BRD – Groupe Société Générale S.A.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

DECEMBER 31, 2014

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
as of December 31, 2014
(Amounts in thousands RON)

	Note	Group		Bank	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
ASSETS					
Cash in hand	5	1,357,570	1,101,405	1,357,549	1,101,381
Due from Central Bank	6	5,832,421	8,678,096	5,832,421	8,678,096
Due from banks	7	1,263,276	714,482	1,236,048	686,945
Derivatives and other financial instruments held for trading	8	693,905	754,705	693,905	754,923
Loans, gross		31,302,885	33,853,403	30,926,607	33,496,653
Impairment allowance for loans		(4,525,771)	(5,794,226)	(4,465,398)	(5,733,055)
Loans and advances to customers, net	9	26,777,114	28,059,177	26,461,209	27,763,598
Financial lease receivables, net	10	574,560	568,922	-	-
Financial assets available for sale	11	8,205,352	6,499,268	8,201,911	6,499,268
Investments in associates and subsidiares	12	119,731	120,714	157,460	157,460
Property, plant and equipment	13	909,049	971,012	898,321	958,097
Goodwill	14	50,130	50,130	50,130	50,130
Intangible assets	15	85,226	89,353	78,991	81,964
Deferred tax asset	21	88,546	146,383	93,263	152,672
Other assets	16	149,855	237,773	118,770	194,569
Total assets		**46,106,735**	**47,991,419**	**45,179,978**	**47,079,103**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Due to banks	17	734,520	1,344,705	734,520	1,344,705
Due to customers	18	35,954,041	36,064,588	36,040,857	36,145,990
Debt issued and borrowed funds	19	2,514,952	4,101,464	1,816,524	3,391,590
Subordinated debt	20	449,990	450,327	449,990	450,327
Derivative financial instruments	8	87,673	138,214	87,676	138,214
Current tax liability		2,357	1,460	-	-
Deferred tax liability	21	2,982	2,500	-	-
Other liabilities	22	610,006	491,659	557,995	447,298
Total liabilities		**40,356,520**	**42,594,917**	**39,687,561**	**41,918,124**
Share capital	23	2,515,622	2,515,622	2,515,622	2,515,622
Reserves from revaluation of available for sale assets		342,066	78,301	342,066	78,301
Reserves from defined pension plan		9,966	(3,017)	9,966	(3,017)
Retained earnings	24	2,830,911	2,755,322	2,624,763	2,570,073
Non-controlling interest		51,650	50,275	-	-
Total equity		**5,750,215**	**5,396,502**	**5,492,417**	**5,160,979**
Total liabilities and equity		**46,106,735**	**47,991,419**	**45,179,978**	**47,079,103**

The financial statements have been authorized by the Group's management on March 05, 2015 and are signed on the Group's behalf by:

GROUPE SOCIÉTÉ GÉNÉRALE S.A. BRD
Cabinet Presedinte Director General

Philippe Lhotte
President and Chief Executive Officer

Petre Bunescu
Deputy Chief Executive Officer

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE INCOME STATEMENT
for the year ended December 31, 2014
(Amounts in thousands RON)

		Group		Bank	
	Note	**2014**	**2013**	**2014**	**2013**
Interest and similar income	25	2,267,946	2,681,900	2,157,185	2,565,960
Interest and similar expense	26	(682,584)	(967,968)	(661,452)	(942,343)
Net interest income		**1,585,361**	**1,713,932**	**1,495,733**	**1,623,616**
Fees and commissions, net	27	**765,327**	**767,461**	**736,739**	**747,498**
Foreign exchange gain	28	110,792	344,937	109,407	342,213
Gain on derivative and other financial instruments held for trading		207,985	57,916	207,867	57,914
Income from associates	29	14,110	12,433	15,095	3,642
Contribution to Deposit Guarantee Fund	31	(87,678)	(79,093)	(87,678)	(79,093)
Other income	30	24,565	32,971	20,432	29,967
Operating income		**2,620,461**	**2,850,556**	**2,497,595**	**2,725,758**
Personnel expenses	32	(655,663)	(662,573)	(615,016)	(624,993)
Depreciation, amortisation and impairment on tangible assets	33	(139,288)	(151,928)	(135,769)	(153,166)
Other operating expenses	34	(530,246)	(544,806)	(504,001)	(513,529)
Total operating expenses		**(1,325,197)**	**(1,359,306)**	**(1,254,786)**	**(1,291,688)**
Credit loss expense	35	(1,215,363)	(2,130,751)	(1,192,874)	(2,082,648)
Profit / (Loss) before income tax		**79,901**	**(639,501)**	**49,936**	**(648,578)**
Current income tax expense	21	(6,438)	(7,294)	-	-
Deferred tax (expense) / income	21	(5,606)	262,515	(6,696)	262,802
Total income tax		**(12,044)**	**255,221**	**(6,696)**	**262,802**
Profit / (Loss) for the year		**67,857**	**(384,280)**	**43,240**	**(385,776)**
Profit attributable to non-controlling interests		4,767	3,258	-	-
Profit / (Loss) attributable to equity holders of the parent		63,090	(387,538)	43,240	(385,776)
Basic and diluted earnings per share (in RON)	40	**0.0905**	**(0.5561)**	**0.0620**	**(0.5536)**

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2014
(Amounts in thousands RON)

	Group		Bank	
	2014	**2013**	**2014**	**2013**
Result for the year	**67,857**	**(384,280)**	**43,240**	**(385,776)**
Net comprehensive income that was or will be reclassified to profit and loss in subsequent periods	**263,765**	**19,765**	**263,765**	**19,765**
Gain on available-for-sale financial assets already transferred to profit and loss	9,190	16,243	9,190	16,243
Gain on available-for-sale financial assets that will be reclassified to profit and loss in subsequent periods	304,816	7,287	304,816	7,287
Income tax relating to available-for-sale financial assets	(50,241)	(3,765)	(50,241)	(3,765)
Net comprehensive income not to be reclassified to profit and loss in subsequent periods	**12,983**	**13,234**	**12,983**	**13,234**
Gain on defined pension plan	15,455	15,754	15,455	15,754
Income tax relating to defined pension plan	(2,473)	(2,521)	(2,473)	(2,521)
Other comprehensive income for the year, net of tax	**276,748**	**32,999**	**276,748**	**32,999**
Total comprehensive income for the year, net of tax	**344,605**	**(351,281)**	**319,988**	**(352,777)**
Attributable to:				
Equity holders of the parent	339,838	(354,539)	319,988	(352,777)
Non-controlling interest	4,767	3,258	-	-

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2014
(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, 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	(351,281)
Shared-based payment		-	-	6,675	-	-	6,675
Equity dividends		-	-	-	-	(4,745)	(4,745)
December 31, 2013		**2,515,622**	**78,301**	**2,755,322**	**(3,017)**	**50,275**	**5,396,503**
Total comprehensive income		-	263,765	63,090	12,983	4,767	344,605
Shared-based payment		-	-	12,498	-	-	12,498
Equity dividends		-	-	-	-	(3,391)	(3,391)
December 31, 2014	24	**2,515,622**	**342,066**	**2,830,911**	**9,966**	**51,650**	**5,750,215**

