2012, down from a year earlier (-1.5% in real terms). The banks' investment behavior in 2012 shows: (i) the contraction in banking business due notably to the tighter lending standards; (ii) the larger exposure towards the government sector, and (iii) the smaller placements of credit institutions with the central bank. As regards the funding sources, the equity capital remained robust and saving stood at a level similar to that in the previous year, in real terms.

The Romanian banking system capitalization in 2012 remained adequate with a solvency ratio of 14.6% at year-end (from 14.9% a year earlier), both as a result of the shareholders' capital injections and the significant share of government securities (considered risk-free) in the banks' portfolio.

The quality of the loan portfolio continued to worsen in 2012, the non-performing loan ratio (according to prudential regulations) going up to 18.2% from 14.3% in 2011.

Under these conditions, the banking sector as a whole recorded a loss of over RONm 2,100.

5. GROUP ACTIVITY AND RESULTS

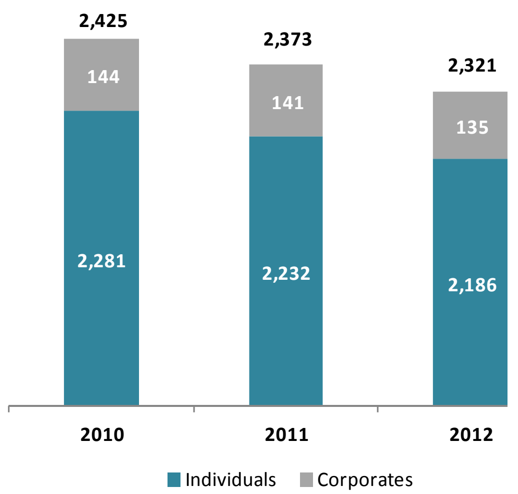
THE BANK ACTIVITY

As at December 31st, 2012 the Group has 915 branches, which ensured the distribution of its products throughout the whole country.

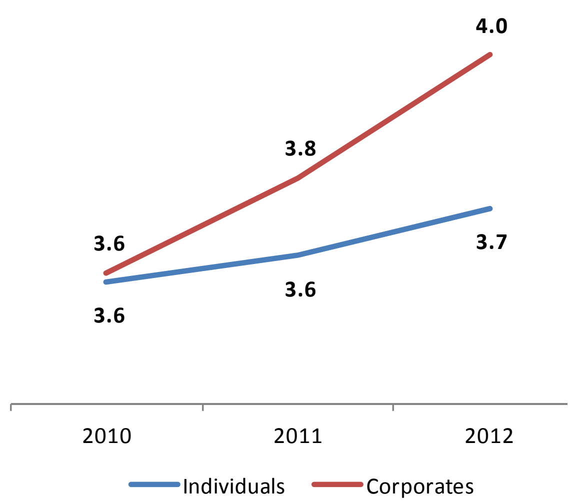
In 2012 BRD continued to have a strong customer base, despite a slightly decreasing trend in the number of active clients. The bank focused on improving the offer by designing innovative and high added value products, to the benefit of the customers.

The equipment rates (number of products per client) improved compared to 2011 both for individual and corporate customers, mostly pushed by saving accounts, housing loans and remote banking solutions' penetration rates.

Number of active clients (x 1000)



Equipment rate



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

BRD continued to be the second largest bank in Romania, with the following market shares:

	2010	2011	2012
TOTAL ASSETS	**13.9%**	**13.6%**	**13.1%**
LOANS	**14.9%**	**14.3%**	**14.7%**
Individuals	*15.7%*	*15.7%*	*16.2%*
Corporate	*14.2%*	*13.1%*	*13.4%*
DEPOSITS	**15.7%**	**14.9%**	**14.7%**
Individuals	*14.1%*	*13.5%*	*13.5%*
Corporate	*17.8%*	*16.7%*	*16.4%*

5. GROUP ACTIVITY AND RESULTS

The structure of the commercial customers' **loans** for the last three years was the following:

RON bln	2010	2011	2012	12/11
SMEs	11.1	11.5	11.7	1.8%
Large corporate	4.9	5.8	6.2	8.3%
Consumer loans	12.0	11.6	10.7	-7.4%
Housing loans	4.0	4.7	6.2	31.6%
Total commercial gross loans	**32.1**	**33.5**	**34.8**	**3.9%**

During 2012 the credit activity of the Bank was mainly supported by housing loans and by financing of large corporate customers.

Loans to individuals grew by 3.8%, influenced by a robust production of housing loans (mainly fuelled by the "Prima casa" credits) and by the contraction in consumer loans' outstanding amount due to the low demand and regulatory constraints (aiming at dampening forex lending to unhedged borrowers and limiting consumer loans duration).

The increase in the volume of loans to enterprises was mostly supported by large corporate customers, a strategic and sound customer segment for the Bank.

As a consequence the market shares increased with 0.5 pts on loans to individuals and with 0.3 pts on loans to enterprises.

The customers' **deposits** structure for the last three years was the following:

RON bln	2010	2011	2012	12/11
Corporates RON	10.6	10.5	9.7	-8.1%
Corporates FX	4.6	4.5	5.9	31.9%
Individuals RON	7.4	8.1	7.9	-2.8%
Individuals FX	7.3	7.1	8.3	16.9%
Total commercial deposits	**29.9**	**30.2**	**31.7**	**5.1%**

2012 was marked by a robust growth of individual deposits, with BRD catching up the market pace. The increase in foreign currency denominated deposits was particularly sustained.

The corporate customers' deposits increased at the same pace as the market, pushed also by a significant growth of deposits denominated in foreign currencies (especially in the first half of 2012) , and a dynamic deposit – taking on large corporate segment.

A reorientation in favor of longer maturity deposits (the share of deposits with initial maturity greater than 6 months increased from 21% to 29%) was noticed.

For the evolution of the main components of the net banking income please refer to "Financial results" section.

5. GROUP ACTIVITY AND RESULTS

SUBSIDIARIES ACTIVITY

BRD SOGELEASE IFN SA

In 2012, BRD Sogelease registered an increase in financed assets value of 17% compared to 2011, (reaching a level of RONm 388.8 and 1,896 signed leasing contracts).

These results led to a strengthened market position with a market share of 8.2%, as at September 2012, up 2 pts versus end of 2011.

BRD Sogelease portfolio structure, at 31st of December 2012, was the following: cars (36%), commercial vehicles (26%), construction equipments (21%), medical equipments, industrial and agricultural equipments (15%), IT and office equipments (1%), real estate (1%).

During 2012, BRD Sogelease efforts were focused on diversifying its offer and services to customers, by consolidating existing partnerships, as well as by offering advantageous financing alternative in local currency.

Ths stock of leasing financing for the period 2010 - 2012 was the following:

	2010	2011	2012	12/11
RONm	904	775	704	-9.1%

BRD FINANCE IFN SA

In 2012, BRD Finance remained one of the leading players in the consumer credit market in Romania, by keeping as competitive advantage the fastest loan granting system with minimum documentation required and by following a set of commitments to the clients for responsible and successful lending.

The effects of the difficult macroeconomic environment prevailing since 2009, and the 2012 new regulatory context for consumer loans impacted BRD Finance activity.

However, thanks to a client oriented policy, adapted commercial strategies, operational efficiency enhancement, risk optimization measures, the company has managed to achieve its objectives.

Thus, BRD Finance's commercial strategy was focused on strengthening existing partnerships with the key market retailers and major car dealers network through dynamic and flexible approaches, offering a wide range of value added products to end customers: credit cards, loans for durable goods, personal loans and car loans.

BRD ASSET MANAGEMENT SA

BRD Asset Management is one of the most important actors on the Romanian mutual funds market, having in its portfolio 6 open investment funds and a market share as at December 31, 2012 of 8.5%. The funds managed are: Simfonia, BRD Obligatiuni, Actiuni Europa Regional, Diverso Europa Regional, BRD Eurofond (EUR denominated), Index Europa Regional.

BRD CORPORATE FINANCE SRL

During 2012, BRD Corporate Finance was involved in six mergers & acquisitions mandates, out of which 4 sell side and 2 buy side. Two transactions were finalized during the year.

BRD Corporate Finance was involved, along BRD, in the GDF Suez Energy Romania inaugural RON 250 Mio bonds issue, the first Romanian non-banking corporate bonds and in the Hidroelectrica's 10% IPO.

5. GROUP ACTIVITY AND RESULTS

FINANCIAL POSITION ANALYSIS

According to NBR order 9/2010, starting January 1st, 2012 the Bank applies as accounting base the International Financial Reporting Standards, consequently the below financial position analysis is made based on the individual and consolidated financial statements accordingly prepared, for the period ended December 31, 2012 and the comparative periods.

FINANCIAL POSITION – ASSETS

The total assets decreased in 2012 by 1.7% for the Bank and by 2.0% for the Group and had the following structure:

THE BANK

Assets (RONm)	**2010**	**2011**	**2012**	**12/11**
Loans and advances to customers	31,893	31,529	31,478	-0.2%
Cash and current accounts with Central Bank	10,040	9,404	9,383	-0.2%
Other financial instruments	4,125	5,193	5,085	-2.1%
Tangible and intangible assets	1,290	1,286	1,193	-7.2%
Loans and advances to credit institutions	622	995	368	-63.0%
Other assets	318	343	417	21.5%
Total assets	**48,288**	**48,751**	**47,924**	**-1.7%**

THE GROUP

Assets (RONm)	**2010**	**2011**	**2012**	**12/11**
Loans and advances to customers	33,115	32,566	32,371	-0.6%
Cash and current accounts with Central Bank	10,041	9,405	9,384	-0.2%
Other financial instruments	4,167	5,191	5,084	-2.1%
Tangible and intangible assets	1,325	1,325	1,220	-7.9%
Loans and advances to credit institutions	662	1,035	394	-61.9%
Other assets	357	357	437	22.5%
Total assets	**49,667**	**49,879**	**48,891**	**-2.0%**

Loans and advances to customers, net including leasing

Despite the positive performance of the commercial activity the net loans of the Bank and the Group decreased by 0.2% and 0.6% respectively, mainly due to the deterioration of the assets quality which led to an increase of the loans impairment.

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

The most liquid assets of the Bank and Group, namely cash, accounts with the Central Bank and loans and advances to credit institutions, decreased in 2012 by more than 6%, but continued to represent around 20% of the total assets. The most important component of this element is the minimum compulsory reserve held with the National Bank of Romania (RONm 6,300 as at December 31, 2012, RONm 6,738 as at December 31, 2011)

Other financial instruments

The other financial instruments mostly represent treasury bills issued by the Romanian Government and which are accounted as available for sale and trading instruments. They stand for around 10% of the total assets and, compared to 2011 they recorded a slight decrease of 2% in 2012.

Tangible and intangible assets

The tangible and intangible assets stood for around 2.5% of the total assets both for the Bank and the Group. The most important share is represented by land and buildings (more than 70%). Most of the buildings are recently constructed or modernized and they are situated all over the country, in most of the cities.

Capital investments during 2012

Capital expenditure made in 2012 was around RONm 70 for the Bank and RONm 74 for the Group, the main component being investments in IT area. There is no research and development expenditure capitalized.

FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities, for the period 2010 – 2012 is as follows:

THE BANK

Liabilities and shareholders equity (RONm)	**2010**	**2011**	**2012**	**12/11**
Amounts owed to customers	30,101	30,303	31,892	5.2%
Amounts owed to credit institutions	11,309	11,936	9,899	-17.1%
Shareholders equity	5,577	5,890	5,524	-6.2%
Other liabilities	565	621	609	-1.8%
Debts evidenced by certificates	735	-	-	
Total liabilities and shareholders equity	**48,288**	**48,751**	**47,924**	**-1.7%**

THE GROUP

Liabilities and shareholders equity (RONm)	**2010**	**2011**	**2012**	**12/11**
Amounts owed to customers	30,025	30,218	31,786	5.2%
Amounts owed to credit institutions	12,515	12,859	10,665	-17.1%
Shareholders equity	5,749	6,088	5,762	-5.4%
Other liabilities	644	713	678	-5.0%
Debts evidenced by certificates	735	-	-	
Total liabilities and shareholders equity	**49,667**	**49,879**	**48,891**	**-2.0%**

5. GROUP ACTIVITY AND RESULTS

Amounts owed to customers

The share in total liabilities of the customers' deposits increased in 2012 to around 75% for the Bank from around 71% and to 74% for the Group from 70% in 2011, leading to a higher degree of financial autonomy.

Amounts owed to the credit institutions

Amounts owed to credit institutions represent mainly borrowings from the Parent (including subordinated debt) and stands for 20.7% from the Bank's total liabilities and shareholders equity and for 21.8% in the Group's liabilities and equity, their weight decreasing in favor of customers' deposits.

Shareholders' equity

Due to the negative result of 2012 the shareholders' equity decreased by 6.2% for the Bank and by 5.4% for the Group**.**

The structure of the shareholders' equity during the last three years is the following:

THE BANK

	2010	2011	2012	12/11
Share capital	2,516	2,516	2,516	0.0%
Reserves from revaluation of available for sale assets	22	(15)	59	
Retained earnings	3,040	3,390	2,949	-13.0%
Total	**5,577**	**5,890**	**5,524**	**-6.2%**

THE GROUP

	2010	2011	2012	12/11
Share capital	2,516	2,516	2,516	0.0%
Reserves from revaluation of available for sale assets	25	(15)	59	
Retained earnings	3,167	3,545	3,136	-11.5%
Non-controlling interest	41	44	52	18.8%
Total	**5,749**	**6,088**	**5,762**	**-5.4%**

Liquidity position

Both the Bank and the Group have maintained a balanced structure of resources and investments and a satisfactory liquidity level.

The net loans/deposits ratio improved in 2012 to 98.7% from 104.0% in the previous year for the Bank and from 105.3% to 99.8% for the Group.

5. GROUP ACTIVITY AND RESULTS

2012 FINANCIAL RESULTS

Net loss of the Bank in 2012 is RONm 331, the comparative income statement for the period 2010 – 2012 being presented below.

RONm	2010	2011	2012	12/11
Net banking income, *out of wich*	**3,412**	**3,100**	**2,912**	**-6.1%**
- net interest income	2,208	2,075	1,856	-10.5%
- net commissions	778	753	773	2.8%
Operating expenses	**-1,376**	**-1,384**	**-1,353**	**-2.2%**
Operating profit	**2,036**	**1,716**	**1,559**	**-9.2%**
Net cost of risk	-832	-1,199	-1,937	61.6%
Gross profit	1,205	517	(378)	
Net profit	**996**	**469**	**(331)**	

Net loss of the Group in 2012 is RONm 291, the comparative income statement for the period 2010 – 2012 being presented below.

RONm	2010	2011	2012	12/11
Net banking income, *out of wich*	**3,585**	**3,242**	**3,046**	**-6.1%**
- net interest income	2,323	2,179	1,946	-10.7%
- net commissions	792	768	792	3.1%
Operating expenses	**-1,476**	**-1,465**	**-1,432**	**-2.2%**
Operating profit	**2,110**	**1,777**	**1,614**	**-9.2%**
Net cost of risk	-883	-1,223	-1,943	58.9%
Gross profit	1,227	555	(329)	
Net profit	**1,009**	**498**	**(291)**	

During 2012 the net banking income was affected, on one hand, by the net interest margin decline (under the influence of negative index rates effects and increase in non-performing loans) and, on the other hand, by the positive evolution in fees and commissions, mostly due to growing revenues on packages, cards and other means of payment.

A tight and efficient cost control led to a 2.2% reduction in operational expenses compared to 2011 and to a low cost/income ratio of 46.5%. This evolution was generated by a decrease of 5.0% of staff expenses (as a result of the headcount compression and the adjustment of the remuneration policy) and by the implementation of a program of cost optimization measures.

In a deteriorated macroeconomic environment, 2012 net result both for the Bank and for the Group has been influenced by the higher net cost of risk.

Neither Banks' nor the Groups' revenues depend on a single or group of connected customers; hence there is no risk that the loss of a customer might significantly affect the income level.

6. Corporate governance

The corporate governance of BRD represents the set of principles underlying the framework through which the Bank and the Group are managed and controlled.

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 (stakeholders), 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 Assembly 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 eight non-executive members, among which one independent non-executive member.

The year 2012 brought changes to the composition of the Board of Directors, as follows:

- The Ordinary General Meeting of the Shareholders of April 26, 2012 approved the election of Mr Alexandre Paul Maymat as director for a 4-year term of office, as of May 1, 2012, subject to the prior approval by NBR, following the renunciation by Mr Guy Marie Charles Poupet of his term of office;
- During the meeting of April 27, 2012, the Board of Directors approved the appointment of Mr Petre Bunescu as provisory Chairman of the Board of Directors, starting with May 1, 2012 and until the receipt of the prior approval by the NBR of Mr Alexandre Paul Maymat;
- During the meeting of July 27, 2012, the Board of Directors of BRD Groupe Société Générale approved the appointment of Mr Philippe Charles Lhotte as CEO and provisory Director, as of September 1, 2012, following the renunciation by Mr Alexandre Paul Maymat of his director position (Chairman of the Board of Directors) and of CEO of BRD - Groupe Société Générale S.A.
- The Ordinary General Meeting of the Shareholders of September 13, 2012 approved the election of Mr Philippe Charles Lhotte as director for a 4-year term of office, starting with the date of the General Meeting, subject to the prior approval by NBR;
- During the meeting of November 5, 2012, the Board of Directors of BRD Groupe Société Générale approved the appointment of Mr Philippe Charles Lhotte as Chairman of the Board of Directors and the end of Mr Petre Bunescu's term of office as Provisory Chairman of the Board of Directors;
- The vacancy of a position of director following the death of Mr Bogdan Baltazar on December 28, 2012.

MEMBERS OF THE BOARD OF DIRECTORS AS AT DECEMBER 31, 2012

Philippe Charles LHOTTE

Chairman - CEO

Born on January 15, 1961

Residence: Bucharest, 1st district

Bachelor of Law at the University Paris 2 and graduated the Institute of Political Studies in Paris, Philippe Charles Lhotte made his entire career within Société Générale.

Between 1987 and 1994, he held the position of Inspector within the General Inspection of Societe Generale.

Between 1994 and 1997, he was Deputy Director of the Group Saint Germain-en-Laye, then Regional Director of Group Hérault (Montpellier) between 1998 and 2004.

Between January 2005 and November 2012, he was Chairman of the Board and CEO of SG Expressbank AD in Bulgaria. During those seven years, the Bulgarian subsidiary of the Societe Generale Group strongly developed its entire range of activities. It won the "Best Bank in Bulgaria" award given by Euromoney magazine, among the "Euromoney Awards for Excellence 2012".

Since October 31th, 2012, he holds the positions of Director and CEO of BRD-Groupe Societe Générale SA and since November 5th, 2012, he is Chairman of the Board of Directors of BRD.

Petre BUNESCU

Member of the Board of Directors

Deputy CEO

Born on November 15, 1952

Residence: Bucharest, 3rd District

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 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011, and between May 1st and November 5th, 2012, he occupied the position of Interim Chairman of the Board of Directors.

He is the Vice-Chairman of the Romanian Banking Association and member of the Board of Directors of Transfond SA. Between 1997 and 2006 he was 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 has become 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

Non- executive Member of the Board of Directors

Born on September 5, 1964

Residence: Bucharest, 1st district

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 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011. Between September, 2011 and July, 2012, he was Co-CEO of BRD.

