BRD – Groupe Société Générale S.A.

CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

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

DECEMBER 31, 2013

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND INDIVIDUAL STATEMENT OF FINANCIAL POSITION
as of December 31, 2013
(Amounts in thousands RON)

	Note	Group December 31, 2013	Group December 31, 2012	Bank December 31, 2013	Bank December 31, 2012
ASSETS					
Cash in hand	5	1,101,405	990,291	1,101,381	990,281
Due from Central Bank	6	8,678,096	8,392,575	8,678,096	8,392,575
Due from banks	7	714,482	395,380	686,945	368,030
Derivatives and other financial instruments held for trading	8	754,705	534,955	754,923	535,915
Loans, gross		33,853,403	35,681,800	33,496,653	35,389,905
Impairment reserve for loans		(5,794,226)	(3,972,320)	(5,733,055)	(3,912,276)
Loans and advances to customers	9	28,059,177	31,709,480	27,763,598	31,477,629
Financial lease receivables	10	568,922	661,339	-	-
Financial assets available for sale	11	6,499,268	4,549,005	6,499,268	4,549,005
Investments in associates and subsidiares	12	120,714	112,045	157,460	157,577
Property, plant and equipment	13	971,012	1,084,894	958,097	1,066,941
Goodwill	14	50,130	50,130	50,130	50,130
Intangible assets	15	89,353	85,400	81,964	76,262
Deferred tax asset	21	146,383	-	152,672	-
Other assets	16	237,773	325,096	194,569	259,714
Total assets		**47,991,419**	**48,890,590**	**47,079,103**	**47,924,059**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Due to banks	17	1,344,705	4,215,258	1,344,705	4,215,258
Due to customers	18	36,064,588	31,785,717	36,145,990	31,892,477
Debt issued and borrowed funds	19	4,101,464	5,557,607	3,391,590	4,791,283
Subordinated debt	20	450,327	892,071	450,327	892,071
Derivative financial instruments	8	138,214	164,385	138,214	164,385
Current tax liability		1,460	1,923	-	-
Deferred tax liability	21	2,500	112,347	-	103,844
Other liabilities	22	491,659	415,427	447,298	357,659
Total liabilities		**42,594,917**	**43,144,736**	**41,918,124**	**42,416,977**
Share capital	23	2,515,622	2,515,622	2,515,622	2,515,622
Reserves from revaluation of available for sale assets		78,301	58,536	78,301	58,536
Reserves from defined pension plan		(3,017)	(16,250)	(3,017)	(16,250)
Retained earnings	24	2,755,322	3,136,184	2,570,073	2,949,174
Non-controlling interest		50,275	51,762	-	-
Total equity		**5,396,502**	**5,745,854**	**5,160,979**	**5,507,082**
Total liabilities and equity		**47,991,419**	**48,890,590**	**47,079,103**	**47,924,059**

The financial statements have been authorized by the Group's management on March 13, 2014 and are signed on the Group's behalf by:

Philippe Lhotte
President and Chief Executive Officer

Petre Bunescu
Deputy Chief Executive Officer

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND INVIDUAL INCOME STATEMENT
for the year ended December 31, 2013
(Amounts in thousands RON)

		Group		Bank	
	Note	**2013**	**2012**	**2013**	**2012**
Interest and similar income	25	2,678,288	3,184,364	2,573,962	3,062,061
Interest and similar expense	26	(950,163)	(1,238,320)	(924,538)	(1,206,235)
Net interest income		**1,728,125**	**1,946,044**	**1,649,424**	**1,855,826**
Fees and commissions, net	27	**768,359**	**803,166**	**737,572**	**773,459**
Foreign exchange gain	28	344,937	326,733	342,213	325,415
Gain on derivative and other financial instruments held for trading		42,035	15,056	42,033	15,504
Income from associates	29	12,432	17,223	3,642	4,771
Contribution to Deposit Guarantee Fund	31	(79,093)	(68,503)	(79,093)	(68,503)
Other income	30	19,541	6,883	16,362	6,770
Operating income		**2,836,336**	**3,046,602**	**2,712,153**	**2,913,242**
Personnel expenses	32	(662,573)	(672,524)	(624,993)	(635,903)
Depreciation, amortisation and impairment on tangible assets	33	(151,928)	(160,362)	(153,166)	(156,088)
Other operating expenses	34	(530,586)	(600,203)	(499,924)	(562,182)
Total operating expenses		**(1,345,086)**	**(1,433,089)**	**(1,278,083)**	**(1,354,173)**
Credit loss expense	35	(2,130,751)	(1,942,980)	(2,082,648)	(1,937,418)
(Loss) before income tax		**(639,501)**	**(329,467)**	**(648,578)**	**(378,349)**
Current income tax expense	21	(7,294)	(1,970)	-	-
Deferred tax income	21	262,515	40,873	262,802	47,173
Total income tax		**255,221**	**38,903**	**262,802**	**47,173**
(Loss) for the year		**(384,281)**	**(290,564)**	**(385,776)**	**(331,176)**
Profit attributable to non-controlling interests		3,258	8,190	-	-
(Loss) attributable to equity holders of the parent		(387,538)	(298,754)	(385,776)	(331,176)
Earnings per share (in RON)	40	**(0.5561)**	**(0.4287)**	**(0.5536)**	**(0.4752)**

(Amounts in thousands RON)

	Group		Bank	
	2013	**2012**	**2013**	**2012**
Result for the year	**(384,281)**	**(290,564)**	**(385,776)**	**(331,176)**
Net comprehensive income to be reclassified to profit and loss in subsequent periods	**19,765**	**73,966**	**19,765**	**73,966**
Gain on available-for-sale financial assets	23,530	82,228	23,530	82,302
Income tax relating to available-for-sale financial assets	(3,765)	(8,262)	(3,765)	(8,336)
Net comprehensive income not to be reclassified to profit and loss in subsequent periods	**13,234**	**(3,434)**	**13,234**	**(3,434)**
Gain on defined pension plan	15,754	(4,088)	15,754	(4,088)
Income tax relating to defined pension plan	(2,521)	654	(2,521)	654
Other comprehensive income for the year, net of tax	**32,999**	**70,532**	**32,999**	**70,532**
Total comprehensive income for the year, net of tax	**(351,282)**	**(220,032)**	**(352,777)**	**(260,644)**
Attributable to:				
Equity holders of the parent	(354,540)	(228,222)	(352,777)	(260,644)
Non-controlling interest	3,258	8,190	-	-

(Amounts in thousands RON)

Group

	Note	Issued capital	Reserves from revaluation of available for sale assets	Retained earnings	Reserves from defined pension plan	Non-controlling interest	Total
December 31, 2011		**2,515,622**	**(15,430)**	**3,544,445**	**(12,816)**	**43,571**	**6,075,392**
Total comprehensive income		-	73,966	(298,754)	(3,434)	8,191	(220,031)
Shared-based payment		-	-	6,809	-	-	6,809
Equity dividends		-	-	(116,316)	-	-	(116,316)
December 31, 2012		**2,515,622**	**58,536**	**3,136,184**	**(16,250)**	**51,762**	**5,745,854**
Total comprehensive income		-	19,765	(387,538)	13,234	3,258	(351,282)
Shared-based payment		-	-	6,675	-	-	6,675
Equity dividends		-	-	-	-	(4,745)	(4,745)
December 31, 2013	24	**2,515,622**	**78,301**	**2,755,322**	**(3,017)**	**50,275**	**5,396,502**

Bank

	Note	Issued capital	Reserves from revaluation of available for sale assets	Retained earnings	Reserves from defined pension plan	Total
December 31, 2011		**2,515,622**	**(15,430)**	**3,389,857**	**(12,816)**	**5,877,233**
Total comprehensive income		-	73,966	(331,176)	(3,434)	(260,644)
Shared-based payment		-	-	6,809	-	6,809
Equity dividends		-	-	(116,316)	-	(116,316)
December 31, 2012		**2,515,622**	**58,536**	**2,949,174**	**(16,250)**	**5,507,082**
Total comprehensive income		-	19,765	(385,776)	13,234	(352,777)
Shared-based payment		-	-	6,675	-	6,675
December 31, 2013	24	**2,515,622**	**78,301**	**2,570,073**	**(3,017)**	**5,160,979**

(Amounts in thousands RON)

	Note	Group 2013	Group 2012	Bank 2013	Bank 2012
Cash flows from operating activities					
(Loss) before tax		**(639,501)**	**(329,467)**	**(648,578)**	**(378,349)**
Adjustments for non-cash items					
Depreciation and amortization expense and net loss/(gain) from disposals of tangible and intangible assets		151,928	160,362	153,166	156,088
Share based payment		6,675	6,809	6,675	6,809
(Gain) from investment revaluation		(9,058)	(12,453)	(271)	-
Net expenses from impairment of loans and from provisions	36	2,196,817	2,007,362	2,141,851	1,988,760
Income tax paid		(41,859)	(99,583)	(34,600)	(96,766)
Operating profit before changes in operating assets and liabilities		**1,665,002**	**1,733,030**	**1,618,243**	**1,676,542**
Changes in operating assets and liabilities					
Current account with NBR		(285,521)	350,553	(285,521)	349,204
Accounts and deposits with banks		(104,093)	124,113	(104,093)	124,113
Available for sale securities		(1,930,498)	401,975	(1,930,498)	401,827
Loans and advances to customers		1,471,222	(1,865,990)	1,592,528	(1,922,335)
Lease receivables		92,417	71,326	-	-
Other assets		(16,294)	(244,038)	(43,733)	(241,946)
Due to banks		(2,870,552)	(53,772)	(2,870,552)	(53,772)
Due to customers		4,278,873	1,567,867	4,253,513	1,588,993
Other liabilities		(30,082)	45,618	(12,786)	71,814
Total changes in operating assets and liabilities		**605,472**	**397,652**	**598,858**	**317,898**
Cash flow from operating activities		**2,270,474**	**2,130,682**	**2,217,101**	**1,994,440**
Investing activities					
Acquisition of equity investments		-	(4,165)	-	(4,165)
Proceeds from equity investments		388	-	388	-
Acquisition of tangible and intangible assets		(42,442)	(66,791)	(50,074)	(65,986)
Proceeds from sale of tangible and intangible assets		443	11,380	50	2,329
Cash flow from investing activities		**(41,611)**	**(59,576)**	**(49,636)**	**(67,822)**
Financing activities					
(Decrease) in borrowings		(1,897,889)	(2,140,759)	(1,841,438)	(1,983,972)
Dividends paid		(4,850)	(117,777)	(105)	(117,777)
Net cash from financing activities		**(1,902,739)**	**(2,258,536)**	**(1,841,543)**	**(2,101,749)**
Net movements in cash and cash equivalents		**326,124**	**(187,430)**	**325,922**	**(175,131)**
Cash and cash equivalents at beginning of the period	36	**1,149,503**	**1,336,933**	**1,122,143**	**1,297,274**
Cash and cash equivalents at the end of the period	36	**1,475,627**	**1,149,503**	**1,448,065**	**1,122,143**

Operational cash flows from interest and dividends	Group 2013	Group 2012	Bank 2013	Bank 2012
Interest paid	937,824	1,243,157	911,207	1,201,307
Interest received	2,357,853	2,998,341	2,215,003	2,879,059
Dividends received	3,744	5,202	8,303	5,202

(Amounts in thousands RON)

1. Corporate information

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

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

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

The Bank has 883 units throughout the country (December 31, 2012: 915).

The average number of employees of the Group during 2013 was 8,393 (2012: 8,678), and the number of employees of the Group as of the year-end was 8,300 (December 31, 2012: 8,538).

The average number of employees of the Bank during 2013 was 7,858 (2012: 8,123), and the number of employees of the Bank as of the year-end was 7,754 (December 31, 2012: 7,992).

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

The shareholding structure of the Bank is as follows:

	December 31, 2013	December 31, 2012
Société Générale S.A.	60.17%	60.17%
SIF Transilvania	4.56%	3.36%
SIF Banat Crisana	4.20%	4.63%
SIF Muntenia	3.67%	4.15%
Fondul Proprietatea	3.64%	3.64%
SIF Oltenia	3.36%	4.17%
SIF Moldova	2.28%	2.32%
Other shareholders	18.12%	17.56%
Total	**100.00%**	**100.00%**

2. Basis of preparation

a) Basis of preparation

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, and Order of the National Bank of Romania Governor no. 27/2010, as amended BRD prepared consolidated and individual financial statements for the year ended December 31, 2013 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU").

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

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

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

b) Basis for consolidation

The consolidated financial statements comprise the financial statements of the credit institution and its subsidiaries as at December 31, 2013. The financial statements of the subsidiaries are prepared for the same reporting period, using consistent accounting policies.

A subsidiary is an entity over which the Bank exercises control. Control is presumed to exist when direct or indirect ownership exceeds 50% of the voting power of the enterprise. The consolidated financial statements include the financial statements of BRD – Groupe Société Générale S.A. and the following subsidiaries: BRD Sogelease IFN S.A. (100% ownership, 2012: 99.98%), BRD Finance IFN S.A (49% ownership, 2012: 49%, control through the power to govern the financial and operating policies of the entity under various agreements), BRD Corporate Finance SRL (100% ownership, 2012: 100 %) and BRD Asset Management SAI SA (99.98% ownership, 2012: 99.98%). All intercompany transactions, balances and unrealized gains and losses on transactions between consolidated entities are eliminated on consolidation.

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

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

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

2. Basis of preparation (continued)

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

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to IAS 19 which became effective starting 1 January 2013.

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standard Board ("IASB") and adopted by the EU are effective for the current period and have also been adopted in these financial statements. The impact of the application of these new and revised IFRSs has been reflected in the financial statements.

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

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

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

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

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

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

2. Basis of preparation (continued)

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

amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, be through sale.

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

- **Amendments to various standards "Improvements to IFRSs (cycle 2009-2011)"** published by IASB on 17 May 2012. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) repeated application of IFRS 1, (ii) borrowing costs under IFRS 1, (iii) clarification of the requirements for comparative information, (iv) classification of servicing equipment, (v) tax effect of distribution to holders of equity instruments, (vi) interim financial reporting and segment information for total assets and liabilities.