Bank

	Note	Issued capital	Reserves from revaluation of available for sale assets	Retained earnings	Reserves from defined pension plan	Total
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		**2,515,622**	**78,301**	**2,570,073**	**(3,017)**	**5,160,979**
Total comprehensive income		-	263,765	43,240	12,983	319,988
Shared-based payment		-	-	11,451	-	11,451
December 31, 2014	24	**2,515,622**	**342,066**	**2,624,763**	**9,966**	**5,492,417**

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
for the year ended December 31, 2014
(Amounts in thousands RON)

	Note	Group 2014	Group 2013	Bank 2014	Bank 2013
Cash flows from operating activities					
Profit / (Loss) before tax		**79,901**	**(639,501)**	**49,936**	**(648,578)**
Adjustments for non-cash items					
Depreciation and amortization expense and net loss/(gain) from disposals of tangible and intangible assets		139,288	151,928	135,769	153,166
Share based payment		12,498	6,675	11,451	6,675
(Gain) / Loss from investment revaluation		984	(9,057)	-	(271)
Net expenses from impairment of loans and from provisions	36	1,345,899	2,189,885	1,317,427	2,141,851
Income tax paid		(24,445)	(41,859)	(19,656)	(34,600)
Operating profit before changes in operating assets and liabilities		**1,554,125**	**1,658,071**	**1,494,927**	**1,618,243**
Changes in operating assets and liabilities					
Current account and deposits with NBR		2,845,675	(285,521)	2,845,675	(285,521)
Accounts and deposits with banks		41,821	(104,093)	41,523	(104,093)
Available for sale securities		(1,442,319)	(1,930,498)	(1,438,878)	(1,930,498)
Loans and advances to customers		(63,601)	1,478,154	(19,984)	1,592,528
Lease receivables		(5,638)	92,417	-	-
Other assets		200,948	(16,294)	189,530	(43,733)
Due to banks		(610,186)	(2,870,552)	(610,186)	(2,870,552)
Due to customers		(110,547)	4,278,873	(105,133)	4,253,513
Other liabilities		99,963	(30,082)	97,767	(12,786)
Total changes in operating assets and liabilities		**956,116**	**612,404**	**1,000,314**	**598,858**
Cash flow from operating activities		**2,510,241**	**2,270,475**	**2,495,241**	**2,217,101**
Investing activities					
Proceeds from equity investments		-	388	-	388
Acquisition of tangible and intangible assets		(76,225)	(42,442)	(75,573)	(50,074)
Proceeds from sale of tangible and intangible assets		3,027	443	2,553	50
Cash flow from investing activities		**(73,198)**	**(41,611)**	**(73,020)**	**(49,636)**
Financing activities					
(Decrease) in borrowings		(1,586,849)	(1,897,889)	(1,575,403)	(1,841,438)
Dividends paid		(3,415)	(4,850)	(24)	(105)
Net cash from financing activities		**(1,590,264)**	**(1,902,739)**	**(1,575,427)**	**(1,841,543)**
Net movements in cash and cash equivalents		**846,779**	**326,125**	**846,794**	**325,922**
Cash and cash equivalents at beginning of the period	36	**1,449,199**	**1,123,074**	**1,448,065**	**1,122,143**
Cash and cash equivalents at the end of the period	36	**2,295,978**	**1,449,199**	**2,294,859**	**1,448,065**

Operational cash flows from interest and dividends	Group 2014	Group 2013	Bank 2014	Bank 2013
Interest paid	716,095	955,630	695,160	929,013
Interest received	2,698,652	2,321,516	2,587,573	2,207,001
Dividends received	15,476	3,744	20,734	8,303

(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 860 units throughout the country (December 31, 2013: 883).

The average number of employees of the Group during 2014 was 8,245 (2013: 8,393), and the number of employees of the Group as of the year-end was 8,271 (December 31, 2013: 8,300).

The average number of employees of the Bank during 2014 was 7,690 (2013: 7,858), and the number of employees of the Bank as of the year-end was 7,693 (December 31, 2013: 7,754).

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, 2014	December 31, 2013
Societe Generale France	60.17%	60.17%
SIF Transilvania	3.87%	4.56%
Fondul Proprietatea	3.64%	3.64%
SIF Oltenia	3.00%	3.36%
Legal entities	25.42%	24.48%
Individuals	3.90%	3.79%
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 separate financial statements for the year ended December 31, 2014 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 separate financial statements include the separate statement of financial position, the separate income statement, the separate statement of comprehensive income, the statement of changes in shareholders' equity, the separate cash flow statement, and notes.

The consolidated and the separate 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 separate 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, 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, 2014. 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. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements include the financial statements of BRD – Groupe Société Générale S.A. and the following subsidiaries: BRD Sogelease IFN S.A. (99.98% ownership, 2013: 99.98%), BRD Finance IFN S.A (49% ownership, 2013: 49%, control through the power to govern the financial and operating policies of the entity under various agreements), BRD Corporate Finance SRL (100% ownership, 2013: 100 %) and BRD Asset Management SAI SA (99.98% ownership, 2013: 99.98%). All intercompany transactions, balances and unrealized gains and losses on transactions between consolidated entities are eliminated on consolidation.

Starting October 1, 2014 the activity of BRD Corporate Finance SRL was temporarily interrupted for a period of three years.

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 non-controlling interest are shown separately in the statement of financial position and statement of comprehensive income, respectively.
Acquisition of non-controlling interest is accounted for so that the difference between the consideration and the fair value of the share of the net assets acquired is recognised as goodwill. Any negative difference between the cost of acquisition and the fair values of the identifiable net assets acquired (i.e. a gain from a bargain purchase) is recognised directly in the income statement in the year of acquisition.

2. Basis of preparation (continued)

The Bank is accounting the investments in subsidiaries and associates in the separate financial statement at cost less potential impairment.

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

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

The following 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 and was estimated as not being material, except disclosures already presented.

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

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

- **IFRS 12 "Disclosures of 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.

2. Basis of preparation (continued)

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

- **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).

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.

- **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 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.

2. Basis of preparation (continued)

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

- **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 if 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.

- **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.

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. These standards and interpretations issued, the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.
The Group anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Group in the period of initial application except for the impact of implementation of IFRS 9 which cannot be estimated currently.

- **IFRS 9 "Financial Instruments"** issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

  Classification and Measurement **-** IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

  Impairment **-** IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from the moment the financial instruments are firstly recognised and to recognise full lifetime expected losses on a more timely basis.

  Hedge accounting **-** IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

  Own credit **-** IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This accounting change means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

2. Basis of preparation (continued)

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

- **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.

- **IFRS 15 "Revenue from Contracts with Customers"** published by IASB on 28 May 2014. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is that companies should recognise revenue in order to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** published by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception** published by IASB on 18 December 2014. The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.