In July 2012, Mr. Popa was appointed Director of Commercial Development and Marketing at Banque de Détail Hors France Métropolitaine (BHFM), structure in charge with the coordination of Societe Generale subsidiaries outside France.

He graduated from the Finance – Accounting Faculty – Economic Studies Academy in Bucharest and he holds 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.

Didier Charles Maurice ALIX

Non-executive member of the Board of Directors

Born on August 16, 1946

Residence: Paris, France

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. Between 2006 and 2009, Didier ALIX was appointed Deputy CEO of the Societe Generale Group.

On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011.

He graduated the Political Studies Institute in Paris with 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

Residence: Paris, France

In 1973, he joined the Societe Generale Group and, in time, filled in the following positions: Controller 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 Overseas territories.

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

On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011.

Anne Marion BOUCHACOURT

Non-executive member of the Board of Directors of BRD

Member of Remuneration Committee

Born in 1958

Residence: Paris, France

In 1981 she was appointed as counselor at PricewaterhouseCoopers, and she became in 1990 Financial Services Director within this entity.

In 1999 she was appointed Vice-President for Gemini Consulting.

Between 2002 and 2004 she was Vice-President for Solving International and the person in charge with banking practice.

In 2004 she was appointed as Human Resources manager in Société Générale Corporate & Investment Banking (SG CIB), since 2006 she has been the Head of Human Resources for Group Societe Generale and since July, 15 2012 she has been appointed as Chief Country Officer for China.

On April 14, 2011 she has been appointed as a Member of the Board of Directors of BRD.

She graduated from Ecole Superieure de Commerce de Paris, has a license in accounting expertise and a Diploma in financial management for capital markets issued by Dauphine University.

Bernardo Sanchez INCERA

Non-executive member of the Board of Directors of BRD

Born on March 9, 1960

Residence: Paris, France

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, General Director of Viavarte Group, Executive General director of Monoprix France.

In 2009 he joined Societe Generale as Delegated CEO 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

He is a Member of the Board of Directors of BRD starting April 14, 2011.

Dumitru POPESCU

Non-executive member of the Board of Directors

Member of the Audit Committee

Born on March 15, 1953

Residence: Bucharest, 2nd district

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 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 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

Residence: Bucharest, 6^{th} district

Positions held in other companies: Chairman – CEO of Fondul Român de Garantare a Creditelor 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 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011 and, at the same time, the General Assembly appointed him as an independent director of BRD.

Ioan CUZMAN

Non-executive member of the Board of Directors

Born on October 3, 1944

Residence: Arad, Arad County

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 since Decembre 1^{th} 2012. In present, he is member of the Board of SIF Banat – Crisana.

On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011.

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 an associate professor.

6. CORPORATE GOVERNANCE

BRD shares held by the members of the Board of Directors as at December 31st, 2012

Name:	Number of shares
Petre BUNESCU	300,000
Ioan CUZMAN	3,500
TOTAL	303,500

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 Assembly 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 Assembly of the Shareholders take into account the compliance with the independence criteria stipulated by the Companies' Act no. 31/1990.

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.

6. Corporate governance

Activity of the Board of Directors in 2012

In 2012, 10 meetings of the Board of Directors took place, and the decisions of the Board were made with the unanimity of the votes.

On the Board of Directors agenda the following subjects were included: The general strategy of development of the bank, the identification and management of material risks in 2012, identification and management of significant risks, Liquidity strategy, BRD Remunaration policy, Reports on annual inventory, Reports regarding the internal control framework, Reports regarding Bank/Group results, Memos regarding changes in Bank/Group Management, Modifications in internal regulations etc.

During its meetings the Board of Directors was regularly informed on the economic, monetary and financial environment, on the evolution of the regulations in force, on significant risks, on the activity of Audit Committee and Risk Management Committee, as well as on the main events that took place within BRD.

Remuneration of the members of the Board of Directors

For 2012, the Ordinary General Assembly 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 executive officers' additional remunerations for 2012, amounting to RON 9 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), Dumitru POPESCU (Member), and Sorin Marian COCLITU (Independent Member).

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

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 2012, 4 meetings of the Audit Committee took place, where the activity and reports of internal control and conformity, internal audit and external auditor were analyzed.

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 Group.

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), Anne Marion BOUCHACOURT (Member), and Sorin Marian COCLITU (Independent Member).

It meets annually or any time necessary.

In order to perform the attributions entrusted, the Remuneration Committee presents to the Board of Directors, for approval, the proposed policy of remuneration within BRD, the proposals of remuneration of the directors and officers; it supervises the application of the principles of the Group 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 2012, 4 meetings of the Risk Management Committee took place.

6. CORPORATE GOVERNANCE

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

MEMBERS OF THE MANAGEMENT COMMITTEE AS AT DECEMBER 31, 2012

Philippe Charles LHOTTE

Chairman - CEO

He has direct authority over all the structures and activities in the Bank and, as at December 31, 2012, the following structures were directly subordinated to him: Compliance Division, Permanent Control Division, General Secretariat, Human Resources Department, Internal Audit Department, Central Risk Control Department

Petre BUNESCU

Deputy CEO Finance / Treasury

Member of the Board of Directors

As at December 31, 2012, he was coordinating the following structures: Financial Department, Financial Markets Back Office Division, Banking Operations Arm, Legal Division.

Alexandru-Claudiu CERCEL-DUCA

Deputy CEO –Financial Markets,

Member of the Management Committee

Born on February 17, 1968.

Residence: Bucharest, 1st district.

He directly coordinates the following structures: Financial Markets Division, Securities Division, Financial Markets Operations Support Office, Market Analysis Office.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.

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

He graduated the Economic Studies Academy - Cybernetics Faculty, in 1992, as well as various management and leadership training courses organised both by Société Générale 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.

Jean-Luc Bernard Raymond GRASSET

Deputy CEO –Resources

Member of the Management Committee

Born on September 11, 1954

Residence: Bucharest, 1st district

He graduated from the University of Aix-en-Provence in 1977, having a licence in Economic and Social Management. In 1979 he obtained DESS (Diploma in Specialised Higher Education) in Finance, specialty Econometrics.

In 1980, he joined Société Générale within the Group Nantes sur Loire. Between 1981 and 1989 he had several responsibilities within the Organisation Department in Paris, regarding marketing, coordination and projects implementation, among which the most important was the change in the banks' core-banking system and banks' reorganization.

In 1991, he started a series of missions within Société Générale structures from abroad, as Development and Audit Manager (Ivory Coast), CEO (South Africa), Ibank Implementation Manager (BRD).

Between 2003 and 2005 he returned to Paris, within BHFM, as Supervisor for a group of SG African subsiaries.

Starting 2005 till 2010 he took over the job of Resources Manager at NSGB Egypt, where he coordinated 3 major organization projects.

Since 2010, he has held the position of Deputy CEO of BRD – Groupe Société Générale.

He directly coordinates the following structures: Information System Department, Projects and Organisation Department, Banking Data Management Division, Real Estate, Logistics and Security.

Gabriela Stefania GAVRILESCU

Deputy CEO – Corporate Banking

Member of the Management Committee

Born on December 12, 1956

Residence: Bucharest, 2nd district.

She graduated from Bucharest Economic Studies Academy – International Economic Relations Department in 1980.

Starting 1991, she enriched her professional expertise through several trainings in Société Générale and other external structures such as World Bank, DC Gardner or London Business School.

Between 1987 and 1993 she has several positions at the National Bank of Romania, BCR and Banca Comerciala Ion Tiriac.

She has joined Société Générale in 1993 in the Bucharest Branch of Société Générale as Commercial Director.

In 2000 she was named as Executive Delegate Director for Large Corporate Clients, where she was coordinating a team of 60 people involved in various activities such as management and development of clients' portfolio and business, commercial policy and large clients strategy, structured lending, European funds and International Financing Institutions.

In October 2009, she became Executive Director of Large Corporate Customers Department, and starting beginning 2011 she has been appointed Member of the BRD Management Board.

She directly coordinates the Corporate and Investment Banking Department, which includes the following structures: Corporate and Investment Banking – Commercial Division and Corporate and Investment Banking – Resources Division.

Gheorghe MARINEL

Deputy CEO – Commercial/ Marketing/ Network

Member of the the Management Committee

Born on March 13, 1965

Residence: Voluntari, Ilfov County

He graduated "Summa cum Laudae" from the Bucharest Economic Studies Academy – Finance and Accounting in 1991.

In 1992 he obtained a diploma Master of Business Administration (in Management) from Ecole Superieure de Gestion - Toulouse, France, and in 1999 a diploma of Executive MBA – ASSEUSS, University of Washington, USA.

He followed several management and leadership trainings.

He has an experience of more than 20 years in the banking field, occupying several positions in credit institutions such as: Banca Comerciala Romana (1991-1993), Societe Generale – Bucuresti (1993-1995) and ABN AMRO BANK Romania (1995-2001).

He has joined BRD- Groupe Societe General in 2001, occupying the following positions: project Manager – Network Reorganisation and Restructuring Project, Network Management Director and General Secretary.

Starting October 2011 he has been appointed as Deputy CEO Commercial/ Marketing/ Network.

He directly coordinates the structures: Marketing and Product Management Department, Network Commercial Arm, Distribution Network Administration Pole, Bank Agency Network.

BRD shares held by the members of the Management Committee as at December 31st, 2012

Name	Number of shares
Petre BUNESCU	300 000
Claudiu CERCEL - DUCA	1 030
TOTAL	301 030

6. CORPORATE GOVERNANCE

Attributions and responsibilities

The executive officers are in charge of making all the measures incumbent to the company management, within the limits of the company object and in compliance with the powers exclusively reserved by law or by the Memorandum and Articles of Association for the Board of Directors and the General Meeting of the Shareholders.

Each executive officer 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, the Articles of Incorporation and in the Internal Regulations of the bank.

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.

Changes in the structure of the Management Board in 2012

On March 22, 2012, the Board of Directors approved the appointment of Mr Alexandre Paul Maymat as CEO of the Bank as of May 1, 2012 (subject to the approval by NBR), following the renunciation by Mr Guy Marie Charles Poupet of the position of CEO.

As of July, 5.2012, Mr Sorin Mihai – Popa renounced his position of Delegated CEO.

On July 27, 2012, the Board of Directors decided to appoint Mr Philippe Charles Lhotte CEO as of September 1, 2012 (subject to the NBR approval), following the renunciation of Mr Alexandre Paul MAYMAT of his capacity of CEO.

On October 31, 2012 Mr Philippe Charles LHOTTE received the approval of the National Bank of Romania.

Meetings of the Management Committee

The meetings of the Management Committee 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 Management Board 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.

6. CORPORATE GOVERNANCE

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 Assembly of Shareholders.

General Assemblies are called by the Board of Directors.

General Assemblies are ordinary and extraordinary. The Ordinary General Assembly 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 Assembly of Shareholders meets whenever necessary. In 2012, there were 3 General Assembly (2 Ordinary General Assembly of Shareholders on April 26th 2012 and September 13 rd 2012 and one Extraordinary General Assembly of the Shareholders, on April 26th,2012.

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 Assembly 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 Assemblys 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 Assembly of the Shareholders are submitted to the shareholders' approval, in order to ensure an orderly and efficient development of such works.

Within the General Assemblys 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 Assembly of Shareholders) entitles the shareholder to dividends for the prior financial year, in the quantum and conditions established by the General Assembly of Shareholders.

In 2012, the General Assembly approved the distribution of a gross dividend of RON 0.16690/share and established the dividend distribution procedure.

6. CORPORATE GOVERNANCE

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.

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. The quarterly financial reporting is made according International Financial Reporting Standards as adopted by the European Union – and in compliance with the regulations specific to the capital market.

In order to communicate on its financial results, BRD organises meetings with financial analysts, investment consultants, brokers and investors. These meetings 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 2013 is the following:

Preliminary financial results as at December 31, 2012 and meeting with journalists and financial analysts	13 February 2013
General Assembly of Shareholders	18 April 2013
Communication of results as of 31 December 2012	18 April 2013
Communication of results as of 1st Quarterly 2013	7 May 2013
Communication of results as of 2nd Q 2013	1 August 2013
Communication of results as of 3rd Q 2013	7 November 2013

OTHER CORPORATE GOVERNANCE ELEMENTS

Conflicts of interest

In 2012, no conflicts of interests between the members of the Board of Directors or of Management Board and the interests of the bank have been identified.

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.

Transactions with related 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 related private and corporate persons falls within the competence of the Board of Directors.

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.

7. HUMAN RESOURCES

KEY FIGURES 2012

- 8.496 employees at BRD Group level;
- 7,7% total turnover, out of which 4,4% voluntary turnover
- 97% of the personnel followed at least one course of professional development
- 24 hours/employee is the average of training duration/employee

In 2012, the Human Resources Department implemented different projects for optimization and efficiency, and for the development of human capital according to the strategic plan Ambition 2015

Human Resources projects and actions were in line with the strategic direction, considering the business support and staff development.

Optimizing business and cost control

Year 2012 was marked by a reorganization of the Human Resources Department, materialized by implementing a new operating model, based on 3 pillars: HR Business Partners, Centre of Expertise and Societe Generale European Business Services (European shared services centre within which were centralized all the transactional back office HR specific area activities). This change followed the streamline of HR activities.

In addition to the projects initiated and implemented, the Human Resources Department continued to provide support and advice to internal reorganization in numerous projects.

Career Management

In 2012 we continued HR meetings with employees, reaching 77% of total Group employees, except those meetings with the scope to reorganize various internal projects. During these meetings were pursued the same objectives: to assess the potential of each employee and following their professional development.

Internal mobility reflected the adaptability of structures to the requirements of the macroeconomic context. The internal mobility policy aimed at boosting performance and the development of employees with high potential, criteria that stood at the base of internal promotions.

Promoting a new model of leadership

During the past year there were conducted numerous training activities, focusing on management, in order to promote an organizational culture based on performance. Thus, in 2012, 1,500 employees holding management positions have been trained.

The training programs developed last year took into consideration business support through a comprehensive approach, including promoting a culture of risk, financial analysis tools, and communication and negotiation techniques. Among the projects launched there are: Academy of Business Corporate and Client Pole Position.

Also, in terms of salary package policy, we continued to reward performance, both the collective and the individual in a manner adapted to the context.

Employee motivation and performance recognition is still an important focus in human resources strategy.

8. CORPORATE AND SOCIAL RESPONSABILITY

BRD applies the principles of corporate responsibility both in its activities and business lines, through a responsible management of bankers' profession and human resources management as well as its impact on the environment

RESPONSIBILITY APPLIED TO BUSINESS LINES

EQUATOR PRINCIPLES

BRD applies the Equator Principles since 2009. This commitment took by Societe Generale Group provides for social and environmental risk assessment of projects over 10 million USD.

GREEN FINANCING

In the category of green financing are included funding for renewable energy (wind, solar, geothermal, photovoltaic, biomass etc), cogeneration and alternative fuel and treating waste or polluting emissions.

In 2012, BRD has granted EUR 146.4 million green finance. In 2011, funding was at the level of EUR 76.9 million [1]

RESPONSIBILITY TO THE COMMUNITY

EDUCATION AND SOLIDARITY

Education is one of the most powerful instruments for reducing poverty and inequality.

Through community involvement programs, BRD aims to contribute to building a more prosperous and sustainable future for thousands of children and young people.

In particular, we are concerned with improving access to education and reduce illiteracy, supporting young talent and support the integration of young people into active life.

FOCUS: INVOLVEMENT MECHANISMS

BRD is trying to create mechanisms through which employees but also customers and partners can become involved in a permanent manner.

Examples:

- Through internal program of salary donations, 1,500 employees donate monthly amount doubled by the bank. In 2012, 14 programs for education and labour market insertion were funded of which 2,700 children and youth benefited;
- BRD is a partner of the direct debit program for donations developed by the Association for Community Relations. Any person, who wishes to support a cause, can do it very simply by signing a form with the bank and authorizing it –to automatically collect monthly from the account the amount he wishes to donate.

[1] Amount checked by Ernst&Young Paris

8. Corporate and Social Responsability

Sport

Be it tennis, football or cycling, confirmed athletes or talents, BRD was again involved in promoting sport in Romania. The most representative partnerships are: BRD Nastase Tiriac Trophy, Hagi Academy, and Cycling Tour of Romania.

Culture

BRD organizes periodically in the exhibition space on the ground floor of its headquarters, exhibitions of famous Romanian artists and young people who are starting out. The Bank also supports cultural and academic events.

One of the most important partnerships is with Princess Margareta of Romania Foundation which supports the program for Young Talents. 28 young artists received scholarships and access to camps, competitions abroad, mentoring programs and promotion.

Environment responsibility

Responsibility to protect the environment goes beyond legal mandatory issues, and is a voluntary commitment of the Bank who has proposed to completely neutralize their CO2 emissions from its own activities. In 2012, BRD acquired for the second year carbon certificates, thus neutralizing the CO2 footprint of the company.

Evolution of CO2 indicator / employee in the last three years is as follows:

Average indicator	Unit	2012	2011	2010
CO2 / employee	Tone	3.44	3.09	3.52

FOCUS: Collection and recycling of DEEE in BRD

For collection and recycling of waste from Electrical and Electronic Equipment, BRD has partnered with the associations: *Recolamp and Workshops Without Borders.*

9. Risk management

Framework

The Group 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 the market risk, while the Financial Department monitors and manages the liquidity risk, the interest risk and foreign exchange risk in banking book.

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. 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 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 been integrated in CRCU.

9. Risk management

Assets and Liabilities Management

The Assets and Liabilities Committee (ALCO) manages the Bank's balance sheet. The ALCO members come from the finance, risk function, as well as from the business areas. Its main objective is the managing of the exposure to foreign exchange and interest rate risks in banking book and liquidity risk 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 fulfil its payment obligations towards the Bank and also that a counterparty's or an issuer's credit quality may deteriorate.

The Group'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.

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.

9. RISK MANAGEMENT

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 ALCO 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.

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 on-going 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. BOARD OF DIRECTORS PROPOSALS

1) Considering the present report, we submit for the approval of the General Assembly of the Shareholders of BRD the individual and consolidated financial statements prepared according to the International Financial Reporting Standards as adopted by the European Union, for the period ended December 31, 2012, made of:

   - Individual and consolidated statement of financial position;
   - Individual and consolidated income statement;
   - Individual and consolidated statement of other comprehensive income;
   - Individual and consolidated statement of changes in equity;
   - Individual and consolidated statement of cash flows;
   - Notes to the individual and consolidated financial statements.