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

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

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

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

2. Basis of preparation (continued)

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

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

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

- **IAS 28 “Investments in Associates and Joint Ventures” (revised in 2011**) published by IASB on 12 May 2011. IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities” – Transition Guidance** published by IASB on 28 June 2012. The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, by “limiting the requirement to provide adjusted comparative information to only the preceding comparative period”. Also, amendments were made to IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 “Separate Financial Statements” – Investment Entities** published by IASB on 31 October 2012. The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

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

- **Amendments to IAS 36 “Impairment of assets” - Recoverable Amount Disclosures for Non-Financial Assets** published by IASB on 29 May 2013. These narrow-scope amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. Current amendments clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

- **Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – Novation of Derivatives and Continuation of Hedge Accounting** published by IASB on 27 June 2013. The narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

2. Basis of preparation (continued)

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

Standards issued by IASB but not yet adopted by the EU are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.
The Group anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Group in the period of initial application. The impact of implementation of IFRS 9 cannot be estimated currently.

- **IFRS 9 "Financial Instruments"** published by IASB on 12 November 2009. On 28 October 2010 IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities and carrying over from IAS 39 the requirements for de-recognition of financial assets and financial liabilities. On 19 November 2013 IASB issued another package of amendments to the accounting requirements for financial instruments. Standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39. The new requirements on accounting for financial liabilities address the problem of volatility in profit or loss arising from an issuer choosing to measure its own debt at fair value. The IASB decided to maintain the existing amortised cost measurement for most liabilities, limiting change to that required to address the own credit problem. With the new requirements, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income section of the income statement, rather than within profit or loss. The amendments from November 2013 bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. It allows the changes to address the so-called 'own credit' issue that were already included in IFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instruments. It also removes the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

- **Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - Mandatory Effective Date and Transition Disclosures** published by IASB on 16 December 2011. The amendments also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. This relief was originally only available to companies that chose to apply IFRS 9 prior to 2012. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments. On February 20, 2014 IASB has decided that the effective date for IFRS 9 shall be 1 January 2018.

- **Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions** published by IASB on 21 November 2013. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** published by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required

2. Basis of preparation (continued)

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

accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) definition of 'vesting condition'; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets; (iv) measuring short-term receivables and payables; (v) proportionate restatement of accumulated depreciation application in revaluation method and (vi) clarification on key management personnel.

- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** published by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) meaning of effective IFRSs in IFRS 1; (ii) scope of exception for joint ventures; (iii) scope of paragraph 52 in IFRS 13 (portfolio exception) and (iv) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

- **IFRS 14 "Regulatory Deferral Accounts"** published by IASB on 30 January 2014. This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

- **IFRIC 21 "Levies"** published by IASB on 20 May 2013. IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

f) Significant accounting judgments and estimates

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

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

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 44.

2. Basis of preparation (continued)

f) Significant accounting judgments and estimates (continued)

Impairment losses on loans and receivables

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

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

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

Impairment of available-for-sale investments

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

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

Impairment of goodwill

The Group determines whether the goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as of December 31, 2013 was 50,130 (December 31, 2012: 50,130).

Deferred tax assets

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

According to current Romanian fiscal regulation tax losses can be covered from future tax profits obtained in the following consecutive seven years.

The Group estimates that the tax losses related to 2012 and 2013 financial years will be covered from the tax profits expected in the next seven years.

Retirement benefits

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

2. Basis of preparation (continued)

g) Segment information

An operating segment is a component of the Group:

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

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

- For which distinct financial information is available;

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

(Amounts in thousands RON)

3. Summary of significant accounting policies

a) Foreign currency translation

Transactions in foreign currencies are initially recorded at the functional currency rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.
The exchange rates of the currencies with the most significant impact on the Group's financial statements as of December 31, 2013 and 2012 were as follows:

	December 31, 2013	December 31, 2012
RON/ EUR	4.4847	4.4287
RON/ USD	3.2551	3.3575

b) Cash and cash equivalents

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

c) Current accounts and deposits with banks

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

d) Loans and advances to customers and finance lease receivables

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

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

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

3. Summary of significant accounting policies (continued)

e) Restructured loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated the loan is no longer considered past due, but can be considered as impaired if, in the absence of such an operation, the client would have been unable to repay its debts. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment.

f) Leases

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

Group as a lessor

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

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

Group as a lessee

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

g) Investment in associates

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

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

3. Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

i) Tangible assets

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

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

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

Asset type	*Years*
Buildings and special constructions	10-40
Computers and equipment	3-5
Furniture and other equipment	15
Vehicles	5

3. Summary of significant accounting policies (continued)

i) Tangible assets (continued)

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

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

j) Borrowing costs

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

k) Investment properties

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

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

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

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

l) Goodwill

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

Goodwill is reviewed for impairment at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates.

3. Summary of significant accounting policies (continued)

l) Goodwill (continued)

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

m) Intangible assets

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

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

All intangible assets of the Group carried as of December 31, 2013 and 2012 have finite useful lives and are amortized on a straight-line basis over the estimated useful life of up to 5 years. The amortization period and the amortization method are reviewed at least at each financial year end.

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

n) Derivative financial instruments

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

Derivatives are carried as assets when their fair value is positive and as liabilities when fair value is negative. Any gains or losses arising from changes in fair value of derivatives that are not hedging instruments are taken directly to profit or loss for the year.

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

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

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

3. Summary of significant accounting policies (continued)

n) Derivative financial instruments (continued)

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

o) Borrowings

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

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

p) Offsetting of financial assets and liabilities

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

q) Sale and repurchase agreements

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

r) Customers' deposits and current accounts

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

s) De-recognition of financial assets and liabilities

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

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

3. Summary of significant accounting policies (continued)

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

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

t) Recognition of income and expenses

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

Interest and similar income

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

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

Fee and commission income

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

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

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

(ii) Fee income from providing transaction services

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

Dividend income

Revenue is recognized when the Group’s right to receive the payment is established.

3. Summary of significant accounting policies (continued)

t) Recognition of income and expenses (continued)

Net trading income

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

u) Employee benefits

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

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

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

Before 1 January 2013, the surplus or deficit, arising from changes in the discount rate and from other actuarial assumptions was recognized as income or expense over the expected average remaining working lives of the employees participating in the plan.

According to standard IAS 19 (2011) "Employee Benefits" which is applicable to annual periods beginning on or after 1 January 2013, in order to improve comparison and understanding of financial statements, IASB has eliminated all accounting options which allow a partial or deferred recognition. Thus:

- The corridor approach no longer exists. There are no choice concerning the recognition of actuarial gains and losses. The remeasurements of the defined benefit liability are recognised immediately through OCI;
- The recognition of past service cost on a straight-line basis over the average future working lifetime is no longer possible. The past service cost is recognised immediately through Income Statement;
- The variation of actuarial gains and losses will have an immediate impact on stakeholder's equity and will be looked at more closely.

The impact of application of amendments to IAS19 (2011) is presented in statement of changes in equity.

Termination benefits:
As defined by the Romanian Law, the Group pays termination indemnities in cases of termination of employment within the framework of reduction in the labor force, connected or not with reorganization. Expenses related to termination indemnities are accrued when Management decides to adopt a plan that

3. Summary of significant accounting policies (continued)

u) Employee benefits (continued)

will result in future payments of termination benefits and by the statement of financial position date either starts to implement the restructuring plan or communicates the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation that the Group will carry out the restructuring. Until the present time, the Group's Management has not initiated any action in this direction.

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

The cost of equity–settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognized for equity–settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period is recorded in "Personnel expenses" and represents the movement in cumulative expense recognized as at the beginning and end of that period.

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

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

v) Taxation

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

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

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

3. Summary of significant accounting policies (continued)

v) Taxation (continued)

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

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

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

w) Provisions

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

x) Contingencies

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

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

y) Earnings per share

Basic earnings per share are calculated by dividing net profit/ (loss) for the reporting period attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. As of December 31, 2013 and 2012 there were no dilutive equity instruments issued by the Group.

z) Dividends on ordinary shares

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

aa) Related parties

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

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

3. Summary of significant accounting policies (continued)

ab) Subsequent events

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

ac) Financial guarantees

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

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

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

ad) Comparatives

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

4. Segment information

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

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

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

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

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

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

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

The process of income and expenses allocation by segment is currently under review. Therefore, for the years ended December 31, 2013 and 2012 the Bank presents segment information only for the major statement of financial position items.

(Amounts in thousands RON)

4. Segment information (continued)

Bank	**Individuals**	**Professionals**	**Very small entities**	**SMEs**	**Large corporates**	**Total**
December 31, 2013						
Loans, gross	17,238,655	1,480,352	4,981,377	4,987,940	4,808,329	**33,496,653**
Loans impairment	(1,038,941)	(797,108)	(1,967,842)	(1,535,943)	(393,221)	**(5,733,055)**
Loans and advances to customers	16,199,714	683,244	3,013,535	3,451,997	4,415,108	**27,763,598**
Due to customers	16,791,671	1,158,778	2,756,050	5,126,582	10,312,908	**36,145,989**
December 31, 2012						
Loans, gross	16,914,379	1,436,516	5,282,868	5,523,004	6,233,138	**35,389,905**
Loans impairment	(672,024)	(593,743)	(1,486,273)	(759,524)	(400,712)	**(3,912,276)**
Loans and advances to customers	16,242,355	842,773	3,796,595	4,763,480	5,832,426	**31,477,629**
Due to customers	16,274,883	1,043,377	2,638,012	4,066,545	7,869,659	**31,892,477**

Group	**Individuals**	**Professionals**	**Very small entities**	**SMEs**	**Large corporates**	**Total**
December 31, 2013						
Loans, gross	17,657,702	1,480,352	4,981,377	4,987,940	4,746,032	**33,853,403**
Loans impairment	(1,100,112)	(797,108)	(1,967,842)	(1,535,943)	(393,221)	**(5,794,226)**
Loans and advances to customers	16,557,590	683,244	3,013,535	3,451,997	4,352,811	**28,059,177**
Due to customers	16,791,671	1,158,778	2,756,050	5,126,582	10,231,507	**36,064,588**
December 31, 2012						
Loans, gross	17,337,323	1,436,516	5,282,868	5,523,003	6,102,090	**35,681,800**
Loans impairment	(732,068)	(593,743)	(1,486,273)	(759,524)	(400,712)	**(3,972,320)**
Loans and advances to customers	16,605,255	842,773	3,796,595	4,763,479	5,701,378	**31,709,480**
Due to customers	16,274,884	1,043,377	2,638,012	4,066,545	7,762,899	**31,785,717**

(Amounts in thousands RON)

5. Cash in hand

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Cash in vaults	754,345	714,340	754,321	714,330
Cash in ATM	347,060	275,951	347,060	275,951
Total	**1,101,405**	**990,291**	**1,101,381**	**990,281**

6. Due from Central Bank

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Current accounts	8,678,096	8,392,575	8,678,096	8,392,575
Total	**8,678,096**	**8,392,575**	**8,678,096**	**8,392,575**

The Group has maintained the minimum compulsory reserve amount with the Central Bank as of December 31, 2012 and December 31, 2013.

7. Due from banks

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Deposits at Romanian banks	263,373	30,030	263,374	30,030
Deposits at foreign banks	188,859	210,217	162,431	183,786
Current accounts at Romanian banks	1,110	10,921	0	10,002
Current accounts at foreign banks	261,140	144,212	261,140	144,212
Total	**714,482**	**395,380**	**686,945**	**368,030**

As of December 31, 2013 amounts due from banks include exposures to SG Group amounting 202,997 at Group level (December 31, 2012 exposures of 268,313) and 176,569 at Bank level (December 31, 2012 exposures of 241,881).

(Amounts in thousands RON)

8. Derivatives and other financial instruments held for trading

Group

	December 31, 2013		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	8,662	76,983	4,534,880
Currency swaps	16,376	28,568	5,179,458
Forward foreign exchange contracts	5,909	16,994	1,329,303
Currency options	15,335	15,669	2,506,515
Total derivatives	**46,282**	**138,214**	**13,550,156**
Financial instruments held for trading	708,423	-	670,965
Total	**754,705**	**138,214**	**14,221,121**

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

Bank

	December 31, 2013		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	8,662	76,983	4,534,880
Currency swaps	16,376	28,568	5,179,458
Forward foreign exchange contracts	6,127	16,994	1,382,277
Currency options	15,335	15,669	2,506,515
Total derivatives	**46,500**	**138,214**	**13,603,130**
Financial instruments held for trading	708,423	-	670,965
Total	**754,923**	**138,214**	**14,274,095**

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

The Group applied hedge accounting and initiated two fair value hedging instruments.

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

8. Derivatives and other financial instruments held for trading (continued)

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

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

On 30 September 2013, the Group initiated a macro fair value hedge of interest rate risk associated with the current accounts, using several interest rate swaps (pay variable, receive fixed). The change in the fair value of the macro fair value hedge swaps offsets the change in the fair value of the hedged portion of the current accounts. The hedged item is represented by the portion of the current accounts portfolio equal to the swaps nominal of 200 million EUR with a fixed interest rate of 1.058%. The hedging instrument is designated on a period of 7,5 years.
All hedging relationships were effective throughout the reporting period.

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

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

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

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

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

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

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

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

Financial instruments held for trading are treasury bills held for trading purposes.

(Amounts in thousands RON)

9. Loans and advances to customers

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Loans, gross	33,853,403	35,681,800	33,496,653	35,389,905
Loans impairment	(5,794,226)	(3,972,320)	(5,733,055)	(3,912,276)
Total	**28,059,177**	**31,709,480**	**27,763,598**	**31,477,629**

The loans structure is the following:

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Working capital loans	8,158,004	9,653,908	8,158,004	9,723,831
Loans for equipment	6,762,764	7,686,106	6,762,764	7,686,106
Trade activities financing	630,076	854,510	630,076	854,510
Acquisition of real estate, including mortgage for individuals	7,692,817	6,242,518	7,692,817	6,242,518
Consumer loans	9,219,302	10,236,470	8,862,552	9,874,652
Other	1,390,440	1,008,288	1,390,440	1,008,288
Total	**33,853,403**	**35,681,800**	**33,496,653**	**35,389,905**

As of December 31, 2013, balances relating to factoring, both for Group and Bank, amount to 495,009 (December 31, 2012: 778,020) and those relating to discounting 134,898 (December 31, 2012: 61,415).

As of December 31, 2013 the amortized cost of loans granted to the 20 largest corporate clients of the Group (groups of connected borrowers) amounts to 2,006,056 (December 31, 2012: 2,355,687) and to 2,006,056 (December 31, 2012: 2,398,130) for the Bank, while the value of letters of guarantee and letters of credit issued in favour of these clients amounts for the Group to 2,880,760 (December 31, 2012: 3,622,559) and to 2,880,760 (December 31, 2012: 3,702,600) for the Bank.

