Annual Report 2003

BRD
GROUPE SOCIETE GENERALE

CONTENT

PROFILE

Profile
BRD – Société Générale Group

BRD – Société Générale Group is the second Romanian bank in terms of banking assets and the most important private bank. The Bank has the second capitalization on the Bucharest Stock Exchange.

BRD - Société Générale Group's activities are oriented on three major axes:

Retail banking

- More than 1.2 million individual customers and more than 900,000 cardholders.
- Approximately 20% of the banking cards market.
- Its market share in terms of the different products varies between 15% and 25%.

The reference bank for enterprises

- BRD is the first bank of the private sector companies in Romania
- It is present in all the branches of the local economy with a significant market share as regards the small and medium sized enterprises
- In cooperation with the Société Générale Group, it plays an important role for French and other multinational companies.

Investment banking

- BRD has two specialized subsidiaries: BRD/SG Corporate Finance and BRD Securities, which provide integrated advisory services in M&A, investments and privatisations, and also brokerage services.
- It offers structured financing for a series of large projects realized with the help of the specialized services of Société Générale Group.

Rating

Fitch IBCA

Foreign currency short term debts	B
Foreign currency long term debts	BB
Support	3
Long term rating perspective	Stable

Moody's

Foreign currency long term debts	B1
Rating perspective in terms of financial stability	Positive

Profile
Société Générale Group

Société Générale Group is the 5th stock exchange banking capitalization of the Euro zone, with EUR 30.7 billion as at December the 31st 2003. Its gross banking income and its results have doubled since 1996. With 90,000 employees all over the world (80 countries), its activity focuses on three business lines:

Retail Network and Financial Services

- No. 1 amongst the non mutual retail banks in France (36 % of the Group's gross banking income) in terms of turnover and number of bank units (2,725 units through the Société Générale and Crédit du Nord networks).
- The number of individual customers (8.3 million in France) has increased by approximately 20% since 1999, i.e. a plus of 1 million customers
- The international retail bank (11% of the Group's gross banking income) accounts for more than 5 million customers in 31 subsidiaries in 28 countries. It is a universal bank providing a full range of services to both retail and corporate customers. Over the past five years, the Group has made a series of acquisitions in Romania, Bulgaria (1999), Slovenia, the Czech Republic (2001), Tunisia (2002), Ghana, Réunion (2003) and Greece (2004). In 2003 the international network has grown by 119 banking units, so that at end 2003 the total number of banking units reached 1,352.

Financing and Investment Bank

- SG Corporate & Investment Banking (SG CIB) provides financing services (21% of the Group's gross banking income) and investment services (12% of the Group's banking gross product).
- In the top 10 on the Euro capital markets
- Amongst the world leaders in terms of derivatives

- Amongst the world leaders in terms of structured finance, providing the following services:

– Export finance - world no. 1 in 2003 (in the top 3 for the past 9 years) ;

– Structured finance of raw material - world no. 1 (in the top 2 for the past 4 years) ;

– Project finance - world no. 5 (in the top 5 for the past 3 years).

Asset Management

- 4th banking manager in the Euro zone, with a portfolio of assets under management of approximately Euro 284 billion as at end 2003
- 65,000 customers in 24 countries in Europe and Asia
- Two businesses:

  Security management through SG

  Asset Management

  Private management through SG

  Private Banking

Rating

AA- (Standard & Poor's)
Aa3 (Moody's)
AA- (Fitch)

Message

of Mr. Bogdan BALTAZAR, Chairman of the Board

In 2003, like during the past several years, the development conditions of the Romanian economic environment were complex, even contradictory. The official macroeconomic results that Romania recorded at the end of the year were satisfactory. The GDP increased by 4.9% and the inflation rate declined from 17.8% to 14.1%. The budgetary deficit was of 2.3 % of GDP compared to the forecast 2.6%, while the reserves of the National Bank of Romania went slightly up against end 2002 standing at approximately EUR 8 billion.

However, the economic background provides no signs of a serious restructuring and of a basic severity towards the large debtors, which does not stand as a base for a future reduction of the heavy debts and of the quasi-fiscal deficit. Under these circumstances, even a budgetary deficit of 3% is considered inflationary and, as a consequence, compressed, at the IMF's demand, to an optimistic 2.1% of GDP.

Year 2004 will bring about multiple challenges: single-digit inflation rate (9%), the ROL appreciation by 2% - 4% in real terms, a growth of 5.5 % of GDP, the decrease of the deficit of the current account to 5.2% of GDP and a budgetary deficit of 2.3 % to 2.7% of GDP. These objectives will be difficult to attain, especially with the forthcoming elections.

In 2003 - and probably in 2004 also - the banking system could not escape these fundamental macroeconomic pressures, which affect banks and their best customers, the competitive private companies and individuals. Nevertheless the banking system - where the banks with partial or full foreign capital represent almost 60 % (well above its weight in the Romanian economy as a whole) - has coped with the background and remains solid. The balance sheet net assets have increased by 28.34%, customer operations (principally loans) by 68.3%, while provisions have seen a slower progression (46.2%), followed by bad credits (with a growth of 23.1%) and off-balance sheet debts under

recovery (by 6.27%). The development of the net profit for the entire banking system was of 16.36 %, i.e. only 2% above the inflation rate, a fact that tells upon the difficult economic environment and the fierce competition.

Despite the conditions offering scarce stimulants for performance, BRD - Société Générale Group has kept on developing according to its major strategic axes. Thus, BRD remains the reference bank for large enterprises, consolidating and extending at the same time its retail bank component. In 2003 the average price of the BRD share has progressed by 65.5% in ROL and by 38.2 % in EUR compared to the average growth of 2002, while the transactions with BRD shares accounted for 10% of the aggregate operations at the Bucharest Stock Exchange (BSE). BRD accounts for 25% of the BSE's capitalisation. These figures demonstrate that the BRD share is probably the only authentic "blue chip" on the Romanian capital market for the moment.

As everybody knows, in 2004 competition will intensify even more in the banking system. The possible entry on the Romanian market of the large European groups and the arrival of EBRD and IFC as shareholders of the Romanian Commercial Bank (BCR) could urge this tendency, which would be beneficial for both customers and the country's economy as a whole. Transparency, ability to cope with the needs of customers and more generally retail-friendly behaviour will be of the essence in this competitive environment. I am confident that BRD, its customers and shareholders will come out the winners from this competition.

Interview
with Mr. Patrick GELIN, Chief Executive Officer

What is your opinion of the results of BRD – Société Générale Group in 2003?

In 2003 the performances of BRD were quite satisfactory. The net banking income was up by 26%, the good monitoring of the overhead expenses lead to an increase in the gross operating income by 30% reaching ROL 3,748 billion, i.e. EUR 99.8 million. The net profit kept steady in comparable terms - ROL 2,358 billion, i.e. EUR 62,7 million, against ROL 2,251 billion at end 2002, with risks weighting considerably more in the context of the new provisioning regime set by the Central Bank. This regulation is however welcome since it brings the Romanian banks in line with international regulations.

This performance is even more remarkable given the still fragile economic background, and the sometimes unreasonably fierce competition in the market. Our commercial development was underpinned by the continued in-depth modernization of the Bank in terms of organization, procedures and information technology.

What are the strategic orientations of the Bank today?

The strategic orientations are the same today as they were yesterday: develop our goodwill and place the customer at the centre of our business.

To attain these objectives, we have to permanently adapt our functional and operational mechanisms, and to improve our commercial offer.

Which are the important events in the life of BRD in 2003?

A turning point for BRD in 2003 was the rebranding - the change of the logo and of the commercial name. The rebranding is the result of a worldwide initiative of the Société Générale Group envisaging the uniformity of the visual identities of all its affiliates.

This process wishes on one hand to underline BRD's membership of the Société Générale

Group and on the other hand to render its image younger, more dynamic and more visible.

The rebranding was accompanied by the launch of a new slogan "The power to succeed", which links the success of the Bank to that of its customers, and by an important communication effort, both internal and external, regarding the values of the Société Générale Group that we have adopted: professionalism, team spirit, and innovation.

The new image of the Bank has benefited from the new headquarters. Their inauguration in September 2003 by the Romanian President, Mr. Ion Iliescu, the French Minister of Foreign Trade, Mr. François Loos, and the Representative CEO of the Société Générale Group, Mr. Philippe Citerne, was a key point in our collective life. The new premises represent a modern and functional work instrument, located in a prestigious area of the capital.

Which is the most competitive advantage of your bank?

We benefit from two important advantages that explain the loyalty of our customers: the excellent reputation of BRD and the presence of the majority shareholder, Société Générale, one of the leading banks in the Euro zone in terms of size and performance.

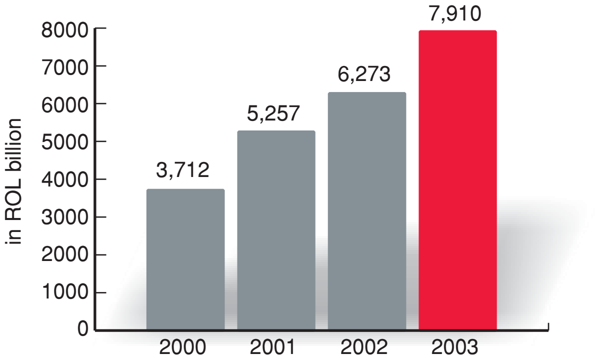
Last but not least, we are proud of the quality of our personnel, which is an increasingly decisive factor in a highly competitive environment. The employees of BRD are recognized for their professionalism. Proud for being part of our family, they are aware of the effort they have to make to adapt to a rapidly evolving market. I would like to thank them for the results of 2003 whose artisans they are and I trust them to help BRD maintain its leading position.

Key *Figures*

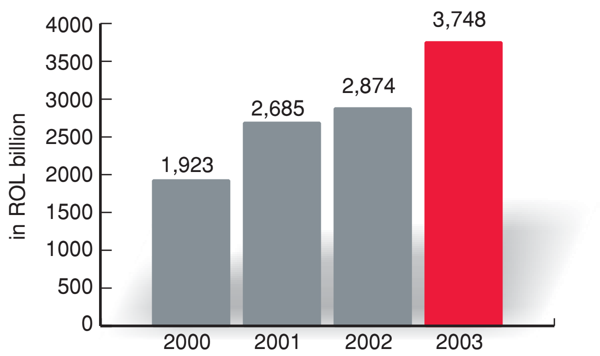
In 2003, the net profit reached ROL 2,358 billion. The gross operating income stood at ROL 3,748 billion, up by 14 % (in comparable terms) against the previous year.

Permanently increasing results

Net Banking Income

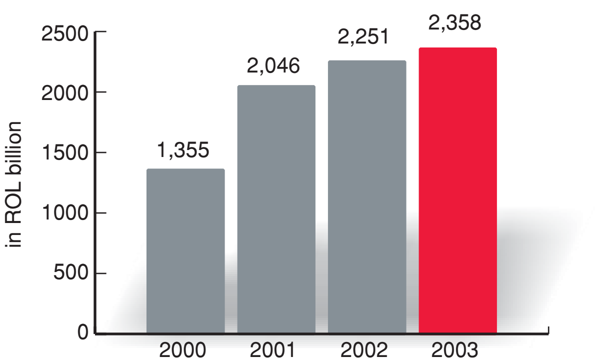


Gross Operating Income

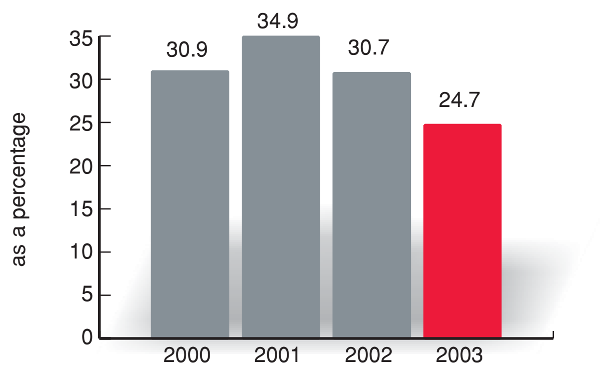


A strong recurrent profitability

Net Profit

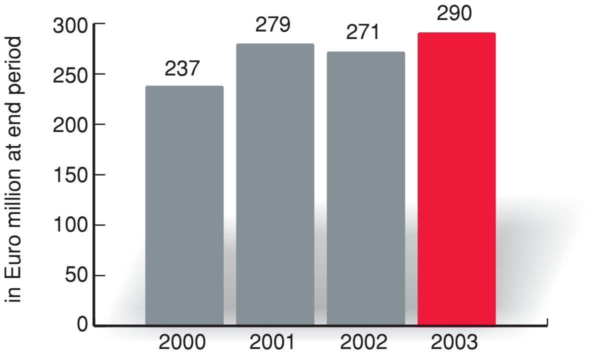


Profitability of Shareholders' Equity (ROE)



A solid financial structure

Shareholders' Equity



Cooke Ratio as at end December 2003: 16.0 %

In ROL billion	2000	2001	2002	2003
Activity				
Total balance sheet	37,694	54,015	63,889	81,187
Loans to customers	15,171	21,293	30,229	49,298
Deposits from customers	28,288	41,212	48,438	61,145
Shareholders' Equity	5,759	7,788	9,448	11,911
Employees	**4,444**	**4,507**	**4,365**	**4,258**
Number of branches	**193**	**191**	**178**	**181**

BRD
Shares

Starting with January the 15th 2001, the BRD shares have been listed in the first tier of the Bucharest Stock Exchange.

In 2003 the price of the BRD share went up by 47% over 2002. This performance is compared to a progress by 27% of the stock exchange index (BET).

As at end December 2003, BRD's stock exchange capitalization stood at ROL 27,736 billion, i.e. EUR 675 million. BRD was the second capitalization at the stock exchange, accounting for approximately 25% of the total capitalization of the stock exchange.

Evolution of the dividends

The table below illustrates the evolution of the dividends paid for each year. To be comparable, the dividends per share for the interval 1999 to 2001 have been recomputed according to the number of shares existing at the date of payment of the dividends for 2003.

	1999	2000	2001	2002	2003
Number of shares (x 1,000)	348,451	348,451	348,451	1,393,803	1,393,803
Total dividends (ROL billion)	455	752	1,213	1,202	966
Dividend per share (ROL)					
nominal	1,305	2,158	3,480	862	693
base 2003	326	539	870	862	693
Distribution rate (*)	100%	100%	100%	100%	70%

(*) After the participation of the employees to the results (till 2002), allocation for the legal reserve and for the credit risk reserve.

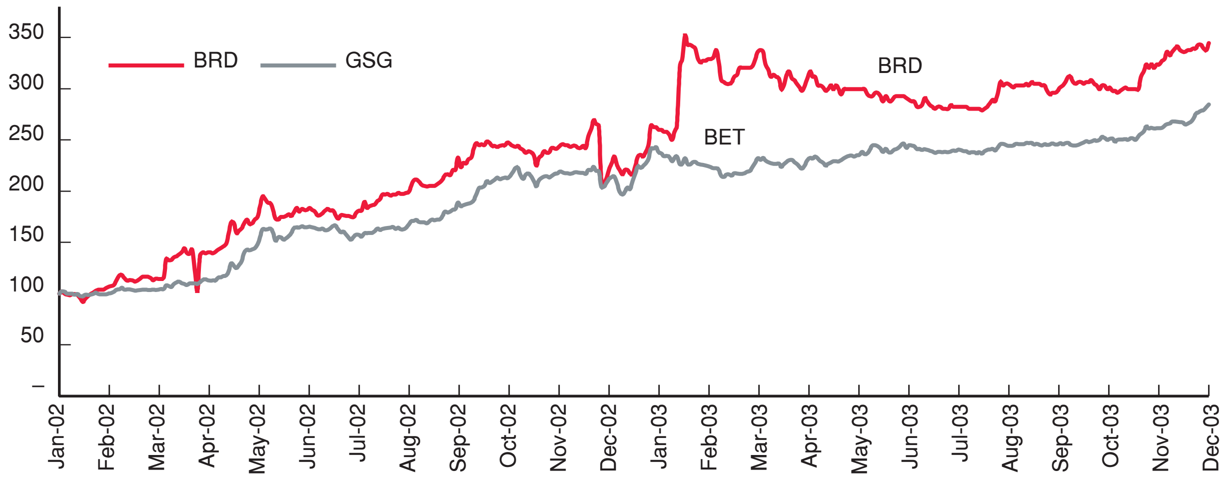
Stock exchange data

The table below illustrates the evolution of the main stock exchange parameters from the beginning of the listing period. To be comparable, the profit and net asset per share in 2002 and 2001 have been recomputed according to the number of shares existing at end December 2003.