2) Discharge of the Board of Directors

Philippe LHOTTE

President and Chief Executive Officer

Petre BUNESCU

Deputy Chief Executive Officer

Stephane FORTIN

Chief Financial Officer

STATEMENT "APPLY OR EXPLAIN"

Corporate Governance Code of the Bucharest Stock Exchange

March 2013

DEZVOLTĂM ÎMPREUNĂ SPIRITUL DE ECHIPĂ

BRD

GROUPE SOCIETE GENERALE

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?	Yes		
		Are the Corporate Governance Statutes/ Regulation posted on the company website, with an indication of the latest update?	Yes		
	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?	Yes		

Principle / Recommendation		Question	YES	NO	If NO, EXPLAIN:
	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		
		Does the issuer disseminate on the company's website information regarding the following aspects related to its corporate governance policy: a) Description of its corporate governance structures?	Yes		
		b) Updated articles of incorporation?	Yes		
		c) Internal regulations / essential aspects thereof for each speciality commission / committee?		No	Corporate Gouvernance, 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		

Principle / Recommendation		Question	YES	NO	If NO, EXPLAIN:
		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): a) the notice of meeting of GMS?	Yes		
		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 GMS works, without nevertheless prejudicing the	Yes		

Principle / Recommendation		Question	YES	NO	If NO, EXPLAIN:
		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: a) the decisions made within the GMS?	Yes		
		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: a) current reports / releases?	Yes		
		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		

Principle / Recommendation		Question	YES	NO	If NO, EXPLAIN:
	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-executive directors) so that no person or limited group of persons can dominate, in general, the decision-making process of the BoD?	Yes		
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		

Principle / Recommendation		Question	YES	NO	If NO, EXPLAIN:
		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		
	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		
		Is the remuneration policy approved by GMS?		No	The BRD remuneration policy is approved by the Board of Directors.

Principle / Recommendation		Question	YES	NO	If NO, EXPLAIN:
					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		
	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		

Principle / Recommendation		Question	YES	NO	If NO, EXPLAIN:
	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		
	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		
P14		Has the BoD adopted a procedure for the purpose of identifying and properly solving the cases of conflicts of interests?	Yes		

Principle / Recommendation		Question	YES	NO	If NO, EXPLAIN:
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		
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		
P18	R37/ R38	Does the issuer carry out activities with regard to the company's social and environmental responsibility?	Yes		

Philippe LHOTTE **Petre BUNESCU**

President and Chief Executive Officer **Deputy Chief Executive Officer**

BRD – Groupe Société Générale S.A.

CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

Prepared in Accordance with
International Financial Reporting Standards as adopted by the European Union

DECEMBER 31, 2012

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND INDIVIDUAL STATEMENT OF FINANCIAL POSITION
as of December 31, 2012
(Amounts in thousands RON)

		Group		Bank	
	Note	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
ASSETS					
Cash in hand	5	990,291	662,194	990,281	662,171
Due from Central Bank	6	8,393,494	8,743,127	8,392,575	8,741,778
Due from banks	7	394,461	1,035,020	368,030	995,384
Derivatives and other financial instruments held for trading	8	534,955	313,788	535,915	316,478
Loans and advances to customers	9	31,709,480	31,833,109	31,477,629	31,529,114
Financial lease receivables	10	661,339	732,665	-	-
Financial investments available for sale	11	4,549,005	4,877,014	4,549,005	4,876,866
Investments in associates and subsidiares	12	112,045	95,427	157,577	153,412
Property, plant and equipment	13	1,084,894	1,180,794	1,066,941	1,150,743
Goodwill	14	50,130	50,130	50,130	50,130
Intangible assets	15	85,400	94,451	76,262	84,891
Other assets	16	325,096	261,352	259,714	190,031
Total assets		**48,890,590**	**49,879,071**	**47,924,059**	**48,750,998**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Due to banks	17	4,215,258	4,269,030	4,215,258	4,269,030
Due to customers	18	31,785,717	30,217,852	31,892,477	30,303,484
Debt issued and borrowed funds	19	5,557,607	7,716,276	4,791,283	6,793,165
Subordinated debt	20	892,071	874,161	892,071	874,161
Derivative financial instruments	8	164,385	170,812	164,385	170,812
Current tax liability		1,923	19,731	-	16,867
Deferred tax liability	21	115,478	148,089	106,975	145,812
Other liabilities	22	395,857	374,724	338,089	287,430
Total liabilities		**43,128,297**	**43,790,675**	**42,400,538**	**42,860,761**
Share capital	23	2,515,622	2,515,622	2,515,622	2,515,622
Reserves from revaluation of available for sale assets		58,536	(15,430)	58,536	(15,430)
Retained earnings	24	3,136,373	3,544,633	2,949,363	3,390,045
Non-controlling interest		51,762	43,571	-	-
		-			
Total equity		**5,762,293**	**6,088,396**	**5,523,521**	**5,890,237**
Total liabilities and equity		**48,890,590**	**49,879,071**	**47,924,059**	**48,750,998**

The financial statements have been authorized by the Group's management on March 14, 2013 and are signed on the Group's behalf by:

Philippe Lhotte
President and Chief Executive Officer

Petre Bunescu
Deputy Chief Executive Officer

(Amounts in thousands RON)

		Group		Bank	
	Note	**2012**	**2011**	**2012**	**2011**
Interest and similar income	25	3,184,381	3,459,685	3,062,078	3,314,034
Interest and similar expense	26	(1,238,320)	(1,280,761)	(1,206,235)	(1,239,430)
Net interest income		**1,946,061**	**2,178,923**	**1,855,843**	**2,074,604**
Fees and commissions, net	27	**792,042**	**768,145**	**773,459**	**752,720**
Foreign exchange gain	28	326,733	238,210	325,415	238,437
Gain on derivative and other financial instruments held for trading		15,925	93,839	16,373	93,839
Income from associates	29	17,223	19,598	4,771	2,408
Contribution to Deposit Guarantee Fund	31	(68,503)	(68,090)	(68,503)	(68,090)
Other income	30	16,101	11,416	4,863	6,171
Operating income		**3,045,581**	**3,242,041**	**2,912,221**	**3,100,089**
Personnel expenses	32	(672,524)	(708,160)	(635,903)	(669,278)
Depreciation, amortisation and impairment on tangible assets	33	(161,826)	(146,025)	(157,552)	(141,462)
Other operating expenses	34	(597,718)	(610,518)	(559,697)	(572,902)
Total operating expenses		**(1,432,068)**	**(1,464,703)**	**(1,353,152)**	**(1,383,642)**
Credit loss expense	34	(1,942,980)	(1,222,501)	(1,937,418)	(1,198,976)
Profit/(loss) before income tax		**(329,467)**	**554,837**	**(378,349)**	**517,471**
Current income tax expense	21	(1,970)	(99,602)	-	(96,738)
Deferred tax (expense)/income	21	40,873	43,251	47,173	48,644
Total income tax		**38,903**	**(56,351)**	**47,173**	**(48,094)**
Profit/(loss) for the year		**(290,564)**	**498,486**	**(331,176)**	**469,377**
(Profit) attributable to non-controlling interests		(8,190)	(2,207)	-	-
parent		(298,754)	496,279	(331,176)	469,377
Earnings per share (in RON)	41	**(0.4287)**	**0.7121**	**(0.4752)**	**0.6735**

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2012
(Amounts in thousands RON)

	Group		Bank	
	2012	**2011**	**2012**	**2011**
Profit for the year	**(290,564)**	**498,486**	**(331,176)**	**469,377**
Other comprehensive income				
Net gain/(loss) on available-for-sale financial assets	82,228	(41,859)	82,302	(38,555)
Income tax relating to components of other comprehensive income	(8,262)	1,825	(8,336)	1,339
Other comprehensive income for the year, net of tax	**73,966**	**(40,034)**	**73,966**	**(37,216)**
Total comprehensive income for the year, net of tax	**(216,598)**	**458,452**	**(257,210)**	**432,161**
Attributable to:				
Equity holders of the parent	(224,788)	456,245	(257,210)	432,161
Non-controlling interest	8,190	2,207	-	-

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2012
(Amounts in thousands RON)

Group

	Note	Issued capital	Reserves from revaluation of available for sale assets	Retained earnings	Minority interest	Total
December 31, 2010		**2,515,622**	**24,604**	**3,167,476**	**41,365**	**5,749,067**
Total comprehensive income		-	(40,034)	496,279	2,206	458,451
Shared-based payment		-	-	6,025	-	6,025
Equity dividends		-	-	(125,147)	-	(125,147)
December 31, 2011		**2,515,622**	**(15,430)**	**3,544,633**	**43,571**	**6,088,396**
Total comprehensive income		-	73,966	(298,754)	8,191	(216,597)
Shared-based payment		-	-	6,809	-	6,809
Equity dividends		-	-	(116,316)	-	(116,316)
December 31, 2012	23	**2,515,622**	**58,536**	**3,136,373**	**51,762**	**5,762,293**

Bank

	Note	Issued capital	Reserves from revaluation of available for sale assets	Retained earnings	Total
December 31, 2010		**2,515,622**	**21,786**	**3,039,790**	**5,577,198**
Total comprehensive income		-	(37,216)	469,377	432,161
Shared-based payment		-	-	6,025	6,025
Equity dividends		-	-	(125,147)	(125,147)
December 31, 2011		**2,515,622**	**(15,430)**	**3,390,045**	**5,890,237**
Total comprehensive income		-	73,966	(331,176)	(257,210)
Shared-based payment		-	-	6,809	6,809
Equity dividends		-	-	(116,316)	(116,316)
December 31, 2012	23	**2,515,622**	**58,536**	**2,949,363**	**5,523,521**

(Amounts in thousands RON)

	Note	Group 2012	Group 2011	Bank 2012	Bank 2011
Cash flows from operating activities					
Profit before tax		**(329,467)**	**554,837**	**(378,349)**	**517,471**
Adjustments for non-cash items					
Depreciation and amortization expense and net loss/(gain) from disposals of tangible and intangible assets		161,826	146,025	157,552	141,462
Share based payment		6,809	6,025	6,809	6,025
(Gain) from investment revaluation		(12,453)	(17,190)	-	(5,793)
Net expenses from impairment of loans and from provisions	36	2,007,362	1,262,823	1,988,760	1,221,563
Income tax paid		(99,583)	(59,702)	(96,766)	(57,318)
Operating profit before changes in operating assets and liabilities		**1,734,494**	**1,892,818**	**1,678,006**	**1,823,410**
Changes in operating assets and liabilities					
Current account with NBR		349,634	686,171	349,204	686,631
Accounts and deposits with banks		97,684	(113,633)	124,113	(113,633)
Available for sale securities		401,975	(835,539)	401,827	(881,730)
Loans		(1,865,990)	(843,547)	(1,922,335)	(857,235)
Lease receivables		71,326	139,156	-	-
Other assets		(244,038)	(167,513)	(241,946)	(200,838)
Due to banks		(53,772)	2,392,404	(53,772)	2,392,404
Due to customers		1,567,867	193,204	1,588,993	202,194
Other liabilities		45,619	20,738	71,814	15,924
Total changes in operating assets and liabilities		**370,305**	**1,471,441**	**317,898**	**1,243,717**
Cash flow from operating activities		**2,104,799**	**3,364,259**	**1,995,904**	**3,067,127**
Investing activities					
Acquisition of equity investments		(4,165)	-	(4,165)	-
Proceeds from equity investments		-	-	-	5,984
Acquisition of tangible and intangible assets		(68,255)	(148,209)	(67,450)	(139,128)
Proceeds from sale of tangible and intangible assets		11,380	1,687	2,329	1,687
Cash flow from investing activities		**(61,040)**	**(146,522)**	**(69,286)**	**(131,457)**
Financing activities					
(Decrease) in borrowings		(2,140,759)	(2,782,582)	(1,983,972)	(2,500,513)
Dividends paid		(117,777)	(125,145)	(117,777)	(125,145)
Net cash from financing activities		**(2,258,536)**	**(2,907,727)**	**(2,101,749)**	**(2,625,658)**
Net movements in cash and cash equivalents		**(214,777)**	**310,010**	**(175,131)**	**310,012**
Cash and cash equivalents at beginning of the period	36	**1,336,933**	**1,026,923**	**1,297,274**	**987,262**
Cash and cash equivalents at the end of the period	36	**1,122,156**	**1,336,933**	**1,122,143**	**1,297,274**

Operational cash flows from interest and dividends	Group 2012	Group 2011	Bank 2012	Bank 2011
Interest paid	1,243,157	1,310,363	1,201,307	1,213,249
Interest received	2,998,341	3,098,808	2,879,059	2,947,214
Dividends received	5,202	2,787	5,202	2,787

(Amounts in thousands RON)

1. Corporate information

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

BRD together with its subsidiaries (the "Group') offers a wide range of banking and financial services to corporates and individuals, as allowed by law. The Group accepts deposits from the public and grants loans and leases, carries out funds transfer in Romania and abroad, exchanges currencies and provides other financial services for its commercial and retail customers.

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

The Bank has 915 units throughout the country (December 31, 2011: 937).

The average number of employees of the Group during 2012 was 8,627 (2011: 9,046), and the number of employees of the Group as of the year-end was 8,496 (December 31, 2011: 8,747).

The average number of employees of the Bank during 2012 was 8,123 (2011: 8,491), and the number of employees of the Bank as of the year-end was 7,992 (December 31, 2011: 8,245).

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

The shareholding structure of the Bank is as follows:

	December 31, 2012	December 31, 2011
Societe Generale France	60.17%	60.17%
SIF Banat Crisana	4.63%	4.66%
SIF Oltenia	4.17%	4.64%
SIF Muntenia	4.15%	4.15%
Fondul Proprietatea	3.64%	3.64%
SIF Transilvania	3.36%	3.77%
SIF Moldova	2.32%	3.28%
Other shareholders	17.56%	15.69%
Total	**100.00%**	**100.00%**

2. Basis of preparation

a) Basis of preparation

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, BRD prepared consolidated and individual financial statements for the year ended December 31, 2012 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU").

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

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

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

b) Basis for consolidation

The consolidated financial statements comprise the financial statements of the credit institution and its subsidiaries as at December 31, 2012. The financial statements of the subsidiaries are prepared for the same reporting period, using consistent accounting policies.

A subsidiary is an entity over which the Bank exercises control. Control is presumed to exist when direct or indirect ownership exceeds 50% of the voting power of the enterprise. The consolidated financial statements include the financial statements of BRD – Groupe Société Générale S.A. and the following subsidiaries: BRD Sogelease IFN S.A. (99.98% ownership, 2011: 99.98%), BRD Finance IFN S.A (49% ownership, 2011: 49%, control through the power to govern the financial and operating policies of the entity under various agreements), BRD Corporate Finance SRL (100% ownership, 2011: 100 %) and BRD Asset Management SAI SA (99.98% ownership, 2011: 99.95%). All intercompany transactions, balances and unrealized gains and losses on transactions between consolidated entities are eliminated on consolidation.

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

Equity and net income attributable to minority interests are shown separately in the statement of financial position and statement of comprehensive income, respectively.

Acquisition of minority interests are accounted for so that the difference between the consideration and the fair value of the share of the net assets aquired is recognised as goodwill. Any negative difference between the cost of aquisition and the fair values of the identifiable net assets acquired (i.e. a loss on acquisition) is recognised directly in the income statement in the year of aquisition. The Bank is accounting the investments in subsidiaries and associates in the individual financial statement at cost less potential impairment.

2. Basis of preparation (continued)

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

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

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

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

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

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

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

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

- **IFRS 11 *"Joint Arrangements"*** published by IASB on 12 May 2011. IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is

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2. Basis of preparation (continued)

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

removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

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

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

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

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

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

- **IAS 27 *"Separate Financial Statements" (revised in 2011)*** As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. The Bank does not present separate financial statements.

- **IAS 28 *"Investments in Associates and Joint Ventures" (revised in 2011)*.** As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosures of Interests on Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

2. Basis of preparation (continued)

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

- **Amendments to IAS 32 *"Financial instruments: presentation" - Offsetting Financial Assets and Financial Liabilities*** published by IASB on 16 December 2011. Amendments provide clarifications on the application of the offsetting rules and focus on four main areas (a) the meaning of "currently has a legally enforceable right of set-off"; (b) the application of simultaneous realisation and settlement; (c) the offsetting of collateral amounts; (d) the unit of account for applying the offsetting requirements.

e) Standards and Interpretations issued by IASB but not yet adopted by the EU

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

- **Amendments to IFRS 1 *"First-time Adoption of IFRS"* –** eliminates the need for companies adopting IFRS for the first time to restate the recognition transactions that occurred before the date of transition to IFRS and provides guidance on how an entity should resume presenting financial statements in accordance with IFRS after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

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

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

- **Amendments to IFRS 1 "First-time Adoption of IFRS"** This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

- **IAS 1 Presentation of Financial Statements**
  This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

- **IAS 16 Property Plant and Equipment**
  This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

2. Basis of preparation (continued)

e) Standards and Interpretations issued by IASB but not yet adopted by the EU

- **IAS 32 Financial Instruments, Presentation**
  This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

- **IAS 34 Interim Financial Reporting**
  The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

f) Significant accounting judgments and estimates

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

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

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 43.

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

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

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

2. Basis of preparation (continued)

f) Significant accounting judgments and estimates (continued)

Impairment of available-for-sale investments
The Group reviews its debt securities classified as available-for-sale investments at each statement of financial position date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances.

The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

Impairment of goodwill
The Group determines whether the goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as of December 31, 2012 was 50,130 (December 31, 2011: 50,130).

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

Retirement benefits
The cost of the defined benefit retirement plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The assumptions are described in Note 22.

g) Segment information

An operating segment is a component of the Group:

- That engages in business activity from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

- Whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and asset its performance, and;

- For which distinct financial information is available;

The Group's segment reporting is based on the following operating segments: Individuals, Professionals, Very small enterprises, SMEs, Large corporate.

(Amounts in thousands RON)

3. Summary of significant accounting policies

a) Foreign currency translation

Transactions in foreign currencies are initially recorded at the functional currency rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.
The exchange rates of the currencies with the most significant impact on the Group's financial statements as of December 31, 2012 and 2011 were as follows:

	December 31, 2012	December 31, 2011
RON/ USD	3.3575	3.3393
RON/ EUR	4.4287	4.3197

b) Cash and cash equivalents

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

c) Current accounts and deposits with banks

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

d) Loans and advances to customers and finance lease receivables

Loans and advances to customers and finance lease receivables originated by the Group by providing money directly to the borrower are recognized when the cash is advanced to those parties. They are measured initially at fair value including arrangement costs. Loans and advances to customers are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment.

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

Impairment and recoverability are measured and recognized item by item for loans and receivables that are individually significant, and on a portfolio basis for similar loans and receivables that are not individually identified as impaired. The carrying amount of the asset is reduced to its estimated recoverable amount by a charge to income statement through the use of an allowance for loan impairment account and is presented in the income statement as "credit loss expense". If the amount of the impairment subsequently decreases due to an event occurring after the impairment, the release of the allowance is credited to the income statement. A write off is made when the entire loan / finance lease receivable is deemed uncollectible. Write offs are charged against previously established impairment allowances and reduce the principal amount of a loan / finance lease receivable. Recoveries of loans and receivables written off in earlier period are included in income.

3. Summary of significant accounting policies (continued)

e) Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment.

f) Leases

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

Group as a lessor

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

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

Group as a lessee

Leases which do not transfer to the bank substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term. Contingent rental payable are recognized as an expense in the period in which they are incurred.

g) Investment in associates

An associate is an enterprise in which the Group exercises significant influence and is neither a subsidiary nor a joint venture. Associates are accounted using the equity method for consolidation purposes and cost method for individual financial statements.

Under the equity method, an investment in an associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The Group does an assessment of any additional impairment loss with respect to the net investment in associate. The income statement reflects the share of the results of operations of associates. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.
The reporting dates of associates and the Group are identical and the associates' major accounting policies conform to those used by the Group for like transactions and similar events in similar circumstances.