- **Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations** published by IASB on 6 May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- **Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative** published by IASB on 18 December 2014. The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation** published by IASB on 12 May 2014. Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

2. Basis of preparation (continued)

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

Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants** published by IASB on 30 June 2014. The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

- **Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements** published by IASB on 12 August 2014. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** published by IASB on 25 September 2014. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 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. Changes include new or revised requirements regarding: (i) changes in methods of disposal; (ii) servicing contracts; (iii) applicability of the amendments to IFRS 7 to condensed interim financial statements; (iv) discount rate: regional market issue; (v) disclosure of information 'elsewhere in the interim financial report'.

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, 2014 was 50,130 (December 31, 2013: 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, Small business, 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, 2014 and 2013 were as follows:

	December 31, 2014	December 31, 2013
RON/ EUR	4.4821	4.4847
RON/ USD	3.6868	3.2551

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 origination.

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 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.
The recognition and measurement for finance lease receivables is presented in note 3f).

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 (very high uncertainty regarding recoverable amount and timeframe). Write-off is not equivalent to de-recognition in all the cases, meaning that the bank will pursue recovery after write-off date. Any recoveries of previously written-off loans and receivables are recognized as income.

3. Summary of significant accounting policies (continued)

e) Restructured loans

Where possible, the Group seeks to restructure loans with the purpose of facilitating the recovery of the receivables from client facing financial difficulties, 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 will be considered as impaired since, in the absence of such an operation, the client would have been unable to make repayments according to the original reimbursement schedule. 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 separate 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 mid 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.
In the case of debt instruments classified as available for sale, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss.

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, 2014 and 2013 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. The percentage of analysis of actual results recommended by IFRS is 80-125 percent, but the Group uses a more prudent approach and the range is 88-114 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 Other Comprehensive Income;
- 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 labour 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, 2014 and 2013 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.

- Small business – 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 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, 2014 and 2013 the Bank presents segment information only for the major statement of financial position items.

(Amounts in thousands RON)

4. Segment information (continued)

Group	Individuals	Professionals	Small business	SMEs	Large corporates	Total
December 31, 2014						
Loans, gross	17,581,756	1,076,741	4,039,232	3,245,950	5,359,206	**31,302,885**
Loans impairment	(961,900)	(615,859)	(1,790,611)	(705,306)	(452,095)	**(4,525,771)**
Loans and advances to customers	16,619,856	460,882	2,248,621	2,540,644	4,907,111	**26,777,114**
Due to customers	18,128,991	1,159,013	2,907,100	4,927,011	8,831,926	**35,954,041**
December 31, 2013						
Loans, gross	17,657,703	1,480,352	4,981,377	4,987,940	4,746,033	**33,853,404**
Loans impairment	(1,103,051)	(861,836)	(2,218,417)	(1,168,626)	(442,297)	**(5,794,226)**
Loans and advances to customers	16,554,652	618,516	2,762,960	3,819,313	4,303,736	**28,059,177**
Due to customers	16,791,671	1,158,778	2,756,050	5,126,582	10,231,507	**36,064,588**

Bank	Individuals	Professionals	Small business	SMEs	Large corporates	Total
December 31, 2014						
Loans, gross	17,139,522	1,076,741	4,039,232	3,245,950	5,425,162	**30,926,607**
Loans impairment	(901,528)	(615,859)	(1,790,611)	(705,306)	(452,095)	**(4,465,398)**
Loans and advances to customers	16,237,994	460,882	2,248,621	2,540,644	4,973,067	**26,461,209**
Due to customers	18,128,991	1,159,013	2,907,100	4,927,011	8,918,743	**36,040,857**
December 31, 2013						
Loans, gross	17,238,656	1,480,352	4,981,377	4,987,940	4,808,329	**33,496,653**
Loans impairment	(1,041,879)	(861,836)	(2,218,417)	(1,168,626)	(442,297)	**(5,733,055)**
Loans and advances to customers	16,196,777	618,516	2,762,960	3,819,314	4,366,032	**27,763,598**
Due to customers	16,791,671	1,158,778	2,756,050	5,126,582	10,312,909	**36,145,990**

(Amounts in thousands RON)

5. Cash in hand

	Group		Bank	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Cash in vaults	953,068	754,345	953,048	754,321
Cash in ATM	404,501	347,060	404,501	347,060
Total	**1,357,570**	**1,101,405**	**1,357,549**	**1,101,381**

6. Due from Central Bank

	Group		Bank	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Current accounts	4,332,421	8,678,096	4,332,421	8,678,096
Deposits	1,500,000	-	1,500,000	-
Total	**5,832,421**	**8,678,096**	**5,832,421**	**8,678,096**

The Group decreased the minimum compulsory reserve amount with the Central Bank according to the National Bank of Romania decision to reduce the rates for minimum obligatory reserves for RON from 15% to 10% and for foreign currency from 20% to 14%.

7. Due from banks

	Group		Bank	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Deposits at Romanian banks	81,003	263,373	81,003	263,374
Deposits at foreign banks	881,102	188,859	854,972	162,431
Current accounts at Romanian banks	1,098	1,110	0	0
Current accounts at foreign banks	300,073	261,140	300,073	261,140
Total	**1,263,276**	**714,482**	**1,236,048**	**686,945**

As of December 31, 2014 amounts due from banks include exposures to SG Group amounting 235,351 at Group level (December 31, 2013 exposures of 202,997) and 209,221 at Bank level (December 31, 2013 exposures of 176,569).

(Amounts in thousands RON)

8. Derivatives and other financial instruments held for trading

Group

	December 31, 2014		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	84,571	45,337	3,837,250
Currency swaps	28,215	19,920	3,975,392
Forward foreign exchange contracts	18,808	4,888	1,373,849
Currency options	17,612	17,528	1,512,231
Total derivatives	**149,206**	**87,673**	**10,698,723**
Non-derivative financial instruments held for trading	544,699	-	506,007
Total	**693,905**	**87,673**	**11,204,730**

	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**
Non-derivative financial instruments held for trading	708,423	-	670,965
Total	**754,705**	**138,214**	**14,221,121**

Bank

	December 31, 2014		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	84,571	45,337	3,837,250
Currency swaps	28,215	19,923	3,994,325
Forward foreign exchange contracts	18,808	4,888	1,373,849
Currency options	17,612	17,528	1,512,231
Total derivatives	**149,206**	**87,676**	**10,717,656**
Non-derivative financial instruments held for trading	544,699	-	506,007
Total	**693,905**	**87,676**	**11,223,663**

	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**
Non-derivative financial instruments held for trading	708,423	-	670,965
Total	**754,923**	**138,214**	**14,274,095**

The Group applied also hedge accounting (fair value hedge) and as at December 31, 2014 has two hedging instruments.

a) On July 28, 2011, the Bank purchased a 4 year fixed rate bond; as a result the Bank is exposed to changes in the fair value of the purchased bond due to changes in market interest rates. The hedged item in amount of 99.9 million EUR with an interest rate of 4.7% is represented by fixed rate bonds issued by the Romanian State and the hedging instrument is an interest rate swap with a notional in amount of 100 million EUR with a fixed interest rate of 2.171%.