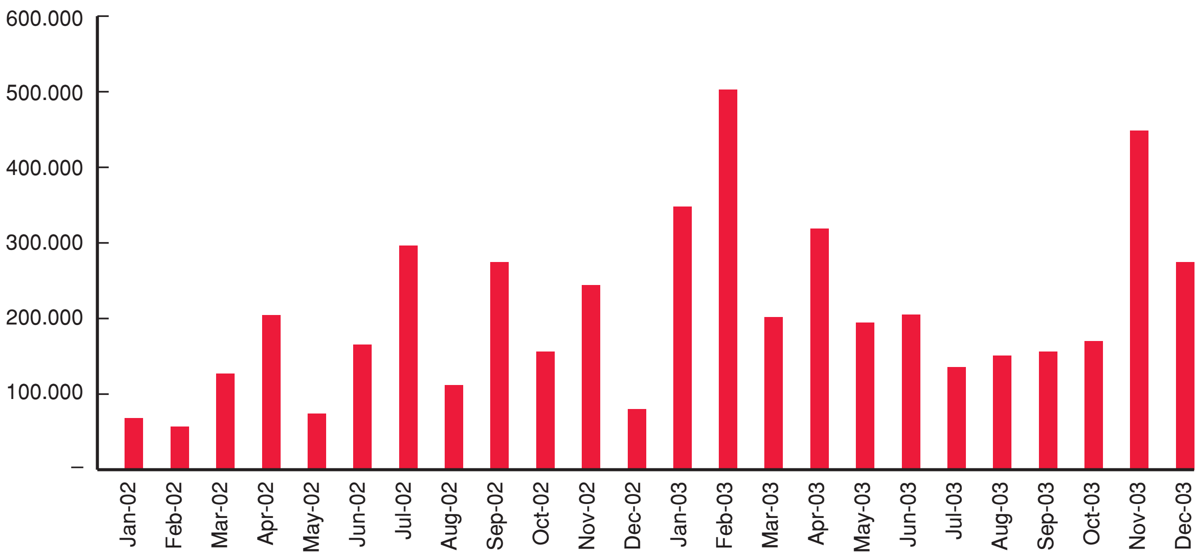
		2001	2002	2003
Share capital at December the 31st (number of shares x 1,000)		348,451	696,901	1,393,803
Capitalization (ROL billion)		7,945	18,119	27,736
Net profit per share (Lei)	nominal (*)	5,872	3,230	1,692
	base 2003 (*)	1,468	1,615	1,692
Net assets per share (Lei)	nominal (*)	22,350	13,558	8,546
	base 2003 (*)	5,587	6,779	8,546
Price (Lei)	closing	22,800	26,000	19,900
	closing (base 2003)	5,700	13,000	19,900
	maximum	31,600	33,700	31,100
	minimum	12,800	15,500	16,100

(*) base : IAS Central Bank

Evolution of price compared to BET index
Daily prices, base 2003



Traded volumes
Daily average in million shares



Share capital

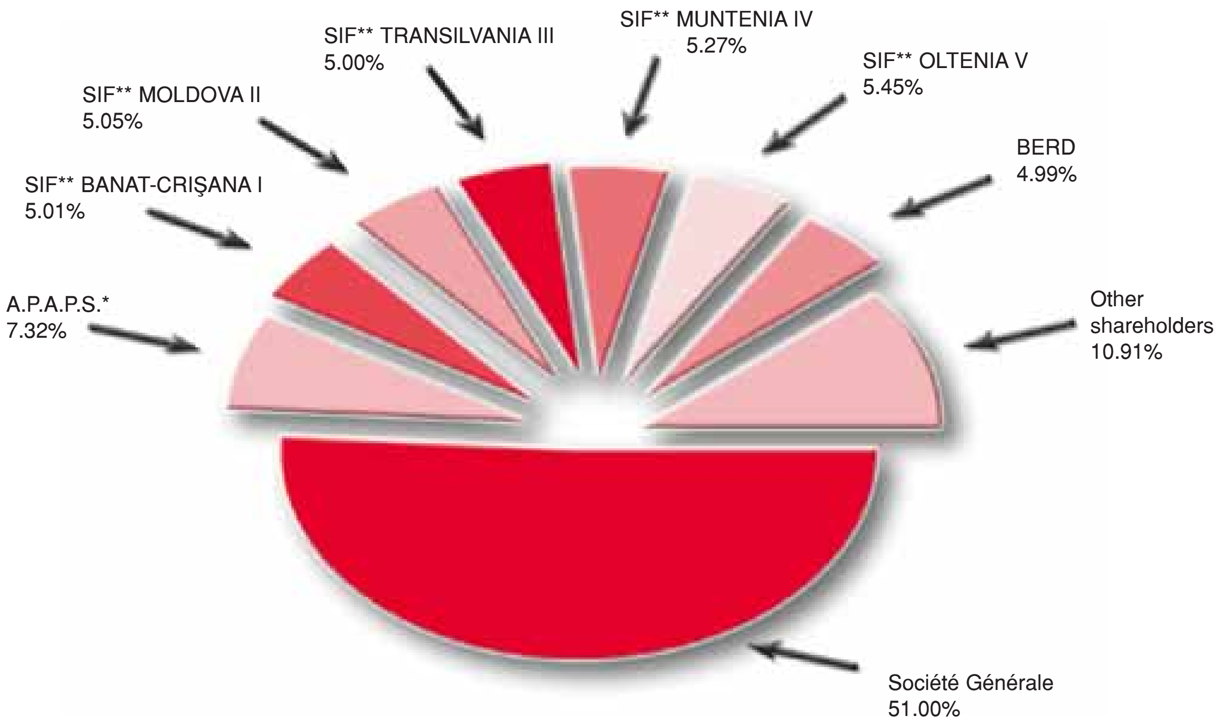
As at December the 31st 2003, the share capital was divided in 1,393,802,680 shares (December the 31st 2002: 696,901,340 shares), at ROL 3,000 per share (December the 31st 2002: ROL 5,000).

The following changes took place in 2003 :

- allocation of a new share for 5 shares held at November the 20th 2002,
- division by 5 of the nominal price, then allocation of a new share at ROL 3,000 for 5 old shares at ROL 1,000 held as at January the 30th 2003.

Shareholders

As at December the 31st 2003, the structure of the capital (identical to the structure of the voting rights) was the following:



(*) Public Authority for the Management of State's Participations
(**) Financial Investment Company

Relationship
with our Shareholders

Our policy in terms of financial communication relies upon the transparency of, and the equal access to, information for all shareholders, and the observance of the legal deadlines of publication, in compliance with the financial communication agenda of Société Générale Group.

All communication susceptible of affecting the price evolution of the bank's shares at the Bucharest Stock Exchange must be submitted first to the Bucharest Stock Exchange for approval, to the National Security Commission for information, and published in the media as a press release, immediately accessible on the site www.brd.ro.

The Bank organizes meetings with the journalists and financial analysts, institutional investors and the rating agencies. A press conference is held every year for the presentation of the results.

Financial communication agenda

April the 15th 2004	Communication of the results as at 31st of December 2003
April the 20th 2004	Reference date for the General Assembly of Shareholders
April the 26th 2004	General Assembly of Shareholders
May the 17th 2004	Communication of the results on the first quarter of 2004
August the 20th 2004	Communication of the results on the first semester of 2004
November the 10th 2004	Communication of the results on the third quarter of 2004

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

Email: communication@brd.ro

CORPORATE GOVERNANCE

BRD is a public, joint stock company, functioning in accordance with the Company Law and other specific regulations. The Bank is run by a Board of Directors and a Management Committee. The powers of the Board and of the Committee are as established by the Articles of Incorporation, whose most recent version was approved in the General Shareholders' Meeting of April the 26th 2004. The Chairman of the Board of Directors, Mr. Bogdan Baltazar, was elected from amongst the members of the Board.

The members of the Management Committee are named by the Board of Directors. The Management Committee is chaired by a CEO, Mr. Patrick Gelin, assisted by a representative CEO, Mr. Gérard Le Pape, and two Executive Officers, Mr. Petre Bunescu and Mr. Sorin-Mihai Popa.

Board
of Directors

The Board of Directors comprises 11 members elected by the General Shareholders' Meeting for a term of 4 years, renewable. It meets at least once a month. The decisions are taken with the absolute majority of votes of the participating or represented Directors.

By virtue of its main attributions, the Board of Directors:

- proposes to the General Shareholders' Meeting: the balance sheet, the destination and the allocation of the profit, the proposal of the revenue and expense budget for the following year, the modification of the Articles of Incorporation, the increase or decrease of the Bank's share capital, the issue of bonds and other securities;
- convenes the General Shareholders' Meeting;
- approves the Bank's general strategy and the policies concerning the Bank's activity;
- approves loans generating a net exposure on a debtor exceeding or equal to 10% of the Bank's shareholders' equity;
- approves loans to individual and corporate customers having special relations with the Bank, pursuant to the regulations of the Central Bank;
- approves the investment plan for the following year,
- approves the Bank's capital participation to financial and banking investments and to the capital of other companies in the country and abroad, according to the provisions of the Central Bank;
- approves the Bank's by-laws regarding the granting of loans to employees and their families;
- appoints the financial auditor of the Bank.

During 2003, the Board of Directors has approved or validated decisions of the Management Committee, relating generally to all of the aforementioned attributions.

Thus, the Board of Directors submitted to the General Shareholders' Meeting, for approval:

- the financial statements of the Bank for 2003: the balance sheet, the profit and loss account, the allocation of the profit and the establishment of the dividend for 2003;
- the revenue and expense budget, and the business plan for 2004;
- the issue of bonds on the domestic market in 2004, with a value of ROL 1,500 billon;
- BRD's participation in the capital of other companies and the increase of a series of participations (ex: BRD Sogelease SRL, Regisco SA, Bursa Română de Mărfuri, ASIBAN SA, RCI Leasing România SRL, Argeşana SA, Biroul de Credit, BRD Finance Credite Consum SRL etc);
- the renewal of the Director mandates of some of the Board members, as well as the election of two new members, namely of Mr. Sorin-Mihai Popa and Mrs. Anne Fossemalle;
- the confirmation of the terms of office of the Board members, as well as the allocation of the structures under their coordination;

- the change of the Bank's headquarters, from Doamnei Street at Boulevard Ion Mihalache;
- the disposal of various assets etc.

As at December the 31st 2003, the members of the Board of Directors were as follows:

	Year of first election and year of expiry of present mandate	Function
Bogdan BALTAZAR 64 years Holds 721.170 BRD shares	1998 2007	Chairman of the Board of Directors of BRD Member of the Board of Directors of the Romanian Investment Fund Vice President of the Romanian Banks Association
Patrick GELIN 58 years Holds 20.000 BRD shares	2001 2005	Chief Executive Officer of BRD
Claude SOULÉ (*) 60 years Holds 12.400 BRD shares	1999 2003	Representative Executive Officer of BRD
Petre BUNESCU 51 years Holds 1.333.800 BRD shares	1999 2007	Deputy Executive Officer of BRD Member of the Board of Directors of MISR Romanian Bank – Cairo, of Transfond SA and of the Romanian Banking Institute
Sorin-Mihai POPA 39 years	2003 2007	Deputy Executive Officer of BRD (Elected in April 2003) Member of the Board of Directors of BRD Sogelease SRL and of RCI Leasing
Ioan NICULESCU 65 years Holds 432.720 BRD shares	1995 2007	Member of the Board of Directors of Asiban S.A. and of BRD Sogelease SRL
Didier ALIX 57 years	1999 2007	Deputy Executive Officer of Société Générale Group
Jean – Louis MATTEI 56 years	1999 2007	Director of Retail Banking Network outside France, Société Générale Group
Anne FOSSEMALLE 40 years	2003 2007	Regional Director for Eastern Europe, EBRD
Aurelian DOCHIA 53 years	2001 2005	CEO of BRD/SG Corporate Finance
Petre Pavel SZEL 59 years Holds 17 BRD shares	2002 2007	Chairman & CEO of Muntenia Consult

(*) replaced starting with January 2004 by Gérard LE PAPE, 57 years

The Directors are obliged to inform the Bucharest Stock Exchange and the National Security Commission about their BRD share transactions (purchases or sales).

Patrick Gelin
CEO

Gérard Le Pape
Representative CEO

Petre Bunescu
Executive Officer

Sorin-Mihai Popa
Executive Officer

Management *Committee*

The Management Committee meets once a week, ensuring the management of the bank's activities, except for the operations related to the competences of the Board of Directors or the General Shareholders' Meeting. The members of the Committee have the power to engage the Bank's responsibility.

Its members as at December the 31st 2003 were as follows:

- Patrick Gelin – CEO
- Claude Soulé (*) – Representative CEO
- Petre Bunescu – Executive Officer
- Sorin-Mihai Popa – Executive Officer

(*) starting with January 2004 replaced by Gérard Le Pape

The main attributions of the Management Committee comprise inter alia the approval of the following:

- the by-laws of the Bank, except the attributions of the Management Committee, the Audit Committee and the Remuneration Committee;
- the internal regulations of the Bank and the modification thereof;
- the interest rates applied to the Bank's resources and placements;
- the tariffs and commissions in ROL and foreign currency;
- the annual lending policies and the granting of loans generating a net exposure on a debtor comprised between the equivalent of EUR 3 million and 10% of the shareholders' equity;
- receivable recovery measures etc.

Like the Directors, the members of the Management Committee are obliged to inform the Bucharest Stock Exchange and the National Securities Commission about their BRD share transactions (purchases or sales).

Audit Committee

The Board of Directors is assisted by an Audit Committee presided by the Chairman of the Board and comprising, besides the Chairman, two administrators who are not members of the Management Committee. It meets at least twice a year.

Amongst the attributions of this Committee are:

- the analysis, independently from the Bank's management, of the pertinence of the accounting methods and of the internal data collection procedures;
- the assessment of the quality of the internal audit and control, in particular in terms of evaluating, supervising and controlling risks, and, the proposal of the necessary measures, as the case may be;
- the analysis of specific issues at the request of the Board of Directors.

Financial Auditor

The Bank's accounts are certified by an independent audit office. The assessment of such auditors refers to the statutory accounts established according to the regulations of Romania's Central Bank and the accounts established pursuant to the International Financial Reporting Standards (" IFRS ") hereto attached. The external auditor is appointed by the Board of Directors.

The company dealing with the certification is Ernst & Young Assurance Services SRL, represented by Mrs. Oana Petrescu.

According to the provisions of the Banking Law no. 58/1998, the Bank also organizes a Risk Committee, a Lending Committee and an Assets and Liabilities Committee, the attributions of which are as stipulated in the Bank's By-laws.

OUR ACTIVITIES

Retail
Market

An ambitious commercial policy:

The objective of the commercial policy was to attract new market shares and to extend the Bank's commercial offerings in the field of savings, lending and new distribution channels.

A strategy targeting young customers and up-market customers

BRD has made efforts to attract students, and thus launched a specific offer and concluded a series of partnerships with universities and the most representative student associations.

The offer met with success, especially in the context of where it provided extra-banking advantages, the Bank gaining more than 30,000 new customers, thus consolidating its presence on this market.

The development of the goodwill relies also on an improved position on the market of up-market customers. Wishing to gain the trust of its wealthy customers in the long term, BRD has put in place a network of dedicated commercial advisors, which allows these customers to have a unique contact for all aspects related to their banking operations. This proximity between the commercial advisors and their customers will play a key role in the marketing promotion of specific offers and in the dynamics of this market. This organization will attract new customers to this rather sophisticated market.