3. Summary of significant accounting policies (continued)

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

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

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

All regular way purchases and sales of financial assets are recognized on the settlement date. Fair value movements between trade date and settlement date are recognized in other comprehensive income.

Regular way purchases or sales are purchases or sales of financial assets that require delivery within the period generally established by regulation or convention in the marketplace.

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

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

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

If the fair value cannot be reliably determined (for investment where there is no active market), the fair value is determined by using valuation techniques with reference to observable market inputs.

i) Tangible assets

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

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

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

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

3. Summary of significant accounting policies (continued)

i) Tangible assets (continued)

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

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where the carrying amount of a tangible asset is greater than the estimated recoverable amount, it is written down to its recoverable amount. Tangible assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

j) Borrowing costs

All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

k) Investment properties

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

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

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

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

l) Goodwill

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

Starting January 1, 2004 goodwill already registered in the financial position is not amortized any longer and is reviewed for impairment at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates.

3. Summary of significant accounting policies (continued)

Where the recoverable amount of cash-generating unit is less than the carrying amount, an impairment loss is recognized.

m) Intangible assets

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

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

All intangible assets of the Group carried as of December 31, 2012 and 2011 have finite useful lives and are amortized on a straight-line basis over the estimated useful life of up to 5 years. The amortization period and the amortization method are reviewed at least at each financial year end.

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

n) Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts, currency swaps, currency options, forward and swaps on interest rate as products offered to its clients but also to hedge its risks associated with interest rate, liquidity and foreign currency. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

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

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

The Group designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. The Group formally documents the relationship between the hedging instruments and hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

The Group applies fair value hedges.
When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognized asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognized immediately in profit and loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

3. Summary of significant accounting policies (continued)

n) Derivative financial instruments (continued)

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item for which the effective interest method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

o) Borrowings

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

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

p) Offsetting of financial assets and liabilities

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

q) Sale and repurchase agreements

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

r) Customers' deposits and current accounts

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

s) De-recognition of financial assets and liabilities

Financial assets
A financial asset is derecognized where:

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

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

3. Summary of significant accounting policies (continued)

s) De-recognition of financial assets and liabilities (continued)

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

t) Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the benefits can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest and similar income

For all financial instruments measured at amortized cost and interest bearing financial instruments classified as available-for-sale, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any origination fees and incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original effective interest rate applied to the new carrying amount.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

(i) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include asset management, custody and other management and advisory fees.

(ii) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

Dividend income
Revenue is recognized when the Group's right to receive the payment is established.

3. Summary of significant accounting policies (continued)

t) Recognition of income and expenses (continued)

Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

u) Employee benefits

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

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

Post-employment benefits:
The Group has a contractual obligation to pay to retiring employees a benefit calculated taking into account the salary at the date of retirement and the number of years served by the individual. The cost of providing benefits under defined benefit plans is estimated annually using the projected unit credit actuarial valuation method and is recognized to the income statement on an accruals basis.

The surplus or deficit, arising from changes in the discount rate and from other actuarial assumptions is recognized as income or expense over the expected average remaining working lives of the employees participating in the plan.

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

Share–based payment transactions:
Employees (including senior executives) of the Group receive remuneration in the form of SG share–based payment transactions, whereby employees render services as consideration for equity instruments ('equity–settled transactions') and Group Societe Generale attains certain ratios.

The cost of equity–settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognized for equity–settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity

3. Summary of significant accounting policies (continued)

u) Employee benefits (continued)

Share–based payment transactions (continued):
instruments that will ultimately vest. The income statement expense or credit for a period is recorded in "Personnel expenses" and represents the movement in cumulative expense recognized as at the beginning and end of that period.

Where the terms of an equity–settled award are modified, the minimum expense recognized in "Personnel expenses" is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share–based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity–settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non–vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

v) Taxation

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

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

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

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

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

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

w) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where

3. Summary of significant accounting policies (continued)

w) Provisions (continued)

appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as borrowing cost.

x) Contingencies

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

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

y) Earnings per share

Basic earnings per share are calculated by dividing net profit/ (loss) for the reporting period attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. As of December 31, 2012 and 2011 there were no dilutive equity instruments issued by the Group.

z) Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Group's shareholders.

aa) Related parties

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

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

ab) Subsequent events

Post - balance sheet events that provide additional information about the Group's position at the statement of financial position (adjusting events), or those that indicate that the going concern assumption is not appropriate are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when significant.

ac) Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances.

Financial guarantees are initially recognized in the financial statements at fair value, in 'Other liabilities', being the premium received / receivables. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amortized premium and the best estimate of expenditure required settling any financial obligation arising as a result of the guarantee.

3. Summary of significant accounting policies (continued)

ac) Financial guarantees (continued)

Any increase in the liability relating to financial guarantees is taken to the income statement in 'Credit loss expense'. The premium received is recognized in the income statement in 'Net fees and commission income' on a straight line basis over the life of the guarantee.

ad) Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year and specific disclosures are presented in the corresponding notes to the financial statements.

4. Segment information

The operating segments used for management purposes are based on products, services and customer type and size, as follows:

- Individuals – The Group provides individual customers with a range of banking products such as: saving and deposits taking, consumer and housing loans, overdrafts, credit card facilities, funds transfer and payment facilities etc

- Professionals – The Group provides professionals customers with a range of banking products such as: saving and deposits taking, loans and other credit facilities; professionals include freelancers, liberal professions and companies with annual turnover below EUR 0.1 million.

- Very small enterprises – The Group provides very small enterprises with a range of banking products such as: saving and deposits taking, loans and other credit facilities. Very small enterprises companies are companies with annual turnover between EUR 0.1 million and EUR 3 million

- SMEs **-** The Group provides SMEs with a range of banking products such as: saving and deposits taking, loans and other credit facilities. SMEs are companies with annual turnover between EUR 3 million and EUR 50 million.

- Large corporate **-** within corporate banking the Bank provides corporate customers with a range of banking products and services, including lending and deposit taking, provides cash-management, investment advices, financial planning, securities business, project and structured finance transaction, syndicated loans and asset backed transactions. The large corporate customers are the customers managed by Corporate and Investment Banking Division and/or corporate customers with annual turnover higher than 50 million EUR

The Executive Committee monitors the activity of each operating segment separately for the purpose of making decisions about resource allocation and performance assessment.

The process of income and expenses allocation by segment is currently under review. Therefore, for the years ended December 31, 2012 and 2011 the Bank presents segment information only for the major statement of financial position items.

(Amounts in thousands RON)

4. Segment information (continued)

Bank	Individuals	Professionals	Very small entities	SMEs	Large corporates	Total
December 31, 2012						
Loans, gross	16,914,379	1,436,516	5,282,868	5,523,003	6,233,138	**35,389,905**
Loans impairment	(672,024)	(593,743)	(1,486,273)	(759,524)	(400,712)	**(3,912,276)**
Loans and advances to customers	16,242,355	842,773	3,796,595	4,763,480	5,832,426	**31,477,629**
Due to customers	16,274,883	1,043,377	2,638,012	4,066,545	7,869,659	**31,892,477**
December 31, 2011						
Loans, gross	16,297,556	998,908	5,622,238	5,234,266	5,774,272	**33,927,239**
Loans impairment	(389,098)	(389,098)	(898,845)	(583,641)	(137,445)	**(2,398,125)**
Loans and advances to customers	15,908,459	609,810	4,723,393	4,650,625	5,636,827	**31,529,114**
Due to customers	15,278,170	870,293	2,963,910	4,247,411	6,943,699	**30,303,484**

Group	Individuals	Professionals	Very small entities	SMEs	Large corporates	Total
December 31, 2012						
Loans, gross	17,276,198	1,436,516	5,282,868	5,523,003	6,163,215	**35,681,800**
Loans impairment	(732,068)	(593,743)	(1,486,273)	(759,524)	(400,712)	**(3,972,320)**
Loans and advances to customers	16,544,130	842,773	3,796,595	4,763,480	5,762,502	**31,709,480**
Due to customers	16,274,883	1,043,377	2,638,012	4,066,545	7,762,899	**31,785,717**
December 31, 2011						
Loans, gross	16,691,573	998,908	5,622,238	5,234,266	5,768,507	**34,315,492**
Loans impairment	(473,355)	(389,098)	(898,845)	(583,641)	(137,445)	**(2,482,383)**
Loans and advances to customers	16,218,218	609,810	4,723,393	4,650,625	5,631,063	**31,833,109**
Due to customers	15,278,170	870,293	2,963,910	4,247,411	6,858,067	**30,217,852**

(Amounts in thousands RON)

5. Cash in hand

	Group		Bank	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Cash in vaults	714,340	414,241	714,330	414,218
Cash in ATM	275,951	247,953	275,951	247,953
Total	**990,291**	**662,194**	**990,281**	**662,171**

6. Due from Central Bank

	Group		Bank	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Current accounts	8,393,493	8,743,127	8,392,575	8,741,778
Total	**8,393,493**	**8,743,127**	**8,392,575**	**8,741,778**

The Group has maintained the minimum compulsory reserve amount with the Central Bank as of December 31, 2011 and December 31, 2012.

7. Due from banks

	Group		Bank	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Deposits at Romanian banks	30,030	440,188	30,030	440,188
Deposits at foreign banks	210,217	299,241	183,786	259,605
Current accounts at Romanian banks	10,002	60,405	10,002	60,405
Current accounts at foreign banks	144,212	235,186	144,212	235,186
Total	**394,461**	**1,035,020**	**368,030**	**995,384**

As of December 31, 2012 amounts due from banks include exposures to SG Group amounting 268,313 (December 31, 2011 exposures of 350,872).

(Amounts in thousands RON)

8. Derivative financial instruments

Group

	December 31, 2012		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	15,076	87,871	2,683,406
Currency swaps	119,286	25,434	6,403,008
Forward foreign exchange contracts	8,513	29,382	1,656,246
Currency options	21,698	21,698	3,600,425
Total derivatives	**164,573**	**164,385**	**14,343,085**
Financial instruments held for trading	370,382	-	370,313
Total	**534,955**	**164,385**	**14,713,398**

	December 31, 2011		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	6,040	97,259	2,437,932
Currency swaps	41,163	25,987	6,305,263
Forward foreign exchange contracts	22,160	16,199	1,710,711
Currency options	31,368	31,367	4,692,817
Total derivatives	**100,731**	**170,812**	**15,146,723**
Financial instruments held for trading	213,057	-	217,040
Total	**313,788**	**170,812**	**15,363,764**

Bank

	December 31, 2012		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	16,036	87,871	2,714,407
Currency swaps	119,286	25,434	6,403,008
Forward foreign exchange contracts	8,514	29,382	1,656,246
Currency options	21,698	21,698	3,600,425
Total derivatives	**165,533**	**164,385**	**14,374,086**
Financial instruments held for trading	370,382	-	370,313
Total	**535,915**	**164,385**	**14,744,399**

	December 31, 2011		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	8,731	97,259	2,538,796
Currency swaps	41,163	25,987	6,305,263
Forward foreign exchange contracts	22,160	16,199	1,710,711
Currency options	31,367	31,367	4,692,817
Total derivatives	**103,421**	**170,812**	**15,247,587**
Financial instruments held for trading	213,057	-	217,040
Total	**316,478**	**170,812**	**15,464,628**

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

a) On 6 May 2011, the Group purchased a 3 year fixed rate bond; as a result the Group is exposed to changes in the fair value of the purchased bond due to changes in market interest rates.
In order to minimize its exposure to fair value changes due to changes in market interest rates, management has selected to enter into an interest rate swap to receive variable rate and to pay a fixed rate.

8. Derivative financial instruments (continued)

The initial amount of the hedged item was of 182,4 million EUR with an interest rate of 4.5% and the notional amount of the hedging instrument is of 180 million EUR with a fixed interest rate of 2.031%. In 2012 the amount was reduced to 118,4 million EUR with the interest terms remaining unchanged.

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

Both hedging relationships were effective throughout the reporting period.

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

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

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

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

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

The Group purchases and sells options in the over-the-counter markets. Options purchased by the Group provide the Group with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option.

The Group is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Options written by the Group provide the purchaser the opportunity to purchase from or sell to the Group the underlying asset at an agreed-upon value either on or before the expiration of the option.

(Amounts in thousands RON)

9. Loans and advances to customers

	Group		Bank	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Loans, gross	35,681,800	34,315,492	35,389,905	33,927,239
Loans impairment	(3,972,320)	(2,482,383)	(3,912,276)	(2,398,125)
Total	**31,709,480**	**31,833,109**	**31,477,629**	**31,529,114**

The loans structure is the following:

	Group		Bank	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Working capital loans	9,653,908	9,236,286	9,723,831	9,302,255
Loans for equipment	7,686,106	7,488,372	7,686,106	7,488,372
Trade activities financing	854,510	567,187	854,510	567,187
Acquisition of real estate, including mortgage for individuals	6,242,518	4,722,784	6,242,518	4,722,784
Consumer loans	10,236,470	11,195,032	9,874,652	10,740,810
Other	1,008,288	1,105,831	1,008,288	1,105,831
Total	**35,681,800**	**34,315,492**	**35,389,905**	**33,927,239**

As of December 31, 2012, balances relating to factoring, both for Group and Bank, amount to 778,020 (December 31, 2011: 558,447) and those relating to discounting 61,415 (December 31, 2011: 36,719).

As of December 31, 2012 the amortized cost of loans granted to the 20 largest corporate clients of the Group (groups of connected borrowers) amounts to 2,355,687 (December 31, 2011:2,212,634) and to 2,398,130 (December 31, 2011: 2,277,003) for the Bank, while the value of letters of guarantee and letters of credit issued in favor of these clients amounts for the Group to 3,622,559 (December 31, 2011:3,080,222) and to 3,702,600 (December 31, 2011: 3,091,008) for the Bank.

Impairment allowance for loans

Group

	Collective impairment	Specific impairment	Total
Balance as of December 31, 2010	**192,231**	**1,459,183**	**1,651,414**
Net provision expenses	(70,218)	883,116	812,898
Foreign exchange losses	(545)	18,616	18,071
Balance as of December 31, 2011	**121,468**	**2,360,915**	**2,482,383**
Net provision expenses/ (income)	18,463	1,369,700	1,388,163
Foreign exchange losses/ (gains)	(25,613)	127,387	101,774
Balance as of December 31, 2012	**114,318**	**3,858,002**	**3,972,320**

Bank

	Collective impairment	Specific impairment	Total
Balance as of December 31, 2010	**192,231**	**1,328,083**	**1,520,314**
Net provision expenses	(70,218)	929,958	859,740
Foreign exchange losses	(545)	18,616	18,071
Balance as of December 31, 2011	**121,468**	**2,276,657**	**2,398,125**
Net provision expenses/ (income)	18,463	1,393,915	1,412,378
Foreign exchange losses/ (gains)	(25,613)	127,387	101,774
Balance as of December 31, 2012	**114,318**	**3,797,959**	**3,912,276**

(Amounts in thousands RON)

9. Loans and advances to customers (continued)

The value of loans individually determined to be impaired for the Group is 7,608,700 (December 31, 2011:5,762,671), while for the Bank is 7,533,825 (December 31, 2011:5,677,862).

The increase in provisions as of 31 December 2012 compared to 31 December 2011 reflects the increase of impaired loans as a result of deteriorated macroeconomic environment and the impact of a new methodology for provisioning corporate customers. The new methodology is intended to better reflect the recoverability of the collateral, taking into consideration the situation of the defaulted customers and the market constraints.

10. Lease receivables

	Group	
	December 31, 2012	**December 31, 2011**
Gross investment in finance lease:		
Maturity under 1 year	293,430	362,699
Maturity between 1 and 5 years	437,722	455,776
Maturity higher than 5 years	51,839	70,755
	782,991	**889,230**
Unearned finance income	(79,111)	(114,722)
Net investment in finance lease	**703,879**	**774,508**
Net investment in finance lease:		
Maturity under 1 year	259,354	310,176
Maturity between 1 and 5 years	397,946	403,295
Maturity higher than 5 years	46,579	61,037
	703,879	**774,508**

	Group	
	December 31, 2012	**December 31, 2011**
Net investment in the lease	703,879	774,508
Accumulated allowance for uncollectible minimum lease payments receivable	(42,541)	(41,843)
Total	**661,339**	**732,665**

The fair value of leased objects relating to financial lease receivables individually determined to be impaired as at December 31, 2012 amounts to 79,540 (December 31, 2011: 95,610). The amounts are capped to the gross exposure level.

(Amounts in thousands RON)

11. Financial assets available for sale

	Group		Bank	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Treasury notes	4,380,302	4,709,048	4,380,302	4,709,049
Equity investments	11,219	11,708	11,219	11,559
Other securities	157,484	156,258	157,484	156,258
Total	**4,549,005**	**4,877,014**	**4,549,005**	**4,876,866**

Treasury notes

Treasury notes consist of interest bearing bonds issued by the Romanian State, rated as BB+ by Standard&Poors. As of December 31, 2012 treasury notes amounting to 2,361,773 with a maturity of 7 days have been pledged to NBR (2011: 494,564 with a maturity of 8 days) for repo transactions.

Equity investments

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

Other securities

The Group and Bank holds funds units in:

2012	Unit value	No of units	Market value
Simfonia	34	443,129	15,000
Concerto	141	90,353	12,753
Diverso	132	175,730	23,242
Actiuni	124	116,238	14,355
Index	108	21,794	2,347

2011	Unit value	No of units	Market value
Simfonia	32	443,129	14,202
Concerto	134	90,353	12,086
Diverso	116	175,730	20,427
Actiuni	103	116,238	11,956
Index	88	21,794	1,910

(Amounts in thousands RON)

12. Investments in subsidiaries and associates

Group

Associates	Field of activity	%	December 31, 2011	Additions/ Reclassifications	Disposals	Increase / (decrease) in net assets	December 31, 2012
ALD Automotive	Operational leasing	20.00%	16,672	-	-	6,381	23,053
Mobiasbanca Groupe Societe Generale S.A.	Financial institution	20.00%	41,554	-	-	5,365	46,919
BRD Asigurari de Viata SA	Insurance	49.00%	11,734	4,165	-	721	16,620
Fondul de Garantare a Creditului Rural	Loans guarantee	33.33%	12,803	-	-	131	12,934
Biroul de Credit S.A.	Financial institution	18.85%	3,234	-	-	208	3,442
BRD Fond de Pensii S.A.	Pension fund management	49.00%	8,822	-	-	(498)	8,324
BRD Sogelease Asset Rental SRL	Operational leasing	20.00%	608	-	-	145	753
			95,427	**4,165**	**-**	**12,453**	**112,045**

Group

Associates	Field of activity	%	December 31, 2010	Additions/ Reclassifications	Disposals	Increase / (decrease) in net assets	December 31, 2011
ALD Automotive	Operational leasing	20.00%	12,528	-	-	4,144	16,672
Mobiasbanca Groupe Societe Generale S.A.	Financial institution	20.00%	32,970	-	-	8,584	41,554
BRD Asigurari de Viata SA	Insurance	49.00%	10,099	-	-	1,635	11,734
Fondul de Garantare a Creditului Rural	Loans guarantee	33.33%	9,889	-	-	2,913	12,803
Biroul de Credit S.A.	Financial institution	18.85%	2,874	-	-	360	3,234
BRD Fond de Pensii S.A.	Pension fund management	49.00%	9,547	-	-	(725)	8,822
BRD Sogelease Asset Rental SRL	Operational leasing	20.00%	330	-	-	278	608
			78,237	**-**	**-**	**17,190**	**95,427**

In the case of associates where the Group holds less than 20% of the voting rights the existence of significant influence is evidenced by representation on the Board of Directors of the investee and/or participation in policy-making processes, including participation in decisions about dividends or other distributions.