(Amounts in thousands RON)

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

b) On September 30, 2013, the Bank 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.

The hedging relationship initiated on May 6, 2011 for 3 years with a fixed rate bond, having a notional amount of 180 million EUR that was subsequently reduced to 118,4 million EUR was terminated in May 2014.

All hedging relationships were effective throughout the reporting period.

The fair value of hedging instruments for Group and Bank was the following:

	December 31, 2014		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	17,882	9,510	1,101,969

	December 31, 2013		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	-	27,481	1,861,151

In 2014 the Group recognised a total gain of RON 29,000 resulting from the hedging instrument (2013: RON 17,113) and a loss of RON 28,533 resulting from the hedged item (2013: RON 18,345).

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.

(Amounts in thousands RON)

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

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. The options are kept in order to neutralize the customer deals.

Financial instruments held for trading are treasury discount notes and coupon bonds held for trading purposes.

9. Loans and advances to customers

	Group		Bank	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Loans, gross	31,302,885	33,853,403	30,926,607	33,496,653
Loans impairment	(4,525,771)	(5,794,226)	(4,465,398)	(5,733,055)
Total	**26,777,114**	**28,059,177**	**26,461,209**	**27,763,598**

The loans structure is the following:

	Group		Bank	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Working capital loans	6,469,171	8,158,004	6,469,171	8,158,004
Loans for equipment	5,894,559	6,762,764	5,894,559	6,762,764
Trade activities financing	620,963	630,076	620,963	630,076
Acquisition of real estate, including mortgage for individuals	8,332,386	7,692,817	8,332,386	7,692,817
Consumer loans	8,614,586	9,219,302	8,238,308	8,862,552
Other	1,371,220	1,390,440	1,371,220	1,390,440
Total	**31,302,885**	**33,853,403**	**30,926,607**	**33,496,653**

As of December 31, 2014, balances relating to factoring, both for Group and Bank, amount to 557,677 (December 31, 2013: 495,009) and those relating to discounting 63,155 (December 31, 2013: 134,898).

As of December 31, 2014 the amortized cost of loans granted to the 20 largest corporate clients of the Group and Bank (groups of connected borrowers) amounts to 1,698,024 (December 31, 2013: 1,994,424), while the value of letters of guarantee and letters of credit issued in favour of these clients amounts for the Group and Bank to 4,208,108 (December 31, 2013: 2,880,760).

(Amounts in thousands RON)

9. Loans and advances to customers

Impairment allowance for loans

Group	Collective impairment	Specific impairment	Total
Balance as of December 31, 2012	**114,318**	**3,858,002**	**3,972,320**
Net provision expenses	71,100	1,905,568	1,976,668
Provision reversal related to sales and write-offs	-	(191,597)	(191,597)
Foreign exchange losses	1,195	35,640	36,835
Balance as of December 31, 2013	**186,613**	**5,607,613**	**5,794,226**
Net provision expenses	(3,427)	1,144,146	1,140,719
Provision reversal related to sales and write-offs	-	(2,397,198)	(2,397,198)
Foreign exchange losses / (gains)	627	(12,602)	(11,976)
Balance as of December 31, 2014	**183,813**	**4,341,958**	**4,525,771**

Bank	Collective impairment	Specific impairment	Total
Balance as of December 31, 2012	**114,318**	**3,797,959**	**3,912,276**
Net provision expenses	71,100	1,904,441	1,975,541
Provision reversal related to sales and write-offs	-	(191,597)	(191,597)
Foreign exchange losses	1,195	35,640	36,835
Balance as of December 31, 2013	**186,614**	**5,546,442**	**5,733,055**
Net provision expenses	(3,427)	1,144,944	1,141,518
Provision reversal related to sales and write-offs		(2,397,198)	(2,397,198)
Foreign exchange losses / (gains)	627	(12,602)	(11,976)
Balance as of December 31, 2014	**183,814**	**4,281,585**	**4,465,398**

In the first half of 2014, in line with market developments, the Bank reassessed the framework for the identification and write-off of the uncollectible financial assets, resulting in a clean-up of loan portfolio in amount of 1,909,177 during 2014. The Bank will actively pursue all recovery options (via legal proceedings) for this portfolio and any proceeds will be recognized as income.

The value of loans individually determined to be impaired for the Group is 6,360,352 (December 31, 2013: 8,388,146), while for the Bank is 6,291,007 (December 31, 2013: 8,319,579).

	Group		Bank	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Impaired loans 90 days past due and more	4,737,435	6,677,735	4,668,090	6,609,169
Provisions for impaired loans 90 days past due and more	(3,680,773)	(4,991,353)	(3,620,400)	(4,930,181)
Impaired loans less than 90 days past due	1,622,917	1,710,410	1,622,917	1,710,410
Provisions for impaired loans less than 90 days past due	(661,185)	(616,261)	(661,185)	(616,261)

(Amounts in thousands RON)

10. Lease receivables

	Group	
	December 31, 2014	**December 31, 2013**
Gross investment in finance lease:		
Maturity under 1 year	284,564	287,363
Maturity between 1 and 5 years	388,632	401,498
Maturity higher than 5 years	24,346	22,328
	697,542	**711,189**
Unearned finance income	(62,002)	(78,614)
Net investment in finance lease	**635,539**	**632,575**
Net investment in finance lease:		
Maturity under 1 year	257,594	253,323
Maturity between 1 and 5 years	356,516	361,971
Maturity higher than 5 years	21,430	17,281
	635,539	**632,575**

	Group	
	December 31, 2014	**December 31, 2013**
Net investment in the lease	635,539	632,575
Accumulated allowance for uncollectible minimum lease payments receivable	(60,979)	(63,653)
Total	**574,560**	**568,922**

The guarantees relating to financial lease receivables individually determined to be impaired as at December 31, 2014 amounts to 78,981 (December 31, 2013: 83,278). The amounts are capped to the gross exposure level.

(Amounts in thousands RON)

11. Financial assets available for sale

	Group		Bank	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Treasury notes	8,039,400	6,332,125	8,039,400	6,332,125
Equity investments	9,588	9,566	9,588	9,566
Other securities	156,365	157,577	152,924	157,577
Total	**8,205,352**	**6,499,268**	**8,201,911**	**6,499,268**

Treasury notes

Treasury notes consist of treasury discount notes and coupon bonds issued by the Ministry of Public Finance, rated as BBB- by Standard&Poors. As of December 31, 2014 no treasury notes have been pledged (as of December 31, 2013 no treasury notes have been pledged) 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.