A sustained commercial activity in 2003:

Strong growth of savings products: ROL 30,741 billion + 13.3 % in 2003

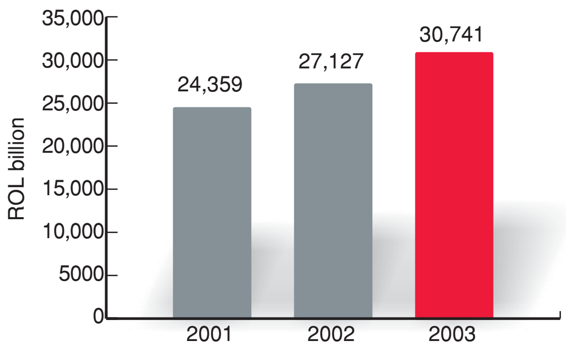
In 2003 the population preferred liquidity, and hence, the security of their resources over long term placements.

To cope with these expectations, BRD has extended its range of liquid savings products. Launched in September 2003, the success of the savings account " Atucont " has resulted in the conclusion of 8,000 agreements during the last quarter.

The funds captured in foreign currency have seen considerable progress, increasing by 15.5 % over the previous year.

The long term placements in insurance products remain still limited, being essentially focused on foreign exchange products. The life insurance offer has been extended with the launch of a unique bonus product destined towards affluent customers. "Simfonia 1" fund is still the leader with 36 % market share.

Evolution of deposits



Loans to individuals: solid growth

The retail lending activity continues to provide compelling benefits for BRD, especially in the context of a series of partnerships in all the major fields: large retailers (Carrefour, Praktiker, Bricostore), the automobile industry (Renault/ Dacia), and the National Housing Agency.

Over the course of one year, the loans to individuals have progressed by 172 %, standing at ROL 13.597 billion at end December 2003. Their weight in the total loans advanced from 16.5 % in 2002 to 27.6% in 2003.

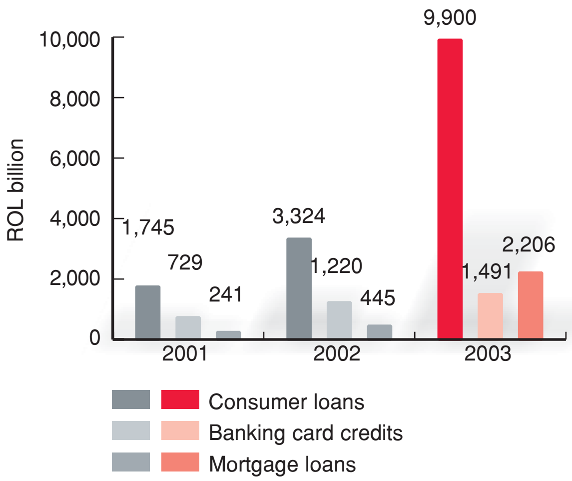
- Consumer loans: 21 % market share

Triggered by a high demand, the commercial activity reported a strong development of the consumer loans, which accounted for more than 260,000 loan applications in 2003.

The personal need loans knew the highest performance ever, up from 28% to 49% at end 2003 against the aggregate value of the loans granted to individuals.

- Mortgage loans: reinforcing BRD's position

Aware of the high potential of the customers having purchased real estate, BRD developed solutions to answer their expectations: transparency and extension of loan duration. A valuable partnership was concluded with the National Housing Agency under which several large real estate projects have been initiated.



Pursuing the development of various distribution channels

For several years already, BRD has been providing its customers with a large range of services through multiple channels: network of branches, network of ATMs, telephone. In 2003 BRD continued making significant investments in the new distribution channels, offering its customers an authentic multi-channel service.

Thus, BRD developed the services proposed by its telephone platform "VOCALIS", whereby all requests for information, meetings or product pre-underwriting, in relation to the physical branch network, are answered.

At end 2003, the centre dealt with an average of 1,000 calls each day, up 30% compared with the previous year.

BRD also opened a telemarketing platform, which accompanies the direct marketing campaigns. This structure, which comes to complement the branch network, enlarges the opportunities for contact between branches and existing and potential customers.

BRD was one of the first companies to launch a SMS consultation and transaction service, offering in partnership with Orange the service "Mobilis".

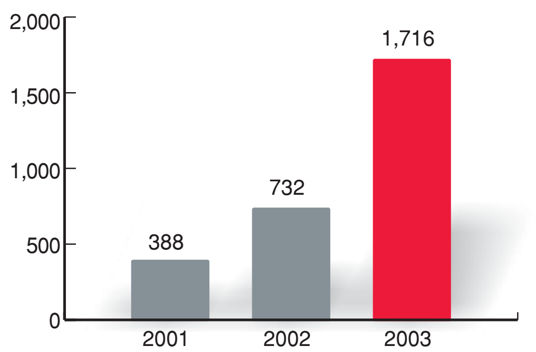
Banking cards: a year of consolidation

In the field of banking cards, despite newly arrived competitors, BRD maintains its second position on the market. With more than 900,000 card holders, BRD stands out as a reference bank.

Against the backdrop of a fiercely competitive market, BRD multiplied its approaches to enterprises convincing them to having the employees salaries domiciled, and reinforcing the card transactions activity.

In 2003 BRD intensified its efforts to equip retailers with POS, their number reaching 1,716, up from 732.

Evolution of the number of affiliated retailers accepting BRD cards



Corporate
Customers Market

Developing the universal bank businesses intended for small and medium sized enterprises, and providing specific services for the development of large enterprises were the paramount objectives of BRD on this market.

In a highly competitive background, efforts were made to maintain the Bank's market shares, at the same time applying a prudential risk and provisioning policy.

Large Corporations

Directly or through its specialized subsidiaries, BRD is able to provide its multinational corporate customers and Romanian large enterprises with a diversified range of merchant banking services.

The consolidation of the structures dedicated to large corporations led to increased activity in 2003. Benefiting from the assistance of the specialized entities within the Société Générale Group, such activities reported strong progress.

Thus, in the field of project financing, BRD together with Société Générale acted as advisor for the Vinci Group to identify the financial set-up for the construction of a road section.

The Bank has also participated to the structure, execution and local financing of several export credits for suppliers of foreign industrial equipment.

BRD was one of the very first banks to cover the raw material needs (Kerosene, steel) of its customers.

The value added transactions have also increased in size and sophistication. In 2003 BRD was the sole arranger of the most important private financing, of Euro 50 million, intended to sustain the development of the Carrefour hypermarkets in Romania.

To consolidate its intervention capabilities in the agricultural and food sector, BRD signed a risk sharing agreement with the EBRD, for an amount of EUR 88 million.

In the field of financial consultancy, BRD provides financial investment services to large Romanian and foreign customers through its two specialized subsidiaries: BRD/SG Corporate Finance, a major player on the M & A market in Romania, offering also investment and privatisation services; and BRD Securities - Groupe Société Générale SA, one of the top three brokers on the Romanian market, holding 7.4 % market share of the total transactions carried out at the Bucharest Stock Exchange.

Small and Medium Sized Enterprises

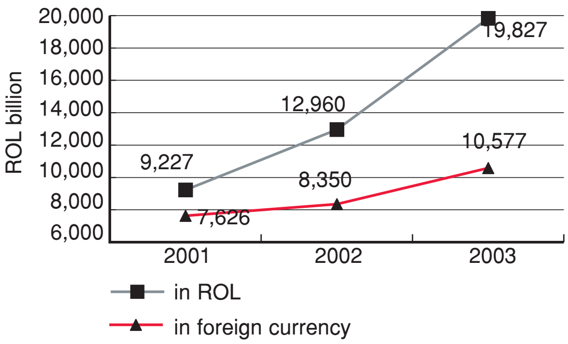
Still under the influence of its origins as a bank for enterprises, BRD has reinforced its position on this market.

Growing resources

Corporate customers' deposits registered a strong progression. At end December 2003 they aggregated ROL 30,404 billion (up 42.7 %), an intensification of the trend reported over the last two years.

This performance was fuelled by the launch of certificates of deposit and the intensive marketing activities carried out by the branches.

Corporate customers' deposits

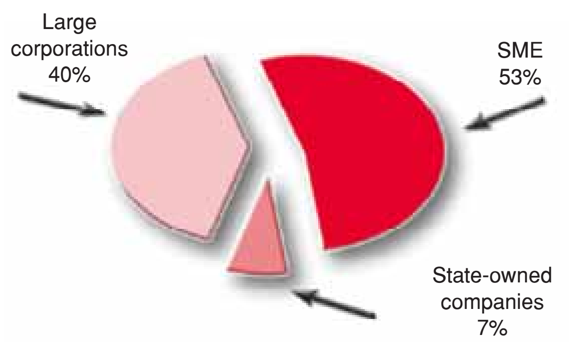


Loans: sustained development

In 2003 BRD has seen a strong progression of its lending activity, underpinned by the dynamic investment policies of enterprises.

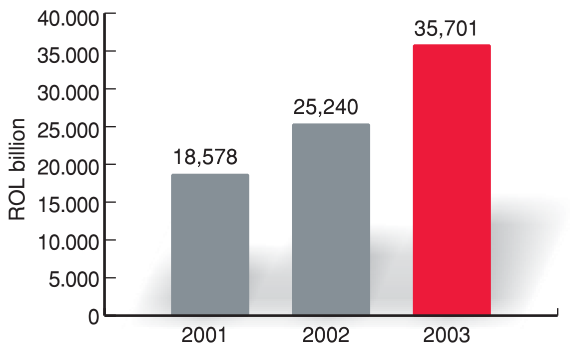
The reinforcement of the commercial structure dedicated to large corporate customers was an important growth factor on this market, the Bank applying at the same time a rigorous risk margin policy.

Loan structure

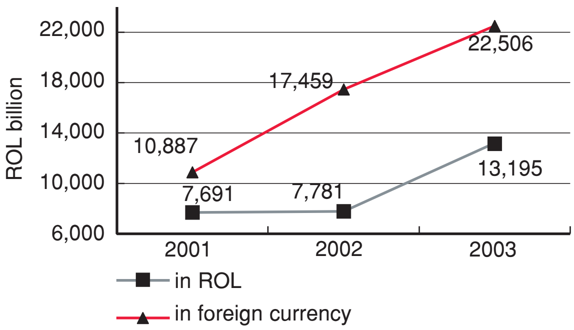


At end December 2003, the loans granted to companies accounted for ROL 35,701 billion, up by 41 %.

Evolution of the loan portfolio granted to corporate customers



In the context of this development, foreign currency loans grew by 69.6% whilst ROL loans progressed by 28.9%.



Cash flow management and services

A major factor in the relation between the Bank and its corporate customers, the capture of cash flows was a priority in 2003.

Despite intense competition, the generated cash flow was managed by the intensive actions of the network, underpinned by a sustained activity for international transactions.

Leasing: a dynamic commercial approach

Through BRD Sogelease, BRD has a privileged position ranking second on the leasing market in Romania.

BRD Sogelease finances the investment needs of small, medium and large companies, relying mainly on its branch network.
The commercial activity was sustained, being focused on all markets: transportation, real estate, industrial equipment.

During its first complete business year, the value of the agreements concluded amounted to EUR 66 million, i.e. an increase of 120%. At end 2003, the balance of the leasing activity stood at EUR 58 million, up 260%.

Factoring: expanding the offer

The factoring offers a solution to finance the operating needs of companies, allowing at the same time an efficient management of the bank–customer relationship.

The accent was placed on reinforcing the relations with factoring companies within the Société Générale Group.

The turnover generated exclusively by exports came to EUR 43 million, an increase by 9% over 2002.

At the same time, BRD strove to expand its commercial factoring offer to cope with the requirements of the domestic market.

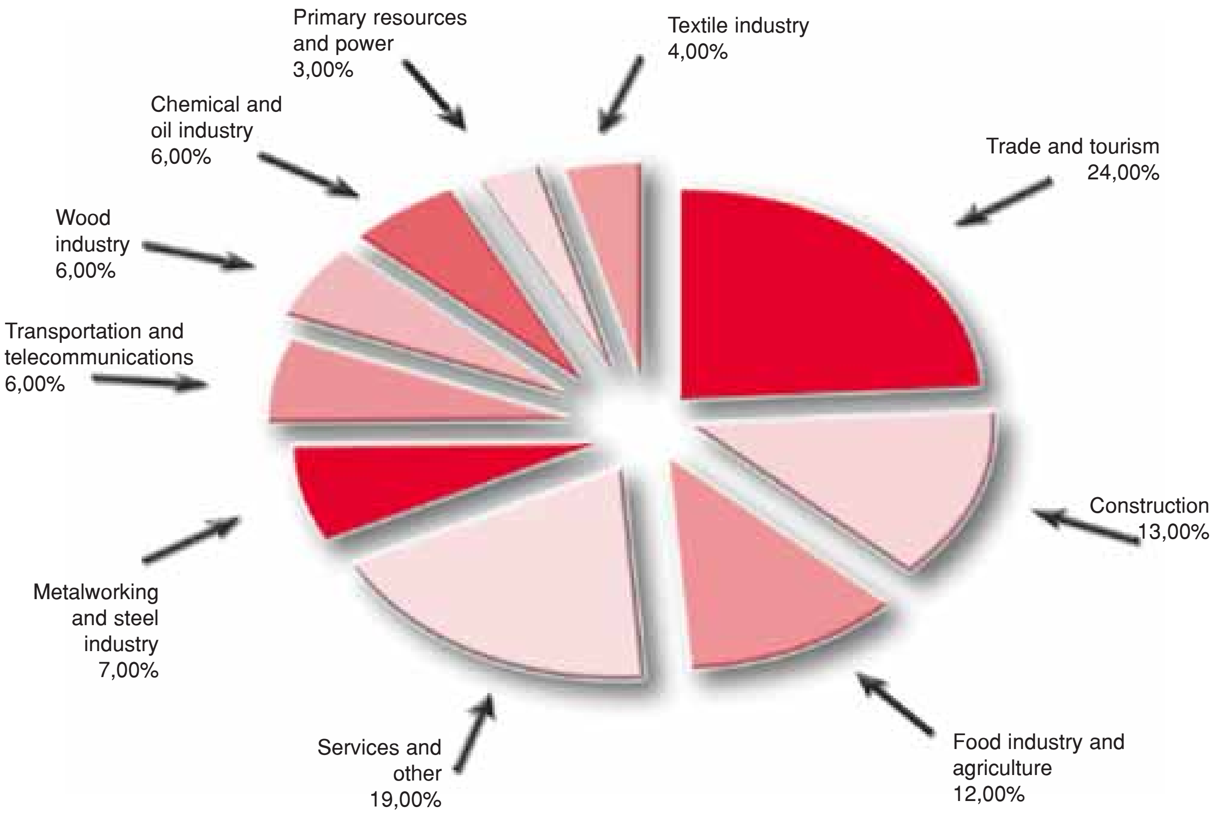
The launch at the end of 2003 of domestic factoring will consolidate BRD's position and allow a global customer service.

Assets and Liabilities
Management

In 2003 BRD has maintained within accepted prudential levels, due to a safe risk management in order to avoid repayment incidents, and ensure the necessary back-up for the lending activity and conserve a well-balanced loan portfolio.

Due to a flexible rate policy, the Bank has consolidated the ties with its depositors, offering attractive interest rates for deposits and loans with advantageous conditions.

Credit risk spread on economic sectors



In 2003, against a rise by 67.3% of non-governmental loans and the sharpening of the competition on this market, the liquidity strategy of the Bank mainly focused on:

- extending the medium duration of the Bank's external resources, by paying an interest bonus for longer maturities and introducing certificates of deposit

- placing liquidity in excess on the interbank market for maturities up to 1 month with the National Bank or other renowned local or foreign banks.