(Amounts in thousands RON)

12.Investments in subsidiaries and associates (continued)

Bank

	Field of activity	%	December 31, 2011	Additions/ Reclassifications	Disposals	December 31, 2012
ALD Automotive	Operational leasing	20.00%	11,873	-	-	11,873
Mobiasbanca Groupe Societe Generale S.A.	Financial institution	20.00%	29,017	-	-	29,017
BRD Asigurari de Viata SA	Insurance	49.00%	13,532	4,165	-	17,697
Fondul de Garantare a Creditului Rural	Loans guarantee	33.33%	14,220	-	-	14,220
Biroul de Credit S.A.	Financial institution	18.85%	779	-	-	779
BRD Fond de Pensii S.A.	Pension fund management	49.00%	14,690	-	-	14,690
Associates			**84,111**	**4,165**	**-**	**88,276**
BRD Sogelease IFN SA	Financial leasing	99.98%	11,558	-	-	11,558
BRD Finance Credite de Consum IFN SA	Financial institution	49.00%	53,019	-	-	53,019
BRD Asset Management SAI SA	Funds administration	99.98%	4,321	-	-	4,321
BRD Corporate Finance SRL	Business and managament consultancy	100.00%	403	-	-	403
Subsdiaries			**69,301**	**-**	**-**	**69,301**
Total Associates and Subsidiaries			**153,412**	**4,165**	**-**	**157,577**

(Amounts in thousands RON)

12.Investments in subsidiaries and associates (continued)

Bank

	Field of activity	%	December 31, 2010	Additions/ Reclassifications	Disposals	December 31, 2011
ALD Automotive	Operational leasing	20.00%	11,873	-	-	11,873
Mobiasbanca Groupe Societe Generale S.A.	Financial institution	20.00%	29,017	-	-	29,017
BRD Asigurari de Viata SA	Insurance	49.00%	13,532	-	-	13,532
Fondul de Garantare a Creditului Rural	Loans guarantee	33.33%	14,220	-	-	14,220
Biroul de Credit S.A.	Financial institution	18.85%	779	-	-	779
BRD Fond de Pensii S.A.	Pension fund management	49.00%	14,690	-	-	14,690
Associates			**84,111**	**-**	**-**	**84,111**
BRD Securities Groupe Societe Generale SA	Financial institution	100.00%	2,151	-	2,151	(0)
BRD Sogelease IFN SA	Financial leasing	99.98%	11,558	-	-	11,558
BRD Finance Credite de Consum IFN SA	Financial institution	49.00%	53,019	-	-	53,019
BRD Asset Management SAI SA	Funds administration	99.98%	2,321	2,000	-	4,321
BRD Corporate Finance SRL	Business and managament consultancy	100.00%	403	-	-	403
Subsdiaries			**69,452**	**2,000**	**2,151**	**69,301**
Total Associates and Subsidiaries			**153,563**	**2,000**	**2,151**	**153,412**

(Amounts in thousands RON)

12. Investments in subsidiaries and associates (continued)

The subsidiaries and associate summary of financial position and income statement as at December 31, 2012 are as follows:

Associate	**Address**	**Total assets**	**Total liabilities**	**Net assets**	**Shareholders interest**	**Net profit/(loss)**
ALD Automotive	1-7, Ion Mihalache Street, Bucharest	291,883	169,865	122,018	71,293	33,318
Mobiasbanca Groupe Societe Generale S.A.	81 Stefan cel Mare si Sfint Street, Kishinev, Republic of Moldova	986,325	752,527	233,798	104,803	14,861
BRD Asigurari de Viata SA	64 Blvd. Unirii Bl. K4, sector 3, Bucharest	90,182	56,081	34,101	36,464	3,603
Fondul de Garantare a Creditului Rural	5 Occidentului Street, Bucharest	1,739,193	1,701,571	37,622	20,297	11,693
Biroul de Credit S.A.	15 Calea Victoriei, Bucharest	18,713	835	17,878	6,711	4,027
BRD Fond de Pensii S.A.	64 Unirii Blvd, Bucharest	16,766	758	16,008	23,212	(16,168)
BRD Sogelease Asset Rental SRL	1-7, Ion Mihalache Street, Bucharest	82,231	78,363	3,868	1,318	(479)

Subsidiaries	**Address**	**Total assets**	**Total liabilities**	**Net assets**	**Shareholders interest**	**Net profit/(loss)**
BRD Sogelease IFN SA	1-7, Ion Mihalache Street, Bucharest	828,247	650,004	178,244	177,113	11,803
BRD Finance Credite de Consum IFN SA	1-7, Ion Mihalache Street, Bucharest	459,209	357,714	101,495	104,914	16,060
BRD Asset Management SAI SA	1-3, Clucerul Udricani Street, Bucharest	11,441	393	11,048	11,047	2,421
BRD Corporate Finance SRL	1-7, Ion Mihalache Street, Bucharest	857	224	633	633	62

The amounts for the subsidiaries and associates are not audited.

(Amounts in thousands RON)

13. Property, plant and equipment

	Group					
	Land & Buildings	**Investment properties**	**Office equipments**	**Materials and other assets**	**Construction in progress**	**Total**
Cost:						
as of December 31, 2010	**1,409,571**	**37,864**	**231,635**	**297,334**	**83,895**	**2,060,299**
Transfers and additions	(130,253)	1,258	33,170	315,703	(4,979)	214,899
Disposals	(7,647)	-	(37,482)	(47,521)	(9)	(92,659)
as of December 31, 2011	**1,271,671**	**39,122**	**227,323**	**565,516**	**78,907**	**2,182,539**
Transfers and additions	60,410	1,247	26,405	61,177	(39,835)	109,405
Disposals	(11,924)	-	(10,643)	(62,072)	(15,661)	(100,300)
as of December 31, 2012	**1,320,158**	**40,369**	**243,086**	**564,621**	**23,411**	**2,191,644**
Depreciation and impairment:						
as of December 31, 2010	**(508,331)**	**(14,190)**	**(190,472)**	**(170,240)**	**-**	**(883,233)**
Depreciation and impairment	(41,195)	(4,317)	(24,054)	(48,784)	-	(118,350)
Disposals	4,531	67	36,443	5,140	-	46,181
Transfers	97,478	-	(5,080)	(138,741)	-	(46,343)
as of December 31, 2011	**(447,517)**	**(18,440)**	**(183,163)**	**(352,625)**	**-**	**(1,001,745)**
Depreciation and impairment	(58,032)	(650)	(27,881)	(43,546)	-	(130,109)
Disposals	6,935	-	10,474	7,333	-	24,742
Transfers	1,826	(1,464)	-	-	-	362
as of December 31, 2012	**(496,788)**	**(20,554)**	**(200,570)**	**(388,838)**	**-**	**(1,106,750)**
Net book value:						
as of December 31, 2010	**901,240**	**23,674**	**41,163**	**127,094**	**83,895**	**1,177,066**
as of December 31, 2011	**824,154**	**20,682**	**44,160**	**212,891**	**78,907**	**1,180,794**
as of December 31, 2012	**823,370**	**19,814**	**42,516**	**175,783**	**23,411**	**1,084,894**

(Amounts in thousands RON)

13.Property, plant and equipment (continued)

	Bank					
	Land & Buildings	**Investment properties**	**Office equipments**	**Materials and other assets**	**Construction in progress**	**Total**
Cost:						
as of December 31, 2010	**1,399,758**	**37,864**	**222,398**	**271,353**	**83,895**	**2,015,268**
Transfers and additions	(130,253)	1,258	32,802	269,311	(4,979)	168,139
Disposals	(7,624)	-	(37,346)	(5,856)	(9)	(50,835)
as of December 31, 2011	**1,261,881**	**39,122**	**217,854**	**534,808**	**78,907**	**2,132,572**
Transfers and additions	60,410	1,247	25,968	20,214	(40,360)	67,479
Disposals	(11,910)	-	(10,326)	(8,894)	(15,661)	(46,791)
as of December 31, 2012	**1,310,382**	**40,369**	**233,495**	**546,128**	**22,886**	**2,153,259**
Depreciation and impairment:						
as of December 31, 2010	**(505,643)**	**(14,190)**	**(182,249)**	**(163,198)**	**-**	**(865,280)**
Depreciation and impairment	(40,848)	(4,317)	(23,198)	(47,828)	-	(116,191)
Disposals	4,531	66	36,248	5,140	-	45,986
Transfers	97,478	-	(5,080)	(138,742)	-	(46,343)
as of December 31, 2011	**(444,482)**	**(18,441)**	**(174,279)**	**(344,628)**	**-**	**(981,829)**
Depreciation and impairment	(57,692)	(650)	(27,331)	(43,464)	-	(129,137)
Disposals	6,935	-	10,095	7,255	-	24,286
Transfers	1,826	(1,464)	-	-	-	362
as of December 31, 2012	**(493,413)**	**(20,555)**	**(191,514)**	**(380,837)**	**-**	**(1,086,319)**
Net book value:						
as of December 31, 2010	**894,115**	**23,674**	**40,149**	**108,155**	**83,895**	**1,149,988**
as of December 31, 2011	**817,399**	**20,681**	**43,575**	**190,181**	**78,907**	**1,150,743**
as of December 31, 2012	**816,969**	**19,813**	**41,981**	**165,291**	**22,886**	**1,066,941**

The investment properties have a fair value of 25,988 as at December 31, 2012 (December 31, 2011: 22,976).

(Amounts in thousands RON)

14. Goodwill

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

15. Intangible assets

The balance of the intangible assets as of December 31, 2012 and 2011 represents mainly software.

	Group	Bank
Cost:		
as of December 31, 2010	**242,673**	**225,204**
Additions	24,464	20,514
as of December 31, 2011	**267,137**	**245,718**
Additions	23,316	20,436
Disposals	(465)	(465)
as of December 31, 2012	**289,987**	**265,688**
Amortization:		
as of December 31, 2010	**(145,012)**	**(135,557)**
Amortization expense	(27,674)	(25,270)
Transfers	-	-
as of December 31, 2011	**(172,686)**	**(160,827)**
Amortization expense	(32,366)	(29,065)
Disposals	465	465
as of December 31, 2012	**(204,587)**	**(189,426)**
Net book value:		
as of December 31, 2010	**97,661**	**89,647**
as of December 31, 2011	**94,451**	**84,891**
as of December 31, 2012	**85,400**	**76,262**

16. Other assets

	Group		Bank	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Advances to suppliers	29,063	19,983	-	-
Sundry debtors	172,060	150,512	166,612	139,936
Materials and consumables	19,316	31,533	790	1,061
Miscellaneous assets	104,656	59,324	92,312	49,034
Total	**325,096**	**261,352**	**259,714**	**190,031**

The sundry debtors balances are presented net of an impairment allowance, at Group level, of 37,978 (December 31, 2011: 59,228) and at Bank level of 36,645 (December 31, 2011: 59,228) related to amounts under litigation.
Miscellaneous assets include an amount of 74,092 as at December 31, 2012 which refers to income tax deferred payments (2011: -).

(Amounts in thousands RON)

17. Due to banks

	Group		Bank	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Demand deposits	863,136	701,124	863,136	701,124
Term deposits	3,352,121	3,567,906	3,352,121	3,567,906
Total due to banks	**4,215,258**	**4,269,030**	**4,215,258**	**4,269,030**

18. Due to customers

	Group		Bank	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Demand deposits	14,074,782	12,532,513	14,104,403	12,563,598
Term deposits	17,710,935	17,685,339	17,788,074	17,739,886
Total due to customers	**31,785,717**	**30,217,852**	**31,892,477**	**30,303,484**

Term deposits refer to all deposits with initial maturities over 3 days.

19. Debt issued and borrowed funds

	Group		Bank	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Borrowings from related parties	5,045,112	6,841,105	4,302,988	5,929,204
Borrowings from international financial institutions	494,458	589,803	427,654	529,598
Borrowings from other institutions	2,573	263,960	2,573	263,960
Other borrowings	15,464	21,408	58,068	70,403
Total	**5,557,607**	**7,716,276**	**4,791,283**	**6,793,165**

The maturity structure and the re-pricing gap of the borrowings are presented in note 42.

20. Subordinated debt

Subordinated debt is in amount of EUR 200,000,000, RON 885,740,000 equivalent (2011: EUR 200,000,000, RON 863,940,000 equivalent) representing two subordinated loans, EUR 100,000,000 received in 2005, at EURIBOR6M+0.5%, due in 2015 and a EUR 100,000,000 loan received in 2006, at EURIBOR6M+0.99%, due in 2013. The accrued interest to the subordinated debt is in amount of RON 6,331,429 (2011: RON 10,221,430) .

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

(Amounts in thousands RON)

21. Taxation

Current income tax is calculated based on the taxable income as per the tax statement derived from the stand alone accounts of each consolidated entity.

The deferred tax liability/asset is reconciled as follows:

	Group December 31, 2012		
	Temporary differences	**Consolidated Statement of Financial Position**	**Consolidated Income Statement**
Deferred tax liability			
Loans and advances to customers	(1,103,386)	(176,542)	(5,281)
Investments and other securities	(97,508)	(15,601)	(2,826)
Tangible and intangible assets	(22,333)	(3,573)	(7,212)
Total	**(1,223,227)**	**(195,717)**	**(15,319)**
Deferred tax asset			
Provisions and other liabilities	501,489	80,238	56,192
Total	**501,489**	**80,238**	**56,192**
Taxable items	**(721,738)**	**(115,478)**	
Deferred tax income			**40,873**

	Bank December 31, 2012		
	Temporary differences	**Individual Statement of Financial Position**	**Individual Income Statement**
Deferred tax liability			
Loans and advances to customers	(1,103,386)	(176,542)	(5,282)
Investments and other securities	(69,686)	(11,150)	(5)
Tangible and intangible assets	(22,333)	(3,573)	(7,211)
Total	**(1,195,405)**	**(191,265)**	**(12,498)**
Deferred tax asset			
Provisions and other liabilities	526,811	84,290	59,671
Total	**526,811**	**84,290**	**59,671**
Taxable items	**(668,595)**	**(106,975)**	
Deferred tax income			**47,173**

(Amounts in thousands RON)

21.Taxation (continued)

	Group December 31, 2011		
	Temporary differences	**Consolidated Statement of Financial Position**	**Consolidated Income Statement**
Deferred tax liability			
Loans and advances to customers	(1,070,384)	(171,261)	150
Investments and other securities	(28,214)	(4,514)	(207)
Total	**(1,098,598)**	**(175,775)**	**(57)**
Deferred tax asset			
Tangible and intangible assets	22,744	3,639	37,342
Provisions and other liabilities	150,296	24,047	5,966
Total	**173,040**	**27,686**	**43,308**
Taxable items	**(925,558)**	**(148,089)**	
Deferred tax income			**43,251**

	Bank December 31, 2011		
	Temporary differences	**Individual Statement of Financial Position**	**Individual Income Statement**
Deferred tax liability			
Loans and advances to customers	(1,070,384)	(171,261)	144
Investments and other securities	(17,547)	(2,808)	2,544
Total	**(1,087,931)**	**(174,069)**	**2,688**
Deferred tax asset			
Tangible and intangible assets	22,744	3,638	37,343
Provisions and other liabilities	153,867	24,619	8,612
Total	**176,611**	**28,257**	**45,955**
Taxable items	**(911,320)**	**(145,812)**	
Deferred tax income			**48,643**

(Amounts in thousands RON)

21.Taxation (continued)

Movement in deferred tax is as follows:

	Group	Bank
Deferred tax liability, net as of December 31, 2010	**(193,164)**	**(195,793)**
Deferred tax recognized in other comprehensive income	1,825	1,339
Net deferred tax income	43,251	48,643
Deferred tax liability, net as of December 31, 2011	**(148,089)**	**(145,812)**
Deferred tax recognized in other comprehensive income	(8,262)	(8,336)
Net deferred tax income	40,873	47,173
Deferred tax liability, net as of December 31, 2012	**(115,478)**	**(106,975)**

Reconciliation of total tax charge

Reconciliation of total tax charge	**Group**		**Bank**	
	2012	**2011**	**2012**	**2011**
Gross profit /(loss) (before income tax)	**(329,467)**	**554,836**	**(378,349)**	**517,470**
Income tax (16%)	(52,715)	88,774	(60,536)	82,795
Fiscal credit	(174)	(7,515)	-	(7,515)
Non-deductible elements	51,826	22,121	48,016	14,216
Non-taxable elements	(37,841)	(47,029)	(34,653)	(41,403)
Income tax expense (income) at effective tax rate	**(38,903)**	**56,351**	**(47,173)**	**48,094**
Effective tax rate	11.8%	10.2%	12.5%	9.3%

The effective tax rate at Group and Bank level reflects the impact of fiscal treatment related to conversion of local accounting standards to IFRS starting January 2012.

(Amounts in thousands RON)

22. Other liabilities

	Group		Bank	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Sundry creditors	90,723	110,777	70,253	63,400
Other payables to State budget	37,421	51,494	36,322	49,773
Deferred income	14,510	18,419	14,510	18,419
Payables to employees	125,899	129,959	92,634	91,896
Dividends payable	610	2,072	610	2,072
Financial guarantee contracts	105,595	58,647	105,595	58,647
Provisions	21,099	3,356	18,164	3,224
Total	**395,857**	**374,724**	**338,089**	**287,430**

Payables to employees include, among other, gross bonuses relating to 2012 profit, amounting to 30,197 (2011: 38,400) and post-employment benefits amounting to 55,161 (2011: 48,258). Provisions are related to legal claims and penalties and the increase compared with prior year is mostly due to the provision for the litigation with the Competition Council registered in 2012 in amount of 15,000.

The movement in provisions is as follows:

Group	
Carrying value as of December 31,2010	**3,005**
Additional expenses	482
Reversals of provisions	(131)
Carrying value as of December 31,2011	**3,356**
Additional expenses	20,099
Reversals of provisions	(2,356)
Carrying value as of December 31, 2012	**21,099**
	-
Bank	
Carrying value as of December 31,2010	**3,005**
Additional expenses	350
Reversals of provisions	(131)
Carrying value as of December 31,2011	**3,224**
Additional expenses	17,296
Reversals of provisions	(2,356)
Carrying value as of December 31, 2012	**18,164**

(Amounts in thousands RON)

22.Other liabilities (continued)

Post-employment benefit plan

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

Expenses recognised in profit and loss

	December 31, 2012	December 31, 2011
Current service cost	4,027	6,153
Interest cost on benefit obligation	3,148	2,698
Actuarial losses recognized during the year	513	1,085
Past service cost	20	20
Net benefit expense	7,707	9,956

Movement in defined benefits obligations

	December 31, 2012	December 31, 2011
Opening defined benefit obligation	**48,258**	**39,116**
Total service cost	4,047	6,173
Benefits paid	(805)	(814)
Interest cost on benefit obligation	3,148	2,698
Actuarial losses recognized during the year	513	1,085
Closing defined benefit obligation	**55,161**	**48,258**

Main actuarial assumptions

Main actuarial assumptions

	December 31, 2012	December 31, 2011
Discount rate	3.20%	5.00%
Inflation rate	1.90%	1.90%
Average salary increase rate (0-4 years)	2.90%	2.90%
Average salary increase rate (over 5 years)	3.90%	3.90%
Average remaining working period (years)	13.53	17.33

	December 31, 2012	December 31, 2011
Defined benefit obligation	55,161	48,258
Experience adjustment on plan liabilities	(3,186)	(836)

(Amounts in thousands RON)

23. Share capital

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

Share capital as of December 31, 2012 represents 696,901,518 (2011: 696,901,518) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2011: RON 1).