Other securities

The Group and Bank holds funds units in:

Group

2014	Unit value	No of units	Market value
FDI Simfonia 1	37	478,129	17,667
BRD Obligatiuni	152	90,353	13,739
Diverso Europa Regional	148	175,730	25,968
Actiuni Europa Regional	139	116,238	16,191
Index Europa Regional	122	21,794	2,666
BRD Eurofond	123	17,480	2,148

Bank

2014	Unit value	No of units	Market value
FDI Simfonia 1	37	443,129	16,374
BRD Obligatiuni	152	90,353	13,739
Diverso Europa Regional	148	175,730	25,968
Actiuni Europa Regional	139	116,238	16,191
Index Europa Regional	122	21,794	2,666

Group & Bank

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

(Amounts in thousands RON)

12. Investments in subsidiaries and associates

Group

Associates	Field of activity	%	December 31, 2013	Additions/ Reclassifications	Disposals	Increase / (decrease) in net assets	December 31, 2014
ALD Automotive	Operational leasing	20.00%	25,521	-	-	(8,072)	17,449
Mobiasbanca Groupe Societe Generale S.A.	Financial institution	20.00%	46,941	-	-	(550)	46,391
BRD Asigurari de Viata SA	Insurance	49.00%	22,480		-	5,462	27,942
Fondul de Garantare a Creditului Rural	Loans guarantee	33.33%	14,336	-	-	1,828	16,164
Biroul de Credit S.A.	Financial institution	16.03%	2,639	-	-	549	3,188
BRD Fond de Pensii S.A.	Pension fund management	49.00%	7,543	-	-	(638)	6,905
BRD Sogelease Asset Rental SRL	Operational leasing	20.00%	1,254	-	-	437	1,691
			120,714	**-**	**-**	**(984)**	**119,731**

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	16.03%	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**

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, 2013	Additions/ Reclassifications	Disposals	December 31, 2014
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	16.03%	662	-	-	662
BRD Fond de Pensii S.A.	Pension fund management	49.00%	14,690	-	-	14,690
Associates			**88,159**	**-**	**-**	**88,159**
BRD Sogelease IFN SA	Financial lease	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			**157,460**	**-**	**-**	**157,460**

(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	16.03%	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	Fund management	99.98%	4,321	-	-	4,321
BRD Corporate Finance SRL	Business consulting	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)

The subsidiaries and associate summary of financial position and income statement as at December 31, 2014 are as follows:

Associate	Address	Total assets	Total liabilities	Net assets	Shareholders interest	Net profit/(loss)
ALD Automotive	1-7, Ion Mihalache Street, Bucharest	310,114	222,870	87,243	59,364	20,481
Mobiasbanca Groupe Societe Generale S.A.	81 Stefan cel Mare si Sfint Street, Kishinev, Republic of Moldova	1,364,230	1,132,268	231,962	59,308	24,409
BRD Asigurari de Viata SA	64 Blvd. Unirii Bl. K4, sector 3, Bucharest	146,018	88,993	57,025	47,438	15,049
Fondul de Garantare a Creditului Rural	5 Occidentului Street, Bucharest	1,268,649	1,220,158	48,491	26,790	5,922
Biroul de Credit S.A.	15 Calea Victoriei, Bucharest	20,800	904	19,896	6,646	5,240
BRD Fond de Pensii S.A.	64 Unirii Blvd, Bucharest	15,027	935	14,092	19,135	(1,286)
BRD Sogelease Asset Rental SRL	1-7, Ion Mihalache Street, Bucharest	70,140	62,148	7,993	2,143	3,406
Subsidiaries	**Address**	**Total assets**	**Total liabilities**	**Net assets**	**Shareholders interest**	**Net profit/(loss)**
BRD Sogelease IFN SA	1-7, Ion Mihalache Street, Bucharest	651,175	469,797	181,377	181,335	12,504
BRD Finance Credite de Consum IFN SA	1-7, Ion Mihalache Street, Bucharest	491,395	392,574	98,821	91,804	9,346
BRD Asset Management SAI SA	1-3, Clucerul Udricani Street, Bucharest	19,620	1,384	18,235	18,232	5,699
BRD Corporate Finance SRL	1-7, Ion Mihalache Street, Bucharest	9	2	7	7	(474)

The information as at December 31, 2014 regarding subsidiaries and associates are preliminary and 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, 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**
Transfers and additions	(4,494)	1,078	39,834	11,978	12,427	60,823
Disposals	(12,678)	(1,444)	(24,313)	(24,382)	(1,156)	(63,974)
as of December 31, 2014	**1,310,667**	**39,300**	**262,294**	**538,166**	**20,227**	**2,170,655**
Depreciation and impairment:						
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)**
Depreciation and impairment	(53,416)	3,076	(19,196)	(32,791)	-	(102,327)
Disposals	9,825	1,444	24,311	14,204	-	49,784
Transfers	4,089	(1,799)	(11,276)	2,717	-	(6,269)
as of December 31, 2014	**(596,303)**	**(18,923)**	**(213,158)**	**(433,221)**	**-**	**(1,261,606)**
Net book value:						
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**	**39,776**	**133,220**	**8,956**	**971,012**
as of December 31, 2014	**714,364**	**20,377**	**49,136**	**104,945**	**20,227**	**909,049**

(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, 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**
Transfers and additions	(4,494)	1,078	38,854	6,337	12,427	54,202
Disposals	(12,678)	(1,444)	(24,308)	(16,171)	(1,156)	(55,757)
as of December 31, 2014	**1,300,891**	**39,301**	**251,521**	**531,205**	**20,227**	**2,143,146**
Depreciation and impairment:						
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)**
Depreciation and impairment	(53,212)	3,076	(18,837)	(32,623)	-	(101,596)
Disposals	9,826	1,444	24,306	14,070	-	49,647
Transfers	4,089	(1,802)	(11,273)	2,715	-	(6,271)
as of December 31, 2014	**(592,481)**	**(18,927)**	**(203,483)**	**(429,934)**	**-**	**(1,244,825)**
Net book value:						
as of December 31, 2012	**816,969**	**19,813**	**41,981**	**165,291**	**22,886**	**1,066,941**
as of December 31, 2013	**764,879**	**18,022**	**39,297**	**126,943**	**8,956**	**958,097**
as of December 31, 2014	**708,409**	**20,374**	**48,038**	**101,272**	**20,227**	**898,321**

The investment properties have a fair value of 22,902 as at December 31, 2014 (December 31, 2013: 24,899). The fair value has been determined based on a valuation by an independent valuer in 2012.

(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 2014 there was no impairment of the goodwill.

15. Intangible assets

The balance of the intangible assets as of December 31, 2014 and 2013 represents mainly software.

	Group	Bank
Cost:		
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**
Additions	31,570	29,935
Disposals	(15,141)	(15,141)
as of December 31, 2014	**336,678**	**309,949**
Amortization:		
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)**
Amortization expense	(35,641)	(32,853)
Disposals	15,087	15,087
as of December 31, 2014	**(251,452)**	**(230,958)**
Net book value:		
as of December 31, 2012	**85,400**	**76,262**
as of December 31, 2013	**89,353**	**81,964**
as of December 31, 2014	**85,226**	**78,991**

16. Other assets

	Group		Bank	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Advances to suppliers	15,303	6,650	-	-
Sundry debtors	67,847	164,265	54,990	142,151
Prepaid expenses	29,671	32,361	27,554	31,428
Assets held for sale	16,061	10,084	16,061	10,084
Prepaid income tax	20,185	23,203	19,656	9,947
Other assets	787	1,210	508	959
Total	**149,855**	**237,773**	**118,770**	**194,569**

The sundry debtors balances are presented net of an impairment allowance, at Group level, of 60,587 (December 31, 2013: 56,804) and at Bank level of 46,933 (December 31, 2013: 41,432). The decrease in sundry debtors is explained by the fact that in 2013 the Group registered a collateral deposit for financial instruments in amount of 50,229 on sundry debtors. In 2014 according to market evolution the amount was registered on sundry creditors (please see note 22).