Impairment allowance for loans

Group

	Collective impairment	Specific impairment	Total
Balance as of December 31, 2011	**121,468**	**2,360,915**	**2,482,383**
Net provision expenses	18,463	1,369,700	1,388,163
Foreign exchange losses/(gains)	(25,613)	127,387	101,774
Balance as of December 31, 2012	**114,318**	**3,858,002**	**3,972,320**
Net provision expenses	71,100	1,709,709	1,780,810
Foreign exchange losses	1,196	39,900	41,096
Balance as of December 31, 2013	**186,614**	**5,607,611**	**5,794,226**

Bank

	Collective impairment	Specific impairment	Total
Balance as of December 31, 2011	**121,468**	**2,276,657**	**2,398,125**
Net provision expenses	18,463	1,393,915	1,412,378
Foreign exchange losses/(gains)	(25,613)	127,387	101,774
Balance as of December 31, 2012	**114,318**	**3,797,959**	**3,912,276**
Net provision expenses	71,100	1,708,583	1,779,683
Foreign exchange losses	1,196	39,900	41,096
Balance as of December 31, 2013	**186,614**	**5,546,442**	**5,733,055**

(Amounts in thousands RON)

9. Loans and advances to customers (continued)

The value of loans individually determined to be impaired for the Group is 8,388,146 (December 31, 2012: 7,608,700), while for the Bank is 8,319,579 (December 31, 2012: 7,533,825).

The increase in provisions as of December 31, 2013 compared to December 31, 2012 reflects:

- the increase of the non-performing loans ratio, on account of the slow economic recovery process, following a prolonged crisis and improved default identification
- the bank's efforts towards attaining a solid provisioning coverage, in the context of the decrease of collaterals value due to continuous market decline and insolvency procedure / law related uncertainties
- the rising cost of risk on SME segment, as opposed to the decreasing trend displayed by large corporate and individuals portfolios

10. Lease receivables

	Group	
	December 31, 2013	**December 31, 2012**
Gross investment in finance lease:		
Maturity under 1 year	287,363	293,430
Maturity between 1 and 5 years	401,498	437,722
Maturity higher than 5 years	22,328	51,839
	711,189	**782,991**
Unearned finance income	(78,614)	(79,111)
Net investment in finance lease	**632,575**	**703,879**
Net investment in finance lease:		
Maturity under 1 year	253,323	259,354
Maturity between 1 and 5 years	361,971	397,946
Maturity higher than 5 years	17,281	46,579
	632,575	**703,879**

	Group	
	December 31, 2013	**December 31, 2012**
Net investment in the lease	632,575	703,879
Accumulated allowance for uncollectible minimum lease payments receivable	(63,653)	(42,541)
Total	**568,922**	**661,339**

The guarantees relating to financial lease receivables individually determined to be impaired as at December 31, 2013 amounts to 47,938 (December 31, 2012: 79,540). The amounts are capped to the gross exposure level.

(Amounts in thousands RON)

11. Financial assets available for sale

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Treasury notes	6,332,125	4,380,302	6,332,125	4,380,302
Equity investments	9,566	11,219	9,566	11,219
Other securities	157,577	157,484	157,577	157,484
Total	**6,499,268**	**4,549,005**	**6,499,268**	**4,549,005**

Treasury notes

Treasury notes consist of interest bearing bonds issued by the Romanian State, rated as BB+ by Standard&Poors. As of December 31, 2013 no treasury notes have been pledged (2012: 2,361,773 with a maturity of 7 days) for repo transactions.

Equity investments

Other equity investments represent shares in Romanian Commodities Exchange, Bucharest Clearing House (the former Romanian Securities Clearing and Depository Company), Depozitarul Central S.A. (Shareholders' Register for the National Securities Commission), Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati SA, Romanian Clearing House (SC Casa Romana de Compensatie SA), Investor Compensating Fund (Fondul de Compensare a Investitorilor), TransFond, Societe Generale European Business Services SA, Bucharest Stock Exchange, Somesbalastiere SA, Bil Investitii SA, Landouamiiopt SA, Squaremedical SA, Depo Met SA and SPV Investis Imob SA.

Other securities

The Group and Bank holds funds units in:

2013	Unit value	No of units	Market value
FDI Simfonia 1	35	443,129	15,727
BRD Obligatiuni	148	90,353	13,339
Diverso Europa Regional	147	175,730	25,836
Actiuni Europa Regional	139	116,238	16,191
Index Europa Regional	120	21,794	2,622

2012	Unit value	No of units	Market value
FDI Simfonia 1	34	443,129	15,000
BRD Obligatiuni	141	90,353	12,753
Diverso Europa Regional	132	175,730	23,242
Actiuni Europa Regional	124	116,238	14,355
Index Europa Regional	108	21,794	2,347

(Amounts in thousands RON)

12. Investments in subsidiaries and associates

Group

Associates	Field of activity	%	December 31, 2012	Additions/ Reclassifications	Disposals	Increase / (decrease) in net assets	December 31, 2013
ALD Automotive	Operational leasing	20.00%	23,053	-	-	2,468	25,521
Mobiasbanca Groupe Societe Generale S.A.	Financial institution	20.00%	46,919	-	-	22	46,941
BRD Asigurari de Viata SA	Insurance	49.00%	16,620		-	5,860	22,480
Fondul de Garantare a Creditului Rural	Loans guarantee	33.33%	12,934	-	-	1,402	14,336
Biroul de Credit S.A.	Financial institution	18.85%	3,442	-	(117)	(685)	2,639
BRD Fond de Pensii S.A.	Pension fund management	49.00%	8,324	-	-	(781)	7,543
BRD Sogelease Asset Rental SRL	Operational leasing	20.00%	753	-	-	501	1,254
			112,045	**-**	**(117)**	**8,786**	**120,714**

Group

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

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

(Amounts in thousands RON)

12.Investments in subsidiaries and associates (continued)

Bank

	Field of activity	%	December 31, 2012	Additions/ Reclassifications	Disposals	December 31, 2013
ALD Automotive	Operational leasing	20.00%	11,873	-	-	11,873
Mobiasbanca Groupe Societe Generale S.A.	Financial institution	20.00%	29,017	-	-	29,017
BRD Asigurari de Viata SA	Insurance	49.00%	17,697	-	-	17,697
Fondul de Garantare a Creditului Rural	Loans guarantee	33.33%	14,220	-	-	14,220
Biroul de Credit S.A.	Financial institution	18.85%	779	-	(117)	662
BRD Fond de Pensii S.A.	Pension fund management	49.00%	14,690	-	-	14,690
Associates			**88,276**	**-**	**(117)**	**88,159**
BRD Sogelease IFN SA	Financial leasing	99.98%	11,558	-	-	11,558
BRD Finance Credite de Consum IFN SA	Financial institution	49.00%	53,019	-	-	53,019
BRD Asset Management SAI SA	Funds administration	99.98%	4,321	-	-	4,321
BRD Corporate Finance SRL	Business and management consultancy	100.00%	403	-	-	403
Subsdiaries			**69,301**	**-**	**-**	**69,301**
Total Associates and Subsidiaries			**157,577**	**-**	**(117)**	**157,460**

(Amounts in thousands RON)

12.Investments in subsidiaries and associates (continued)

Bank

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

(Amounts in thousands RON)

12. Investments in subsidiaries and associates (continued)

The subsidiaries and associate summary of financial position and income statement as at December 31, 2013 are as follows:

Associate	Address	Total assets	Total liabilities	Net assets	Shareholders interest	Net profit/(loss)
ALD Automotive	1-7, Ion Mihalache Street, Bucharest	273,647	138,465	135,182	74,523	28,382
Mobiasbanca Groupe Societe Generale S.A.	81 Stefan cel Mare si Sfint Street, Kishinev, Republic of Moldova	1,113,887	888,758	225,130	95,216	17,729
BRD Asigurari de Viata SA	64 Blvd. Unirii Bl. K4, sector 3, Bucharest	120,532	76,507	44,025	41,469	10,110
Fondul de Garantare a Creditului Rural	5 Occidentului Street, Bucharest	1,788,965	1,745,648	43,317	25,066	9,873
Biroul de Credit S.A.	15 Calea Victoriei, Bucharest	19,340	950	18,390	6,807	3,734
BRD Fond de Pensii S.A.	64 Unirii Blvd, Bucharest	15,747	1,463	14,284	22,289	(1,800)
BRD Sogelease Asset Rental SRL	1-7, Ion Mihalache Street, Bucharest	63,016	57,976	5,040	1,552	1,172

Subsidiaries	Address	Total assets	Total liabilities	Net assets	Shareholders interest	Net profit/(loss)
BRD Sogelease IFN SA	1-7, Ion Mihalache Street, Bucharest	681,882	513,075	168,807	168,468	(9,069)
BRD Finance Credite de Consum IFN SA	1-7, Ion Mihalache Street, Bucharest	457,350	358,772	98,578	89,970	6,387
BRD Asset Management SAI SA	1-3, Clucerul Udricani Street, Bucharest	15,196	656	14,540	14,948	3,495
BRD Corporate Finance SRL	1-7, Ion Mihalache Street, Bucharest	1,327	843	484	484	(208)

The amounts for the subsidiaries and associates are not audited.

(Amounts in thousands RON)

13. Property, plant and equipment

	Group					
	Land & Buildings	Investment properties	Office equipments	Materials and other assets	Construction in progress	Total
Cost:						
as of December 31, 2011	**1,271,671**	**39,122**	**227,323**	**565,516**	**78,907**	**2,182,539**
Transfers and additions	60,410	1,247	26,405	61,177	(39,835)	109,405
Disposals	(11,924)	-	(10,643)	(62,072)	(15,661)	(100,300)
as of December 31, 2012	**1,320,158**	**40,369**	**243,086**	**564,621**	**23,411**	**2,191,644**
Transfers and additions	11,955	250	19,416	23,991	(14,455)	41,158
Disposals	(4,274)	(953)	(15,729)	(38,041)	-	(58,997)
as of December 31, 2013	**1,327,839**	**39,666**	**246,773**	**550,571**	**8,956**	**2,173,805**
Depreciation and impairment:						
as of December 31, 2011	**(447,517)**	**(18,440)**	**(183,163)**	**(352,625)**	**-**	**(1,001,745)**
Depreciation and impairment	(58,032)	(650)	(27,881)	(43,546)	-	(130,109)
Disposals	6,935	-	10,474	7,333	-	24,742
Transfers	1,826	(1,464)	-	-	-	362
as of December 31, 2012	**(496,788)**	**(20,554)**	**(200,570)**	**(388,838)**	**-**	**(1,106,750)**
Depreciation and impairment	(66,918)	(861)	(22,340)	(36,471)	-	(126,590)
Disposals	3,509	953	15,634	11,170	-	31,266
Transfers	3,396	(1,181)	278	(3,212)	-	(719)
as of December 31, 2013	**(556,801)**	**(21,643)**	**(206,998)**	**(417,351)**	**-**	**(1,202,793)**
Net book value:						
as of December 31, 2011	**824,154**	**20,682**	**44,160**	**212,891**	**78,907**	**1,180,794**
as of December 31, 2012	**823,370**	**19,814**	**42,516**	**175,783**	**23,411**	**1,084,894**
as of December 31, 2013	**771,038**	**18,023**	**39,775**	**133,220**	**8,956**	**971,012**

(Amounts in thousands RON)

13.Property, plant and equipment (continued)

	Bank					
	Land & Buildings	**Investment properties**	**Office equipments**	**Materials and other assets**	**Construction in progress**	**Total**
Cost:						
as of December 31, 2011	**1,261,881**	**39,122**	**217,854**	**534,808**	**78,907**	**2,132,572**
Transfers and additions	60,410	1,247	25,968	20,214	(40,360)	67,479
Disposals	(11,910)	-	(10,326)	(8,894)	(15,661)	(46,791)
as of December 31, 2012	**1,310,382**	**40,369**	**233,495**	**546,128**	**22,886**	**2,153,259**
Transfers and additions	11,955	250	19,197	11,070	(13,930)	28,542
Disposals	(4,274)	(953)	(15,715)	(16,158)	-	(37,100)
as of December 31, 2013	**1,318,063**	**39,666**	**236,977**	**541,040**	**8,956**	**2,144,702**
Depreciation and impairment:						
as of December 31, 2011	**(444,482)**	**(18,441)**	**(174,279)**	**(344,628)**	**-**	**(981,829)**
Depreciation and impairment	(57,692)	(650)	(27,331)	(43,464)	-	(129,137)
Disposals	6,935	-	10,095	7,255	-	24,286
Transfers	1,826	(1,464)	-	-	-	362
as of December 31, 2012	**(493,413)**	**(20,555)**	**(191,514)**	**(380,837)**	**-**	**(1,086,319)**
Depreciation and impairment	(66,678)	(861)	(22,063)	(40,773)	-	(130,375)
Disposals	3,510	953	15,619	10,725	-	30,807
Transfers	3,396	(1,181)	278	(3,212)	-	(718)
as of December 31, 2013	**(553,185)**	**(21,644)**	**(197,680)**	**(414,096)**	**-**	**(1,186,605)**
Net book value:						
as of December 31, 2011	**817,399**	**20,681**	**43,575**	**190,181**	**78,907**	**1,150,743**
as of December 31, 2012	**816,969**	**19,813**	**41,981**	**165,291**	**22,886**	**1,066,941**
as of December 31, 2013	**764,878**	**18,022**	**39,297**	**126,944**	**8,956**	**958,097**

The investment properties have a fair value of 24,899 as at December 31, 2013 (December 31, 2012: 25,988).

(Amounts in thousands RON)

14. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net identifiable assets transferred from Société Générale Bucharest to the Group in 1999. During 2013 there was no impairment of the goodwill.

15. Intangible assets

The balance of the intangible assets as of December 31, 2013 and 2012 represents mainly software.