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

24. Retained earnings

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

25. Interest income

	Group		**Bank**	
	2012	**2011**	**2012**	**2011**
Interest on loans	2,827,668	3,055,112	2,707,638	2,912,350
Interest on deposit with banks	86,177	133,723	83,904	130,835
Interest on treasury notes	270,536	270,849	270,536	270,849
Total	**3,184,381**	**3,459,685**	**3,062,078**	**3,314,034**

The interest income on loans includes for Bank, the accrued interest on net (after impairment allowance) impaired loans in amount of 375,466 (2011: 183,614).

(Amounts in thousands RON)

26. Interest expense

	Group		Bank	
	2012	2011	2012	2011
Interest on term deposits	793,396	728,985	797,632	733,657
Interest on demand deposits	278,442	318,574	234,238	264,526
Interest on borrowings	166,482	233,202	174,365	241,247
Total	**1,238,320**	**1,280,761**	**1,206,235**	**1,239,430**

27. Fees and commissions, net

	Group		Bank	
	2012	2011	2012	2011
Commission revenue from processing of transactions	895,829	862,680	876,058	845,638
Other commission revenue	82,200	93,225	80,196	91,375
Commission expense	(185,987)	(187,760)	(182,795)	(184,293)
Net commission revenue	**792,042**	**768,145**	**773,459**	**752,720**

28. Foreign exchange gain

	Group		Bank	
	2012	2011	2012	2011
Foreign exchange income	10,364,115	9,782,207	10,278,868	9,653,938
Foreign exchange expenses	(10,037,382)	(9,543,997)	(9,953,453)	(9,415,501)
Total	**326,733**	**238,210**	**325,415**	**238,437**

29. Income from associates

	Group		Bank	
	2012	2011	2012	2011
Share of increase/(decrease) in net assets from associates	12,452	17,190	-	-
Dividends from associates	4,771	2,408	4,771	2,408
Total	**17,223**	**19,598**	**4,771**	**2,408**

30. Other income

Other income includes income from banking activities offered to the clients and income from non-banking activities, such as income from rentals. The income from rental of investment properties, both for the Group and the Bank, is 2,256 (2011: 2,161).

31. Contribution to Deposit Guarantee Fund

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

(Amounts in thousands RON)

32. Salaries and related expenses

	Group		Bank	
	2012	**2011**	**2012**	**2011**
Salaries	466,253	471,697	438,718	442,541
Social security	134,547	128,657	128,030	120,952
Bonuses	34,695	38,372	34,695	38,372
Post-employment benefits (see note 22)	2,503	9,158	2,503	9,158
Other	34,526	60,277	31,958	58,257
Total	**672,524**	**708,160**	**635,903**	**669,278**

Employee expenses for share **-** based payment transactions are included in line Other salaries and related expenses in amount of 6,809, both for the Group and Bank for 2012 (2011: 6,025).

Share based payment transactions

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

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

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

(Amounts in thousands RON)

32.Salaries and related expenses (continued)

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

	Weighted average exercise price (RON)	Number of shares
Outstanding as at January 1, 2012	**529**	**635,501**
Granted during the period		
- exercise date 31/03/2015	153	113,600
- exercise date 31/03/2016	147	170,400
Outstanding as at December 31, 2012	**829**	**919,501**

	2012	2011
Shares granted in 2010	1,070	1,070
Shares granted in 2011	6,025	6,025
Shares granted in 2012	6,809	-
Total expense recognised as personnel expense	**13,904**	**7,095**

The shares outstanding as at December 31, 2012 have an exercise price of 153 RON (those with an exercise date as at March 31, 2015) and of 147 RON (those with an exercise date as at March 31, 2016) and a contractual life of 4 years and 5 months and 5 years and 5 months respectively.

33. Depreciation and amortization expense

	Group		Bank	
	2012	2011	2012	2011
Depreciation and impairment (see Note 13)	129,460	118,350	128,487	116,192
Amortisation (see Note 15)	32,366	27,674	29,065	25,270
Total	**161,826**	**146,025**	**157,552**	**141,462**

The difference between the amount presented in note 13 and the amount presented in note 33 represents depreciation of investment property in total amount of 650.

34. Other operating expense

	Group		Bank	
	2012	2011	2012	2011
Administrative expenses	497,315	510,049	464,714	481,536
Publicity and sponsorships	29,234	40,528	28,869	39,969
Other expenses	71,169	59,941	66,115	51,397
Total	**597,718**	**610,518**	**559,697**	**572,902**

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

The Group has operating leases that are cancellable with prior notice much shorter than the remaining contract period and/or with penalties to be paid which are much lower than lease expense for the remaining contract period.

(Amounts in thousands RON)

35. Credit loss expense

	Group		Bank	
	2012	2011	2012	2011
Net impairment allowance for loans	1,388,163	812,898	1,412,378	859,740
Net impairment allowance for sundry debtors	20,225	5,809	23,714	6,318
Net impairment allowance for financial leases	8,622	15,300	-	-
Income from recoveries of derecognized receivables	(46,639)	(31,151)	(36,402)	(22,369)
Write-offs of bad debts	526,757	370,795	491,876	306,435
Financial guarantee contracts	45,852	48,850	45,852	48,852
Total	**1,942,980**	**1,222,501**	**1,937,418**	**1,198,976**

36. Cash and cash equivalents for cash flow purposes

For the purpose of the cash flow statements, cash and cash equivalents comprise the following balances, with less than 90 days maturity from the date of acquisition:

Group

	December 31, 2012	December 31, 2011
Cash in hand (see note 5)	990,291	662,194
Current accounts and deposits with banks	131,864	674,739
Total	**1,122,156**	**1,336,933**

Bank

	December 31, 2012	December 31, 2011
Cash in hand (see note 5)	990,281	662,171
Current accounts and deposits with banks	131,862	635,103
Total	**1,122,143**	**1,297,274**

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

Group

	December 31, 2012	December 31, 2011
Net impairment allowance for loans	1,388,163	812,898
Net impairment allowance for sundry debtors	20,225	5,809
Net impairment allowance for financial leases	8,622	15,300
Write-offs expenses	526,757	370,794
Financial guarantee contracts	45,852	48,850
Net movement in other provisions	17,743	9,172
Total	**2,007,362**	**1,262,823**

(Amounts in thousands RON)

36.Cash and cash equivalents for cash flow purposes (continued)

Bank

	December 31, 2012	December 31, 2011
Net impairment allowance for loans	1,412,378	859,740
Net impairment allowance for sundry debtors	23,714	6,318
Write-offs expenses	491,876	306,435
Financial guarantee contracts	45,852	48,852
Net movement in other provisions	14,940	219
Total	**1,988,760**	**1,221,564**

37. Capital commitments

	Group		Bank	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Tangible non-current assets	5,358	15,354	5,358	15,354
Intangible non-current assets	465	729	465	729
Services	26,989	50,122	26,989	50,122
Total	**32,813**	**66,205**	**32,813**	**66,205**

The line Services includes operational leasing.

(Amounts in thousands RON)

38. Related parties

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

	2012				2011			
	Parent	Other SG entities	Subsidiaries	Associates	Parent	Other SG entities	Subsidiaries	Associates
Assets	**397,770**	**11,570**	**132,409**	**11,331**	**431,863**	**3,538**	**117,615**	**-**
Nostro accounts	52,411	7,622	-	-	25,144	1,168	-	-
Deposits	86,973	3,948	-	-	166,187	2,370	-	-
Loans	164,646	-	131,449	11,331	182,940	-	114,925	-
Derivative financial instruments	93,741	-	960	-	57,592	-	2,691	-
Liabilities	**5,608,763**	**10,139**	**157,342**	**62,331**	**9,452,286**	**35,371**	**188,988**	**29,296**
Loro accounts	34	10,139	-	-	846	4,413	-	-
Deposits	285,434	-	114,739	62,331	2,552,539	30,958	131,554	29,296
Borrowings	4,302,988	-	-	-	5,923,947	-	5,765	-
Subordinated borrowings	892,071	-	-	-	874,161	-	-	-
Lease payable	-	-	42,603	-	-	-	48,978	-
Derivative financial instruments	128,235	-	-	-	100,793	-	2,691	-
Commitments	**9,847,813**	**1,078**	**31,001**	**2,214**	**10,164,948**	**36,338**	**185,142**	**11,651**
Letters of guarantee given	1,495,118	2,540	135,697	8,003	1,596,458	18,169	84,277	6,310
Letters of guarantee received	446,636	1,078	-	1,639	375,157	18,169	-	1,324
Notional amount of foreign exchange transactions	7,221,888	-	-	-	6,048,711	-	-	-
Notional amount of interest rate derivatives	2,179,290	-	31,001	576	2,144,623	-	100,865	4,017
Income statement	**143,868**	**86,514**	**17,741**	**2,579**	**199,352**	**90,988**	**27,733**	**1,267**
Interest and commision revenues	15,620	133	12,153	551	15,118	127	14,297	254
Interest and commission expense	65,199	85,765	5,588	2,029	69,550	90,174	11,492	1,013
Net (loss) on interest rate derivatives	(26,589)	-	-	-	(21,688)	-	-	-
Net gain/(loss) on foreign exchange derivatives	3,506	-	-	-	64,344	102	-	-
Other income	8,711	-	-	-	23,917	-	1,234	-
Other expenses	77,422	617	-	-	48,111	585	710	-

The interest expenses include an amount of 6,331 (2011: 10,221) relating to subordinated loans.

As of December 31, 2012, the Board of Directors and Managing Committee members own 304,530 shares (2011: 329,530).

The short-term benefits relating to the key management personnel (salaries, bonuses, other emoluments and related social security contributions) amounted to 8,023 (2011: 6,576).

The advances and loans granted by the Group to key management personnel were in amount of 1,121 (2011: 1,426)

39. Contingencies

As of December 31, 2012 BRD is the defendant in a number of lawsuits arising in the course of business, amounting to approximately 9,767 (2011: 16,733). The management believes that the ultimate resolution of these matters will not have a material adverse effect on the Group’s overall financial position and performance.

(Amounts in thousands RON)

40. Earnings per share

	Group		Bank	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Ordinary shares on the market	696,901,518	696,901,518	696,901,518	696,901,518
Profit attributable to parent company shareholders	(298,754)	496,279	(331,176)	469,377
Earnings per share (in RON)	(0.4287)	0.7121	(0.4752)	0.6735

41. Dividends on ordinary shares

	Group		Bank	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Declared and paid during the year				
Dividends for 2011: 0.16690 (2010: 0.17957)	115,706	123,076	115,706	123,076
Proposed for approval at AGM				
Dividends for 2012: 0 (2011:0.16690)	-	116,316	-	116,316

42. Risk management

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

42.1 Credit risk

Credit risk represents the loss, which the Group would suffer if a client or counterparty fails to meet its contractual obligations. The credit risk is inherent in traditional banking products – loans, commitments to lend and other contingent liabilities, such as letters of credit and fair value derivative contracts (refer to the notes 9, 10 and 37).

The Group restricts its credit exposure to both individual counterparties and counterparty groups by using credit limits attributed when the Group rates the client. The size of limit depends on the assessment of quantitative factors such as the clients’ financial strength, industry position, if a business client, as well as qualitative factors such as the quality of management and shareholders structure. Besides, the soundness of the securities provided by the client is considered. The securities could take the form of collateral or personal guarantees. In the case of individuals the collaterals are mainly mortgages and pledges on vehicles. The personal guarantees are provided in most of the cases by close relatives. For companies most of the collaterals are mortgages on the production facilities or other owned real estate, pledges on equipment and stock while the personal guarantees are provided by parent, other companies in the group or by other banks. The exposures are monitored against limits on a continuous basis.

The Group regards the following Eurozone countries as higher risk: Portugal, Italy, Ireland, Greece and Spain.
The Group has assessed its sovereign and corporate net exposure to these countries not to exceed 1% of its total assets (31 December 2011: less than 1%). The Group believes this exposure is not impaired as at 31 December 2012 and 31 December 2011.

(Amounts in thousands RON)

42.Risk management (continued)
42.1 Credit risk (continued)

Maximum exposure to credit risk before considering any collaterals or guarantees

	Group	
	December 31, 2012	December 31, 2011
ASSETS		
Due from Central Bank	8,393,494	8,743,127
Due from banks	394,461	1,035,020
Derivatives and other financial instruments held for trading	534,955	313,788
Loans, gross	35,681,800	34,315,492
Impairment reserve for loans	(3,972,320)	(2,482,383)
Loans and advances to customers	31,709,480	31,833,109
Financial lease receivables	661,339	732,665
Financial investments available for sale	4,549,005	4,877,014
Investments in associates and subsidiares	112,045	95,427
Other assets	53,953	67,511
Total in balance sheet	**46,408,731**	**47,697,661**
Letters of guarantee granted	7,665,046	7,106,928
Financing commitments granted	4,232,509	4,224,903
Total commitments granted	**11,897,555**	**11,331,831**
Total credit risk exposure	**58,306,287**	**59,029,492**

	Bank	
	December 31, 2012	December 31, 2011
ASSETS		
Due from Central Bank	8,392,575	8,741,778
Due from banks	368,030	995,384
Derivatives and other financial instruments held for trading	535,915	316,478
Loans, gross	35,389,905	33,927,239
Impairment reserve for loans	(3,912,276)	(2,398,125)
Loans and advances to customers	31,477,629	31,529,114
Financial lease receivables	-	-
Financial investments available for sale	4,549,005	4,876,826
Investments in associates and subsidiares	157,577	153,452
Other assets	48,505	36,950
Total assets	**45,529,236**	**46,649,982**
Letters of guarantee granted	7,898,833	7,191,162
Financing commitments granted	4,227,102	4,272,428
Total commitments granted	**12,125,935**	**11,463,590**
Total credit risk exposure	**57,655,171**	**58,113,572**

Analysis of due from banks by credit rating

	Group		Bank	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
AA	5,412	7,196	5,412	7,196
A	281,648	364,117	255,217	324,481
BBB	11,615	400,886	11,615	400,886
BB	31,374	95,669	31,374	95,669
B	3	-	3	-
Not rated*	64,409	167,152	64,409	167,152
Total	**394,461**	**1,035,020**	**368,030**	**995,384**

*short term exposures, mainly amounts in settlement

The breakdown by rating of BRD’s banking counterparties exposures is based on an internal counterparty rating system, presented in equivalent rating of Standard&Poors:

(Amounts in thousands RON)

42.1 Credit risk (continued)

Sector analysis

	Group		Bank	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Manufacturing	10.8%	10.4%	10.8%	10.3%
Food industry	2.9%	3.1%	2.8%	3.0%
Transportation and other services	10.0%	10.0%	10.0%	9.8%
Trade	14.4%	15.3%	14.6%	15.1%
Agriculture	2.0%	1.7%	2.0%	1.6%
Constructions	7.0%	6.8%	7.1%	6.8%
Individuals	48.3%	48.5%	48.1%	49.1%
Other	4.7%	4.2%	4.7%	4.2%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Loans to individuals include mortgage loans, consumer loans and overdrafts.
During the normal course of business the Group sells loans for which the entity does not retain a 'continuing involvement'.

Ageing analysis of past due but not impaired loans

Group

December 31, 2012

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate lending	882,441	217,466	170,374	2,725	1,273,007
Small business lending	188,253	77,815	57,400	3,859	327,327
Consumer lending	1,983,219	443,388	234,462	25,655	2,686,725
Residential mortgages	574,764	175,530	70,141	1,202	821,637
Total	**3,628,677**	**914,199**	**532,377**	**33,442**	**5,108,695**

December 31, 2011

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate lending	1,117,551	188,418	253,636	10,143	1,569,748
Small business lending	174,966	64,403	70,219	1,216	310,804
Consumer lending	1,647,260	374,580	247,153	13,190	2,282,183
Residential mortgages	298,765	83,536	76,597	943	459,841
Total	**3,238,542**	**710,937**	**647,605**	**25,492**	**4,622,576**

(Amounts in thousands RON)

42.1 Credit risk (continued)

Ageing analysis of past due but not impaired loans (continued)

Bank

December 31, 2012

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate lending	882,441	217,466	170,374	2,725	1,273,007
Small business lending	188,253	77,815	57,400	3,859	327,327
Consumer lending	1,938,254	443,388	234,462	25,655	2,641,759
Residential mortgages	574,764	175,530	70,141	1,202	821,637
Total	**3,583,712**	**914,199**	**532,377**	**33,442**	**5,063,730**

December 31, 2011

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate lending	1,177,754	188,418	253,636	10,143	1,629,952
Small business lending	174,966	64,403	70,219	1,216	310,804
Consumer lending	1,288,424	366,734	244,425	13,190	1,912,773
Residential mortgages	298,765	83,536	76,597	943	459,841
Total	**2,939,910**	**703,091**	**644,877**	**25,492**	**4,313,369**

Carrying amount of loans whose terms have been renegotiated, that would otherwise be past due or impaired

Group

	December 31, 2012	December 31, 2011
Corporate lending	563,361	785,661
Small business lending	125,824	148,393
Consumer lending	344,131	341,021
Residential mortgages	49,876	14,764
Total	**1,083,193**	**1,289,839**

Bank

	December 31, 2012	December 31, 2011
Corporate lending	563,361	785,661
Small business lending	125,824	148,393
Consumer lending	344,131	340,646
Residential mortgages	49,876	14,764
Total	**1,083,193**	**1,289,464**

(Amounts in thousands RON)

42.1 Credit risk (continued)

Analysis of collateral coverage

Group

December 31, 2012

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	1,273,007	867,521	9,436,114	4,905,280
Retail lending	3,835,689	2,059,923	13,528,290	8,216,150
Total	**5,108,695**	**2,927,444**	**22,964,405**	**13,121,430**

December 31, 2011

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	1,569,748	1,138,278	10,012,684	5,461,766
Retail lending	3,052,829	1,467,946	13,943,781	6,115,900
Total	**4,622,577**	**2,606,224**	**23,956,465**	**11,577,666**

Bank

December 31, 2012

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	1,273,007	867,521	9,567,162	4,905,280
Retail lending	3,790,723	2,059,923	13,225,187	8,216,150
Total	**5,063,730**	**2,927,444**	**22,792,350**	**13,121,430**

December 31, 2011

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	1,629,952	1,138,278	10,018,449	5,461,766
Retail lending	2,683,417	1,467,946	13,943,779	6,115,900
Total	**4,313,369**	**2,606,224**	**23,962,228**	**11,577,666**

As of December 31, 2012 the carrying value of repossessed assets is 214 (December 31, 2011: 214), representing two residential buildings.

The fair value of properties, letters of guarantee and cash that the Group and the Bank holds as collateral relating to loans individually determined to be impaired as at December 31, 2012 amounts to 4,128,012 (December 31, 2011: 3,354,285). The collaterals and guarantees are capped to the gross exposure level.