To mitigate the risk level related to the lending activity, the risks have been equally spread between different sectors of the economy. At end December 2003 the sectors with outstandings superior to 10% of the total loan commitments are: "Trade and tourism" (24 % which, except for a reduced number of big customers, is widely spread on small and midsize customers), " Services and other sectors " (19%), "Construction" (13 %) and "Food industry and agriculture" (12 %).

As for the global management of assets and liabilities, the methods and techniques of the on-line management of forex risks, interest rates and liquidity have been developed in line with the practice of the Société Générale Group. Thus, the Bank's liquidity ratio was maintained at a satisfactory level (4.40 at the end of 2003).

SUSTAINABLE DEVELOPMENT

The Human *Resources*

The rebalancing of the age pyramid

At end year BRD - Groupe Société Générale counted 4,258 employees versus 4,365 at the end of the previous year. The personnel reduction was possible due to modern systems and tools being implemented, which optimized the banking activities and processes.

In line with one of the key objectives of the human resource policy at Group level, namely the rebalancing of the age pyramid, in 2003 BRD pursued its voluntary policy of recruitment and training of talented young people. Thus, more than 300 people, for the most part young graduates, had the chance to join the Bank.

BRD – Universities, a successful partnership

To identify talented young students and graduates, BRD participated at numerous Student Job Forums and concluded conventions with prestigious universities allowing students to take training courses in the Bank.

Professional training

Against a backdrop of fierce competition and dynamic market conditions, special emphasis was placed in 2003 on the training programs to improve the professionalism of the personnel, and enhance the quality, and diversify of the services provided to the Bank's customers.

In 2003, a particular attention was paid to training commercial advisors, who are in close contact with customers. To this effect, the professional training focused on specific banking activities, unlike in 2002 when the training was aimed at developing IT skills.

During 2003 approximately 5,000 participants benefited from various training courses. The employees who benefited from at least one training course in 2003 account for 63% of the personnel, versus 61% in 2002 and 53% in 2001.

The number of employees who participated in training courses organized by Société Générale Group has considerably increased as well. In 2003, 5.7% of the training courses were provided by the Group, compared to 2% in 2002 and 1% in 2001, the number of employees having benefited from this opportunity amounting to 110, versus only 20 in 2002.

Carrier Management to motivate competence

Inspired by the fundamental values of Société Générale Group - professionalism, team spirit, innovation - and in line with the Group's policy and the practice in managing human relations, a new policy was adopted in 2003. This twofold approach aimed at improving the career management process, and at accelerating the skill development of the personnel.

An action plan was initiated to stimulate the functional and geographical mobility of employees to suit the changing needs of the Bank and to respond to the professional skills and expectations thereof. To this end, a dedicated structure was created. A new evaluation system allows to better assess the performances and the expectations of employees, and a Career Committee, comprising the management of the Bank, meets regularly to discuss and monitor their development.

BRD
and the Society

BRD has always been an important player in the life of the community, making its presence visible in three major fields of the social life: culture, sports and sponsoring.

BRD is the traditional partner in numerous prestigious events, such as the award ceremonies of the Artist Union or the UNITER awards. The Bank encourages the new generations of talented actors through sponsoring, such as the partnership with the National Theatre and Cinema University " Ion Luca Caragiale " by financing the organization of shows directed and performed by senior students at the Casandra studios.

BRD also financed other large events such as the contest " Le Mot d'Or " organized by the French Institute of Bucharest, " Les journées européennes " organized by the French Cultural Center of Cluj-Napoca or " La fête du cinéma français ", organized by the French Institute of Bucharest.

Wishing to encourage young talent, to protect the musical heritage and promote authentic values, for several years BRD has been organizing various musical events. In the spirit of the Foundation Mécénat Musical of Société Générale, and in partnership with it, BRD organized in September 2003, on the occasion of the inauguration of its new headquarters, the concert performed by the string quartet "Ad Libitum" and the French piano player Eric Le Sage.

The Bank also purchased numerous paintings by young Romanian artists, a collection that will be enhanced during the coming years. Starting with 2004 the public will have the opportunity to visit modern art exhibitions in the hall of the Bank, which offers a generous exposition space. The hall of the Bank has been entirely decorated by the Romanian artist Alexandru Ghildus. The choice of the artist was to correlate the traditional image of the Bank with art works realised in a material defined by great sincerity - the glass, based on a licensed technology.

As every year, at the beginning of 2003, BRD renewed its traditional sports partnerships with the Romanian Rugby Federation, the Romanian Cycling Federation and the Romanian Tennis Federation. The important sporting events of the year 2003 include among others the Cycling Tour of Romania, the International Athletics Championship of Romania, the inaugural edition of the Diplomats Club Trophy for Tennis.

Finally, acting as a responsible "citizen", BRD could not overlook a sensitive area of the social life: the support to the foundations aiding institutionalized children or children coming from poor families. Thus, for the second year, BRD was the principal partner of "Valentina"

Association, financing the functioning of the Bacău shelter for disabled children.

On December the 3rd 2003 the *International day of solidarity with disabled people* was celebrated worldwide, and on this ocasion BRD announced an important donation of personal computers, the license of utilization of the programs being offered by Microsoft Romania. The beneficiaries of this donation are the occupational therapy centres coordinated by the National Agency for Disabled Persons, non government bodies acting in the defence of the rights of the disabled persons, and, through "Salvati Copiii" Foundation, a number of 30 schools situated in poor geographical areas. BRD has equally participated at numerous other charity events organized for the benefit of sick children and the elderly.

OUR RESULTS

Deposits
and Loans

At December the 31st 2003, the aggregate loans stood at ROL 49.298 billion (EUR 1.199 million), up by 43% in real terms compared with the previous year.

Loans to individuals showed a strong development in 2003, reaching at the year end 28% of the aggregate granted loans.

Customers' deposits at end December 2003 amounted to ROL 61.145 billion (EUR 1.487 million), i.e. a progression of 11 % in real terms compared with 2002.

In ROL billion	2002		2003		*Evolution 03 / 02 (*)*
Retail	4,989	*17 %*	13,597	*28 %*	*+ 139 %*
Corporate	25,240	*83 %*	35,701	*72 %*	*+ 24 %*
Loans to customers	**30,229**	*100 %*	**49,298**	*100 %*	***+ 43 %***
of which ROL	12,623	*42 %*	25,181	*51 %*	
foreign currency	17,606	*58 %*	24,117	*49 %*	
Deposits from customers	**48,438**	*100 %*	**61,145**	*100 %*	***+ 11 %***
of which ROL	25,749	*53 %*	34,008	*56 %*	
foreign currency	22,689	*47%*	27,137	*44 %*	

(*) in real terms

The Profit and Loss *Account*

In 2003 the net banking income grew by 10% in real terms, whilst the revenues from commissions went up by 18% in real terms, accounting for 33% of the total net banking income compared with 31% in 2002.

The progression of the operating expenses was limited to 7% in real terms, despite the constitution in 2003 of a provision for the participation of employees to the benefit of ROL 98 billion. In comparable terms, the growth of the operating expenses represented 5%.

On the whole, the gross operating result increased by 14%, with a cost/income ratio declining by 1.6% over the previous year.

The increase of the net risk cost in 2003 was generated by the adoption of the new regulations of the Central Bank, applicable starting with January 2003. In addition, the net risk cost for 2003 includes ROL 132 billion as provisions for non commercial risks, of which ROL 103 billion cover a tax litigation from 1997-1998, and ROL 29 billion the latent depreciation of certain fixed assets. The weight of bad loans against the total balance sheet loans decreased from 2.9% in 2002 to 2.2% in 2003.

The 2003 net profit totaled ROL 2.358 billion. In comparable terms and notwithstanding the exceptional elements above, the net profit came out at the same level as last year, in comparable terms. ROE stands at 24.7%.

In ROL billion	2002	2003	*Evolution 03 / 02 (*)*
Net banking income	6,273	7,910	*+ 10 %*
Operating expenses	(3,399)	(4,162)	*+7 %*
Gross operating result	**2,874**	**3,748**	***+14 %***
Net risk cost	(161)	(769)	*NS*
Tax on companies	(462)	(621)	*+18 %*
Net profit	**2,251**	**2,358**	***- 8 %***
Cost / Income ratio	54,2%	52,6%	
Return on equity (ROE)	**30,7%**	**24,7%**	

(*) in real terms

The Balance *Sheet*

The total balance sheet at end 2003 rose to ROL 81,187 billion (i.e. EUR 1,975 million), up in comparable terms by 11% compared with the previous year.

The increase in the value of investments was mainly generated to a contribution of ROL 45 billion to the capital of the leasing subsidiary (BRD Sogelease), owned 100%.

After the legal revaluation of the fixed assets in 2003, the same came out at ROL 1,354 billion. The evaluation was performed by an independent internationally renowned external expert.

The Cooke ratio, calculated as per the indications of the Central Bank, is 16.0% at end December 2003, i.e. 4% above the minimum level established by the Central Bank (12%).

In ROL billion at December the 31st 2003	2002	2003	Evolution 03 / 02 (*)
Assets			
Cash and cash equivalents with the Central Bank	14,558	14,771	*- 11 %*
Amounts receivable from credit institutions	8,220	7,469	*- 20 %*
Amounts receivable from customers	29,786	48,886	*+ 44 %*
Securities	3,456	264	*- 93 %*
Participations	145	209	*+ 26 %*
Immobilizations	6,654	8,362	*+ 10 %*
Other securities	1,070	1,226	*+ 1 %*
Total assets	**63,889**	**81,187**	***+ 11 %***
Liabilities			
Debts to loan institutions	3,839	5,677	*+ 30 %*
Debts to customers, of which:	49,153	62,032	*+ 11 %*
– term	32,775	43,690	*+ 17 %*
Other liabilities	1,449	1,567	*- 5 %*
Shareholders' equity	9,448	11,911	*+ 10 %*
Total liabilities	**63,889**	**81,187**	***+ 11 %***

(*) in real terms

2003

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report to the Shareholders of Banca Română pentru Dezvoltare S.A.

To the shareholders of Banca Română pentru Dezvoltare S.A.:

1. We have audited the consolidated financial statements of Banca Română pentru Dezvoltare S.A. (the "Bank") for the year ended 31 December 2003 which comprise the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity and the related notes 1 to 45. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This report is made solely to the Bank's shareholders, as a body. Our report has been undertaken so that we might state to the Bank's shareholders those matters we are required under International Standards on Auditing to state to them in an auditors' report and for no other purpose. To the fullest extent required by the law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

3. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. As detailed in Note 3q the Bank does not determine the loan origination fee and the direct cost relating to the loans granted as of December 31, 2003, which should be deferred and recognized in profit and loss account as an adjustment to effective yield in accordance with IAS 18 "Revenues".

5. In our opinion, except for the impact arising from the matter referred to in paragraph 4 above, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2003 and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

April 30, 2004
Bucharest, Romania

Ernst & Young

Ernst & Young Assurance Services SRL

Consolidated Balance Sheet as of December 31, 2003

(Amounts in millions of ROL in terms of purchasing power as of December 31, 2003)

	Note	December 31, 2003	December 31, 2002
ASSETS			
Cash and cash equivalents	4	2,426,159	2,821,638
Accounts with the Central Bank	5	19,014,077	19,790,159
Current accounts and deposits with banks	6	866,794	3,438,431
Available for sale securities	7	522,721	4,369,228
Loans, gross		50,193,909	34,949,812
Impairment reserve for loans		(2,464,585)	(2,058,126)
Loans, net	8	47,729,324	32,891,686
Lease receivables	9	2,217,925	626,925
Associates and unconsolidated subsidiaries	10	439,843	521,429
Available for sale equity investments	11	28,003	28,561
Tangible fixed assets, net	12	10,208,929	10,731,167
Goodwill, net	13	501,510	586,132
Intangible assets, net	14	249,442	443,391
Other assets, net	15	236,212	373,990
Total Assets		**84,440,939**	**76,622,737**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Customers deposits			
Demand deposits	16	20,437,179	19,885,351
Time deposits	17	44,656,519	38,850,783
Total deposits		65,093,698	58,736,134
Borrowings	18	4,417,340	3,266,061
Deferred tax liability, net	19	530,658	910,562
Other liabilities	20	580,539	364,010
Total Liabilities		**70,622,235**	**63,276,767**
Share capital, nominal	21	4,181,408	3,484,507
Share capital restatement surplus		18,187,207	18,187,207
Reserve for general banking risks		136,098	136,098
Revaluation surplus		1,049,296	1,147,190
Accumulated deficit		(9,735,305)	(9,609,032)
Total Shareholders' Equity		**13,818,704**	**13,345,970**
Total Liabilities and Shareholders' Equity		**84,440,939**	**76,622,737**

The financial statements were authorized by management on April 30, 2004 and signed on its behalf by:

Mr. Patrick Gelin
Chief Executive Officer,

Mr. Petre Bunescu
Executive Officer,

The accompanying notes are an integral part of these financial statements

Consolidated Income Statement for the Year Ended December 31, 2003

(Amounts in millions of ROL in terms of purchasing power as of December 31, 2003)

	Note	December 31, 2003	December 31, 2002
Interest income			
Interest on loans	23	7,222,269	6,651,828
Interest on deposits with banks	23	1,292,442	2,112,125
Interest on securities	23	261,237	1,295,518
Total interest income		8,775,948	10,059,471
Interest expense			
Interest on customers' deposits	24	(3,261,877)	(5,182,934)
Interest on borrowings	24	(99,479)	(123,682)
Total interest expense		(3,361,356)	(5,306,616)
Net interest income		5,414,592	4,752,855
Impairment of loans, net	8	(667,406)	(235,433)
Net interest income less provision for impairment of loans		4,747,186	4,517,422
Fee and commission income	25	3,322,593	2,799,665
Fee and commission expense	25	(359,245)	(332,612)
Net fee and commission income		2,963,348	2,467,053
Non-interest income			
Foreign exchange income, net	26	715,393	717,632
Income/ (loss) from associates		(94,532)	(163,071)
Other income		228,494	108,890
Total non-interest income		849,355	663,451
Income before non-interest expense		8,559,889	7,647,926
Non-interest expense			
Contribution to the Deposit Guarantee Fund	28	(232,055)	(240,617)
Salaries and related expenses	30	(2,238,444)	(2,235,548)
Depreciation and amortization	31	(1,336,552)	(1,316,304)
Other operating expenses	32	(2,060,922)	(1,920,485)
Total non-interest expense		(5,867,973)	(5,712,954)
Net operating profit		2,691,916	1,934,972
Loss on net monetary position		(292,645)	(144,218)
Profit before income tax		2,399,271	1,790,754
Income tax			
Current income tax expense	19	(723,867)	(508,021)
Deferred income tax (expense)/ income	19	267,184	(35,922)
Total income tax		(456,683)	(543,943)
Net profit for the year		**1,942,588**	**1,246,811**
Earnings per share (in ROL)		**1,394**	**2,045**

The accompanying notes are an integral part of these financial statements

Consolidated Cash Flow Statement for the Year Ended December 31, 2003

(Amounts in millions of ROL in terms of purchasing power as of December 31, 2003)