(Amounts in thousands RON)

17. Due to banks

	Group		Bank	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Demand deposits	442,294	770,965	442,294	770,965
Term deposits	292,225	573,740	292,225	573,740
Total due to banks	**734,520**	**1,344,705**	**734,520**	**1,344,705**

18. Due to customers

	Group		Bank	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Demand deposits	15,801,503	14,537,964	15,830,929	14,559,001
Term deposits	20,152,538	21,526,624	20,209,928	21,586,989
Total due to customers	**35,954,041**	**36,064,588**	**36,040,857**	**36,145,990**

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

19. Debt issued and borrowed funds

	Group		Bank	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Borrowings from related parties	2,061,860	3,620,560	1,436,527	3,011,063
Borrowings from international financial institutions	445,905	469,165	340,256	333,955
Borrowings from other institutions	897	1,545	897	1,545
Other borrowings	6,290	10,194	38,844	45,027
Total	**2,514,952**	**4,101,464**	**1,816,524**	**3,391,590**

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 million, RON 448.21 million equivalent (2013: EUR 100 million, RON 448.47 million equivalent) representing one subordinated loan, EUR 100 million received in 2005, at EURIBOR6M+0.5%, due in 2015. The accrued interest to the subordinated debt is in amount of 1,780 (2013:1,857).

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, 2014		
	Temporary differences	**Consolidated Statement of Financial Position**	**Consolidated Income Statement**
Deferred tax liability			
Defined benefit obligation	(11,639)	(1,862)	-
Investments and other securities	(438,262)	(70,122)	1,502
Total	**(449,902)**	**(71,984)**	**1,502**
Deferred tax asset			
Tangible and intangible assets	74,791	11,967	8,575
Fiscal loss	534,580	85,533	(33,514)
Provisions and other liabilities	375,300	60,048	17,831
Total	**984,671**	**157,547**	**(7,108)**
Taxable items	**534,769**	**85,564**	
Deferred tax expense			**(5,606)**

The taxable item in amount of 85,564 represents a deferred tax asset of 88,546 and a deferred tax liability of 2,982.

	Bank December 31, 2014		
	Temporary differences	**Individual Statement of Financial Position**	**Individual Income Statement**
Deferred tax liability			
Defined benefit obligation	(11,639)	(1,862)	-
Investments and other securities	(407,221)	(65,155)	-
Total	**(418,861)**	**(67,018)**	**-**
Deferred tax asset			
Tangible and intangible assets	84,193	13,471	8,484
Fiscal loss	534,580	85,533	(33,514)
Provisions and other liabilities	382,983	61,277	18,334
Total	**1,001,755**	**160,281**	**(6,696)**
Taxable items	**582,895**	**93,263**	
Deferred tax expense			**(6,696)**

(Amounts in thousands RON)

21.Taxation (continued)

	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	-
Fiscal loss	744,040	119,046	66,557
Provisions and other liabilities	263,859	42,217	14,468
Total	**1,032,912**	**165,266**	**87,990**
Taxable items	**899,265**	**143,883**	
Deferred tax income			**262,515**

	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	-
Fiscal loss	744,040	119,046	66,557
Provisions and other liabilities	268,396	42,943	11,143
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)

Movement in deferred tax is as follows:

	Group	Bank
Deferred tax liability, net as of December 31, 2012	**(112,347)**	**(103,844)**
Deferred tax recognized in other comprehensive income	(6,285)	(6,285)
Deferred tax recognized in profit and loss	262,515	262,802
Deferred tax asset, net as of December 31, 2013	**143,883**	**152,672**
Deferred tax recognized in other comprehensive income	(52,714)	(52,714)
Deferred tax recognized in profit and loss	(5,606)	(6,696)
Deferred tax asset, net as of December 31, 2014	**85,564**	**93,263**

Reconciliation of total tax charge	**Group**		**Bank**	
	2014	**2013**	**2014**	**2013**
Gross profit / (loss) (before income tax)	**79,901**	**(639,501)**	**49,936**	**(648,578)**
Income tax (16%)	12,784	(102,320)	7,990	(103,772)
Fiscal credit	(44)	(994)	-	-
Non-deductible elements	3,161	22,399	2,651	17,515
Non-taxable elements	(3,858)	(174,306)	(3,945)	(176,545)
Expense / (Income) from income tax at effective tax rate	**12,044**	**(255,221)**	**6,696**	**(262,802)**
Effective tax rate	15.1%	39.9%	13.4%	40.5%

The effective tax rate for year 2013 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 93,263 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, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Sundry creditors	185,424	138,087	144,676	99,185
Other payables to State budget	35,169	32,917	33,768	31,353
Deferred income	12,174	14,994	12,131	14,951
Payables to employees	113,402	117,358	109,085	113,829
Dividends payable	482	505	482	505
Financial guarantee and loan contracts allowance	224,287	148,963	224,287	148,963
Provisions	39,070	38,835	33,566	38,511
Total	**610,006**	**491,659**	**557,995**	**447,298**

Payables to employees include, among other, gross bonuses, amounting to 47,091 (2013: 40,657) and post-employment benefits amounting to 52,715 (2013: 64,532). Provisions are mainly related to legal claims and penalties.

The increase in Financial guarantee and loan contracts allowance is triggered by the deterioration of the financial standing of a low number of significant counterparties, beneficiaries of guarantees issued by the Group and financing commitments.

The movement in provisions is as follows:

Group	
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**
Additional expenses	7,486
Reversals of provisions	(7,250)
Carrying value as of December 31, 2014	**39,070**

Bank	
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**
Additional expenses	1,836
Reversals of provisions	(6,782)
Carrying value as of December 31, 2014	**33,566**

(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, 2014	December 31, 2013
Total service cost	2,363	3,922
Interest cost on benefit obligation	2,169	2,367
Net benefit expense	**4,531**	**6,289**

Movement in defined benefits obligations

	December 31, 2014	December 31, 2013
Opening defined benefit obligation	**64,532**	**74,731**
Total service cost	2,363	3,922
Benefits paid	(893)	(734)
Interest cost on benefit obligation	2,169	2,367
Actuarial losses arising from changes in demographic assumptions	7,117	-
Actuarial (gains) arising from changes in financial assumptions	(22,572)	(15,754)
Closing defined benefit obligation	**52,715**	**64,532**

Main actuarial assumptions

	December 31, 2014	December 31, 2013
Discount rate	1.70%	3.40%
Inflation rate	1.90%	1.90%
Salary increase rate	next year 3.4% and 2.9% afterwards	next year 2% next 2 year 2.3% afterwards 2.9%
Average remaining working period (years)	10.52	13.36

	December 31, 2014	December 31, 2013
Defined benefit obligation	52,715	64,532
Experience adjustment on plan liabilities	(2,318)	(3,459)

The weighted average duration of the defined benefit obligation is 14 years.