	Group	Bank
Cost:		
as of December 31, 2011	**267,137**	**245,718**
Additions	23,316	20,436
Disposals	(465)	(465)
as of December 31, 2012	**289,987**	**265,688**
Additions	31,672	30,876
Disposals	(1,408)	(1,408)
as of December 31, 2013	**320,251**	**295,156**
Amortization:		
as of December 31, 2011	**(172,686)**	**(160,827)**
Amortization expense	(32,366)	(29,065)
Disposals	465	465
as of December 31, 2012	**(204,587)**	**(189,426)**
Amortization expense	(26,632)	(24,087)
Disposals	321	321
as of December 31, 2013	**(230,898)**	**(213,192)**
Net book value:		
as of December 31, 2011	**94,451**	**84,891**
as of December 31, 2012	**85,400**	**76,262**
as of December 31, 2013	**89,353**	**81,964**

16. Other assets

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Advances to suppliers	6,650	29,063	-	-
Sundry debtors	166,228	169,846	144,113	146,037
Prepaid expenses	32,361	39,345	31,428	38,640
Materials and consumables	9,332	955	9,081	790
Miscellaneous assets	23,203	85,887	9,947	74,247
Total	**237,773**	**325,096**	**194,569**	**259,714**

The sundry debtors balances are presented net of an impairment allowance, at Group level, of 56,804 (December 31, 2012: 37,978) and at Bank level of 41,432 (December 31, 2012: 36,645).
Miscellaneous assets include an amount of 9,947 as at December 31, 2013 which refers to income tax deferred payments (2012: 74,092).

(Amounts in thousands RON)

17. Due to banks

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Demand deposits	770,965	863,136	770,965	863,136
Term deposits	573,740	3,352,122	573,740	3,352,122
Total due to banks	**1,344,705**	**4,215,258**	**1,344,705**	**4,215,258**

18. Due to customers

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Demand deposits	14,537,964	14,074,782	14,559,001	14,104,403
Term deposits	21,526,624	17,710,935	21,586,989	17,788,074
Total due to customers	**36,064,588**	**31,785,717**	**36,145,990**	**31,892,477**

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

19. Debt issued and borrowed funds

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Borrowings from related parties	3,620,560	5,045,112	3,011,063	4,302,988
Borrowings from international financial institutions	469,165	494,458	333,955	427,654
Borrowings from other institutions	1,545	2,573	1,545	2,573
Other borrowings	10,194	15,464	45,027	58,068
Total	**4,101,464**	**5,557,607**	**3,391,590**	**4,791,283**

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

20. Subordinated debt

Subordinated debt is in amount of EUR 100,000,000, RON 448,470,000 equivalent (2012: EUR 200,000,000, RON 885,740,000 equivalent) representing one subordinated loan, EUR 100,000,000 received in 2005, at EURIBOR6M+0.5%, due in 2015. One EUR 100,000,000 loan received in 2006, at EURIBOR6M+0.99% was reimbursed in 2013. The accrued interest to the subordinated debt is in amount of RON 1,856,591 (2012: RON 6,331,429) .

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

(Amounts in thousands RON)

21. Taxation

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

The deferred tax liability/asset is reconciled as follows:

	Group December 31, 2013		
	Temporary differences	**Consolidated Statement of Financial Position**	**Consolidated Income Statement**
Deferred tax liability			
Loans and advances to customers	-	-	176,542
Investments and other securities	(133,646)	(21,383)	(2,017)
Total	**(133,646)**	**(21,383)**	**174,525**
Deferred tax asset			
Tangible and intangible assets	21,197	3,392	6,965
Defined benefit obligation	3,816	611	-
Provisions and other liabilities	1,007,898	161,264	81,025
Total	**1,032,912**	**165,266**	**87,990**
Taxable items	**899,265**	**143,883**	
Deferred tax income			**262,515**

The taxable item in amount of 143,883 represents a deferred tax asset of 146,383 and a deferred tax liability of 2,500.

	Bank December 31, 2013		
	Temporary differences	**Individual Statement of Financial Position**	**Individual Income Statement**
Deferred tax liability			
Loans and advances to customers	-	-	176,542
Investments and other securities	(93,216)	(14,915)	-
Total	**(93,216)**	**(14,915)**	**176,542**
Deferred tax asset			
Tangible and intangible assets	31,167	4,987	8,560
Defined benefit obligation	3,816	611	-
Provisions and other liabilities	1,012,435	161,990	77,700
Total	**1,047,418**	**167,587**	**86,260**
Taxable items	**954,202**	**152,672**	
Deferred tax income			**262,802**

(Amounts in thousands RON)

21.Taxation (continued)

	Group December 31, 2012		
	Temporary differences	**Consolidated Statement of Financial Position**	**Consolidated Income Statement**
Deferred tax liability			
Loans and advances to customers	(1,103,386)	(176,542)	(5,281)
Investments and other securities	(97,508)	(15,601)	(2,826)
Tangible and intangible assets	(22,333)	(3,573)	(7,212)
Total	**(1,223,227)**	**(195,717)**	**(15,319)**
Deferred tax asset			
Defined benefit obligation	19,570	3,131	-
Provisions and other liabilities	501,489	80,238	56,192
Total	**521,060**	**83,370**	**56,192**
Taxable items	**(702,167)**	**(112,347)**	
Deferred tax income			**40,873**

	Bank December 31, 2012		
	Temporary differences	**Individual Statement of Financial Position**	**Individual Income Statement**
Deferred tax liability			
Loans and advances to customers	(1,103,386)	(176,542)	(5,282)
Investments and other securities	(69,686)	(11,150)	(5)
Tangible and intangible assets	(22,333)	(3,573)	(7,211)
Total	**(1,195,405)**	**(191,265)**	**(12,498)**
Deferred tax asset			
Defined benefit obligation	19,570	3,131	-
Provisions and other liabilities	526,811	84,290	59,671
Total	**546,381**	**87,421**	**59,671**
Taxable items	**(649,024)**	**(103,844)**	
Deferred tax income			**47,173**

(Amounts in thousands RON)

21.Taxation (continued)

Movement in deferred tax is as follows:

	Group	Bank
Deferred tax liability, net as of December 31, 2011	**(145,612)**	**(143,335)**
Deferred tax recognized in other comprehensive income	(7,608)	(7,681)
Net deferred tax income	40,873	47,173
Deferred tax liability, net as of December 31, 2012	**(112,347)**	**(103,844)**
Deferred tax recognized in other comprehensive income	(6,285)	(6,285)
Net deferred tax income	262,515	262,802
Deferred tax asset, net as of December 31, 2013	**143,883**	**152,672**

Reconciliation of total tax charge

Reconciliation of total tax charge	**Group**		**Bank**	
	2013	**2012**	**2013**	**2012**
Gross (loss) (before income tax)	**(639,501)**	**(329,467)**	**(648,578)**	**(378,349)**
Income tax (16%)	(102,320)	(52,715)	(103,772)	(60,536)
Fiscal credit	(994)	(174)	-	-
Non-deductible elements	45,329	51,826	17,515	48,016
Non-taxable elements	(197,236)	(37,840)	(176,545)	(34,653)
(Income) from income tax at effective tax rate	**(255,221)**	**(38,903)**	**(262,802)**	**(47,173)**
Effective tax rate	39.9%	11.8%	40.5%	12.5%

The effective tax rate at Group and Bank level reflects the impact of the reversal of deferred tax liability in amount of 171 MRON, as a consequence of the fiscal legislation being clarified in order to accommodate the new accounting treatments and the differences in retained earnings resulted after the conversion from local accounting standards (RAS) to IFRS following the implementation of IFRS as local accounting standard for Romanian banks.

Recognition of deferred tax asset at Bank level of 152,672 is based on the management's profit forecasts, which indicates that it is probable that future tax profit will be available against which this asset can be utilised.

(Amounts in thousands RON)

22. Other liabilities

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Sundry creditors	114,506	90,722	99,185	70,253
Other payables to State budget	32,915	37,421	31,353	36,322
Deferred income	14,994	14,510	14,951	14,510
Payables to employees	140,941	145,470	113,829	112,205
Dividends payable	505	610	505	610
Financial guarantee contracts	148,963	105,595	148,963	105,595
Provisions	38,835	21,099	38,512	18,164
Total	**491,659**	**415,427**	**447,298**	**357,659**

Payables to employees include, among other, gross bonuses, amounting to 40,657 (2012: 30,197) and post-employment benefits amounting to 64,532 (2012: 55,161). Provisions are mainly related to legal claims and penalties.

The movement in provisions is as follows:

Group	
Carrying value as of December 31,2011	**3,356**
Additional expenses	20,099
Reversals of provisions	(2,356)
Carrying value as of December 31,2012	**21,099**
Additional expenses	57,835
Reversals of provisions	(40,099)
Carrying value as of December 31, 2013	**38,835**

Bank	
Carrying value as of December 31,2011	**3,224**
Additional expenses	17,296
Reversals of provisions	(2,356)
Carrying value as of December 31,2012	**18,164**
Additional expenses	57,665
Reversals of provisions	(37,316)
Carrying value as of December 31, 2013	**38,512**

(Amounts in thousands RON)

22.Other liabilities (continued)

Post-employment benefit plan

This is a defined benefit plan under which the amount of benefit that an employee is entitled to receive on retirement depends on years of service and salary. The plan covers substantially all the employees and the benefits are not funded. A full actuarial valuation by a qualified independent actuary is carried out annually.

Expenses recognised in profit and loss

	December 31, 2013	December 31, 2012
Total service cost	3,922	4,027
Interest cost on benefit obligation	2,367	3,148
Net benefit expense	**6,289**	**7,174**

Actuarial losses recognized during the year and past service cost are no longer recognised according to IAS 19 (2011) “Employee benefits”.

Movement in defined benefits obligations

	December 31, 2013	December 31, 2012
Opening defined benefit obligation	**74,731**	**63,761**
Total service cost	3,922	4,027
Benefits paid	(734)	(805)
Interest cost on benefit obligation	2,367	3,148
Actuarial loss/ (gain) on remeasurement of net defined benefit obligation	(15,754)	4,601
Closing defined benefit obligation	**64,532**	**74,731**

Main actuarial assumptions

	December 31, 2013	December 31, 2012
Discount rate	3.40%	3.20%
Inflation rate	1.90%	1.90%
Salary increase rate	next year 2% next 2 year 2.3% afterwards 2.9%	next 0-4 years 2.9% then 3.9%
Average remaining working period (years)	13.36	13.53

	December 31, 2013	December 31, 2012
Defined benefit obligation	64,532	74,731
Experience adjustment on plan liabilities	(3,459)	(3,186)

Sensitivities on the defined benefit obligation

The results of any valuation depend upon the assumptions employed. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase.
The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(Amounts in thousands RON)

22.Other liabilities (continued)

- If the discount rate used were 1% higher, then the defined benefit obligation would be lower by about 13.22% meaning 56,001.
- If the discount rate used were 1% lower, then the defined benefit obligation would be higher by about 16.32%. meaning 75, 064.
- If the salary increase rate used were 1% higher, then the defined benefit obligation would be higher by about 16.25% meaning 75,018.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.
Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

The eventual cost of providing the benefits depends on the actual future experience. Other factors such as the number of new employees could also change the cost.

23. Share capital

The nominal share capital, as registered with the Registry of Commerce is 696,901 (2012: 696,901). Included in the share capital there is an amount of 1,818,721 (2012: 1,818,721) representing hyper inflation restatement surplus.

Share capital as of December 31, 2013 represents 696,901,518 (2012: 696,901,518) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2012: RON 1).

During 2013 and 2012, the Bank did not buy back any of its own shares.

24. Retained earnings

Included in the Retained earnings there is an amount of 513,515 (2012: 513,515) representing legal reserves, general banking reserves and other reserves with a restricted use as required by the banking legislation.

25. Interest income

	Group		Bank	
	2013	**2012**	**2013**	**2012**
Interest on loans	2,366,763	2,827,668	2,264,360	2,707,638
Interest on deposit with banks	56,472	86,177	54,549	83,904
Interest on treasury notes	255,053	270,519	255,053	270,519
Total	**2,678,288**	**3,184,364**	**2,573,962**	**3,062,061**

The interest income on loans includes for Bank, the accrued interest on net (after impairment allowance) impaired loans in amount of 316,450 (2012: 375,466).

(Amounts in thousands RON)

26. Interest expense

	Group		Bank	
	2013	**2012**	**2013**	**2012**
Interest on term deposits	647,275	793,396	651,593	797,632
Interest on demand deposits	223,937	278,442	187,739	234,238
Interest on borrowings	78,951	166,482	85,206	174,365
Total	**950,163**	**1,238,320**	**924,538**	**1,206,235**

27. Fees and commissions, net

	Group		Bank	
	2013	**2012**	**2013**	**2012**
Commission revenue from processing of transactions	889,383	906,953	856,859	876,058
Other commission revenue	70,815	82,200	68,675	80,196
Commission expense	(191,839)	(185,987)	(187,962)	(182,795)
Net commission revenue	**768,359**	**803,166**	**737,572**	**773,459**

28. Foreign exchange gain

	Group		Bank	
	2013	**2012**	**2013**	**2012**
Foreign exchange income	15,581,908	10,364,115	15,511,496	10,278,868
Foreign exchange expenses	(15,236,972)	(10,037,382)	(15,169,283)	(9,953,453)
Total	**344,937**	**326,733**	**342,213**	**325,415**

29. Income from associates

	Group		Bank	
	2013	**2012**	**2013**	**2012**
Share of increase in net assets from associates	8,789	12,452	-	-
Dividends from associates	3,255	4,771	3,255	4,771
Net gain from sale of interest in associates	388	-	388	-
Total	**12,432**	**17,223**	**3,642**	**4,771**

30. Other income

Other income includes income from banking activities offered to the clients and income from non-banking activities, such as income from rentals. The income from rental of investment properties, both for the Group and the Bank, is 2,098 (2012: 2,256).

31. Contribution to Deposit Guarantee Fund

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

(Amounts in thousands RON)

32. Personnel expenses

	Group		Bank	
	2013	**2012**	**2013**	**2012**
Salaries	454,882	466,253	425,840	438,718
Social security	129,741	134,547	123,010	128,030
Bonuses	40,195	28,032	40,195	28,032
Post-employment benefits (see note 22)	5,555	6,903	5,555	6,903
Other	32,200	36,789	30,393	34,220
Total	**662,573**	**672,524**	**624,993**	**635,903**

Employee expenses for share - based payment transactions are included in line Other salaries and related expenses in amount of 6,675, both for the Group and Bank for 2013 (2012: 6,809).