(Amounts in thousands RON)

42.1 Credit risk (continued)
Analysis of neither impaired nor past due loans corporate lending by credit rating

	Group		Bank	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Very good	291,478	45,353	422,526	51,117
Good	132,660	72,922	132,660	72,922
Rather good	140,368	464,017	140,368	464,017
Acceptable	8,154,878	8,738,006	8,154,878	8,738,006
Performing but sensitive	534,587	514,974	534,587	514,974
Sensitive - credit risk not acceptable	182,143	177,412	182,143	177,412
Total	**9,436,114**	**10,012,684**	**9,567,162**	**10,018,449**

The internal credit rating review is performed on a quarterly basis or as soon as new and significant aspects occur modifying the credit quality of the counterparty. This process results in the classification of exposures between healthy, sensitive and non performing clients.

Retail portofolio includes credit exposure to individuals, sole traders and small businesses managed consistently over time and in a similar manner. The significant number and similarities of retail exposures substantially decrease the credit risk associated to these portfolios. The risk measurement is regulated by the internal norms and procedures providing specific criteria and principles to allocate exposure into classes based on counterparty and transactions characteristics.

The quality of corporate exposures is managed using an internal credit rating system in which the human judgment is a key element of the assessment process. The internal rating system is based on rating models that include both quantitative and qualitative assessment criteria relevant to counterparty type and size. The set of internal models is developed on the Group' available data history and the use of rating in business is formalized in internal norms and procedures.

Ageing analysis of past due but not impaired lease receivables for Group

December 31, 2012	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate leases	50,283	12,968	10,981	4,717	78,948
Retail leases	22,337	13,077	5,636	1,175	42,225
Total	**72,621**	**26,046**	**16,616**	**5,892**	**121,173**

December 31, 2011	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate leases	78,926	22,056	19,095	5,698	125,775
Retail leases	14,977	11,023	11,202	14,835	52,036
Total	**93,903**	**33,079**	**30,297**	**20,533**	**177,811**

(Amounts in thousands RON)

42.1 Credit risk (continued)

Analysis of collateral coverage for Group

December 31, 2012

	Overdue but not impaired	Covered by collaterals & guarantees	Neither impaired nor past due	Covered by collaterals & guarantees
Corporate leases	78,948	69,084	344,862	328,808
Retail leases	42,225	40,076	112,664	113,728
Total	**121,173**	**109,160**	**457,526**	**442,536**

December 31, 2011

	Overdue but not impaired	Covered by collaterals & guarantees	Neither impaired nor past due	Covered by collaterals & guarantees
Corporate leases	125,775	102,793	325,040	313,625
Retail leases	52,036	41,643	125,016	121,648
Total	**177,811**	**144,436**	**450,056**	**435,273**

Analysis of neither impaired nor past due corporate lease receivables by credit rating for Group

	December 31, 2012	December 31, 2011
Good	67	1,006
Rather good	41,343	2,217
Acceptable	287,313	300,969
Performing but sensitive	15,955	19,858
Sensitive - credit risk not acceptable	184	990
Total	**344,862**	**325,040**

(Amounts in thousands RON)

42.1 Credit risk (continued)
Guarantees and credit commitments

Guarantees and letters of credit
The Group issues guarantees and letters of credit for its customers. The primary purpose of letters of credit is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry a similar credit risk as loans.

The market and credit risk on these financial instruments, as well as the operational risk is similar to that arising from granting of loans. In the event of a claim on the Group as a result of a customer's default on a guarantee these instruments also present a degree of liquidity risk to the Group.

Credit related commitments
Financing commitments represent unused amounts of approved credit facilities. While there is some credit risk associated with the commitment, the risk is viewed as modest, since it results from the possibility of unused portions of loan authorizations being drawn by the client and, these amounts not being repaid subsequently when due.

The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The total outstanding contractual amount of commitments does not necessarily represent future cash requirements, since many of these commitments will expire or be terminated without being funded.

	Group		Bank	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Letters of guarantee granted	7,665,046	7,106,928	7,898,833	7,191,162
Financing commitments granted	4,232,509	4,224,903	4,227,102	4,272,428
Total commitments granted	**11,897,555**	**11,331,831**	**12,125,935**	**11,463,590**

(Amounts in thousands RON)

42. Risk management (continued)

42.2 Market risk

Market risk is the risk of loss arising from movements in observable market variables such as interest rates, and exchange rates.

Foreign exchange risk
The foreign exchange risk is the risk of loss resulting from changes in exchange rates. The Group manages the foreign currency risk by using limits for the open foreign currency positions both by currency and at the level of global foreign currency position.

The table below indicates the currencies to which the Group had an exposure as at December 31 on its assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against RON, with all other variables held constant, on the income statement and equity. A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the below currencies against RON would have resulted in an equivalent but opposite impact

The impact on equity does not contain the impact in income statement.

2012	Group			Bank		
Currency	**Change in currency rate %**	**Effect on profit before tax**	**Effect on equity**	**Change in currency rate %**	**Effect on profit before tax**	**Effect on equity**
EUR	+5	(51,678)	3,202	+5	(54,110)	3,202
Other	+5	1,778	-	+5	1,730	-

2011	Group			Bank		
Currency	**Change in currency rate %**	**Effect on profit before tax**	**Effect on equity**	**Change in currency rate %**	**Effect on profit before tax**	**Effect on equity**
EUR	+5	(73,196)	152	+5	(77,398)	152
Other	+5	1,186	-	+5	1,179	-

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

The Group and the Bank statement of financial position structure by currency is presented below:

	Group				Bank			
	December 31, 2012				December 31, 2012			
ASSETS	**Total**	**RON**	**EUR**	**Other**	**Total**	**RON**	**EUR**	**Other**
Cash in hand	990,291	808,600	137,511	44,180	990,281	808,590	137,511	44,180
Due from Central Bank	8,393,494	3,294,764	5,098,729	-	8,392,575	3,293,845	5,098,729	-
Due from banks	394,461	282,698	86,899	24,864	368,030	256,267	86,899	24,864
Derivatives and other financial instruments held for tradin	534,955	499,614	35,341	-	535,915	500,574	35,341	-
Loans and advances to customers	31,709,480	13,823,773	17,256,911	628,796	31,477,629	13,589,091	17,259,742	628,796
Financial lease receivables	661,339	103,767	556,596	976	-	-	-	-
Financial assets available for sale	4,549,005	3,496,817	1,049,129	3,060	4,549,005	3,496,818	1,049,128	3,060
Investments in associates and subsidiares	112,045	77,427	-	34,618	157,577	122,959	-	34,618
Goodwill	50,130	50,130	-	-	50,130	50,130	-	-
Non current assets and other assets	1,495,390	1,416,890	70,016	8,484	1,402,917	1,324,417	70,016	8,484
Total assets	**48,890,590**	**23,854,480**	**24,291,132**	**744,978**	**47,924,059**	**23,442,690**	**23,737,366**	**744,002**
LIABILITIES								
Due to banks	4,215,258	3,338,523	432,876	443,859	4,215,258	3,338,523	432,876	443,859
Due to customers	31,785,717	17,513,833	12,134,392	2,137,492	31,892,477	17,619,707	12,135,278	2,137,492
Debt issued and borrowed funds	5,557,607	278,350	5,279,258	-	4,791,283	18,038	4,773,245	-
Subordinated debt	892,071	-	892,071	-	892,071	-	892,071	-
Derivative financial instruments	164,385	84,617	79,768	-	164,385	84,617	79,768	-
Current tax liability	1,923	1,923	-	-	-	-	-	-
Deffered tax liability	115,478	115,478	-	-	106,975	106,975	-	-
Other liabilities	395,857	295,577	96,034	4,246	338,089	237,809	96,034	4,246
Shareholders' equity	5,762,293	5,762,293	-	-	5,523,521	5,523,521	-	-
Total liabilities and shareholders' equity	**48,890,590**	**27,390,594**	**18,914,399**	**2,585,597**	**47,924,059**	**26,929,190**	**18,409,272**	**2,585,597**
Position		**(3,536,114)**	**5,376,732**	**(1,840,619)**		**(3,486,499)**	**5,328,095**	**(1,841,595)**
Position off BS		3,481,928	(5,361,174)	1,879,245		3,481,928	(5,361,174)	1,879,245
Position total		**(54,186)**	**15,559**	**38,626**		**(4,571)**	**(33,079)**	**37,650**

(Amounts in thousands RON)

42.Risk management (continued)
42.2 Market risk (continued)

	Group 31 decembrie 2011				Bank 31 decembrie 2011			
ASSETS	**Total**	**RON**	**EUR**	**Other**	**Total**	**RON**	**EUR**	**Other**
Cash in hand	662,194	523,315	103,412	35,467	662,171	523,292	103,412	35,467
Due from Central Bank	8,743,127	3,743,317	4,999,810	-	8,741,778	3,741,968	4,999,810	-
Due from banks	1,035,020	790,574	171,516	72,930	995,384	750,938	171,516	72,930
Derivatives and other financial instruments held for tradin	313,788	313,788	-	-	316,478	316,478	-	-
Loans and advances to customers	31,833,109	14,159,585	16,972,752	700,772	31,529,114	13,804,983	17,021,352	702,779
Financial lease receivables	732,665	4,694	725,969	2,002	-	-	-	-
Financial assets available for sale	4,877,014	2,990,300	1,849,835	36,879	4,876,866	2,990,152	1,849,834	36,879
Investments in associates and subsidiares	95,427	95,427	-	-	153,412	153,412	-	-
Goodwill	50,130	50,130	-	-	50,130	50,130	-	-
Non current assets and other assets	1,536,597	1,378,400	153,454	4,743	1,425,665	1,315,454	106,907	3,304
Total assets	**49,879,071**	**24,049,999**	**24,976,298**	**852,775**	**48,750,998**	**23,647,321**	**24,252,338**	**851,338**
LIABILITIES								
Due to banks	4,269,029	1,253,525	2,882,490	133,014	4,269,029	1,253,525	2,882,490	133,014
Due to customers	30,217,852	18,615,126	10,134,417	1,468,309	30,303,484	18,700,758	10,134,417	1,468,309
Debt issued and borrowed funds	7,716,276	307,041	7,409,235	-	6,793,165	25,129	6,768,036	-
Subordinated debt	874,161	-	874,161	-	874,161	-	874,161	-
Derivative financial instruments	170,811	103,705	67,107	-	170,812	103,705	67,107	-
Current tax liability	19,731	19,731	-	-	16,867	16,867	-	-
Deffered tax liability	148,089	148,089	-	-	145,812	145,812	-	-
Other liabilities	374,725	345,146	19,769	9,809	287,430	257,852	19,769	9,809
Shareholders' equity	6,088,396	6,088,396	-	-	5,890,237	5,890,237	-	-
Total liabilities and shareholders' equity	**49,879,070**	**26,880,760**	**21,387,178**	**1,611,132**	**48,750,998**	**26,393,886**	**20,745,980**	**1,611,132**
Position		**(2,830,761)**	**3,590,415**	**(759,653)**		**(2,746,566)**	**3,506,359**	**(759,794)**
Position off BS		2,384,235	(3,204,491)	820,256		2,384,235	(3,204,491)	820,256
Position total		**(446,526)**	**385,924**	**60,603**		**(362,331)**	**301,868**	**60,462**

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The only interest risk taken by the Group is non-trading and it is monitored by the means of interest rate gap. In accordance with the Group's policy, positions are monitored on a regular basis and appropriate strategies are used to ensure positions are maintained within the established limits. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's and Bank's income statement and equity.

Group December 31, 2012			Bank December 31, 2012		
Change in interest rate (b.p)	**Effect on profit before tax**	**Effect on equity**	**Change in interest rate (b.p)**	**Effect on profit before tax**	**Effect on equity**
100	13,676	8,408	100	13,392	8,408
(100)	(13,676)	(8,408)	(100)	(13,392)	(8,408)

December 31, 2011			December 31, 2011		
Change in interest rate (b.p)	**Effect on profit before tax**	**Effect on equity**	**Change in interest rate (b.p)**	**Effect on profit before tax**	**Effect on equity**
100	(17,266)	9,621	100	(14,054)	9,621
(100)	17,266	(9,621)	(100)	14,054	(9,621)

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the profit or loss for the year, based on the financial assets and financial liabilities held at 31 December. The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets at 31 December for the effects of the assumed changes in interest rates. The total sensitivity of the income statement and equity is based on the assumption that there are parallel shifts in the yield curve.

The tables above analyse the Group's and the Bank's interest rate risk exposure. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

Group

December 31, 2012	**0-1 months**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
ASSETS						
Cash in hand	990,291	-	-	-	-	990,291
Due from Central Bank	8,393,494	-	-	-	-	8,393,494
Due from banks	199,650	5,059	54,882	61,694	73,176	394,461
Derivatives and other financial instruments held for trading	534,955	-	-	-	-	534,955
Loans and advances to customers	9,991,810	12,936,543	2,919,525	5,336,551	525,050	31,709,480
Financial lease receivables	104,296	48,993	388,430	117,938	1,682	661,339
Financial assets available for sale	248,689	467,539	773,047	3,059,730	-	4,549,005
Investments in associates and subsidiares	-	-	-	-	112,045	112,045
Goodwill	-	-	-	-	50,130	50,130
Non current assets and other assets	-	325,096	-	-	1,170,294	1,495,390
Total assets	**20,463,186**	**13,783,230**	**4,135,884**	**8,575,913**	**1,932,376**	**48,890,590**
Liabilities						
Due to banks	4,082,396	-	110,718	-	22,144	4,215,258
Due to customers	18,049,207	3,778,752	4,874,399	4,199,012	884,347	31,785,717
Debt issued and borrowed funds	4,921,082	419,293	169,966	47,266	-	5,557,607
Subordinated debt	6,331	-	885,740	-	-	892,071
Derivative financial instruments	164,385	-	-	-	-	164,385
Current tax liability	-	-	1,923	-	-	1,923
Deffered tax liability	8,129	11,168	39,145	63,088	(6,053)	115,478
Other liabilities	395,247	610	-	-	-	395,857
Total liabilities	**27,626,778**	**4,209,824**	**6,081,891**	**4,309,366**	**900,438**	**43,128,297**
Total shareholders' equity	**-**	**-**	**-**	**-**	**5,762,293**	
Net position	**(7,163,592)**	**9,573,406**	**(1,946,007)**	**4,266,547**	**(4,730,355)**	

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

Group

December 31, 2011	**0-1 months**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
ASSETS						
Cash in hand	662,194	-	-	-	-	662,194
Due from Central Bank	8,743,127	-	-	-	-	8,743,127
Due from banks	798,498	72	101,580	30,847	104,023	1,035,020
Derivatives and other financial instruments held for trading	313,788	-	-	-	-	313,788
Loans and advances to customers	13,137,463	11,076,267	2,367,258	4,471,336	780,785	31,833,109
Financial lease receivables	93,365	62,629	421,795	154,876	-	732,665
Financial assets available for sale	239,890	35,620	1,911,712	2,434,955	254,837	4,877,014
Investments in associates and subsidiares	-	-	-	-	95,427	95,427
Goodwill	-	-	-	-	50,130	50,130
Non current assets and other assets	-	235,133	-	-	1,301,464	1,536,597
Total assets	**23,988,326**	**11,409,720**	**4,802,345**	**7,092,014**	**2,586,666**	**49,879,071**
LIABILITIES						
Due to banks	4,053,045	-	21,599	86,394	107,993	4,269,030
Due to customers	22,448,938	4,388,415	2,407,810	837,588	135,101	30,217,852
Debt issued and borrowed funds	1,191,634	5,777,458	171,353	567,800	8,030	7,716,275
Subordinated debt	874,161	-	-	-	-	874,161
Derivative financial instruments	170,812	-	-	-	-	170,812
Current tax liability	-	-	19,731	-	-	19,731
Deferred tax liability	11,763	10,252	31,713	56,837	37,524	148,089
Other liabilities	372,653	2,072	-	-	-	374,724
Total liabilities	**29,123,008**	**10,178,196**	**2,652,206**	**1,548,618**	**288,648**	**43,790,675**
Total shareholders' equity	**-**	**-**	**-**	**-**	**6,088,396**	
Net position	**(5,134,682)**	**1,231,524**	**2,150,140**	**5,543,396**	**(3,790,379)**	

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

Bank

December 31, 2012	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
ASSETS						
Cash in hand	990,281	-	-	-	-	990,281
Due from Central Bank	8,392,575	-	-	-	-	8,392,575
Due from banks	198,325	5,059	54,882	36,588	73,176	368,030
Derivatives and other financial instruments held for trading	535,915	-	-	-	-	535,915
Loans and advances to customers	10,078,946	12,934,909	2,905,770	5,075,292	482,713	31,477,629
Financial assets available for sale	248,688	467,540	773,047	3,059,730	-	4,549,005
Investments in associates and subsidiares	-	-	-	-	157,577	157,577
Goodwill	-	-	-	-	50,130	50,130
Non current assets and other assets	-	259,714	-	-	1,143,203	1,402,917
Total assets	**20,444,729**	**13,667,222**	**3,733,699**	**8,171,610**	**1,906,799**	**47,924,059**
Liabilities						
Due to banks	4,082,397	-	110,718	-	22,144	4,215,258
Due to customers	18,111,225	3,779,379	4,877,092	4,238,951	885,829	31,892,477
Debt issued and borrowed funds	4,444,043	331,972	8,107	7,161	-	4,791,283
Subordinated debt	6,331	-	885,740	-	-	892,071
Derivative financial instruments	164,385	-	-	-	-	164,385
Current tax liability	-	-	-	-	-	-
Deffered tax liability	8,203	11,292	38,826	62,297	(13,643)	106,975
Other liabilities	337,479	610	-	-	-	338,089
Total liabilities	**27,154,065**	**4,123,253**	**5,920,483**	**4,308,409**	**894,329**	**42,400,538**
Total shareholders' equity	**-**	**-**	**-**	**-**	**5,523,521**	
Net position	**(6,709,335)**	**9,543,969**	**(2,186,784)**	**3,863,201**	**(4,511,050)**	

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

Bank

December 31, 2011	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
ASSETS						
Cash in hand	662,171	-	-	-	-	662,171
Due from Central Bank	8,741,778	-	-	-	-	8,741,778
Due from banks	758,862	72	101,580	30,847	104,023	995,384
Derivatives and other financial instruments held for trading	316,478	-	-	-	-	316,478
Loans and advances to customers	13,137,859	11,106,882	2,345,223	4,217,121	722,029	31,529,114
Financial assets available for sale	239,930	35,620	1,911,712	2,499,130	190,474	4,876,866
Investments in associates and subsidiares	-	-	-	-	153,412	153,412
Goodwill	-	-	-	-	50,130	50,130
Non current assets and other assets	-	163,810	-	-	1,261,855	1,425,665
Total assets	**23,857,078**	**11,306,383**	**4,358,515**	**6,747,098**	**2,481,923**	**48,750,998**
Liabilities						
Demand deposits and current accounts	4,053,045	-	21,599	86,394	107,993	4,269,030
Term deposits	22,489,464	4,400,968	2,407,810	855,141	150,101	30,303,484
Borrowed funds and debt issued	1,044,648	5,252,933	11,796	483,105	682	6,793,165
Subordinated debt	874,161	-	-	-	-	874,161
Derivative financial instruments	170,812	-	-	-	-	170,812
Current tax liability	-	-	16,867	-	-	16,867
Deffered tax liability	11,976	10,343	31,979	56,135	35,379	145,812
Other liabilities	285,358	2,072	-	-	-	287,430
Total liabilities	**28,929,465**	**9,860,703**	**2,468,452**	**1,394,381**	**207,760**	**42,860,761**
Total shareholders' equity	**-**	**-**	**-**	**-**	**5,890,237**	
Net position	**(5,072,387)**	**1,445,681**	**1,890,063**	**5,352,717**	**(3,616,074)**	

42.Risk management (continued)

42.3 Liquidity risk

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

The Group permanently monitors the current liquidity gaps and forecasts regularly the future liquidity position. As well the Group uses stress scenarios as part of liquidity risk management.