	December 31, 2003	December 31, 2002
Cash flow from operating activities		
Operating profit before hyperinflation adjustment and income tax	**2,691,916**	**1,934,972**
Adjustments for non-cash items:		
Depreciation and amortization expense	1,336,552	1,316,304
Net loss from disposals of tangible and intangible assets	117,156	254,412
Impairment of equity investments	100,402	213,329
Allowance for loans and interest and other provision expenses	653,585	288,084
Total adjustments for non-cash items	2,207,695	2,072,129
Net profit adjusted for non-cash items	**4,899,611**	**4,007,101**
Changes in operating assets and liabilities		
Compulsory reserves at NBR	(277,357)	(2,955,279)
Collaterals at banks	(302,236)	(727)
Treasury securities	3,510,605	(1,292,454)
Trading securities	20,832	105,706
Loans	(20,907,337)	(10,076,867)
Lease receivables	(1,782,584)	(680,698)
Other assets	27,833	(184,159)
Demand deposits	3,219,276	3,136,132
Term deposits	11,340,159	5,293,129
Other liabilities	147,187	(57,244)
Total changes in operating assets and liabilities	**(5,003,622)**	**(6,712,461)**
Income tax paid	(531,991)	(327,860)
Net cash from operating activities	**(636,002)**	**(3,033,220)**
Cash flows (used in) investing activities		
Increase in equity investments	(18,258)	(11,832)
Acquisition of tangible and intangible assets	(774,940)	(2,342,956)
Proceeds from sale of tangible and intangible assets	24,147	21,140
Net cash (used in) investing activities	**(769,051)**	**(2,333,648)**
Cash flows from financing activities		
Increase in other borrowed funds	1,661,842	1,750,098
Dividends paid	(1,371,960)	(1,631,360)
Net cash from financing activities	**289,882**	**118,738**
Monetary loss on cash transactions	**(1,461,305)**	**(2,223,885)**
Net decrease in cash and cash equivalents	**(2,576,476)**	**(7,472,015)**
Cash and cash equivalents at beginning of period	**12,242,538**	**19,714,553**
Cash and cash equivalents at end of period	**9,666,062**	**12,242,538**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Shareholders' Equity for the Year Ended December 31, 2003

(Amounts in millions of ROL in terms of purchasing power as of December 31, 2003)

	Share capital - nominal	Share capital restatement reserve	Reserve for general banking risks	Reeva-luation surplus	Accumulated deficit	Total
Balance as of December 31, 2002 (as reported)	**3,484,507**	**18,187,207**	**136,098**	**1,147,190**	**(9,237,357)**	**13,717,645**
Prior year adjustments	–	–	–	–	(371,675)	(371,675)
Balance as of December 31, 2002	**3,484,507**	**18,187,207**	**136,098**	**1,147,190**	**(9,609,032)**	**13,345,970**
Distribution of dividends for 2002	–	–	–	–	(1,371,960)	(1,371,960)
Balance as of December 31, 2002 (after dividend distribution)	**3,484,507**	**18,187,207**	**136,098**	**1,147,190**	**(10,980,992)**	**11,974,010**
Impairment of buildings transferred to income statement	–	–	–	(97,894)	–	(97,894)
Increase in share capital	696,901	–	–	–	(696,901)	–
Net profit for 2003	–	–	–	–	1,942,588	1,942,588
Balance as of December 31, 2003 (before dividend distribution)	**4,181,408**	**18,187,207**	**136,098**	**1,049,296**	**(9,735,305)**	**13,818,704**

The accompanying notes are an integral part of these financial statements

Notes to the Consolidated Financial Statements

(Amounts in millions of ROL in terms of purchasing power as of December 31, 2003)

1. Corporate information

Banca Română pentru Dezvoltare SA ("BRD – Groupe Société Générale" or the "Bank") is a limited liability company incorporated in Romania. The Bank commenced business as a public limited corporation in 1990, by acquiring assets and liabilities of the former Banca de Investitii. The Bank headquarters is at 1–7 Ion Mihalache Blvd., Bucharest and is registered in the Register of Commerce as a stock company, under the no. R.C. J40/608/1991.

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

The Bank has 181 units throughout the country, organized in 20 groups (178 units as of December 31, 2002). The average number of employees during 2003 was 4,336, and the number of employees as at the year end 4,258 (4,454 employees during the year 2002 and 4,365 employees as at the year-end of 2002).

BRD – Groupe Société Générale offers a full range of commercial and individual banking services allowed by law. The Bank accepts deposits from the public and grants loans, carries out funds transfer in Romania and abroad, exchanges currencies and provides banking services for its commercial and retail customers. BRD – Groupe Société Générale also holds controlling and non-controlling interests in several Romanian and foreign enterprises (Note 10 and 11).

As of December 31, 2003 and 2002, the shareholders' structure of the Bank is as follows:

	December 31, 2003	December 31, 2002
Société Générale France	51.00%	51.00%
The Authority for Privatization and Management of State Ownership ("APAPS")	7.32%	7.32%
SIF Oltenia	5.45%	5.42%
SIF Muntenia	5.27%	5.27%
SIF Banat Crişana	5.01%	5.01%
SIF Moldova	5.05%	5.05%
SIF Transilvania	5.00%	5.00%
European Bank for Reconstruction and Development ("EBRD")	5.00%	4.99%
Other shareholders	10.90%	10.94%
Total	**100.00%**	**100.00%**

2. Basis of accounting

The financial statements are presented in Romanian Leu ("ROL"). The Bank maintains its accounting records and prepares a separate set of financial statements in accordance with Accounting Regulations Harmonized with the European Economic Community's Directive no. 86/635/CEE and with the International Accounting Standards ("IAS BNR") and the Romanian Banking Act. The statutory financial statements have been prepared under the historical cost convention, except for the statutory revaluation of tangible assets.

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the IASB, and International Accounting Standards and Standing Interpretation Committee interpretations adopted by the IASB.

The principal difference between the statutory and the IFRS financial statements relate to the methodology for determining loan impairment loses, deferred tax and accounting for hyperinflation.

3. Significant accounting policies

Changes in Accounting Policies

During 2003 the Bank decided to harmonize the accounting policies with those adopted by the Parent and changed the accounting policy for tangible assets from "revalued amount" to "cost less accumulated impairment".

The financial statements as of and for the year ended 2002 have been restated to reflect this change in accounting policy as follows: tangible fixed assets as at December 31, 2002 decreased by 495,567, and the depreciation expenses for 2002 decreased by 136,772. The deferred tax liability and its income statement was adjusted accordingly.

a) Basis for consolidation

The consolidated financial statements comprise the financial statements of BRD – Group Société Générale and all its subsidiaries and associates.
The subsidiary companies, all of which are incorporated in Romania, are BRD Sogelease SRL, BRD Corporate Finance SRL and BRD Securities S.A. in which the BRD – Groupe Société Générale holds 100%, 51.25% and 99.62% of the share capital respectively.

A subsidiary is an enterprise where the Bank exercises control over management decisions. Control is presumed to exist when direct or indirect ownership exceeds 50% of the voting power of the enterprise. The Bank's policy is to consolidate subsidiaries that have a material impact on the Banks' financial statements. Accordingly BRD – Groupe Société Générale consolidates BRD Sogelease SRL. All intercompany transactions, balances and unrealized surpluses and deficits on transactions between BRD – Groupe Société Générale and BRD Sogelease have been eliminated (see related notes).

An associate is an enterprise in which the Bank exercises significant influence and is neither a subsidiary nor a joint venture. Associates are accounted using the equity method. The investments in associates are carried at cost plus post-acquisition changes in the Bank's share of net assets of the associate. The Bank's share in the results of operations of the associates is reflected in the Bank's consolidated income statement.

b) Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at year-end rates based on the official NBR exchange rate. These rates were as follows:

	December 31, 2003	December 31, 2002
ROL/ USD	32,595	33,500
ROL/ EUR	41,117	34,919

Exchange differences arising on the settlement of the transactions at rates different from those at the date of the transaction, and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in the income statement.

c) Impact of inflation

The financial statements including the corresponding figures for the previous periods are restated in terms of the measuring unit current at the balance sheet date to take into account the effects of hyperinflation.

The net loss on the net monetary position is included in the income statement and disclosed separately as hyperinflation adjustment.

IAS 29 does not establish a specific inflation rate at which hyperinflation is deemed to arise, although the standard does suggest that economies are regarded as hyperinflationary if the cumulative inflation rate over a period of three years exceeds 100%, among other factors. In Romania, the consumer price index for the years ended December 31, 2003, 2002, and 2001 was 14.1%, 17.9%, and 30.3%, respectively. The cumulative inflation rate over the period of three years was 75%.

Other factors to be considered when deciding whether the restatement of financial statements in accordance with IAS 29 is necessary include, but are not limited to the following: the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency and amounts of local currency held are immediately invested to maintain purchasing power; the general population regards monetary amounts not in terms of local currency but in terms of a relatively stable foreign currency and prices may be quoted in that currency; sales and or purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short; interest rates, wages and prices are linked to a price index.

The fact that the cumulative rate of inflation was 75% over the years 2001, 2002 and 2003, on the basis of the information published by the INSSE, together with other factors that are still valid, led to the adoption of IAS 29 in preparing these financial statements.

The Bank has restated its financial statements in terms of purchasing power as of 31 December 2003, as follows:

Monetary assets and liabilities
Receivables and payables (including long and short-term interest bearing loans and customer deposits) have not been restated as they are monetary assets and liabilities and are therefore stated at ROL current as of December 31, 2003.

Non-monetary assets and shareholders' equity
Non-monetary assets and shareholders' equity are restated by applying the consumer price index from the original recording date to the balance sheet date. Some non-monetary items are carried at amounts current at dates other than date of acquisition or that of the balance sheet, for example property and equipment that has been revalued. In these cases, the carrying amounts are restated from the date of the revaluation.

Income statement
All items in the income statement are restated by applying the consumer price index from the dates when the items were initially recorded. The restatement was computed on a monthly basis.

Hyperinflation adjustment
In a period of inflation, an enterprise holding an imbalance of monetary assets and monetary liabilities either gains or losses purchasing power, depending on the direction of the imbalance. This gain or loss on the net monetary position is calculated as the difference resulting from the restatement of non-monetary assets, shareholder's equity and income statement items and is recorded in the income statement.

d) Comparative figures

Balances as of December 31, 2002 were restated by applying the change in the consumer price index of 14.1% for the period from January 1 to December 31, 2003 to all balances.

The financial statements presentation for certain items has changed in 2003. Accordingly, 2002 amounts have been reclassified in order to correspond with the 2003 presentation.

e) Current accounts and deposits with banks

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

g) Loans

Loans originated by the Bank, by providing money directly to the borrower, are recognized when the cash is advanced to borrowers. They are initially recorded at cost, which is the fair value of the cash disbursed, and are subsequently measured at initial cost plus accrued interest less subsequent repayments of principal.

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

Impairment and uncollectibility are measured and recognized individually for loans and receivables that are individually significant, and on a portfolio basis for a group of similar loans and receivables that are not individually identified as impaired.

The carrying amount of the asset is reduced to its estimated recoverable amount by a charge to income through the use of a provision for loan impairment account. A write off is made when all or part of a loan is deemed uncollectible. Write offs are charged against previously established provisions and reduce the principal amount of a loan. Recoveries of loans written off in earlier period are included in income.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the provision for loan losses expense.

The Bank ceases to accrue interest when the loans are written off.

h) Leases

Finance leases – Bank as a lessor

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

Operating leases – the Bank as a lessor

Leases where the lessor 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.

i) Investments available for sale

Available for sale assets are recognized initially at their cost (including transaction costs). All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognized at settlement date.

Subsequent to initial recognition, they are remeasured at their fair value unless fair value cannot be determined in which case they are carried at cost less any provision for impairment.

The changes in fair value are recognized in the income statement, as financial income.
Interest earned on available for sale debt instruments is reported as interest income.

Dividend income is recorded when dividends are declared.

j) Tangible fixed assets

Property and equipment are stated at cost less accumulated depreciation and any impairment loss.

Expenses for repairs and maintenance are charged to operating expenses as incurred. Subsequent expenditure on property and equipment is only recognized as an asset when the expenditures improves the condition of the asset beyond the originally assessed standard of performance.

Where the carrying amount of an asset is greater than the estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposals of property and equipment are determined by reference to their carrying amount and are taken to income.

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

Asset type	Years
Buildings	30
ATMs	5
Furniture	5 – 15
Vehicles	5
Computers	3

In accordance with IAS 29 "Reporting in Hyperinflationary Economies", the opening carrying values and additions have been restated from the date of acquisition, as appropriate, by applying the change in the consumer price index from the date of acquisition to the balance sheet date.

k) Goodwill

Goodwill is the excess of acquisition cost over the interest in fair value of the identifiable assets and liabilities acquired in a business combination as of the date of the transaction.

Amortization of the goodwill is provided on a straight-line basis over a 10-year period.

l) Intangible assets

Intangibles consist of purchased and in-house developed computer software, purchased rental rights and other purchased rights, amortized on a straight-line basis over a 3-year period.

These assets are stated at restated cost less accumulated amortization. In accordance with IAS 29, the opening gross book values and additions have been restated from the date of acquisition by applying the change in the general price index from the date of acquisition to the balance sheet date.

m) Borrowings

Borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Subsequently borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised as interest expense in the income statement over the period to maturity using the effective yield method.

n) Offsetting of financial assets and liabilities

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

o) Sale and repurchase agreements

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

p) Customers' deposits

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

q) Income and expense recognition

Interest incomes and expenses are recognized in the income statement for all interest bearing instruments, until they are written off, on an accrual basis using the effective yield method. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

Loan origination fees, such as those charged for evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents and closing the transaction, are recognized as income when the funds are advanced to the borrower.

Commissions and other fees charged to customers are credited to income at the time the transactions are performed. Dividends are recognized when the shareholders' right to receive the payments is established.

r) 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.

Post-employment benefits:
Both the Bank and its employees are legally obliged to make defined contributions (included in the social security contributions) to the National Pension Fund, managed by the Romanian State Social Security (a defined contribution plan financed on a pay-as-you-go basis). The Bank's contributions relating to defined contribution plans are charged to income statement in the period to which they relate.

The Bank has a contractual obligation to pay to retiring employees a benefit calculated on 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 taken 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.
The Bank has no further legal or constructive obligation to pay.

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

s) Taxation

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

Differences between financial reporting under IFRS and tax regulations give rise to differences between the carrying value of certain assets and liabilities and their tax base.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

t) Reserve for general banking risks

Amounts set aside for losses or other unforeseeable risks which are in addition to the required provision for impairment, are treated as an appropriation of retained earnings.

u) Earnings per share

Earnings per share ("EPS") are determined by dividing net income by the weighted average number of shares that have been outstanding during the related year.

For the purpose of the EPS calculation bonus share issues are regarded as stock dividends.

v) Cash and cash equivalents for cash flow purposes

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.

w) 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.

x) Provisions

A provision is recognized when, and only when, the enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

y) Related parties

Parties are considered related with the Bank when one party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control or significantly influence the other party in making financial and operating decisions.
Related party transaction represents a transfer of resources or obligations between related parties, regardless of whether a price is charged.

z) Derivatives instruments

Derivative financial instruments, including foreign exchange contracts and forward rate agreements, are initially recognized in the balance sheet at cost, provided the Bank becomes a party of the contractual obligation of the instrument, and subsequently are re-measured at their fair value obtained from quoted market prices, to the extent publicly available, or discounted cash flows.

All derivatives are carried as assets when their fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivatives are reported in the income statement.

zz) Use of estimates

The preparation of financial statements in accordance with IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

zzz) Events subsequent to the balance sheet date

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

4. Cash and cash equivalents

	December 31, 2003	December 31, 2002
Cash in vaults	1,726,930	2,382,470
Cash in ATM	699,229	439,168
Total	**2,426,159**	**2,821,638**

5. Accounts with the Central Bank

	December 31, 2003	December 31, 2002
Current accounts	12,353,751	13,802,775
Deposits	6,660,326	5,987,384
Total	**19,014,077**	**19,790,159**

The National Bank of Romania (NBR or Central Bank) requires commercial banks to maintain, for liquidity purposes, a minimum reserve in a current account with NBR, calculated as a percentage of the average funds borrowed by the Bank during the previous month including all customer deposits. As of December 31, 2003 and December 31, 2002, the rate of ROL and foreign currency compulsory deposits reserves was 18% p.a. and 25% p.a. respectively. The deposit reserve is denominated deposits in ROL for deposits in domestic currency and in USD for foreign currency.

6. Current accounts and deposits with banks

	December 31, 2003	December 31, 2002
Deposits at domestic banks	287,859	762,934
Deposits at foreign banks	340,261	2,141,961
Current accounts with domestic banks	1,862	36,211
Current accounts with foreign banks	236,812	497,325
Total	**866,794**	**3,438,431**

As of December 31, 2003 the above balances include pledged amounts acting as a collateral for operations with cards of 4,217 (2002 – 4,915) and for multilateral settlement purposes are, respectively 283,000 (2002 – nil).