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 12.49% meaning 46,131.
• If the discount rate used were 1% lower, then the defined benefit obligation would be higher by about 15.30%. meaning 60,780.
• If the salary increase rate used were 1% higher, then the defined benefit obligation would be higher by about 14.94% meaning 60,591.

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 (2013: 696,901). Included in the share capital there is an amount of 1,818,721 (2013: 1,818,721) representing hyper inflation restatement surplus.

Share capital as of December 31, 2014 represents 696,901,518 (2013: 696,901,518) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2013: RON 1).

During 2014 and 2013, 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 (2013: 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	
	2014	**2013**	**2014**	**2013**
Interest on loans	1,919,978	2,368,452	1,810,842	2,254,434
Interest on deposit with banks	31,162	56,472	29,537	54,549
Interest on available for sale	309,900	255,053	309,900	255,053
Interest from hedging instruments	6,906	1,924	6,906	1,924
Total	**2,267,946**	**2,681,900**	**2,157,185**	**2,565,960**

The interest income on loans includes for Bank, the accrued interest on net (after impairment allowance) impaired loans in amount of 209,739 (2013: 316,450).

(Amounts in thousands RON)

26. Interest expense

	Group		Bank	
	2014	2013	2014	2013
Interest on term deposits	471,028	647,275	474,788	651,593
Interest on demand deposits	142,450	223,937	113,890	187,739
Interest on borrowings	57,486	78,951	61,153	85,206
Interest from hedging instruments	11,621	17,805	11,621	17,805
Total	**682,584**	**967,968**	**661,452**	**942,343**

27. Fees and commissions, net

	Group		Bank	
	2014	2013	2014	2013
Commission revenue from processing of transactions	876,246	877,768	855,086	856,859
Other commission revenue	79,739	70,990	67,377	68,675
Commission expense	(190,658)	(181,298)	(185,724)	(178,035)
Net commission revenue	**765,327**	**767,461**	**736,739**	**747,498**

28. Foreign exchange gain

	Group		Bank	
	2014	2013	2014	2013
Foreign exchange income	13,252,428	15,581,908	13,227,643	15,511,496
Foreign exchange expenses	(13,141,637)	(15,236,972)	(13,118,236)	(15,169,283)
Total	**110,792**	**344,937**	**109,407**	**342,213**

29. Income from associates

	Group		Bank	
	2014	2013	2014	2013
Share of increase in net profits from associates	14,110	8,789	-	-
Dividends from associates	-	3,255	15,095	3,255
Net gain from sale of interest in associates	-	388	-	388
Total	**14,110**	**12,432**	**15,095**	**3,642**

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 1,914 (2013: 2,098).

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	
	2014	**2013**	**2014**	**2013**
Salaries	451,010	454,882	421,190	425,840
Social security	124,969	129,740	117,413	123,010
Bonuses	43,199	40,195	43,199	40,195
Post-employment benefits (see note 22)	3,638	5,555	3,638	5,555
Other	32,847	32,200	29,576	30,393
Total	**655,663**	**662,572**	**615,016**	**624,993**

Employee expenses for share - based payment transactions are included in line Other and related expenses in amount of 11,451, both for the Group and Bank for 2014 (2013: 6,675).

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 share price at the grant date is equal to EUR 42.1. The valuation method used to determine the fair values is the arbitrage model. These fair values (expressed as a% of the share price at the grant date) amount to: 82% for the first section and 79% for the second section. An assumption on turnover rate is applied for the determination of the plan expense; it amounts to 7.5% per year for employees in Romania.

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.

The two performance conditions were fully satisfied.

(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 granted
Granted during the period		
- exercise date 31/03/2015	155	107,200
- exercise date 31/03/2016	149	160,800

	2014	2013
Expense in 2010	1,070	1,070
Expense in 2011	6,025	6,025
Expense in 2012	6,809	6,809
Expense in 2013	6,675	6,675
Expense in 2014	11,451	-
Total share based payment recognised	**32,030**	**20,579**

The shares outstanding as at December 31, 2014 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	
	2014	**2013**	**2014**	**2013**
Depreciation and impairment (see Note 13)	103,647	125,296	102,917	129,079
Amortisation (see Note 15)	35,641	26,632	32,853	24,087
Total	**139,288**	**151,928**	**135,769**	**153,166**

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 1,320 at Group and Bank level.

34. Other operating expense

	Group		Bank	
	2014	**2013**	**2014**	**2013**
Administrative expenses	418,284	445,300	394,949	417,293
Publicity and sponsorships	33,925	29,211	33,679	28,723
Other expenses	78,037	70,295	75,374	67,513
Total	**530,246**	**544,805**	**504,001**	**513,529**

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	
	2014	**2013**	**2014**	**2013**
Net impairment allowance for loans	1,140,719	1,976,668	1,141,518	1,975,541
Net impairment allowance for sundry debtors	35,057	56,619	34,981	58,583
Net impairment allowance for financial leases	(734)	30,425	-	-
Income from recoveries of derecognized receivables	(130,301)	(41,398)	(129,499)	(38,855)
Write-offs & sales of bad debts	101,261	65,176	76,513	44,118
Financial guarantee and loan contracts	69,361	43,261	69,361	43,261
Total	**1,215,363**	**2,130,751**	**1,192,874**	**2,082,648**

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 origination:

Group

	December 31, 2014	December 31, 2013
Cash in hand (see note 5)	1,357,570	1,101,405
Current accounts and deposits with banks	938,408	347,795
Total	**2,295,978**	**1,449,199**

Bank

	December 31, 2014	December 31, 2013
Cash in hand (see note 5)	1,357,549	1,101,381
Current accounts and deposits with banks	937,310	346,684
Total	**2,294,859**	**1,448,065**

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, 2014	December 31, 2013
Net impairment allowance for loans	1,140,719	1,976,668
Net impairment allowance for sundry debtors	35,057	56,619
Net impairment allowance for financial leases	(734)	30,425
Write-offs & sales of bad debts	101,261	65,176
Financial guarantee and loan contracts	69,361	43,261
Net movement in other provisions	235	17,736
Total	**1,345,899**	**2,189,885**

(Amounts in thousands RON)

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

Bank

	December 31, 2014	December 31, 2013
Net impairment allowance for loans	1,141,518	1,975,541
Net impairment allowance for sundry debtors	34,981	58,583
Write-offs & sales of bad debts	76,513	44,118
Financial guarantee and loan contracts	69,361	43,261
Net movement in other provisions	(4,946)	20,348
Total	**1,317,427**	**2,141,851**

37. Capital commitments

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

	Group		Bank	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Tangible non-current assets	6,767	58	6,767	58
Intangible non-current assets	3,438	14,854	3,438	14,854
Services	317,937	424,541	317,937	424,541
Total	**328,141**	**439,453**	**328,141**	**439,453**

(Amounts in thousands RON)