Share based payment transactions

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

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

Grant date/ employees entitled	Number of instruments	Vesting conditions	Contractual life of share based options
shares granted to all employees of the group at 02/11/2010	16	Positive net income attributable to the Group Societe General for financial year 2012 presence in the group until 31/03/2015	4 years and 5 months
shares granted to all employees of the group at 02/11/2010	24	improvement of customer satisfaction between 2010 and 2013 presence in the group until 31/03/2016	5 years and 5 months
Total shares	**40**		

The economic and regulatory scenarios that served as a basis for the financial performance conditions of achieving a 10% return on equity (ROE) for financial year 2012 was no longer relevant. Consequently, the General Meeting of May 22, 2012 of Societe Generale authorised the Board of Directors to replace the financial condition for the granting of 16 shares to employees by the achievement of positive net income attributable to the Group Societe Generale for financial year 2012. This condition was met.

(Amounts in thousands RON)

32.Personnel expenses (continued)

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

	Weighted average exercise price (RON)	Number of shares
Outstanding as at January 1, 2013	**829**	**919,501**
Granted during the period		
- exercise date 31/03/2015	155	113,600
- exercise date 31/03/2016	149	170,400
Outstanding as at December 31, 2013	**1,132**	**1,203,501**

	2013	2012
Shares granted in 2010	1,070	1,070
Shares granted in 2011	6,025	6,025
Shares granted in 2012	6,809	6,809
Shares granted in 2013	6,675	-
Total expense recognised as personnel expense	**20,579**	**13,904**

The shares outstanding as at December 31, 2013 have an exercise price of 155 RON (those with an exercise date as at March 31, 2015) and of 149 RON (those with an exercise date as at March 31, 2016) and a contractual life of 4 years and 5 months and 5 years and 5 months respectively.

33. Depreciation, amortisation and impairment on tangible assets

	Group		Bank	
	2013	2012	2013	2012
Depreciation and impairment (see Note 13)	125,296	127,996	129,079	127,023
Amortisation (see Note 15)	26,632	32,366	24,087	29,065
Total	**151,928**	**160,362**	**153,166**	**156,088**

The difference between the amount presented in note 13 and the amount presented in note 33 represents depreciation of investment property in total amount of 1,296 at Group and Bank level.

34. Other operating expense

	Group		Bank	
	2013	2012	2013	2012
Administrative expenses	445,300	497,315	417,293	464,714
Publicity and sponsorships	29,211	29,234	28,723	28,869
Other expenses	56,075	73,654	53,908	68,599
Total	**530,585**	**600,203**	**499,924**	**562,182**

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

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

(Amounts in thousands RON)

35. Credit loss expense

	Group		Bank	
	2013	**2012**	**2013**	**2012**
Net impairment allowance for loans	1,780,810	1,388,163	1,779,684	1,412,378
Net impairment allowance for sundry debtors	28,728	20,225	30,692	23,714
Net impairment allowance for financial leases	37,357	8,622	-	-
Income from recoveries of derecognized receivables	(48,330)	(46,639)	(38,855)	(36,402)
Write-offs of bad debts	288,925	526,757	267,866	491,876
Financial guarantee contracts	43,261	45,852	43,261	45,852
Total	**2,130,751**	**1,942,980**	**2,082,648**	**1,937,418**

36. Cash and cash equivalents for cash flow purposes

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

Group

	December 31, 2013	December 31, 2012
Cash in hand (see note 5)	1,101,405	990,291
Current accounts and deposits with banks	374,222	159,212
Total	**1,475,627**	**1,149,503**

Bank

	December 31, 2013	December 31, 2012
Cash in hand (see note 5)	1,101,381	990,281
Current accounts and deposits with banks	346,684	131,862
Total	**1,448,065**	**1,122,143**

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

Group

	December 31, 2013	December 31, 2012
Net impairment allowance for loans	1,780,810	1,388,163
Net impairment allowance for sundry debtors	28,728	20,225
Net impairment allowance for financial leases	37,357	8,622
Write-offs expenses	288,925	526,757
Financial guarantee contracts	43,261	45,852
Net movement in other provisions	17,736	17,743
Total	**2,196,817**	**2,007,362**

(Amounts in thousands RON)

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

Bank

	December 31, 2013	December 31, 2012
Net impairment allowance for loans	1,779,684	1,412,378
Net impairment allowance for sundry debtors	30,692	23,714
Write-offs expenses	267,866	491,876
Financial guarantee contracts	43,261	45,852
Net movement in other provisions	20,348	14,940
Total	**2,141,851**	**1,988,760**

37. Capital commitments

The line Services includes mainly rent, insurance and operational leasing.

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Tangible non-current assets	58	4,099	58	4,099
Intangible non-current assets	14,854	465	14,854	465
Services	424,541	610,090	424,541	610,090
Total	**439,453**	**614,654**	**439,453**	**614,654**

(Amounts in thousands RON)

38. Related parties

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

	Group					
	2013			2012		
	Parent	Other SG entities	Associates	Parent	Other SG entities	Associates
Assets	**313,678**	**9,673**	**9,920**	**444,945**	**11,570**	**13,285**
Nostro accounts	10,404	5,547	-	52,411	7,622	-
Deposits	133,941	4,126	-	134,109	3,948	-
Loans	146,352	-	9,920	164,684	-	13,285
Derivative financial instruments	22,981	-	-	93,741	-	-
Liabilities	**4,712,590**	**330,353**	**64,752**	**6,351,763**	**10,139**	**62,364**
Loro accounts	155,987	320,253	9	34	10,139	-
Deposits	370,353	10,100	64,743	285,468	-	62,364
Borrowings	3,621,533	-	-	5,045,955	-	-
Subordinated borrowings	450,327	-	-	892,071	-	-
Derivative financial instruments	114,390	-	-	128,235	-	-
Commitments	**12,009,138**	**18,793**	**7,082**	**11,342,932**	**3,618**	**10,218**
Letters of guarantee given	1,482,475	13,427	5,454	1,495,118	2,540	8,003
Letters of guarantee received	460,291	5,366	1,628	446,636	1,078	1,639
Notional amount of foreign exchange transactions	6,109,814	-	-	7,221,888	-	-
Notional amount of interest rate derivatives	3,956,558	-	-	2,179,290	-	576
Income statement	**153,523**	**42,033**	**14,216**	**180,493**	**86,515**	**10,778**
Interest and commision revenues	15,722	268	698	18,459	133	551
Interest and commission expense	55,064	40,559	1,818	98,381	85,765	2,029
Net gain/(loss) on interest rate derivatives	649	-	-	(26,589)	-	-
Net gain on foreign exchange derivatives	26,499	-	-	3,506	-	-
Other income	12,516	-	10,154	9,157	-	6,332
Other expenses	43,073	1,206	1,546	77,579	617	1,866

(Amounts in thousands RON)

38. Related parties (continued)

	Bank							
	2013				2012			
	Parent	Other SG entities	Subsidiaries	Associates	Parent	Other SG entities	Subsidiaries	Associates
Assets	**239,893**	**9,673**	**63,155**	**8,325**	**371,340**	**11,570**	**132,409**	**11,331**
Nostro accounts	10,404	5,547	-	-	52,411	7,622	-	-
Deposits	60,156	4,126	-	-	60,542	3,948	-	-
Loans	146,352	-	62,937	8,325	164,646	-	131,449	11,331
Derivative financial instruments	22,981	-	218	-	93,741	-	960	-
Liabilities	**4,102,082**	**330,353**	**127,125**	**64,679**	**5,608,762**	**10,139**	**157,342**	**62,331**
Loro accounts	155,987	320,253	-	9	34	10,139	-	-
Deposits	370,315	10,100	92,292	64,670	285,434	-	114,739	62,331
Borrowings	3,011,063	-	-	-	4,302,988	-	-	-
Subordinated borrowings	450,327	-	-	-	892,071	-	-	-
Lease payable	-	-	34,833	-	-	-	42,603	-
Derivative financial instruments	114,390	-	-	-	128,235	-	-	-
Commitments	**12,009,138**	**18,793**	**52,974**	**7,082**	**11,342,932**	**3,618**	**166,698**	**10,218**
Letters of guarantee given	1,482,475	13,427	-	5,454	1,495,118	2,540	135,697	8,003
Letters of guarantee received	460,291	5,366	-	1,628	446,636	1,078	-	1,639
Notional amount of foreign exchange transactions	6,109,814	-	52,974	-	7,221,888	-	-	-
Notional amount of interest rate derivatives	3,956,558	-	-	-	2,179,290	-	31,001	576
Income statement	**129,781**	**42,033**	**18,314**	**5,734**	**143,869**	**86,515**	**17,741**	**2,580**
Interest and commision revenues	13,800	268	10,987	698	15,620	133	12,153	551
Interest and commission expense	34,272	40,559	5,309	1,818	65,199	85,765	5,588	2,029
Net gain/(loss) on interest rate derivatives	649	-	-	-	(26,589)	-	-	-
Net gain on foreign exchange derivatives	26,499	-	-	-	3,506	-	-	-
Other income	12,047	-	2,018	3,218	8,711	-	-	-
Other expenses	42,514	1,206	-	-	77,422	617	-	-

The interest expenses include an amount of 1,857 (2012: 6,331) relating to subordinated loans.

As of December 31, 2013, the Board of Directors and Managing Committee members own 303,500 shares (2012: 304,530).
The short-term benefits relating to the key management personnel (salaries, bonuses, other emoluments and related social security contributions) amounted to 9,897 (2012: 8,023).
The advances and loans granted by the Group to key management personnel were in amount of 545 (2012: 1,121)

39. Contingencies

As of December 31, 2013 BRD is the defendant in a number of lawsuits arising in the course of business, amounting to approximately 21,426 (2012: 9,767). The management believes that the ultimate resolution of these matters will not have a material adverse effect on the Group's overall financial position and performance.

(Amounts in thousands RON)

40. Earnings per share

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Ordinary shares on the market	696,901,518	696,901,518	696,901,518	696,901,518
Loss attributable to parent company shareholders	(387,538)	(298,754)	(385,776)	(331,176)
Earnings per share (in RON)	(0.5561)	(0.4287)	(0.5536)	(0.4752)

41. Dividends on ordinary shares

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Declared and paid during the year				
Dividends for 2012: 0 (2011: 0.16690)	-	115,706	-	115,706
Proposed for approval at AGM				
Dividends for 2013: 0 (2012:0)	-	-	-	-

42. Risk management

Risk management within the Group is based on an integrated concept that takes into account the statutory and regulatory norms as defined and required by the National Bank of Romania as well as Société Générale risk management standards. The level of risk appetite fully reflects the Group's risk management strategy, aiming to support a sustainable growth of its lending activities while reinforcing the Group's market positions.

Risks are managed within a continuous process of identification, assessment, control and reporting, considering risk limits, approval competences, segregation of duties and other mitigation techniques. Throughout 2013, BRD intensified its efforts to accurately assess risks in a difficult and rapidly changing business environment.

The Group's risk management governance is evolving along the following axes:

- stronger managerial involvement in the risk management system and promotion of risk culture, throughout the entire organizational structure, from the Board of Directors down to operational teams;
- clearly defined internal rules and procedures;
- continuous supervision by an independent body to monitor risks and to enforce rules and procedures.

The Group's risk management is organized around two key principles:

- risk assessment departments must be independent from the business divisions;
- the risk management approach and risk monitoring must be consistent throughout the Group.

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

42.1 Credit risk

Credit risk represents the loss which the Group would suffer if a client or counterparty fails to meet its contractual obligations. The credit risk is inherent to traditional banking products (loans, commitments to lend and other contingent liabilities such as letters of credit and fair value derivative contracts / refer to the notes 9, 10 and 39).

The Group's credit policy is based on the principle that approval of any credit risk undertaking must rely on a sound knowledge of a given client and its business, an understanding of the purpose and structure of the transaction and the sources of debt repayment. As part of Group Société Générale and as outlined by its strategy, BRD has a cash flow based lending approach, meaning the bank expects debt to be serviced primarily through the future cash flow (legal entities)/ income (individuals) generated by the client.

The Bank assesses the quality of its non retail portfolio, by use of Société Générale's rating system, with a scale from 1 to 10 (1 to 7 – in bonis exposures, 8 to 10 – defaulted exposures). The rating update involves a dual assessment of the client, qualitative and quantitative, performed in a similar way as the one produced at granting. Retail counterparties are assessed at origination, based on application scorecards, and monitored using behavioral rating models.

(Amounts in thousands RON)

42. Risk management (continued)

42.1 Credit risk (continued)

Security, in the form of collateral (funded protection) or guarantee (unfunded protection), is accepted to mitigate credit risk and do not serve as a substitute for the borrower's ability to meet obligations. The securities accepted in support of commitments granted primarily include real estate, both residential and commercial, guarantees issued by other banks and guarantee funds, equipments and inventories.

The Group measures the level of credit risk concentration it undertakes by setting and strictly monitoring limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, to geographical and industry segments, and to product / transaction type.