7. Available for sale securities

	December 31, 2003	December 31, 2002
Treasury bills	261,466	2,467,658
Treasury bonds	210,584	1,821,486
Treasury securities	**472,050**	**4,289,144**
Other securities	50,671	80,084
Total	**522,721**	**4,369,228**

Treasury securities

Treasury bills as of December 31, 2003 consist of ROL discounted bills of 364 days maturity issued by the Romanian Ministry of Public Finance during 2003. The annual yield rates range between 15.70% p.a. and 15.94% p.a.. The average yield to maturity of the portfolio is 15.87% p.a.

Treasury bills as of December 31, 2002 consist of ROL discounted bills of 80 to 364 days maturity issued by the Romanian Ministry of Public Finance during 2002 with an annual discount rate between 16.43% p.a. and 26.36% p.a.. The average yield to maturity for the portfolio was 21.88% p.a.

As of December 31, 2003 treasury bills in amount of 21,315 were pledged for clearing purposes (329,960 as of December 31, 2002).

Treasury bonds as of December 31, 2003 consist in ROL and EUR interest bearing bonds issued by the Ministry of Finance. Euro bonds were purchased in September 2003, mature in September 2004 and carrying an interest of 4% p.a.

Treasury bonds as of December 31, 2002, consist in ROL 153,486 bonds issued by the Ministry of Finance during 1998–2000, and four types of interest bearing foreign currency bonds amounting to ROL 1,668,025. The main foreign currency bonds represent Eurobonds maturing on October 6, 2003, with an interest rate of 11% p.a. The Eurobonds had been issued in October 2001 and the Bank acquired them on the secondary market. The other bonds were denominated in USD and had been acquired between October 2001 and May 2002. The interest is between 5 and 5.5% p.a..

Other securities

As of December 31, 2003, the Bank holds units in a collective investment fund Fondul Simfonia 1 ("the Fund") with a nominal value of ROL 100,000 each, amounting 50,671 (80,084 as of December 31, 2002).

The Fund was established on March 15, 2001, as an open investment fund operated under an agreement between BRD – Groupe Société Générale, Commercial Union Life Insurance and an individual. The Fund's goal is the placement of the cash contributions of the initial members and other investors, on the financial market, in short-term credit instruments and/or in financial instruments with high level of liquidity.

According to its internal regulations, the Fund does not invest in shares and other unstable financial instruments. According to the Fund's investment policy at least 70% of its placements are in financial instruments with 0 and 1 level of risk (cash, bank deposits, deposit certificates, bonds issued by the government and local authorities).

The Fund's investments are managed by SG Asset Management – BRD SA ("SGAM–BRD"), an administration company authorized by the National Security Exchange Commission, which is owned in proportion of 5% by BRD–Securities, the Bank's brokerage subsidiary, and in proportion of 94.5% by SGAM Paris, the brokerage subsidiary of the parent company. The administration contract is for 5 years commencing on March 15, 2001, with an option to renew.

BRD – Groupe Société Générale is also the Fund's distribution company, having the right to distribute/ redeem the Fund's titles. The contract is for a period of one year and is renewed automatically. The depository bank for the Fund is ABN AMRO Bank (Romania) SA.

The Bank's Management does not consider the Fund to be a special purpose entity, as defined by Standing Interpretations Committee in SIC 12 "Consolidation – Special Purpose Entities", since the Bank does not exercise control over the voting rights of the Fund. The Fund was not set up specifically for the benefit of the Bank only and the intention is to reduce the Bank's investment in due course. Additionally, the Bank does not guarantee any return or credit protection to other investors in the Fund.

As of December 31, 2003 Simfonia Fund had total net assets of 356,194. The total number of outstanding units was 2,174,210 and the value per unit title was of ROL 163,827. The Bank held as of the year-end a total number of 309,497 units.

8. Loans, net

	December 31, 2003	December 31, 2002
Loans, gross	50,193,909	34,949,812
Impairment reserve for loans	(2,464,585)	(2,058,126)
Total	**47,729,324**	**32,891,686**

The loans granted as of December 31, 2003 and 2002, were intended to be used as follows:

	December 31, 2003	December 31, 2002
Working capital	23,533,421	21,612,570
Equipment purchase	13,363,585	8,459,691
Trade finance	490,494	611,291
Export finance	124,371	147,508
Real estate purchases	2,419,621	835,399
Government loans	24,414	33,836
Other	10,238,003	3,249,517
Total	**50,193,909**	**34,949,812**

The Government loan is guaranteed by the Ministry of Public Finance through the issuance of a 15-year treasury bond and is repaid in ten equal annual installments commencing 1998. Interest on the bond is paid quarterly at the NBR "credit line" rate.

As of December 31, 2003, balances relating to factoring are 284,824 (258,581 as of December 31, 2002) and those relating to forfeiting 205,670 (352,710 as of December 31, 2002).

Within the context of Société Générale Bucharest (SGB)'s acquisition, Société Générale Paris has issued in favor of BRD – Groupe Société Générale a 3-year letter of guarantee with an initial amount of USD 50,000,000. To date it was not deemed necessary to utilize the guarantee. As of December 31, 2003 the Letter of Guarantee was in force for two loans totaling 450,786, (977,686 as of December 31, 2002).

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

December 31, 2003:

Type of ownership	Total loans	Out of which	
		ROL Loans	FCY Loans
Private	32,046,591	12,362,392	19,684,199
Public	3,794,471	1,458,425	2,336,046
Individuals	14,352,847	12,678,959	1,673,888
Total	**50,193,909**	**26,499,776**	**23,694,133**

December 31, 2002:

Type of ownership	Total loans	Out of which	
		ROL Loans	FCY Loans
Private	26,948,145	8,707,141	18,241,004
Public	2,141,767	370,011	1,771,756
Individuals	5,859,900	5,690,887	169,013
Total	**34,949,812**	**14,768,039**	**20,181,773**

The analysis of portfolio by industries is as follows:

	December 31, 2003	December 31, 2002
Manufacturing	20.7%	26.0%
Food industry	8.0%	9.9%
Transportation and services	16.0%	20.3%
Trade	16.2%	15.7%
Agriculture	2.1%	3.3%
Construction	5.2%	5.8%
Population	28.6%	16.8%
Other	3.2%	2.2%
Total	**100.0%**	**100.0%**

Impairment reserve for loans

The movements in the impairment reserve during the years 2003 and 2002 are presented below:

Balance as of December 31, 2001	**1,872,096**
Monetary gain for 2002	(284,091)
Write-off of non-performing loans, related interest and foreign exchange differences, net of recoveries	234,688
Impairment expense for 2002	235,433
Balance as of December 31, 2002	**2,058,126**
Monetary gain for 2003	(254,777)
Write-off of non-performing loans, related interest and foreign exchange differences, net of recoveries	(6,170)
Impairment expense for 2003	667,406
Balance as of December 31, 2003	**2,464,585**

9. Lease receivables

	December 31, 2003	December 31, 2002
Gross investment in finance leases, receivable:		
Not later than 1 year	855,919	245,002
Later than 1 year and not later than 5 years	1,693,392	511,799
	2,549,311	756,801
Unearned finance income on finance leases	(331,386)	(129,876)
Net investment in finance leases	**2,217,925**	**626,925**
Net investment in finance leases, receivable:		
Not later than 1 year	705,305	183,502
Later than 1 year and not later than 5 years	1,512,620	443,423
	2,217,925	**626,925**

10. Associates and unconsolidated subsidiaries

	Field of activity	Ownership BRD 2003 (%)	December 31 2001	Additions during 2002	Earnings/ (losses) from reval.	December 31 2002	Additions during 2003	Earnings/ (losses) from reval.	December 31 2003
Unconsolidated subsidiaries									
BRD Securities S.A.	Brokerage	99.62%	12,894	8,017	(6,871)	14,040	–	1,064	15,104
BRD/SG Corporate Finance	Advisory services	51.25%	4,515	–	2	4,517	–	(458)	4,059
			17,409	8,017	(6,869)	18,557	–	606	19,163

Associates									
Fondul Roman de Garantare a Creditului Rural "FGCR"	Deposit guarantee	26.32%	132,604	–	5,981	138,585	–	3,704	142,289
Asiban S.A	Insurance	20.00%	65,970	–	(15,840)	50,130	–	1,203	51,333
Romcard S.A.	Card processing	20.00%	1,693	–	107	1,800	–	(139)	1,661
RCI Leasing Romania SRL	Leasing	9.00%	–	3,500	(533)	2,967	17,890	10,573	31,430
MISR Romanian Bank	Banking	15.00%	455,841	–	(146,451)	309,390	–	(115,423)	193,967
			656,108	3,500	(156,736)	502,872	17,890	(100,082)	420,680
			673,517	**11,517**	**(163,605)**	**521,429**	**17,890**	**(99,476)**	**439,843**

The Bank's investment in BRD Securities SA and BRD/ SG Corporate Finance are considered by the management to be immaterial and therefore presented at the net assets value.

11. Available for sale equity investments

	Field of activity	Ownership BRD 2003 (%)	December 31 2001	Additions during 2002	Earnings/ (losses) from reval.	December 31 2002	Additions during 2003	Earnings/ (losses) from reval.	December 31 2003
Investments									
Fondul Roman de Garantare a Creditelor "FRGCIP"	Deposit guarantee	12.85%	40,013	–	(33,737)	6,276	–	–	6,276
Argeşana S.A.	Manufacturing	14.92%	14,065	–	(1,149)	12,916	–	–	12,916
Other			23,893	314	(14,838)	9,369	368	(926)	8,811
			77,971	**314**	**(49,724)**	**28,561**	**368**	**(926)**	**28,003**

The change in share of net assets represents the share of profit/loss in the year and the effect of the inflation adjustment.

Other equity investments represent shares of Piata de Gros S.A. (Wholesale Market), Romanian Shareholders' Register, Romanian Commodities Exchange, Romanian Securities Clearing and Depository Company, Bianca S.A., Interbrew Romania SA, Thyssen Krupp Bilstein Compa S.A., Regisco S.A. and TransFond.

12. Tangible fixed assets, net

	Land	Buildings and special constructions	Vehicles	Computers and equipment	Furniture and other assets	Construction in progress	Total
Net carrying value as of December 31, 2002 (as reported)	**212,184**	**6,845,117**	**135,131**	**876,699**	**811,212**	**2,346,391**	**11,226,734**
Prior year adjustments	**–**	**(495,567)**	**–**	**–**	**–**	**–**	**(495,567)**
Net carrying value as of December 31, 2002	**212,184**	**6,349,550**	**135,131**	**876,699**	**811,212**	**2,346,391**	**10,731,167**
Total additions	–	–	–	–	–	705,038	**705,038**
Transfers from construction in progress	65,641	1,969,909	88,969	451,460	200,808	(2,776,787)	**–**
Net book value of disposals	(6,250)	(50,698)	(1,323)	(5,480)	(2,516)	(71,281)	**(137,548)**
Depreciation charge for 2003	–	(316,277)	(71,254)	(387,393)	(205,614)	–	**(980,538)**
Impairment loss	2,077	(101,787)	–	–	–	(9,480)	**(109,190)**
Net carrying value as of December 31, 2003	**273,652**	**7,850,697**	**151,523**	**935,286**	**803,890**	**193,881**	**10,208,929**

13. Goodwill, net

Goodwill represents the excess of cost of acquisition over the fair value of net identifiable assets acquired from SGB to the Bank in 1999 and is amortized on a straight line basis over a 10-year period.

	Gross book value	Accumulated amortisation	Net book value
Balance as of December 31, 2001	**846,215**	**(175,461)**	**670,754**
Amortization charge for 2002	–	(84,622)	(84,622)
Balance as of December 31, 2002	**846,215**	**(260,083)**	**586,132**
Amortization charge for 2003	–	(84,622)	(84,622)
Balance as of December 31, 2003	**846,215**	**(344,705)**	**501,510**

14. Intangible assets, net

Net book value as of December 31, 2001	**531,228**
Additions for 2002	191,470
Net book value of disposals	(18)
Amortization charge	(279,289)
Net book value as of December 31, 2002	**443,391**
Additions for 2003	69,902
Net book value of disposals	(3,755)
Amortization charge	(260,096)
Net book value as of December 31, 2003	**249,442**

The balance of the intangible assets as of December 31, 2003 and 2002 represents mainly banking software.

15. Other assets, net

	December 31, 2003	December 31, 2002
Debtors, net	119,995	60,710
Current tax	–	48,240
Other state budget receivables	6,909	3,245
Amounts in transit	–	19,150
Materials and stationery	37,067	40,970
Advances paid to suppliers of assets to be leased	46,650	103,762
VAT receivable	5,242	61,970
Other receivables	20,349	35,943
Total	**236,212**	**373,990**

Debtors comprise advances to suppliers, guarantees paid by the Bank, amounts to be recovered from third parties, debtors in litigation for which no Court decision has been issued, net of a provision for doubtful debts of 119,363 (December 31, 2002: 112,074).

16. Demand deposits

	December 31, 2003	December 31, 2002
Deposits of:		
Individuals and companies	18,412,267	17,808,625
Ministry of Finance and refinancing banks	1,073,118	1,366,005
Domestic banks	883,991	304,153
Foreign banks	259	294
Amounts in clearing at NBR	67,544	406,274
Total	**20,437,179**	**19,885,351**

17. Time deposits

	December 31, 2003	December 31, 2002
Time deposits:		
Individuals and companies	42,884,982	37,777,910
Domestic banks	1,529,171	632,358
Treasury securities under repurchase agreements	242,366	440,515
Total	**44,656,519**	**38,850,783**

18. Borrowings

	December 31, 2003	December 31, 2002
European Bank for Investments	2,058,191	1,995,765
SG Paris	1,627,712	–
EBRD	515,208	868,925
IBRD (Eximbank source)	179,712	327,409
Deutsche Genossenschaftsbank	26,382	44,108
Zuricher Kantonalbank	10,135	21,071
Deutsche Bank	–	8,783
Total	**4,417,340**	**3,266,061**

19. Taxation

Current tax is calculated on the taxable income per the statutory financial statements. For tax purposes, the deductibility of certain expenses, for example entertainment costs, is limited to a percentage of profit, specified in the tax law.

	2003	2002
Income tax, current	723,867	508,021
Income tax, deferred	(267,184)	35,922
Total	**456,683**	**543,943**

The statutory income tax rate for 2003 and 2002 was 25% p.a..

The deferred tax (asset)/liability is in respect of the following temporary differences:

	Year ended December 31, 2003		Year ended December 31, 2002	
	Temporary difference	Tax effect	Temporary difference	Tax effect
Adjustments to restate tangible and intangible assets:				
– restatement of tangible and intangible assets	2,255,914	563,978	3,720,732	930,183
– restatement of investments in securities	339,523	84,881	349,908	87,477
Other adjustments:				
– additional impact on transfer of loans from off-balance-sheet to balance sheet	1,715,251	428,812	1,112,082	278,020
– impairment for loans	(2,012,959)	(503,240)	(1,460,976)	(365,244)
– other adjustments	(175,092)	(43,773)	(79,495)	(19,874)
	(472,800)	(118,201)	(428,389)	(107,098)
Additional taxable items under IAS 12	**2,122,637**	**530,658**	**3,642,251**	**910,562**

Movement in deferred tax liability is as follows:

Deferred tax liability, net as of December 31, 2001	**1,031,112**
Monetary gain during 2002	(156,472)
Deferred tax expense during 2002	35,922
Deferred tax liability, net as of December 31, 2002	**910,562**
Monetary gain during 2003	(112,720)
Deferred tax income during 2003	(267,184)
Deferred tax liability, net as of December 31, 2003	**530,658**

20. Other liabilities

	December 31, 2003	December 31, 2002
Sundry creditors	182,014	140,674
Dividends payable	2,958	2,078
Settlements to be clarified	–	54,917
Payables to employees*	182,537	90,568
Deferred income	31,282	35,715
Current tax	141,354	–
Other state budget payables	3,685	4,055
Fair value of derivatives	28,979	7,154
Other	7,730	28,849
Total	**580,539**	**364,010**

*Payables to employees include bonuses relating to 2003 profit amounting to 98,000 as of December 31, 2003, (87,571 as of December 31, 2002) and accruals for post-employment benefits in amount of 79,253 as of December 31, 2003.