The maturity structure of the Group's and the Bank's assets and liabilities, based on the expected maturity as of December 31, 2012 and 2011 is as follows:

(Amounts in thousands RON)

42.Risk management (continued)
42.3 Liquidity risk (continued) Group

Group

December 31, 2012	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash in hand	990,291	990,291	-	-	-	-	-
Due from Central Bank	8,393,494	8,393,494	-	-	-	-	-
Due from banks	394,461	186,649	5,000	10,983	118,653	73,176	-
Derivatives and other financial instruments held for trading	534,955	534,955	-	-	-	-	-
Loans and advances to customers	31,709,480	1,460,149	2,006,005	7,898,866	11,331,567	9,012,894	-
Financial lease receivables	661,339	104,296	48,993	388,430	117,938	1,682	-
Financial assets available for sale	4,549,005	248,688	378,682	775,904	3,078,269	67,463	-
Investments in associates and subsidiares	112,045	-	-	-	-	-	112,045
Goodwill	50,130	-	-	-	-	-	50,130
Non current assets and other assets	1,495,390	-	325,096	-	-	-	1,170,294
Total assets	**48,890,590**	**11,918,522**	**2,763,775**	**9,074,182**	**14,646,428**	**9,155,215**	**1,332,468**
LIABILITIES							
Due to banks	4,215,258	3,905,248	-	155,005	110,718	44,287	-
Due to customers	31,785,717	18,049,207	3,778,752	4,874,399	4,199,012	884,347	-
Debt issued and borrowed funds	5,557,607	115,943	1,463,489	2,304,944	1,673,231	-	-
Subordinated debt	892,071	6,331	-	442,870	-	442,870	-
Derivative financial instruments	164,385	164,385	-	-	-	-	-
Current tax liability	1,923	-	-	1,923	-	-	-
Deffered tax liability	115,478	8,129	11,168	39,145	63,088	20,395	(26,448)
Other liabilities	395,857	395,246	610	-	-	-	-
Shareholders' equity	**43,128,297**	**22,644,489**	**5,254,019**	**7,818,287**	**6,046,049**	**1,391,899**	**(26,448)**
Total shareholders equity	**5,762,293**	-	-	-	-	-	**5,762,293**
Gap		**(10,725,967)**	**(2,490,244)**	**1,255,895**	**8,600,378**	**7,763,316**	**(4,403,376)**
Cumulative gap		**(10,725,967)**	**(13,216,211)**	**(11,960,318)**	**(3,359,939)**	**4,403,376**	**-**

(Amounts in thousands RON)

42.Risk management (continued)
42.3 Liquidity risk (continued) Group

December 31, 2011	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash in hand	662,194	662,194	-	-	-	-	-
Due from Central Bank	8,743,127	8,743,127	-	-	-	-	-
Due from banks	1,035,020	798,498	-	30,847	101,652	104,023	-
Derivatives and other financial instruments held for trading	313,788	313,788	-	-	-	-	-
Loans and advances to customers	31,833,109	4,046,476	1,905,508	7,175,598	10,564,566	8,140,961	-
Financial lease receivables	732,665	93,364	62,629	421,796	154,876	-	-
Financial assets available for sale	4,877,014	239,890	35,620	1,911,712	2,434,955	254,837	-
Investments in associates and subsidiares	95,427	-	-	-	-	-	95,427
Goodwill	50,130	-	-	-	-	-	50,130
Non current assets and other assets	1,536,597	-	235,133	-	-	-	1,301,464
Total active	**49,879,071**	**14,897,337**	**2,238,890**	**9,539,953**	**13,256,049**	**8,499,821**	**1,447,021**
LIABILITIES							
Due to banks	4,269,030	4,053,045	-	21,599	86,394	107,993	-
Due to customers	30,217,852	22,448,938	4,388,415	2,407,810	837,588	135,101	-
Debt issued and borrowed funds	7,716,276	68,830	474,852	6,076,853	1,087,710	8,030	-
Subordinated debt	874,161	10,221	-	-	863,940	-	-
Derivative financial instruments	170,812	170,812	-	-	-	-	-
Current tax liability	19,731	-	-	19,731	-	-	-
Deffered tax liability	148,089	11,763	10,252	31,713	56,837	19,672	17,852
Other liabilities	374,724	372,652	2,072	-	-	-	-
Total liabilities	**43,790,675**	**27,136,261**	**4,875,591**	**8,557,706**	**2,932,469**	**270,796**	**17,852**
Total shareholders equity	**6,088,396**	**-**	**-**	**-**	**-**	**-**	**6,088,396**
Gap		**(12,238,924)**	**(2,636,701)**	**982,247**	**10,323,580**	**8,229,025**	**(4,659,227)**
Cumulative gap		**(12,238,924)**	**(14,875,625)**	**(13,893,378)**	**(3,569,798)**	**4,659,226**	**-**

(Amounts in thousands RON)

42.Risk management (continued)
42.3 Liquidity risk (continued) Bank
Bank

December 31, 2012	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash in hand	990,281	990,281	-	-	-	-	-
Due from Central Bank	8,392,575	8,392,575	-	-	-	-	-
Due from banks	368,030	185,324	5,000	10,983	93,547	73,176	-
Derivatives and other financial instruments held for trading	535,915	535,915	-	-	-	-	-
Loans and advances to customers	31,477,629	1,462,814	2,013,299	7,917,484	11,107,664	8,976,368	-
Financial lease receivables	-	-	-	-	-	-	-
Financial assets available for sale	4,549,005	248,688	378,682	775,904	3,078,269	67,463	-
Investments in associates and subsidiares	157,577	-	-	-	-	-	157,577
Goodwill	50,130	-	-	-	-	-	50,130
Non current assets and other assets	1,402,917	-	259,714	-	-	-	1,143,203
Total assets	**47,924,059**	**11,815,596**	**2,656,694**	**8,704,370**	**14,279,481**	**9,117,007**	**1,350,910**
LIABILITIES							
Due to banks	4,215,258	3,905,248	-	155,005	110,718	44,287	-
Due to customers	31,892,477	18,111,225	3,779,379	4,877,092	4,238,951	885,829	-
Debt issued and borrowed funds	4,791,283	15,343	1,442,598	1,700,215	1,633,126	-	-
Subordinated debt	892,071	6,331	-	442,870	-	442,870	-
Derivative financial instruments	164,385	164,385	-	-	-	-	-
Current tax liability	-	-	-	-	-	-	-
Deffered tax liability	106,976	8,204	11,292	38,826	62,297	20,340	(33,983)
Other liabilities	338,089	337,479	610	-	-	-	-
Shareholders' equity	**42,400,539**	**22,548,216**	**5,233,879**	**7,214,009**	**6,045,092**	**1,393,326**	**(33,983)**
Total shareholders equity	**5,523,521**	**-**	**-**	**-**	**-**	**-**	**5,523,521**
Gap		**(10,732,620)**	**(2,577,185)**	**1,490,361**	**8,234,389**	**7,723,681**	**(4,138,627)**
Cumulative gap		**(10,732,620)**	**(13,309,804)**	**(11,819,443)**	**(3,585,055)**	**4,138,626**	**-**

(Amounts in thousands RON)

42.Risk management (continued)
42.3 Liquidity risk (continued) Bank

December 31, 2011	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash in hand	662,171	662,171	-	-	-	-	-
Due from Central Bank	8,741,778	8,741,778	-	-	-	-	-
Due from banks	995,384	796,521	-	18,294	89,099	91,470	-
Derivative financial instruments	316,478	316,478	-	-	-	-	-
Loans and advances to customers	31,529,114	4,046,950	1,904,179	7,155,934	10,334,347	8,087,704	-
Financial assets available for sale	4,876,866	239,930	35,620	1,911,710	2,499,130	190,476	-
Investments in associates	153,412	-	-	-	-	-	153,412
Goodwill	50,130	-	-	-	-	-	50,130
Non current assets and other assets	1,425,665	-	163,810	-	-	-	1,261,855
Total assets	**48,750,998**	**14,803,828**	**2,103,610**	**9,085,938**	**12,922,576**	**8,369,650**	**1,465,397**
LIABILITIES							
Due to banks	4,269,030	4,053,045	-	21,599	86,394	107,993	-
Due to customers	30,303,484	22,489,464	4,400,968	2,407,810	855,141	150,101	-
Debt issued and borrowed funds	6,793,165	7,920	448,389	5,436,573	899,600	682	-
Subordinated debt	874,161	10,221	-	-	863,940	-	-
Derivative financial instruments	170,812	170,812	-	-	-	-	-
Current tax liability	16,867	-	-	16,867	-	-	-
Deffered tax liability	145,812	11,976	10,343	31,979	56,135	19,572	15,807
Other payables	287,430	285,358	2,072	-	-	-	-
Total liabilities	**42,860,761**	**26,977,722**	**4,912,847**	**7,914,827**	**2,761,210**	**278,347**	**15,807**
Total shareholders equity	**5,890,237**	**-**	**-**	**-**	**-**	**-**	**5,890,237**
Gap		**(12,173,894)**	**(2,809,238)**	**1,171,111**	**10,161,366**	**8,091,302**	**(4,440,647)**
Cumulative gap		**(12,173,894)**	**(14,983,132)**	**(13,812,021)**	**(3,650,655)**	**4,440,647**	**-**

(Amounts in thousands RON)

42.Risk management (continued)
42.3 Liquidity risk (continued)

Future undiscounted cash flows

The tables below summaries the maturity profile of the financial liabilities based on contractual undiscounted repayment obligations.

Group

December 31, 2012	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
LIABILITIES							
Due to banks	4,240,269	3,903,917	379	158,665	123,128	54,181	-
Due to customers	32,017,843	17,985,584	3,847,321	5,024,099	4,257,718	903,121	-
Debt issued and borrowed funds	5,744,748	116,734	1,473,943	2,389,406	1,764,285	380	-
Subordinated debt	906,807	7,033	-	447,902	451,872	-	-
Derivative financial instruments	109,867	31,882	(2,253)	84,644	(15,554)	11,149	-
Current tax liability	1,923	-	-	1,923	-	-	-
Deffered tax liability	115,478	8,129	11,168	39,145	63,088	20,395	(26,448)
Other liabilities except for fair values of derivatives	395,857	395,247	610	-	-	-	-
Letters of guarantee granted	7,665,046	7,665,046	-	-	-	-	-
Total liabilities	**51,197,838**	**30,113,572**	**5,331,168**	**8,145,784**	**6,644,537**	**989,226**	**(26,448)**

December 31, 2011	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
LIABILITIES							
Due to banks	4,312,956	4,055,193	992	26,448	106,049	124,275	-
Due to customers	30,577,790	22,515,171	4,452,588	2,522,741	912,190	175,099	-
Debt issued and borrowed funds	7,841,663	71,571	485,071	6,176,286	1,100,766	7,968	-
Subordinated debt	927,375	11,304	-	10,896	905,175	-	-
Derivative financial instruments	(16,550)	12,309	188	31,523	(60,733)	163	-
Current tax liability	19,731	-	-	19,731	-	-	-
Deferred tax liability	148,089	11,763	10,252	31,713	56,837	19,672	17,852
Other liabilities except for fair values of derivatives	374,723	372,652	2,071	-	-	-	-
Letters of guarantee granted	7,106,928	7,106,928	-	-	-	-	-
Total liabilities	**51,189,471**	**34,041,105**	**4,963,715**	**8,819,338**	**3,037,838**	**309,624**	**17,852**

(Amounts in thousands RON)

42.Risk management (continued)
42.3 Liquidity risk (continued)

Future undiscounted cash flows (continued)

Bank

December 31, 2012	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
LIABILITIES							
Due to banks	4,240,269	3,903,917	379	158,665	123,128	54,181	-
Due to customers	32,022,729	17,985,740	3,847,352	5,024,099	4,260,220	905,316	-
Debt issued and borrowed funds	5,695,632	114,109	1,468,019	2,370,950	1,742,554	0	-
Subordinated debt	906,807	7,033	-	447,902	451,872	-	-
Derivative financial instruments	110,838	31,873	(1,724)	85,093	(15,554)	11,149	-
Current tax liability	-	-	-	-	-	-	-
Deffered tax liability	106,975	8,204	11,292	38,826	62,297	20,340	(33,984)
Other liabilities except for fair values of derivatives	338,089	337,479	610	-	-	-	-
Letters of guarantee granted	7,898,833	7,898,833	-	-	-	-	-
Total liabilities	**51,320,172**	**30,287,189**	**5,325,928**	**8,125,535**	**6,624,519**	**990,986**	**(33,984)**

December 31, 2011	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
LIABILITIES							
Due to banks	4,312,956	4,055,193	992	26,448	106,049	124,275	-
Due to customers	30,663,422	22,555,697	4,465,141	2,522,741	929,743	190,099	-
Debt issued and borrowed funds	6,914,288	9,338	457,077	5,526,795	920,397	682	-
Subordinated debt	927,375	11,304	-	10,896	905,175	-	-
Derivative financial instruments	(13,854)	12,309	644	32,377	(59,347)	163	-
Current tax liability	16,867	-	-	16,867	-	-	-
Deffered tax liability	145,811	11,976	10,343	31,979	56,135	19,572	15,806
Other liabilities except for fair values of derivatives	287,430	285,358	2,072	-	-	-	-
Letters of guarantee granted	7,191,162	7,191,162	-	-	-	-	-
Total liabilities	**50,342,224**	**34,029,104**	**4,936,269**	**8,168,103**	**2,858,152**	**334,791**	**15,806**

43. Capital management

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

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

For the periods ending December 31, 2012 and December 31, 2011, the adequacy of the Group's capital has been monitored using the local regulations that are based on the European Directive 2006/48/49/EC (Basel II). During 2011 and 2010 the Group has complied in full with these requirements.

44. Fair value

Determination of fair value and fair value hierarchy

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

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

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

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

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

(Amounts in thousands RON)

44.Fair value (continued)

	Group				Bank			
	December 31, 2012				December 31, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	15,076	-	15,076	-	16,036	-	16,036
Currency swaps	-	119,286	-	119,286	-	119,286	-	119,286
Forward foreign exchange contracts	-	8,513	-	8,513	-	8,514	-	8,514
Currency options	-	21,698	-	21,698	-	21,698	-	21,698
	-	**164,573**	**-**	**164,573**	**-**	**165,533**	**-**	**165,533**
Financial assets available for sale								
Treasury notes	-	4,380,302	-	4,380,302	-	4,380,302	-	4,380,302
Equity investments	3,060	-	8,160	11,219	3,060	-	8,160	11,219
Other securities	157,484	-	-	157,484	157,484	-	-	157,484
	160,543	**4,380,302**	**8,160**	**4,549,005**	**160,543**	**4,380,302**	**8,160**	**4,549,005**
Financial instruments held for trading	370,382	-	-	370,382	370,382	-	-	370,382
Total	**530,925**	**4,544,874**	**8,160**	**5,083,960**	**530,925**	**4,545,835**	**8,160**	**5,084,920**
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	87,871	-	87,871	-	87,871	-	87,871
Currency swaps	-	25,434	-	25,434	-	25,434	-	25,434
Forward foreign exchange contracts	-	29,382	-	29,382	-	29,382	-	29,382
Currency options	-	21,698	-	21,698	-	21,698	-	21,698
Total	**-**	**164,385**	**-**	**164,385**	**-**	**164,385**	**-**	**164,385**

(Amounts in thousands RON)

44.Fair value (continued)

	Group				Bank			
	December 31, 2011				December 31, 2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	6,040	-	6,040	-	8,731	-	8,731
Currency swaps	-	41,163	-	41,163	-	41,163	-	41,163
Forward foreign exchange contracts	-	22,160	-	22,160	-	22,160	-	22,160
Currency options	-	31,368	-	31,368	-	31,367	-	31,367
	-	**100,731**	**-**	**100,731**	**-**	**103,421**	**-**	**103,421**
Financial assets available for sale								
Treasury notes	-	4,709,048	-	4,709,048	-	4,709,049	-	4,709,049
Equity investments	2,039	-	9,519	11,708	2,039	-	9,479	11,519
Other securities	156,258	-	-	156,258	156,258	-	-	156,258
	158,297	**4,709,048**	**9,519**	**4,877,014**	**158,297**	**4,709,049**	**9,479**	**4,876,826**
Financial instruments held for trading	213,057	-	-	213,057	213,057	-	-	213,057
Total	**371,354**	**4,809,779**	**9,519**	**5,190,802**	**371,354**	**4,812,470**	**9,479**	**5,193,304**
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	97,259	-	97,259	-	97,259	-	97,259
Currency swaps	-	25,987	-	25,987	-	25,987	-	25,987
Forward foreign exchange contracts	-	16,199	-	16,199	-	16,199	-	16,199
Currency options	-	31,367	-	31,367	-	31,367	-	31,367
Total	**-**	**170,812**	**-**	**170,812**	**-**	**170,812**	**-**	**170,812**

44.Fair value (continued)

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

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

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

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

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

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

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

(Amounts in thousands RON)

44.Fair value (continued)

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

	Group				Bank			
	December 31, 2012		December 31, 2011		December 31, 2012		December 31, 2011	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets								
Cash in hand	990,291	990,291	662,194	662,194	990,281	990,281	662,171	662,171
Due from Central Bank	8,393,494	8,393,494	8,743,127	8,743,127	8,392,575	8,392,575	8,741,778	8,741,778
Due from banks	394,461	394,461	1,035,020	1,035,020	368,030	368,030	995,384	995,384
Loans and advances to customers	31,709,480	31,984,729	31,833,109	32,028,088	31,477,629	31,462,385	31,529,114	31,759,332
Financial lease receivables	661,339	590,245	732,665	687,796	-	-	-	-
	42,149,065	**42,353,220**	**43,006,115**	**43,156,225**	**41,228,515**	**41,213,271**	**41,928,447**	**42,158,665**
Financial liabilities								
Due to banks	4,215,258	4,215,258	4,269,030	4,269,030	4,215,258	4,215,258	4,269,030	4,269,030
Due to customers	31,785,717	31,790,238	30,217,852	30,207,134	31,892,477	31,790,238	30,303,484	30,292,733
Debt issued and borrowed funds	5,557,607	5,555,421	7,716,276	7,761,737	4,791,283	4,789,398	6,793,165	6,833,187
Subordinated debt	892,071	892,306	874,161	873,664	892,071	892,306	874,161	873,664
	42,450,653	**42,453,222**	**43,077,319**	**43,111,565**	**41,791,089**	**41,687,199**	**42,239,840**	**42,268,614**

44.Fair value (continued)

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

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

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

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