Maximum exposure to credit risk before considering any collaterals or guarantees

	Group	
	December 31, 2013	**December 31, 2012**
ASSETS		
Due from Central Bank	8,678,096	8,392,575
Due from banks	714,482	395,380
Derivatives and other financial instruments held for trading	754,705	534,955
Loans, gross	33,853,403	35,681,800
Impairment reserve for loans	(5,794,226)	(3,972,320)
Loans and advances to customers	28,059,177	31,709,480
Financial lease receivables	568,922	661,339
Financial assets available for sale	6,499,268	4,549,005
Investments in associates and subsidiares	120,714	112,045
Other assets	61,459	72,314
Total assets	**45,456,823**	**46,427,093**
Letters of guarantee granted	6,406,591	7,665,046
Financing commitments granted	4,102,294	4,433,120
Total commitments granted	**10,508,885**	**12,098,166**
Total credit risk exposure	**55,965,708**	**58,525,259**

	Bank	
	December 31, 2013	**December 31, 2012**
ASSETS		
Due from Central Bank	8,678,096	8,392,575
Due from banks	686,945	368,030
Derivatives and other financial instruments held for trading	754,923	535,915
Loans, gross	33,496,653	35,389,905
Impairment reserve for loans	(5,733,055)	(3,912,276)
Loans and advances to customers	27,763,598	31,477,629
Financial assets available for sale	6,499,268	4,549,005
Investments in associates and subsidiares	157,460	157,577
Other assets	39,345	48,505
Total assets	**44,579,635**	**45,529,236**
Letters of guarantee granted	6,477,262	7,898,833
Financing commitments granted	3,851,508	4,227,102
Total commitments granted	**10,328,770**	**12,125,935**
Total credit risk exposure	**54,908,405**	**57,655,171**

(Amounts in thousands RON)

42. Risk management (continued)

42.1 Credit risk (continued)

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

Analysis of due from banks by credit rating

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
AA	6,035	5,412	6,035	5,412
A	253,830	281,648	227,403	255,217
BBB	1,293	12,533	183	11,615
BB	164,384	31,374	164,384	31,374
B	87,272	3	87,272	3
Not rated*	201,668	64,410	201,668	64,409
Total	**714,482**	**395,380**	**686,945**	**368,030**

*short term exposures, mainly amounts under settlement

Sector analysis

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Individuals	52.0%	48.9%	51.5%	48.3%
Public administration, education & health	3.2%	3.0%	3.2%	3.1%
Agriculture	2.2%	2.0%	2.2%	2.0%
Manufacturing	9.7%	11.1%	9.8%	11.2%
Transportation, IT&C and other services	5.8%	6.4%	5.8%	6.7%
Trade	13.1%	14.3%	13.3%	14.2%
Constructions	6.3%	6.9%	6.3%	7.0%
Utilities	2.5%	3.0%	2.5%	3.0%
Services	1.6%	1.7%	1.7%	1.7%
Others	1.9%	1.8%	2.0%	1.9%
Financial institutions	1.7%	0.9%	1.7%	0.9%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

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

Ageing analysis of past due but not impaired loans

Group

December 31, 2013

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate lending	671,554	75,263	35,319	42,221	824,357
Small business lending	122,023	48,750	31,475	3,415	205,663
Consumer lending	1,671,437	297,087	151,556	22,863	2,142,943
Residential mortgages	698,581	117,341	52,526	9,223	877,671
Total	**3,163,595**	**538,441**	**270,876**	**77,722**	**4,050,634**

(Amounts in thousands RON)

42. Risk management (continued)

42.1 Credit risk (continued)

December 31, 2012

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

Bank

December 31, 2013

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate lending	671,554	75,263	35,319	42,221	824,357
Small business lending	122,023	48,750	31,475	3,415	205,663
Consumer lending	1,624,734	297,087	151,556	22,863	2,096,240
Residential mortgages	698,581	117,341	52,526	9,223	877,671
Total	**3,116,892**	**538,441**	**270,876**	**77,722**	**4,003,931**

December 31, 2012

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

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

December 31, 2013

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate leases	43,617	11,630	5,080	-	60,327
Retail leases	13,267	5,017	4,327	-	22,611
Total	**56,884**	**16,647**	**9,407**	**-**	**82,938**

December 31, 2012

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate leases	50,283	12,968	10,981	4,717	78,948
Retail leases	22,337	13,077	5,636	1,175	42,225
Total	**72,620**	**26,045**	**16,617**	**5,892**	**121,173**

(Amounts in thousands RON)

42. Risk management (continued)

42.1 Credit risk (continued)

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

Group

	December 31, 2013	December 31, 2012
Corporate lending	2,979,597	563,361
Small business lending	467,142	125,824
Consumer lending	1,112,718	344,131
Residential mortgages	146,613	49,876
Total	**4,706,070**	**1,083,192**

Bank

	December 31, 2013	December 31, 2012
Corporate lending	2,915,055	563,361
Small business lending	451,609	125,824
Consumer lending	1,112,630	344,131
Residential mortgages	146,613	49,876
Total	**4,625,907**	**1,083,192**

The perimeter of restructured loans has increased as at December 31, 2013 versus December 31, 2012 due to an improved framework for the identification and classification of restructured loans and also due to new restructuring operations implemented in 2013, which account for 28% of the amount.

(Amounts in thousands RON)

42. Risk management (continued)

42.1 Credit risk (continued)

Analysis of collateral coverage

Group

December 31, 2013

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	824,357	581,677	7,884,506	4,193,252
Retail lending	3,226,277	1,757,842	13,530,118	8,753,805
Total	**4,050,634**	**2,339,519**	**21,414,624**	**12,947,057**

December 31, 2012

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	1,273,007	868,468	9,436,115	4,987,423
Retail lending	3,835,689	2,059,923	13,528,290	8,242,455
Total	**5,108,695**	**2,928,391**	**22,964,405**	**13,229,878**

Bank

December 31, 2013

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	824,357	581,677	7,946,803	4,193,252
Retail lending	3,179,574	1,757,842	13,226,340	8,753,805
Total	**4,003,931**	**2,339,519**	**21,173,143**	**12,947,057**

December 31, 2012

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	1,273,007	868,468	9,567,162	4,987,423
Retail lending	3,790,723	2,059,923	13,225,188	8,242,455
Total	**5,063,730**	**2,928,391**	**22,792,350**	**13,229,878**

(Amounts in thousands RON)

42. Risk management (continued)

42.1 Credit risk (continued)

Analysis of collateral coverage for leasing Group

December 31, 2013

	Overdue but not impaired	Covered by collaterals & guarantees	Neither impaired nor past due	Covered by collaterals & guarantees
Corporate leases	60,327	55,843	329,154	307,402
Retail leases	22,611	22,307	104,777	102,622
Total	**82,938**	**78,150**	**433,931**	**410,024**

December 31, 2012

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

As of December 31, 2013 the carrying value of repossessed assets is 8,122 (December 31, 2012: 214), representing three residential buildings. (December 31, 2012: two residential buildings).

The fair value of properties, letters of guarantee and cash that the Group and the Bank holds as collateral relating to loans individually determined to be impaired as at December 31, 2013 amounts to 4,571,080 (December 31, 2012: 4,129,783). The value of collaterals and guarantees is capped to the gross exposure level.

Analysis of neither impaired nor past due loans corporate lending by credit rating

	Group		Bank	
	December 31, 2013	**December 31, 2012**	**December 31, 2013**	**December 31, 2012**
Very good	278,041	291,478	340,338	422,526
Good	119,347	132,660	119,347	132,660
Rather good	130,822	140,368	130,822	140,368
Acceptable	6,333,964	8,154,878	6,333,964	8,154,878
Performing but sensitive	833,507	534,587	833,507	534,587
Sensitive - credit risk not acceptable	188,825	182,143	188,825	182,143
Total	**7,884,506**	**9,436,114**	**7,946,803**	**9,567,162**

(Amounts in thousands RON)

42. Risk management (continued)

42.1 Credit risk (continued)

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

	December 31, 2013	December 31, 2012
Good	29	67
Rather good	26,401	41,343
Acceptable	263,396	287,313
Performing but sensitive	29,303	15,955
Sensitive - credit risk not acceptable	10,026	184
Total	**329,155**	**344,862**

The quality of corporate exposures is monitored using an internal credit rating system in which the expert judgment is a key element of the assessment process. The internal rating system is based on rating models that include both quantitative and qualitative assessment criteria defined by counterparty type and size. Internal models are developed based on the Group's available data history. The use of rating model is regulated by internal norms and procedures.

Rating review is performed at least once per year, or as soon as new and significant aspects modifying the credit quality of the counterparty occurs. This process results in the classification of exposures between standard, sensitive and non performing client status.

(Amounts in thousands RON)

42. Risk management (continued)

42.1 Credit risk (continued)

Guarantees and credit commitments

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

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

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

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

	Group		Bank	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Letters of guarantee granted	6,406,591	7,665,046	6,477,262	7,898,833
Financing commitments granted	4,102,294	4,433,120	3,851,508	4,227,102
Total commitments granted	**10,508,885**	**12,098,166**	**10,328,770**	**12,125,935**

Replacement risk

Replacement risk is a type of counterparty risk generated by the market value of derivatives' transactions with Bank's counterparties. It measures the cost for the Bank of replacing transactions with a positive market value should the counterparty default. This risk is quantified by a Credit VaR (CVaR) indicator, computed using SG Group's methodology (Monte Carlo simulation, which computes the future potential value of market transactions, with 99% confidence level).

42. Risk management (continued)

42.2 Market risk

Market risks are the risks of losses resulting from unfavorable changes in market parameters. They concern all trading book transactions as well as some of banking book portfolios.
Market risk management is well integrated within the Bank's and SG Group's market risk management set-up, BRD taking market risks based on a prudent approach, the objective being to ensure profitable market activities but undertaking low risk levels. Therefore, the Bank's trading portfolio represents a small portion of its total risk exposure and contains highly liquid instruments which are traded only with good rated counterparts.

The main principles followed by BRD when addressing market risk are:

- strong support from SG Group;
- functional independence from business lines;
- transactions allocation between structural and trading portfolios and permanent check of trading perimeter completeness;
- definition and/or validation of methodology, metrics, parameters and controls for all products or activities generating market risk;
- definition, calibration and approval of risk metrics and limits;
- daily analysis of exposures and compliance with the limits and periodical reporting to management;
- compliance with internal framework and local and European regulations.

Monitoring of market risks at BRD are monitored through a strong and precise framework, using as the main risk metrics / limits as listed below:

- VaR, (historical simulation with 99% confidence level, 1 day horizon) for the whole trading book;
- stress-tests scenarios, covering a full range of historical, hypothetical and adverse scenarios' types. Such risk measure takes into account low-probability events and is used to complement to VaR model (which assumes a normal distribution of events);
- sensitivity limits for interest rate positions, split by currency, maturity and products;
- nominal and MTM limits (for FX position and bonds).

Foreign exchange risk

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

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

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

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

2013	Group			Bank		
Currency	**Change in currency rate %**	**Effect on profit before tax**	**Effect on equity**	**Change in currency rate %**	**Effect on profit before tax**	**Effect on equity**
EUR	+5	(53,717)	1,386	+5	(54,329)	1,386
Other	+5	1,649	-	+5	(1,892)	-

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

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

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

	Group December 31, 2013				Bank December 31, 2013			
ASSETS	**Total**	**RON**	**EUR**	**Other**	**Total**	**RON**	**EUR**	**Other**
Cash in hand	1,101,405	838,472	202,284	60,649	1,101,381	838,448	202,284	60,649
Due from Central Bank	8,678,096	4,926,694	3,751,402	-	8,678,096	4,926,694	3,751,402	-
Due from banks	714,482	468,644	187,465	58,373	686,945	441,107	187,465	58,373
Derivatives and other financial instruments held for trading	754,705	659,445	95,089	171	754,923	659,663	95,089	171
Loans and advances to customers	28,059,177	11,063,271	16,807,438	188,468	27,763,598	10,767,692	16,807,438	188,468
Financial lease receivables	568,922	142,902	422,401	3,619	-	-	-	-
Financial assets available for sale	6,499,268	5,471,478	1,027,790	-	6,499,268	5,471,478	1,027,790	-
Investments in associates and subsidiares	120,714	89,509	-	31,205	157,460	126,255	-	31,205
Goodwill	50,130	50,130	-	-	50,130	50,130	-	-
Deferred tax asset	146,383	146,383	-	-	152,672	152,672	-	-
Non current assets and other assets	1,298,137	1,225,632	65,550	6,955	1,234,630	1,162,125	65,550	6,955
Total assets	**47,991,419**	**25,082,560**	**22,559,419**	**349,440**	**47,079,103**	**24,596,264**	**22,137,018**	**345,821**
LIABILITIES								
Due to banks	1,344,705	896,893	388,165	59,647	1,344,705	896,893	388,165	59,647
Due to customers	36,064,588	21,391,662	12,478,474	2,194,452	36,145,990	21,473,064	12,478,474	2,194,452
Debt issued and borrowed funds	4,101,464	280,270	3,821,194	-	3,391,590	11,740	3,379,850	-
Subordinated debt	450,327	-	450,327	-	450,327	-	450,327	-
Derivative financial instruments	138,214	93,928	44,286	-	138,214	93,928	44,286	-
Current tax liability	1,460	1,460	-	-	-	-	-	-
Deferred tax liability	2,500	2,500	-	-	-	-	-	-
Other liabilities	491,659	389,318	93,525	8,816	447,298	344,957	93,525	8,816
Shareholders' equity	5,396,502	5,396,502	-	-	5,160,979	5,160,979	-	-
Total liabilities and shareholders' equity	**47,991,419**	**28,452,533**	**17,275,971**	**2,262,915**	**47,079,103**	**27,981,561**	**16,834,627**	**2,262,915**
Position		**(3,369,973)**	**5,283,448**	**(1,913,475)**		**(3,385,297)**	**5,302,392**	**(1,917,094)**
Position off BS		3,383,540	(5,329,992)	1,946,452		3,481,928	(5,361,174)	1,879,245
Position total		**13,566**	**(46,543)**	**32,977**		**96,631**	**(58,782)**	**(37,848)**

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

	Group December 31, 2012				Bank December 31, 2012			
ASSETS	**Total**	**RON**	**EUR**	**Other**	**Total**	**RON**	**EUR**	**Other**
Cash in hand	990,291	808,600	137,511	44,180	990,281	808,590	137,511	44,180
Due from Central Bank	8,392,575	3,293,846	5,098,729	-	8,392,575	3,293,846	5,098,729	-
Due from banks	395,380	283,617	86,899	24,864	368,030	256,267	86,899	24,864
Derivatives and other financial instruments held for trading	534,955	499,614	35,341	-	535,915	500,574	35,341	-
Loans and advances to customers	31,709,480	13,823,773	17,256,911	628,796	31,477,629	13,589,091	17,259,742	628,796
Financial lease receivables	661,339	103,767	556,596	976	-	-	-	-
Financial assets available for sale	4,549,005	3,496,816	1,049,129	3,060	4,549,005	3,496,817	1,049,128	3,060
Investments in associates and subsidiares	112,045	77,427	-	34,618	157,577	122,959	-	34,618
Goodwill	50,130	50,130	-	-	50,130	50,130	-	-
Non current assets and other assets	1,495,390	1,416,890	70,016	8,484	1,402,917	1,324,417	70,016	8,484
Total assets	**48,890,590**	**23,854,480**	**24,291,132**	**744,978**	**47,924,059**	**23,442,690**	**23,737,366**	**744,002**
LIABILITIES								
Due to banks	4,215,258	3,338,523	432,876	443,859	4,215,258	3,338,523	432,876	443,859
Due to customers	31,785,717	17,513,833	12,134,392	2,137,492	31,892,477	17,619,707	12,135,278	2,137,492
Debt issued and borrowed funds	5,557,607	278,350	5,279,257	-	4,791,283	18,038	4,773,245	-
Subordinated debt	892,071	-	892,071	-	892,071	-	892,071	-
Derivative financial instruments	164,385	84,617	79,768	-	164,385	84,617	79,768	-
Current tax liability	1,923	1,923	-	-	-	-	-	-
Deferred tax liability	112,347	112,347	-	-	103,844	103,844	-	-
Other liabilities	415,427	315,147	96,034	4,246	357,659	257,379	96,034	4,246
Shareholders' equity	5,745,854	5,745,854	-	-	5,507,082	5,507,082	-	-
Total liabilities and shareholders' equity	**48,890,590**	**27,390,594**	**18,914,399**	**2,585,597**	**47,924,059**	**26,929,190**	**18,409,272**	**2,585,597**
Position		**(3,536,114)**	**5,376,732**	**(1,840,619)**		**(3,486,499)**	**5,328,095**	**(1,841,595)**
Position off BS		3,481,928	(5,361,174)	1,879,245		3,481,928	(5,361,174)	1,879,245
Position total		**(54,186)**	**15,559**	**38,626**		**(4,571)**	**(33,079)**	**37,650**