21. Share capital - nominal

Share capital as of December 31, 2003 represents 1,393,802,680 common shares authorized, issued and fully paid (696,901,340 as of December 31, 2002). The nominal value of each share is ROL 3,000 (ROL 5,000 as of December 31, 2002).

During 2003, the share capital increased by 696,901 through a bonus shares issue of 0.2 bonus shares with a face value of ROL 5,000 for one share owned as of November 20, 2002. Also, the Bank decided to split the face value of ROL 5,000 to ROL 1,000 and to cumulate 3 shares with a face value of ROL 1,000 in one having a face value of ROL 3,000 for the shareholders registered as of January 30, 2003. The impact of hyperinflation on the nominal value of share capital is recognized as share capital restatement surplus.

During 2003 and 2002, the Bank did not buy back any of its own shares.

22. Capital adequacy

The table below presents the computation of capital adequacy using the restated IFRS balance sheet amount, in accordance with the guidelines of the Bank for International Settlements for capital adequacy computation:

	Value 2003	Value 2002	Weighting coefficients	Weighted value 2003	Weighted value 2002
Balance sheet assets (net of reserves)					
Cash and cash equivalents	2,426,159	2,821,638	0%	–	–
Accounts with the Central Bank	19,014,077	19,790,159	0%	–	–
Available for sale securities	522,721	4,369,228	0%	–	–
Associates	439,843	521,429	0%	–	–
Available for sale equity investments	28,003	28,561	0%	–	–
Current accounts and deposits with banks	866,794	3,438,431	20%	173,359	687,686
Loans, net	47,729,324	32,891,686	92%	43,910,978	31,255,751
Lease receivables	2,217,925	626,925	100%	2,217,925	626,925
Tangible assets, net	10,208,929	10,731,167	100%	10,208,929	10,731,167
Goodwill, net	501,510	586,132	100%	501,510	586,132
Intangible assets, net	249,442	443,391	100%	249,442	443,391
Other assets, net	236,212	373,990	100%	236,212	373,990
Total balance sheet items	**84,440,939**	**76,622,737**		**57,498,355**	**44,705,042**
Off balance sheet items					
Letters of guarantee	7,258,066	6,485,244	100%	7,258,066	6,485,244
Financing engagements and others	10,116,239	11,313,377	50%	5,058,120	5,656,689
Commitments for FCY operations	39,176	999,031	50%	19,588	499,516
Total off balance sheet items	**17,413,481**	**18,797,652**		**12,335,774**	**12,641,449**
Total	**101,854,420**	**95,420,389**		**69,834,129**	**57,346,491**

	2003	2002
Tier I capital		
Share capital, nominal	4,181,408	3,484,507
Share capital restatement reserve	18,187,207	18,187,207
Accumulated deficit	(9,735,305)	(9,609,032)
Goodwill	(501,510)	(586,132)
Total Tier I capital	**12,131,800**	**11,476,550**
Tier II capital		
Revaluation surplus	1,049,296	1,147,190
Reserve for general banking risks	136,098	136,098
Total Tier II capital	**1,185,394**	**1,283,288**
Total capital base	**13,317,194**	**12,759,838**
Less equity investments in financial corporations	(446,119)	(527,706)
Total capital	**12,871,075**	**12,232,132**
Capital adequacy ratios		
Tier I ratio	17.37%	20.01%
Tier I + Tier II ratio	18.43%	21.33%

23. Interest income

	2003	2002
Interest on current loans	7,083,986	6,429,123
Interest on over-due loans	138,283	222,705
Interest income on loans	**7,222,269**	**6,651,828**
Interest on deposits accounts	1,258,292	1,928,640
Interest on current accounts	34,150	183,485
Interest on interest bearing deposits	**1,292,442**	**2,112,125**
Interest on treasury bills	261,237	1,295,518
Interest on trading securities	**261,237**	**1,295,518**
Total	**8,775,948**	**10,059,471**

24. Interest expense

	December 31, 2003	December 31, 2002
Interest on customers' time deposits	2,934,366	4,370,561
Interest on customers' demand deposits	327,511	812,373
Total interest for deposits	**3,261,877**	**5,182,934**
Interest for borrowings	99,479	123,682
Total interest expense	**3,361,356**	**5,306,616**

25. Fee and commission income, net

	December 31, 2003	December 31, 2002
Relating to transaction processing	2,316,120	2,195,079
Relating to lending activity	923,565	530,285
Relating to other services	82,908	74,301
Total income from service charges and commissions	**3,322,593**	**2,799,665**
Service charges and commissions expense	(359,245)	(332,612)
Commission income, net	**2,963,348**	**2,467,053**

26. Foreign exchange income, net

	December 31, 2003	December 31, 2002
Foreign exchange income	54,530,582	63,504,321
Foreign exchange expense	(53,815,189)	(62,786,689)
Foreign exchange income, net	**715,393**	**717,632**

27. Other income

Other income of the Bank for 2003 and 2002 relates to income from non-banking activities, such as incomes from rentals of vault facilities and profit on fixed asset disposals.

28. Contribution to the Deposit Guarantee Fund

Represent the Bank's contribution to the Deposits Guarantee Fund.
Deposits of individuals are guaranteed up to a limit established by the Deposits Guarantee Fund in the Banking System ("DGFBS"), a legal public entity, funded by contributions from banks calculated as a percentage of individuals' deposits.

29. Cash and cash equivalents for cash flow purposes

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with less than 90 days maturity:

	December 31, 2003	December 31, 2002
Cash and cash equivalents	2,426,159	2,821,638
Current accounts and deposits with banks	579,577	3,433,516
Deposits with NBR	6,660,326	5,987,384
Total	**9,666,062**	**12,242,538**

30. Salaries and related expenses

	December 31, 2003	December 31, 2002
Salaries	1,309,376	1,186,081
Social insurance	454,910	405,048
Bonuses from profit	98,000	87,571
Others	376,158	556,848
Total	**2,238,444**	**2,235,548**

Included in expenses with salaries in 2003 there are 79,253 (2002: nil) representing the recognition of the net present value of the liability relating to post employment defined benefit.

31. Depreciation and amortization expenses

	December 31, 2003	December 31, 2002
Depreciation and impairment (see Note 12)	991,834	952,393
Amortization of goodwill (see Note 13)	84,622	84,622
Amortization of other intangible assets (see Note 14)	260,096	279,289
Total	**1,336,552**	**1,316,304**

32. Other operating expenses

	December 31, 2003	December 31, 2002
Administration	1,630,725	1,411,927
Advertising and sponsorship	95,661	104,533
Loss on disposal of fixed assets	57,708	275,533
Other	276,828	128,492
Total	**2,060,922**	**1,920,485**

33. Loss on net monetary position

The loss on net monetary position due to hyperinflation is the net difference resulting from the restatement of non-monetary assets, shareholders' equity, and income statement items (see Note 3d).

34. Post employment benefit plan

The Bank has a contractual obligation to pay to retiring employees a lump sum calculated on the basis of salary at the date of retirement and the number of years served by the individual. The plan covers substantially all the employees and the benefits are unfunded.

The net present value of the obligations under the plan is estimated annually using the projected unit credit actuarial valuation method by independent actuaries.

The principal assumptions used in determining the obligations as at 31 December 2003 were the increase in real salary by 2.61% per annum, personnel turnover by 4.89 %per annum, discount rate that is the market yield for AA rated corporate bonds denominated in EUR.

A provision of 79,253 representing the net present value of the defined benefit liability was recognised and included in salary expenses for the year. This charge includes both past service cost, as no provision was made in prior periods, and current service cost.

35. Guarantees and other financial commitments

The aggregate amounts of outstanding guarantees, commitments, and other off balance sheet items are:

	December 31, 2003	December 31, 2002
Letters of guarantee	7,258,066	6,485,244
Financing commitments and others	10,116,239	11,313,377
Commitments for FCY operations	39,176	999,031
Total	**17,413,481**	**18,797,652**

Guarantees and letters of credit

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

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

Credit related commitments

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. While there is some credit risk associated with the remainder of commitments, the risk is viewed as modest, since it results from the possibility of unused portions of loan authorizations being drawn by the customer and, second, from these drawings subsequently not being repaid as due.

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

36. Capital commitments

	December 31, 2003	December 31, 2002
Fixed asset construction	34,050	157,834
Information systems	15,345	25,288
Others	–	15,022
Total	**49,395**	**198,144**

37. Concentration of receivables due by Government and the NBR

As of December 31, 2003, the receivables due from the Government and the NBR represented 23% of the Bank's total assets (32.27% as of December 31, 2002), as follows:

	December 31, 2003	December 31, 2002
Accounts with the Central Bank	19,014,077	19,790,159
Treasury securities	472,050	4,289,144
Government loans	24,414	33,836
Total	**19,510,541**	**24,113,139**

38. Related parties

Balances:

	December 31, 2003	
	Due from	Due to
Société Générale Paris		
Loro accounts	–	252
Loans	–	1,627,712
Nostro accounts	40,247	–
Société Générale New York		
Deposits	48,893	–
Nostro accounts	2,962	–
Société Générale Zurich		
Nostro accounts	20,933	–
Komercni Banka, Praga		
Nostro accounts	41	–
Société Générale, Vienna		
Nostro accounts	904	–
Société Générale, Frankfurt		
Nostro accounts	14,021	–
Société Générale, Tokyo		
Nostro accounts	745	–
Société Générale, Warszawa		
Nostro accounts	1,365	–
Total	**130,111**	**1,627,964**

Off-balance sheet items:

	December 31, 2003	
	Issued by	Issued in favour of
Société Générale Paris		
Foreign exchange operations		
Spot	67,948	67,984
Forward and SWAP	922,105	895,173
Refinance commitment	456,790	–
Letters of guarantee	1,948,054	127,529
Letters of credit	–	209,198
Société Générale Warszawa		
Foreign exchange operations		
Forward and SWAP	1,305	1,304
Société Générale, Frankfurt		
Letters of guarantee	–	2,344
Société Générale, Lille		
Letters of guarantee	40,117	–
Société Générale, Vienna		
Letters of guarantee	30,838	–
Société Générale, Liban		
Letters of guarantee	3,260	–
Letters of credit	–	2,365

Société Générale New York		
Letters of credit	–	1,678,846
Société Générale, Ulis		
Letters of credit	–	8,256
Société Générale, Istanbul		
Letters of credit	24,670	–
Total	**3,495,087**	**2,992,999**

The loans due by executive directors and personnel as of December 31, 2003, amounted to 371,317 (269,769 as of December 31, 2002).

BRD – Groupe Société Générale engages in related party transactions with its subsidiaries and associates. All related party transactions were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing for similar transactions with unrelated parties.

As of December 31, 2003, members of the Shareholders' Council and Management Boards owned 2,320,107 shares (1,529,230 as of December 31, 2002).

As of December, 31 2003 and 2002, the members of the Shareholders' Council and Management Boards did not have any significant loans and advances due to the Bank, according to NBR Rules.

39. Contingencies

As of December 31, 2003 and 2002, BRD – Groupe Société Générale is defendant in a number of lawsuits arising out of normal corporate activities, amounting to approximately 33,906 and 76,657 respectively. The management believes that the ultimate resolution of these matters will not have a material adverse effect on the Bank's overall financial position and performance.

40. Earnings per share

	Ordinary shares outstanding	Equivalent shares	Profit of the year	EPS
As of December 31, 2002	**696,901,340**	**609,788,673**	**1,246,811**	**0.00204**
As of December 31, 2003	**1,393,802,680**	**1,393,802,680**	**1,942,588**	**0.00139**
Adjusted EPS as of December 31, 2002		**1,393,802,680**	**1,246,811**	**0.00089**

The EPS for the year 2002 was adjusted for the bonus issue of shares in 2003.

41. Risk management

Market risk

Market risk is the risk of loss arising from movements in observable market variables such as interest rates, exchange rates and price movements. To manage these categories of risk, the bank has a system of limits relating to foreign exchange positions, counterparties, sovereign entities, maturities, intruments.

Currency risk

Currency risk is the risk of loss resulting from changes in exchange rates. The high rate of inflation for the year and the significant currency devaluation induce the risk of losses in value in respect of net monetary assets held in ROL. During the year, USD depreciated by 2.7% while EUR appreciated by 17.7% against the ROL. The Bank uses limits on open foreign currencies positions, and focuses on reducing the open currency positions.

Interest rate risk

Interest rate risk is the risk of loss resulting from changes in interest rates. It is controlled primarily through the limit structure and by setting variable interest rates at the discretion of the Bank on its lending.

Credit risk

Credit risk represents the loss which the Bank would suffer if a client or counterparty failed to meet its contractual obligations. It is inherent in traditional banking products – loans, commitments to lend and other contingent liabilities, such as letters of credit –and derivative contracts.

The Bank restricts its credit exposure to both individual counterparties and counterparty groups by using credit limits. The size of limit depends on the assessment of their financial strength, industry position, and qualitative factors such as quality of management. Exposure against limits is measured on a continuous basis. The Bank has a credit risk management function which has authority over counterparty rating, credit risk assessment and credit approval, and the establishment of provisions for impairment of loans.

Liquidity risk

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

The Bank's approach to liquidity management is to assess on a continuous basis the liquidity position, based on a formalized annual liquidity strategy, approved by the Board. The gap analysis of the Bank's assets and liabilities based on their remaining maturities is presented below.

Average rates applicable to the major components of the balance sheet have been disclosed within the notes relating to these components.