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

Interest rate risk

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

Group December 31, 2013			Bank December 31, 2013		
Change in interest rate (b.p)	**Effect on profit before tax**	**Effect on equity**	**Change in interest rate (b.p)**	**Effect on profit before tax**	**Effect on equity**
100	(99,546)	11,930	100	(97,808)	11,930
(100)	99,546	(11,930)	(100)	97,808	(11,930)

December 31, 2012			December 31, 2012		
Change in interest rate (b.p)	**Effect on profit before tax**	**Effect on equity**	**Change in interest rate (b.p)**	**Effect on profit before tax**	**Effect on equity**
100	(16,123)	8,408	100	(16,544)	8,408
(100)	16,123	(8,408)	(100)	16,544	(8,408)

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

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

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

Group

December 31, 2013	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
ASSETS						
Cash in hand	1,101,405	-	-	-	-	1,101,405
Due from Central Bank	8,678,096	-	-	-	-	8,678,096
Due from banks	286,738	213,465	55,375	85,729	73,175	714,482
Derivatives and other financial instruments held for trading	754,705	-	-	-	-	754,705
Loans and advances to customers	8,782,629	12,136,425	2,958,643	3,818,170	363,310	28,059,177
Financial lease receivables	135,395	197,004	145,042	91,459	22	568,922
Financial assets available for sale	275,204	125,801	2,697,850	1,309,476	2,090,937	6,499,268
Investments in associates and subsidiares	-	-	-	-	120,714	120,714
Goodwill	-	-	-	-	50,130	50,130
Deferred tax asset	-	-	10,347	-	136,036	146,383
Non current assets and other assets	-	237,772	-	-	1,060,365	1,298,137
Total assets	**20,014,172**	**12,910,467**	**5,867,257**	**5,304,834**	**3,894,689**	**47,991,419**
Liabilities						
Due to banks	1,322,282	-	-	22,423	-	1,344,705
Due to customers	20,721,541	9,337,826	4,797,560	1,129,580	78,081	36,064,588
Debt issued and borrowed funds	2,365,246	397,581	1,164,602	172,853	1,182	4,101,464
Subordinated debt	450,327	-	-	-	-	450,327
Derivative financial instruments	138,214	-	-	-	-	138,214
Current tax liability	-	-	1,460	-	-	1,460
Deffered tax liability	-	-	2,500	-	-	2,500
Other liabilities	491,155	504	-	-	-	491,659
Total liabilities	**25,488,765**	**9,735,911**	**5,966,122**	**1,324,856**	**79,263**	**42,594,917**
Total shareholders' equity	**-**	**-**	**-**	**-**	**5,396,502**	
Net position	**(5,474,594)**	**3,174,556**	**(98,865)**	**3,979,978**	**(1,581,076)**	

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

Group

December 31, 2012	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
ASSETS						
Cash in hand	990,291	-	-	-	-	990,291
Due from Central Bank	8,392,575	-	-	-	-	8,392,575
Due from banks	200,569	5,059	54,882	61,694	73,176	395,380
Derivatives and other financial instruments held for trading	534,955	-	-	-	-	534,955
Loans and advances to customers	9,991,810	12,936,543	2,919,525	5,336,552	525,050	31,709,480
Financial lease receivables	104,296	48,993	388,430	117,938	1,682	661,339
Financial assets available for sale	248,689	467,539	773,047	3,059,730	-	4,549,005
Investments in associates and subsidiares	-	-	-	-	112,045	112,045
Goodwill	-	-	-	-	50,130	50,130
Non current assets and other assets	-	325,096	-	-	1,170,294	1,495,390
Total assets	**20,463,185**	**13,783,230**	**4,135,884**	**8,575,914**	**1,932,377**	**48,890,590**
Liabilities						
Due to banks	4,082,396	-	110,718	-	22,144	4,215,258
Due to customers	18,666,320	8,436,187	3,887,754	691,655	103,801	31,785,717
Debt issued and borrowed funds	4,921,082	419,293	169,966	47,266	-	5,557,607
Subordinated debt	6,331	-	885,740	-	-	892,071
Derivative financial instruments	164,385	-	-	-	-	164,385
Current tax liability	-	-	1,923	-	-	1,923
Deffered tax liability	8,129	11,168	39,145	63,089	(9,184)	112,347
Other liabilities	414,817	610	-	-	-	415,427
Total liabilities	**28,263,461**	**8,867,258**	**5,095,246**	**802,010**	**116,761**	**43,144,736**
Total shareholders' equity	-	-	-	-	**5,745,854**	
Net position	**(7,800,277)**	**4,915,972**	**(959,362)**	**7,773,905**	**(3,930,237)**	

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

Bank

December 31, 2013	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
ASSETS						
Cash in hand	1,101,381	-	-	-	-	1,101,381
Due from Central Bank	8,678,096	-	-	-	-	8,678,096
Due from banks	285,628	212,143	42,822	73,176	73,176	686,945
Derivatives and other financial instruments held for trading	754,923	-	-	-	-	754,923
Loans and advances to customers	8,809,990	12,145,317	2,993,779	3,524,234	290,278	27,763,598
Financial assets available for sale	275,203	125,802	2,697,850	1,309,476	2,090,937	6,499,268
Investments in associates and subsidiares	-	-	-	-	157,460	157,460
Goodwill	-	-	-	-	50,130	50,130
Deferred tax asset	-	-	7,847	-	144,825	152,672
Non current assets and other assets	-	194,569	-	-	1,040,061	1,234,630
Total assets	**19,905,221**	**12,677,831**	**5,742,298**	**4,906,886**	**3,846,867**	**47,079,103**
Liabilities						
Due to banks	1,111,918	210,363	-	-	22,424	1,344,705
Due to customers	20,754,128	9,338,006	4,798,373	1,165,188	90,295	36,145,989
Debt issued and borrowed funds	2,251,127	46,683	1,059,282	34,415	83	3,391,590
Subordinated debt	450,327	-	-	-	-	450,327
Derivative financial instruments	138,214	-	-	-	-	138,214
Current tax liability	-	-	-	-	-	-
Deffered tax liability	-	-	-	-	-	-
Other liabilities	446,793	505	-	-	-	447,298
Total liabilities	**25,152,507**	**9,595,557**	**5,857,655**	**1,199,603**	**112,802**	**41,918,124**
Total shareholders' equity	**-**	**-**	**-**	**-**	**5,160,979**	
Net position	**(5,247,287)**	**3,082,274**	**(115,357)**	**3,707,283**	**(1,426,913)**	

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

Bank

December 31, 2012	**0-1 months**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
ASSETS						
Cash in hand	990,281	-	-	-	-	990,281
Due from Central Bank	8,392,575	-	-	-	-	8,392,575
Due from banks	198,325	5,059	54,882	36,588	73,176	368,030
Derivatives and other financial instruments held for trading	535,915	-	-	-	-	535,915
Loans and advances to customers	10,078,945	12,934,909	2,905,770	5,075,292	482,713	31,477,629
Financial assets available for sale	248,688	467,540	773,047	3,059,730	-	4,549,005
Investments in associates and subsidiares	-	-	-	-	157,577	157,577
Goodwill	-	-	-	-	50,130	50,130
Non current assets and other assets	-	259,714	-	-	1,143,203	1,402,917
Total assets	**20,444,729**	**13,667,222**	**3,733,699**	**8,171,610**	**1,906,799**	**47,924,059**
Liabilities						
Due to banks	4,082,396	-	110,718	-	22,144	4,215,258
Due to customers	18,685,352	8,479,174	3,889,634	715,155	123,162	31,892,477
Debt issued and borrowed funds	4,444,043	331,972	8,107	7,161	-	4,791,283
Subordinated debt	6,331	-	885,740	-	-	892,071
Derivative financial instruments	164,385	-	-	-	-	164,385
Current tax liability	-	-	-	-	-	-
Deffered tax liability	8,203	11,292	38,826	62,297	(16,774)	103,844
Other liabilities	357,049	610	-	-	-	357,659
Total liabilities	**27,747,759**	**8,823,048**	**4,933,025**	**784,613**	**128,532**	**42,416,977**
Total shareholders' equity	**-**	**-**	**-**	**-**	**5,507,082**	
Net position	**(7,303,030)**	**4,844,174**	**(1,199,326)**	**7,386,997**	**(3,728,816)**	

42.Risk management (continued)

42.3 Liquidity risk

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

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

The maturity structure of the Group's and the Bank's assets and liabilities, based on the contractual maturity as of December 31, 2013 and 2012 is as follows:

(Amounts in thousands RON)

42.Risk management (continued)

42.3 Liquidity risk (continued) Group

Group

December 31, 2013	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash in hand	1,101,405	1,101,405	-	-	-	-	-
Due from Central Bank	8,678,096	8,678,096	-	-	-	-	-
Due from banks	714,482	286,737	213,465	45,553	95,551	73,176	-
Derivatives and other financial instruments held for trading	754,705	754,705	-	-	-	-	-
Loans and advances to customers	28,059,177	1,464,578	1,497,965	6,220,285	9,486,036	9,390,313	-
Financial lease receivables	568,922	135,188	197,211	145,042	91,459	22	-
Financial assets available for sale	6,499,268	275,203	125,802	2,697,850	1,309,476	2,090,937	-
Investments in associates and subsidiares	120,714	-	-	-	-	-	120,714
Goodwill	50,130	-	-	-	-	-	50,130
Deferred tax asset	146,383	-	-	10,347	-	-	136,036
Non current assets and other assets	1,298,137	-	237,772	-	-	-	1,060,365
Total assets	**47,991,419**	**12,695,912**	**2,272,215**	**9,119,077**	**10,982,522**	**11,554,448**	**1,367,245**
LIABILITIES							
Due to banks	1,344,705	1,111,918	53,398	22,424	89,694	67,271	-
Due to customers	36,064,588	24,411,492	5,647,874	4,797,561	1,129,580	78,081	-
Debt issued and borrowed funds	4,101,464	113,290	364,480	1,764,693	1,857,819	1,182	-
Subordinated debt	450,327	-	1,857	-	448,470	-	-
Derivative financial instruments	138,214	138,214	-	-	-	-	-
Current tax liability	1,460	-	-	1,460	-	-	-
Deffered tax liability	2,500	-	-	2,500	-	-	-
Other liabilities	491,659	491,155	504	-	-	-	-
Shareholders' equity	**42,594,917**	**26,266,069**	**6,068,113**	**6,588,638**	**3,525,563**	**146,534**	-
Total shareholders equity	**5,396,502**	-	-	-	-	-	**5,396,502**
Gap		**(13,570,157)**	**(3,795,898)**	**2,530,439**	**7,456,960**	**11,407,914**	**(4,029,257)**
Cumulative gap		**(13,570,157)**	**(17,366,056)**	**(14,835,617)**	**(7,378,656)**	**4,029,258**	-

(Amounts in thousands RON)

42.Risk management (continued)

42.3 Liquidity risk (continued) Group

December 31, 2012	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash in hand	990,291	990,291	-	-	-	-	-
Due from Central Bank	8,392,575	8,392,575	-	-	-	-	-
Due from banks	395,380	187,568	5,000	10,983	118,653	73,176	-
Derivatives and other financial instruments held for trading	534,955	534,955	-	-	-	-	-
Loans and advances to customers	31,709,480	1,460,149	2,006,005	7,898,866	11,331,566	9,012,894	-
Financial lease receivables	661,339	104,296	48,993	388,430	117,938	1,682	-
Financial assets available for sale	4,549,005	248,688	378,682	775,904	3,078,269	67,462	-
Investments in associates and subsidiares	112,045	-	-	-	-	-	112,045
Goodwill	50,130	-	-	-	-	-	50,130
Non current assets and other assets	1,495,390	-	325,096	-	-	-	1,170,294
Total assets	**48,890,590**	**11,918,522**	**2,763,776**	**9,074,183**	**14,646,426**	**9,155,214**	**1,332,469**
LIABILITIES							
Due to banks	4,215,258	3,905,248	-	155,005	110,718	44,287	-
Due to customers	31,785,717	22,600,403	4,502,103	3,887,754	691,656	103,801	-
Debt issued and borrowed funds	5,557,607	115,943	1,463,489	2,304,944	1,673,231	-	-
Subordinated debt	892,071	6,331	-	442,870	-	442,870	-
Derivative financial instruments	164,385	164,385	-	-	-	-	-
Current tax liability	1,923	-	-	1,923	-	-	-
Deffered tax liability	112,347	8,130	11,168	39,145	63,088	20,395	(29,579)
Other liabilities	415,427	414,817	610	-	-	-	-
Shareholders' equity	**43,144,736**	**27,215,258**	**5,977,370**	**6,831,641**	**2,538,693**	**611,353**	**(29,579)**
Total shareholders equity	**5,745,854**	**-**	**-**	**-**	**-**	**-**	**5,745,854**
Gap		**(15,296,735)**	**(3,213,594)**	**2,242,542**	**12,107,733**	**8,543,861**	**(4,383,806)**
Cumulative gap		**(15,296,735)**	**(18,510,329)**	**(16,267,788)**	**(4,160,055)**	**4,383,806**	**0**

(Amounts in thousands RON)

42.Risk management (continued)

42.3 Liquidity risk (continued) Bank

Bank

December 31, 2013	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash in hand	1,101,381	1,101,381	-	-	-	-	-
Due from Central Bank	8,678,096	8,678,096	-	-	-	-	-
Due from banks	686,945	285,628	212,143	33,000	82,998	73,176	-
Derivatives and other financial instruments held for trading	754,923	754,923	-	-	-	-	-
Loans and advances to customers	27,763,598	1,445,111	1,553,685	6,255,421	9,192,101	9,317,280	-
Financial lease receivables	-	-	-	-	-	-	-
Financial assets available for sale	6,499,268	275,203	125,802	2,697,850	1,309,476	2,090,937	-
Investments in associates and subsidiares	157,460	-	-	-	-	-	157,460
Goodwill	50,130	-	-	-	-	-	50,130
Deferred tax asset	152,672	-	-	7,846	-	144,826	-
Non current assets and other assets	1,234,630	-	194,569	-	-	-	1,040,061
Total assets	**47,079,103**	**12,540,342**	**2,086,199**	**8,994,117**	**10,584,575**	**11,626,219**	**1,247,651**
LIABILITIES							
Due to banks	1,344,705	1,111,918	53,398	22,424	89,694	67,271	-
Due to customers	36,145,990	24,444,078	5,648,055	4,798,373	1,165,188	90,296	-
Debt issued and borrowed funds	3,391,590	870	11,884	1,659,373	1,719,381	82	-
Subordinated debt	450,327	-	1,857	-	448,470	-	-
Derivative financial instruments	138,214	138,214	-	-	-	-	-
Other liabilities	447,298	446,793	505	-	-	-	-
Shareholders' equity	**41,918,124**	**26,141,873**	**5,715,699**	**6,480,170**	**3,422,733**	**157,649**	**-**
Total shareholders equity	**5,160,979**	**-**	**-**	**-**	**-**	**-**	**5,160,979**
Gap		**(13,601,530)**	**(3,629,500)**	**2,513,947**	**7,161,842**	**11,468,570**	**(3,913,328)**
Cumulative gap		**(13,601,530)**	**(17,231,031)**	**(14,717,084)**	**(7,555,242)**	**3,913,328**	**-**

(Amounts in thousands RON)

42.Risk management (continued)

42.3 Liquidity risk (continued) Bank

December 31, 2012	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash in hand	990,281	990,281	-	-	-	-	-
Due from Central Bank	8,392,575	8,392,575	-	-	-	-	-
Due from banks	368,030	185,324	5,000	10,983	93,547	73,176	-
Derivatives and other financial instruments held for trading	535,915	535,915	-	-	-	-	-
Loans and advances to customers	31,477,629	1,462,814	2,013,299	7,917,484	11,107,664	8,976,368	-
Financial assets available for sale	4,549,005	248,687	378,682	775,904	3,078,269	67,463	-
Investments in associates and subsidiares	157,577	-	-	-	-	-	157,577
Goodwill	50,130	-	-	-	-	-	50,130
Non current assets and other assets	1,402,917	-	259,714	-	-	-	1,143,203
Total assets	**47,924,059**	**11,815,596**	**2,656,695**	**8,704,371**	**14,279,480**	**9,117,007**	**1,350,910**
LIABILITIES							
Due to banks	4,215,258	3,905,248	-	155,005	110,718	44,287	-
Due to customers	31,892,477	22,619,435	4,545,090	3,889,634	715,156	123,162	-
Debt issued and borrowed funds	4,791,283	15,344	1,442,598	1,700,215	1,633,126	-	-
Subordinated debt	892,071	6,331	-	442,870	-	442,870	-
Derivative financial instruments	164,385	164,385	-	-	-	-	-
Deffered tax liability	103,844	8,203	11,292	38,826	62,297	20,340	(37,114)
Other liabilities	357,659	357,049	610	-	-	-	-
Shareholders' equity	**42,416,977**	**27,075,995**	**5,999,590**	**6,226,550**	**2,521,297**	**630,659**	**(37,114)**
Total shareholders equity	**5,507,082**	**-**	**-**	**-**	**-**	**-**	**5,507,082**
Gap		**(15,260,399)**	**(3,342,895)**	**2,477,821**	**11,758,183**	**8,486,348**	**(4,119,060)**
Cumulative gap		**(15,260,399)**	**(18,603,293)**	**(16,125,471)**	**(4,367,288)**	**4,119,060**	**(0)**

(Amounts in thousands RON)

42.Risk management (continued)

42.3 Liquidity risk (continued)

Future undiscounted cash flows

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

Group

December 31, 2013	**Total**	**0-1 months**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Without defined maturity**
LIABILITIES							
Due to banks	1,368,013	1,112,766	54,089	24,992	102,180	73,986	-
Due to customers	36,572,263	24,604,285	5,723,465	4,975,147	1,183,493	85,873	-
Debt issued and borrowed funds	4,294,270	133,710	374,745	1,855,290	1,929,292	1,233	-
Subordinated debt	460,755	5,639	-	2,057	453,059	-	-
Derivative financial instruments	(36,546)	(23,978)	(9,402)	(19,064)	15,582	316	-
Current tax liability	1,460	-	-	1,460	-	-	-
Deffered tax liability	2,500	-	-	2,500	-	-	-
Other liabilities except for fair values of derivatives	491,659	491,155	504	-	-	-	-
Letters of guarantee granted	7,665,046	7,665,046	-	-	-	-	-
Total liabilities	**50,819,420**	**33,988,623**	**6,143,401**	**6,842,382**	**3,683,606**	**161,408**	**-**

December 31, 2012	**Total**	**0-1 months**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Without defined maturity**
LIABILITIES							
Due to banks	4,240,270	3,903,917	379	158,665	123,128	54,181	-
Due to customers	32,017,842	22,536,781	4,570,672	4,037,453	750,361	122,575	-
Debt issued and borrowed funds	5,744,748	116,734	1,473,943	2,389,406	1,764,285	380	-
Subordinated debt	906,807	7,033	-	447,902	451,872	-	-
Derivative financial instruments	109,868	31,882	(2,253)	84,644	(15,554)	11,149	-
Current tax liability	1,923	-	-	1,923	-	-	-
Deffered tax liability	112,346	8,129	11,168	39,145	63,088	20,395	(29,579)
Other liabilities except for fair values of derivatives	415,427	414,817	610	-	-	-	-
Letters of guarantee granted	7,665,046	7,665,046	-	-	-	-	-
Total liabilities	**51,214,277**	**34,684,339**	**6,054,519**	**7,159,138**	**3,137,180**	**208,680**	**(29,579)**

(Amounts in thousands RON)

42.Risk management (continued)

42.3 Liquidity risk (continued)

Future undiscounted cash flows (continued)

Bank

December 31, 2013	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
LIABILITIES							
Due to banks	1,368,013	1,112,766	54,089	24,992	102,180	73,986	-
Due to customers	36,599,737	24,604,305	5,723,465	4,975,147	1,206,977	89,843	-
Debt issued and borrowed funds	4,202,247	129,523	364,655	1,819,937	1,886,950	1,182	-
Subordinated debt	460,755	5,639	-	2,057	453,059	-	-
Derivative financial instruments	(36,378)	(23,809)	(9,403)	(19,064)	15,582	316	-
Other liabilities except for fair values of derivatives	447,298	446,793	505	-	-	-	-
Letters of guarantee granted	7,898,833	7,898,833	-	-	-	-	-
Total liabilities	**50,940,505**	**34,174,050**	**6,133,311**	**6,803,069**	**3,664,748**	**165,327**	**-**

December 31, 2012	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
LIABILITIES							
Due to banks	4,240,270	3,903,917	379	158,665	123,128	54,181	-
Due to customers	32,022,728	22,536,938	4,570,703	4,037,453	752,864	124,770	-
Debt issued and borrowed funds	5,695,632	114,109	1,468,019	2,370,950	1,742,554	0	-
Subordinated debt	906,807	7,033	-	447,902	451,872	-	-
Derivative financial instruments	110,837	31,873	(1,724)	85,093	(15,554)	11,149	-
Deffered tax liability	103,844	8,204	11,292	38,826	62,297	20,340	(37,115)
Other liabilities except for fair values of derivatives	357,659	357,049	610	-	-	-	-
Letters of guarantee granted	7,898,833	7,898,833	-	-	-	-	-
Total liabilities	**51,336,610**	**34,857,956**	**6,049,279**	**7,138,889**	**3,117,161**	**210,440**	**(37,115)**

42.Risk management (continued)

42.4 Operational risk

Operational risk is defined as the risk of incurring losses or not realizing the estimated benefits as a result of inadequate processes or deficiencies caused by internal factors (internal regulations, staff, internal systems) or external factors.

The operational risk monitoring process includes:

- Collection of internal data on operational risk losses;
- Risk and Control Self-Assessment (RCSA) process;
- Key Risk Indicators (KRI);
- Scenario analysis;
- Crisis management and business continuity planning (BCP);
- Permanent supervision on processes and accounts
- Fight against fraud;

43. Capital management

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

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

For the periods ending December 31, 2013 and December 31, 2012, the adequacy of the Group’s capital has been monitored using the local regulations that are based on the European Directive 2006/48/49/EC (Basel II). During 2013 and 2012 the Group has complied in full with these requirements.

44. Fair value

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

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

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

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

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

(Amounts in thousands RON)

44. Fair value (continued)

	Group				Bank			
	December 31, 2013				December 31, 2013			
Assets measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	8,662	-	8,662	-	8,662	-	8,662
Currency swaps	-	16,376	-	16,376	-	16,376	-	16,376
Forward foreign exchange contracts	-	5,909	-	5,909	-	6,127	-	6,127
Currency options	-	15,335	-	15,335	-	15,335	-	15,335
	-	**46,282**	**-**	**46,282**	**-**	**46,500**	**-**	**46,500**
Financial assets available for sale								
Treasury notes	6,332,125	-	-	6,332,125	6,332,125	-	-	6,332,125
Equity investments	3,694	-	5,872	9,566	3,694	-	5,872	9,566
Other securities	157,577	-	-	157,577	157,577	-	-	157,577
	6,493,396	-	**5,872**	**6,499,268**	**6,493,396**	-	**5,872**	**6,499,268**
Financial instruments held for trading	708,423	-	-	708,423	708,423	-	-	708,423
Total	**7,201,819**	**46,282**	**5,872**	**7,253,973**	**7,201,819**	**46,500**	**5,872**	**7,254,191**
Assets for which fair value is disclosed								
Cash in hand	1,101,405	-	-	1,101,405	1,101,381	-	-	1,101,381
Due from Central Bank	-	8,678,096	-	8,678,096	-	8,678,096	-	8,678,096
Due from banks	-	714,482	-	714,482	-	686,945	-	686,945
Loans and advances to customers	-	-	28,058,412	28,058,412	-	-	27,761,706	27,761,706
Financial lease receivables	-	-	501,915	501,915	-	-	-	-
Total	**1,101,405**	**9,392,578**	**28,560,327**	**39,054,310**	**1,101,381**	**9,365,041**	**27,761,706**	**38,228,128**

(Amounts in thousands RON)

44. Fair value (continued)

	Group				Bank			
	December 31, 2013				December 31, 2013			
Liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	76,983	-	76,983	-	76,983	-	76,983
Currency swaps	-	28,568	-	28,568	-	28,568	-	28,568
Forward foreign exchange contracts	-	16,994	-	16,994	-	16,994	-	16,994
Currency options	-	15,669	-	15,669	-	15,669	-	15,669
Total	**-**	**138,214**	**-**	**138,214**	**-**	**138,214**	**-**	**138,214**
Liabilities for which fair value is disclosed								
Due to banks	-	1,344,705	-	1,344,705	-	1,344,705	-	1,344,705
Due to customers	-	36,080,652	-	36,080,652	-	36,162,099	-	36,162,099
Debt issued and borrowed funds	-	4,101,907	-	4,101,907	-	3,391,956	-	3,391,956
Subordinated debt	-	450,059	-	450,059	-	450,059	-	450,059
Total	**-**	**41,977,323**	**-**	**41,977,323**	**-**	**41,348,819**	**-**	**41,348,819**

(Amounts in thousands RON)

44. Fair value (continued)

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

44. Fair value (continued)

Financial instruments recorded at fair value

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

Treasury notes accounted as financial assets available for sale and financial instruments held for trading are valued using a valuation technique based on market quotes as published by Reuters and Bloomberg. These are represented by treasury bills and bonds.

Derivatives

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

Financial assets available for sale

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

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

Financial assets

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

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

For loans and lease receivables the fair value is determined by using discounted cash-flows based on market rates. Credit spread is not included.

Financial liabilities

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

For due to customers and borrowings amounts the fair value is determined by using discounted cash-flows based on market rates.

(Amounts in thousands RON)

44. Fair value (continued)

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

	Group				Bank			
	December 31, 2013		December 31, 2012		December 31, 2013		December 31, 2012	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets								
Cash in hand	1,101,405	1,101,405	990,291	990,291	1,101,381	1,101,381	990,281	990,281
Due from Central Bank	8,678,096	8,678,096	8,392,575	8,392,575	8,678,096	8,678,096	8,392,575	8,392,575
Due from banks	714,482	714,482	395,380	395,380	686,945	686,945	368,030	368,030
Loans and advances to customers	28,059,177	28,058,412	31,709,480	31,854,017	27,763,598	27,761,706	31,477,629	31,462,385
Financial lease receivables	568,922	501,915	661,339	590,245	-	-	-	-
	39,122,082	**39,054,310**	**42,149,065**	**42,222,508**	**38,230,020**	**38,228,128**	**41,228,515**	**41,213,271**
Financial liabilities								
Due to banks	1,344,705	1,344,705	4,215,258	4,215,258	1,344,705	1,344,705	4,215,258	4,215,258
Due to customers	36,064,588	36,080,652	31,785,717	31,790,238	36,145,990	36,162,099	31,892,477	31,790,238
Debt issued and borrowed funds	4,101,464	4,101,907	5,557,607	5,555,421	3,391,590	3,391,956	4,791,283	4,789,398
Subordinated debt	450,327	450,059	892,071	892,306	450,327	450,059	892,071	892,306
	41,961,084	**41,977,323**	**42,450,653**	**42,453,223**	**41,332,612**	**41,348,819**	**41,791,089**	**41,687,200**

44. Fair value (continued)

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

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

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

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

45. Subsequent events

In January 2014, National Bank of Romania reduced the rates for minimum obligatory reserves for RON from 15% to 12% and for currency from 20% to 18%, following which the Bank expects a release of additional liquidity in amount of MEUR 80 and MRON 600 respectively.