42. Balance sheet structure by currency

	December 31, 2003		
	Total	**ROL**	**FCY**
ASSETS			
Cash and cash equivalents	2,426,159	1,741,018	685,141
Accounts with the Central Bank	19,014,077	11,522,427	7,491,650
Current accounts and deposits with banks	866,794	319,850	546,944
Available for sale securities	522,721	312,153	210,568
Loans, net	47,729,324	24,956,089	22,773,235
Lease receivables	2,217,925	–	2,217,925
Goodwill, net	501,510	501,510	–
Tangible, intangible and other assets, net	11,162,429	11,129,106	33,323
Total assets	**84,440,939**	**50,482,153**	**33,958,786**
LIABILITIES			
Demand deposits	20,437,179	10,564,787	9,872,392
Time deposits	44,656,519	26,043,678	18,612,841
Other borrowings	4,417,340	464,556	3,952,784
Deferred tax liability, net	530,658	530,658	–
Other liabilities	580,539	545,365	35,174
Total liabilities	**70,622,235**	**38,149,044**	**32,473,191**

	December 31, 2002		
	Total	**ROL**	**FCY**
ASSETS			
Cash and cash equivalents	2,821,638	2,071,787	749,851
Accounts with the Central Bank	19,790,159	12,292,657	7,497,502
Current accounts and deposits with banks	3,438,431	762,934	2,675,497
Available for sale securities	4,369,228	2,701,228	1,668,000
Loans, net	32,891,686	13,943,526	18,948,160
Lease receivables	626,925	626,925	–
Goodwill, net	586,132	586,132	–
Tangible, intangible and other assets, net	12,098,538	11,741,380	357,158
Total assets	**76,622,737**	**44,726,569**	**31,896,168**
LIABILITIES			
Demand deposits	19,885,351	10,301,100	9,584,251
Time deposits	38,850,783	19,821,021	19,029,762
Other borrowings	3,266,061	–	3,266,061
Deferred tax liability, net	910,562	910,562	–
Other liabilities	364,010	350,331	13,679
Total liabilities	**63,276,767**	**31,383,014**	**31,893,753**

43. Maturity structure

The maturity structure of the Bank's assets and liabilities, including fixed assets, based on the remaining maturity as of December 31, 2003 and 2002 is as follows:

December 31, 2003	Total	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years	No fixed maturity
ASSETS							
Cash and cash equivalents	2,426,159	2,426,159	–	–	–	–	–
Accounts with the Central Bank	19,014,077	19,014,077	–	–	–	–	–
Current accounts and deposits with banks	866,794	866,794	–	–	–	–	–
Available for sale securities	522,721	84,057	50,873	337,104	–	16	50,671
Loans, net	47,729,324	5,023,136	5,708,688	21,357,089	14,419,456	1,220,955	
Lease receivables	2,217,925	105,578	262,799	336,928	1,512,620	–	–
Goodwill, net	501,510	–	–	–	–	–	501,510
Tangible, intangible and other assets, net	11,162,429	–	236,212	–	–	–	10,926,217
Total assets	**84,440,939**	**27,519,801**	**6,258,572**	**22,031,121**	**15,932,076**	**1,220,971**	**11,478,398**
LIABILITIES							
Demand deposits	20,437,179	20,437,179	–	–	–	–	–
Time deposits	44,656,519	27,676,191	10,371,643	4,643,467	39,510	–	1,925,708
Borrowings	4,417,340	14,947	1,095,319	1,134,022	2,103,153	69,899	–
Deferred tax liability, net	530,658	–	–	–	530,658	–	–
Other liabilities	580,539	390,795	189,744	–	–	–	–
Total liabilities	**70,622,235**	**48,519,112**	**11,656,706**	**5,777,489**	**2,673,321**	**69,899**	**1,925,708**
EQUITY							
Share capital - nominal	4,181,408	–	–	–	–	–	4,181,408
Share capital restatement reserve	18,187,207	–	–	–	–	–	18,187,207
Reserve for general banking risks	136,098	–	–	–	–	–	136,098
Revaluation surplus	1,049,296	–	–	–	–	–	1,049,296
Accumulated deficit	(9,735,305)	–	–	–	–	–	(9,735,305)
Total Shareholders' Equity	**13,818,704**	**–**	**–**	**–**	**–**	**–**	**13,818,704**
Net liquidity gap		**(20,999,311)**	**(5,398,134)**	**16,253,632**	**13,258,755**	**1,151,072**	**(4,266,014)**
Cumulative gap		**(20,999,311)**	**(26,397,445)**	**(10,143,813)**	**3,114,942**	**4,266,014**	**–**

December 31, 2002	Total	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years	No fixed maturity
ASSETS							
Cash and cash equivalents	2,821,638	2,821,638	–	–	–	–	–
Current accounts and deposits with banks	3,438,431	3,438,431	–	–	–	–	–
Accounts with the Central Bank	19,790,159	19,790,159	–	–	–	–	–
Available for sale securities	4,369,228	96,077	1,531,185	2,518,723	143,134	25	80,084
Loans, net	32,891,686	15,614,404	3,992,953	8,426,747	4,453,719	403,863	–
Lease receivables	626,925	15,548	27,773	135,416	448,188	–	–
Goodwill, net	586,132	–	–	–	–	–	586,132
Tangible, intangible and other assets, net	12,098,538	–	–	373,990	–	549,990	11,174,558
Total assets	**76,622,737**	**41,776,257**	**5,551,911**	**11,454,876**	**5,045,041**	**953,878**	**11,840,774**
LIABILITIES							
Demand deposits	19,885,351	19,885,351	–	–	–	–	–
Time deposits	38,850,783	26,004,593	8,922,894	3,825,943	62,690	34,663	–
Borrowings	3,266,061	19,007	33,557	375,487	2,260,789	337,749	239,472
Deferred tax liability, net	910,562	–	–	–	910,562	–	–
Other liabilities	364,010	132,417	231,593	–	–	–	–
Total liabilities	**63,276,767**	**46,041,368**	**9,188,044**	**4,201,430**	**3,234,041**	**372,412**	**239,472**
EQUITY							
Share capital - nominal	3,484,507	–	–	–	–	–	3,484,507
Share capital restatement reserve	18,187,207	–	–	–	–	–	18,187,207
Reserve for general banking risks	136,098	–	–	–	–	–	136,098
Revaluation surplus	1,147,190	–	–	–	–	–	1,147,190
Accumulated deficit	(9,609,032)	–	–	–	–	–	(9,609,032)
Total Shareholders' Equity	**13,345,970**	**–**	**–**	**–**	**–**	**–**	**13,345,970**
Net liquidity gap		**(4,265,111)**	**(3,636,133)**	**7,253,446**	**1,811,000**	**581,466**	**(1,744,668)**
Cumulative gap		**(4,265,111)**	**(7,901,244)**	**(647,798)**	**1,163,202**	**1,744,668**	**–**

44. Interest rate risk exposure

The tables below provide information on the extent of the Bank's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that re-price to a market interest rate before maturity, the next re-pricing date. It is the policy of the Bank to manage its exposure to fluctuations in net interest income arising from changes in interest rates by the degree of re-pricing mismatch in the balance sheet.

December 31, 2003	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
Assets						
Accounts with the Central Bank	19,014,077	–	–	–	–	19,014,077
Current accounts and deposits with banks	866,794	–	–	–	–	866,794
Available for sale securities	84,073	50,873	337,104	–	–	472,050
Loans, net	47,729,324	–	–	–	–	47,729,324
Lease receivables	105,578	262,799	336,928	1,512,620	–	2,217,925
Total assets	**67,799,846**	**313,672**	**674,032**	**1,512,620**	**–**	**70,300,170**
Liabilities						
Demand deposits	20,437,179	–	–	–	–	20,437,179
Time deposits	43,415,584	880,024	327,819	33,092	–	44,656,519
Borrowings	1,729,633	353,222	2,334,485	–	–	4,417,340
Total liabilities	**65,582,396**	**1,233,246**	**2,662,304**	**33,092**	**–**	**69,511,038**
Net assets interest rate risk	**2,217,450**	**(919,574)**	**(1,988,272)**	**1,479,528**	**–**	**789,132**
Net assets cumulative interest rate risk	**2,217,450**	**1,297,876**	**(690,396)**	**789,132**	**789,132**	**789,132**

December 31, 2002	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
Assets						
Accounts with the Central Bank	19,790,159	–	–	–	–	19,790,159
Current accounts and deposits with banks	3,438,431	–	–	–	–	3,438,431
Available for sale securities	96,102	1,531,185	2,518,723	143,134	–	4,289,144
Loans, net	32,891,686	–	–	–	–	32,891,686
Lease receivables	15,548	27,773	135,416	448,188	–	626,925
Total assets	**56,231,926**	**1,558,958**	**2,654,139**	**591,322**	**–**	**61,036,345**
Liabilities						
Demand deposits	19,885,351	–	–	–	–	19,885,351
Time deposits	38,850,783	–	–	–	–	38,850,783
Borrowings	327,409	1,809,183	1,129,469	–	–	3,266,061
Total liabilities	**59,063,543**	**1,809,183**	**1,129,469**	**–**	**–**	**62,002,195**
Net assets interest rate risk	**(2,831,617)**	**(250,225)**	**1,524,670**	**591,322**	**–**	**(965,850)**
Net assets cumulative interest rate risk	**(2,831,617)**	**(3,081,842)**	**(1,557,172)**	**(965,850)**	**(965,850)**	**(965,850)**

45. Events subsequent to the balance sheet date

Credit Bureau

Subsequent to the yearend, the Bank has subscribed a number of 9,894,295 shares amounting to 9,894 representing 24.74% of equity of the Credit Bureau. The Credit Bureau is a public company with equity of 40,000 divided in 40,000,000 nominal shares with value of ROL 1,000 each, established by banks. The number of shares subscribed was determined based on the balance of the loans granted to individuals and self-employed professionals as of June 30, 2003.The equity share is reviewed annually for variations over +/- 1% for one shareholder.
The main activity of the entity is to collect, manage, process and provide information for the purpose of identifying and measuring credit risk.

Bond Issuing

The General Shareholders' Meeting held on January 23, 2004 approved a 1,500,000 global ceiling for bond issues with a view to finance loans. The first issue, amounting to 500,000 and maturing on March 21, 2007, was fully subscribed. The issue was intermediated by BRD Securities. The bonds will be quoted on the Bucharest Stock Exchange.

BRD – Groupe Société Générale – FranFinance

The Bank has established a joint venture with FranFinance. BRD – Groupe Société Générale's interest is 49%.

Dividends proposed

Subsequent to the year-end the bank has proposed dividends for the year 2003 of 966,458. Dividends are accounted for when declared or approved.

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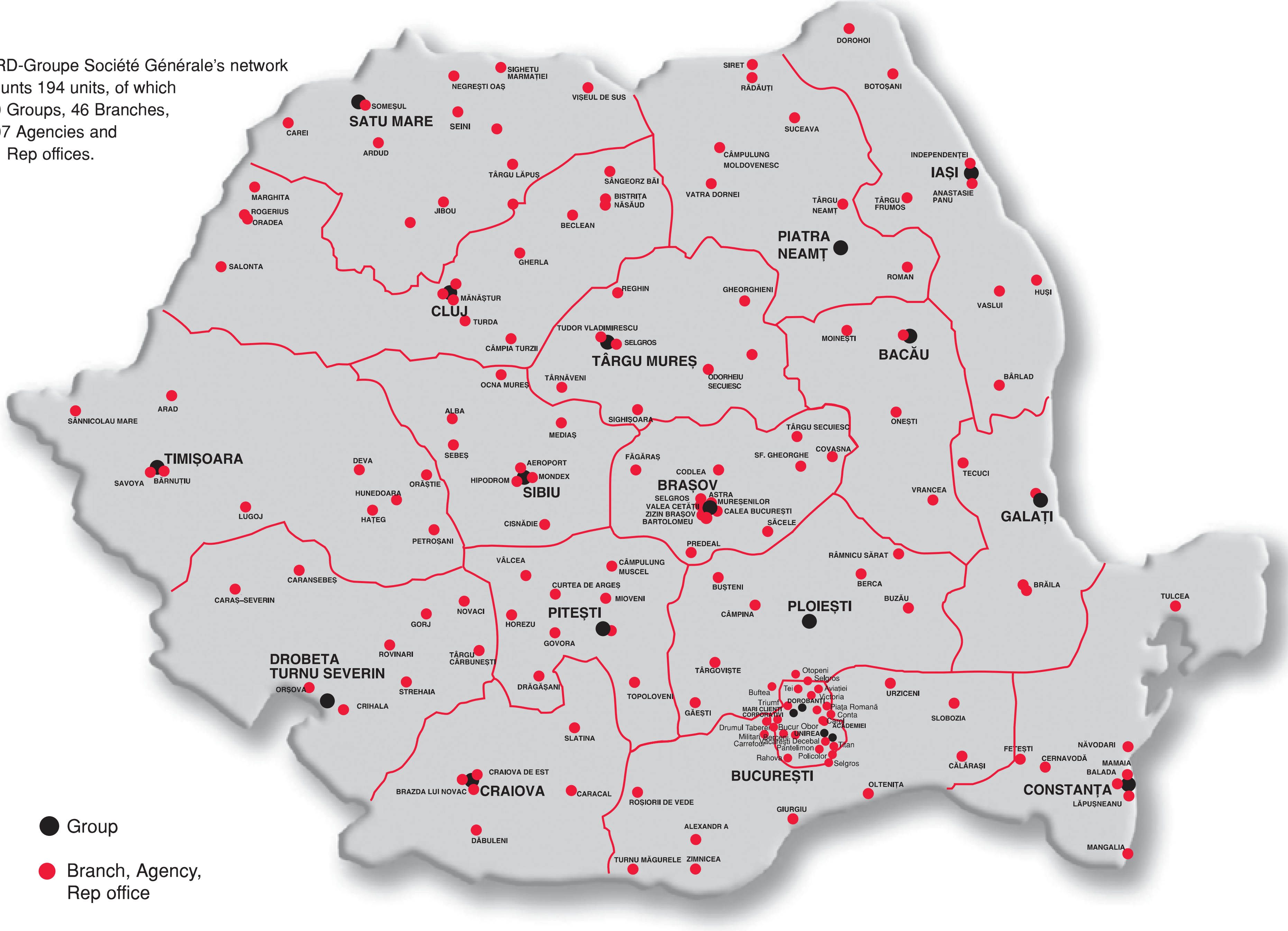
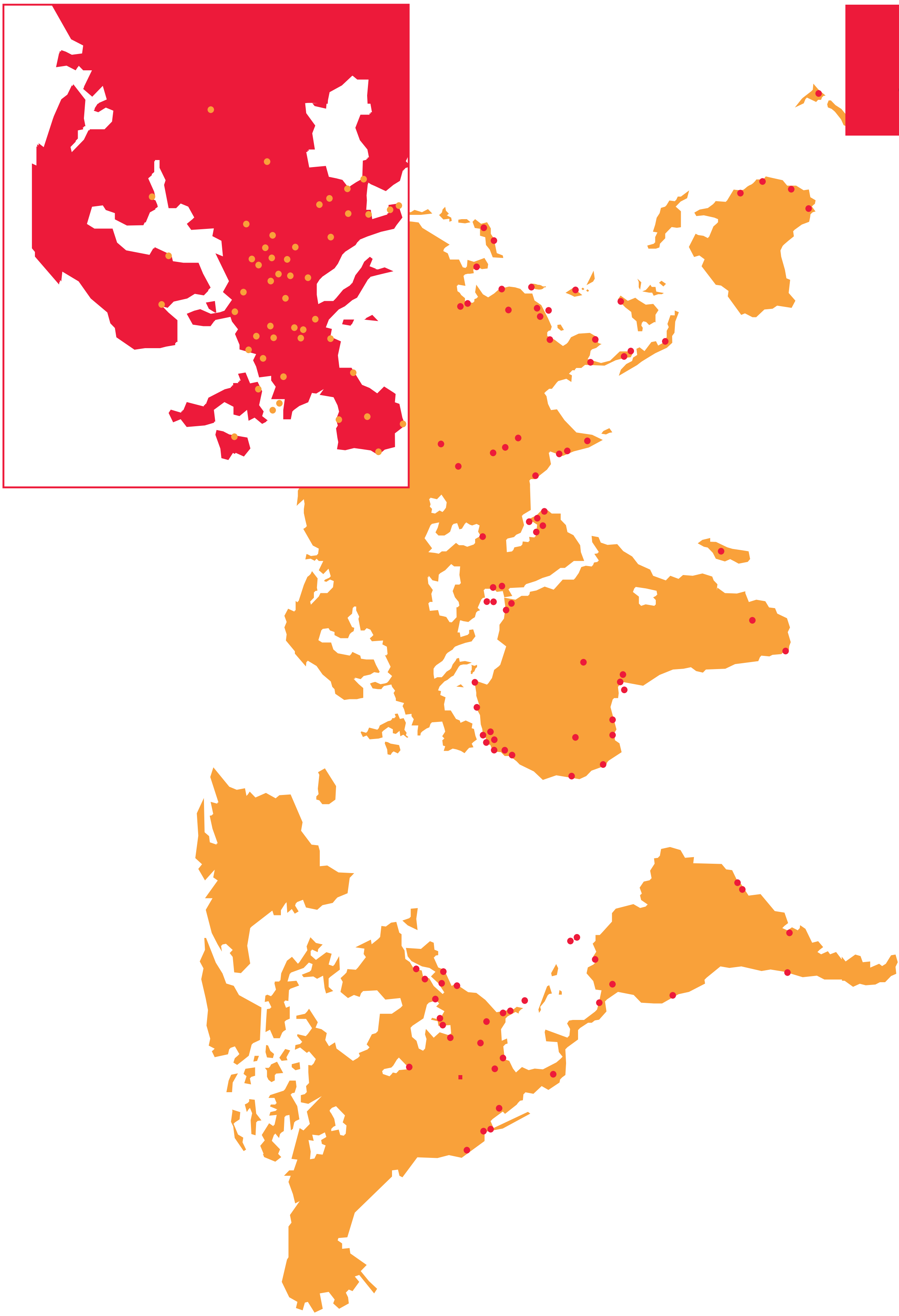


Group

Branch, Agency, Rep office

SOCIETE GENERALE GROUPE



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