38. Related parties

The Bank enters into related party transactions with its parent, other SG entities, subsidiaries, associates and key management personnel. 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							
	2014				2013			
	Parent	Other related parties	Associates	Key management of the institution	Parent	Other related parties	Associates	Key management of the institution
Assets	**327,424**	**40,414**	**6,049**	**4,118**	**313,678**	**19,135**	**9,920**	**5,359**
Nostro accounts	56,814	9,608	-	-	10,404	5,547	-	-
Deposits	32,739	7,924	-	-	133,941	4,126	-	-
Loans	128,381	22,882	6,049	4,118	146,352	9,461	9,920	5,359
Derivative financial instruments	109,491	-	-	-	22,981	-	-	-
Liabilities	**1,542,959**	**1,485,971**	**70,016**	**11,407**	**2,826,683**	**2,222,699**	**64,753**	**12,948**
Loro accounts	5,043	22,060	648	-	155,987	320,253	9	-
Deposits	394,191	27,384	69,368	11,407	370,353	16,538	64,743	12,948
Borrowings	625,333	1,436,527	-	-	1,735,625	1,885,908	-	-
Subordinated borrowings	449,990	-	-	-	450,327	-	-	-
Derivative financial instruments	68,403	-	-	-	114,390	-	-	-
Commitments	**8,395,974**	**118,725**	**7,375**	**324**	**11,334,466**	**57,610**	**7,082**	**382**
				-				
Letters of guarantee given	268,020	29,187	1,997	324	234,884	15,520	5,454	382
Letters of guarantee received	1,013,417	89,538	5,379	-	1,033,211	42,090	1,628	-
Notional amount of foreign exchange transactions	3,829,773	-	-	-	6,109,814	-	-	-
Notional amount of interest rate derivatives	3,284,763	-	-	-	3,956,558	-	-	-
Income statement	**286,486**	**52,179**	**23,531**	**369**	**194,394**	**44,636**	**14,253**	**536**
Interest and commision revenues	19,476	1,902	8,482	167	17,653	1,653	698	207
Interest and commission expense	51,217	40,561	805	202	72,873	41,290	1,818	329
Net gain/(loss) on interest rate derivatives	10,411	-	-	-	15,631	-	(0)	-
Net gain on foreign exchange derivatives	155,814	5,412	-	-	56,745	-	-	-
Dividend income	-	-	15,095		-	487	3,255	-
Other income	647	-	299	-	468	-	6,936	-
Other expenses	48,922	4,304	(1,149)	-	31,026	1,206	1,546	-

(Amounts in thousands RON)

38. Related parties (continued)

Bank

	2014					2013				
	Parent	Other related parties	Subsidiaries	Associates	Key management of the institution	Parent	Other related parties	Subsidiaries	Associates	Key management of the institution
Assets	**301,180**	**40,401**	**67,095**	**3,846**	**3,436**	**239,893**	**19,135**	**63,155**	**8,325**	**3,955**
Nostro accounts	56,814	9,608	-	-	-	10,404	5,547	-	-	-
Deposits	6,609	7,924	-	-	-	60,156	4,126	-	-	-
Loans	128,266	22,869	67,095	3,846	3,436	146,352	9,461	62,937	8,325	3,955
Derivative financial instruments	109,491	-	-	-	-	22,981	-	218	-	-
Liabilities	**915,406**	**1,485,705**	**119,403**	**69,977**	**7,258**	**2,216,174**	**2,222,699**	**127,125**	**64,679**	**8,212**
Loro accounts	5,043	22,060	-	648	-	155,987	320,253	-	9	-
Deposits	391,970	27,119	86,819	69,329	7,258	370,315	16,538	92,292	64,670	8,212
Borrowings	-	1,436,527	-	-	-	1,125,155	1,885,908	-	-	-
Subordinated borrowings	449,990	-	-	-	-	450,327	-	-	-	-
Lease payable	-	-	32,580	-	-	-	-	34,833	-	-
Derivative financial instruments	68,403	-	3	-	-	114,390	-	-	-	-
Commitments	**8,395,974**	**118,725**	**18,933**	**7,375**	**265**	**11,334,466**	**57,610**	**52,974**	**7,082**	**317**
Letters of guarantee given	268,020	29,187	-	1,997	265	234,884	15,520	-	5,454	317
Letters of guarantee received	1,013,417	89,538	-	5,379	-	1,033,211	42,090	-	1,628	-
Notional amount of foreign exchange transactions	3,829,773	-	18,933	-	-	6,109,814	-	52,974	-	-
Notional amount of interest rate derivatives	3,284,763	-	-	-	-	3,956,558	-	-	-	-
Income statement	**262,303**	**51,901**	**20,293**	**13,552**	**269**	**170,654**	**44,636**	**22,666**	**2,552**	**403**
Interest and commision revenues	17,852	1,509	11,201	570	147	15,730	1,653	14,564	698	171
Interest and commission expense	31,684	40,561	3,884	805	122	52,080	41,290	5,309	1,818	232
Net gain/(loss) on interest rate derivatives	10,411	-	-	-	-	15,631	-	(2)	(0)	-
Net gain on foreign exchange derivatives	155,814	5,412	114	-	-	56,745	-	251	-	-
Dividend income	-	381	5,258	15,095	-	-	487	4,562	3,255	-
Other income	-	-	-	-	-	-	-	-	-	-
Other expenses	46,542	4,038	(164)	(2,917)	-	30,467	1,206	(2,018)	(3,218)	-

(Amounts in thousands RON)

38. Related parties (continued)

The interest expenses include an amount of 1,780 (2013: 1,857) relating to subordinated loans.

As of December 31, 2014, the Board of Directors and Managing Committee members own 304,530 shares (2013: 303,500).

Key management personnel benefits for 2014 and 2013:

	Group		Bank	
	2014	2013	2014	2013
Short-term employee benefits	14,309	14,006	10,183	9,897
Post-employment benefits	-	-		-
Other long-term benefits	1,480	948	1,480	948
Termination benefits	-	-	-	-
Share-based payment transactions	19	10	12	7

(Amounts in thousands RON)

39. Interest in unconsolidated structured entities

According to IFRS 12 applied starting with January 1, 2014 the Group has to present the interests it has in entities that have been designated so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Group has identified the investment funds in which it invested during the years and which manages, as being unconsolidated structured entities.
The structured entities are financed through the resources (unit funds) received from individuals and corporates that are afterwards placed on monetary and capital markets.
Interest in unconsolidated structured entities and size of structured entities:

Name of structured enitity	Carrying amount of financial assets recognised in the balance sheet	Of which: liquidity support drawn	Fair value of liquidity support drawn	Carrying amount of financial liabilities recognised in the balance sheet	Nominal amount of off-balance sheet items given by the reporting institution	Of which: Nominal amount of loan commitments given	Losses incurred by the reporting institution in the current period	Maximum exposure to loss	Total balance sheet of the entity (size)
Simfonia 1	17,907	-	-	199,404	-	-	-	17,907	1,182,141
BRD Obligatiuni	13,739	-	-	4,051	-	-	-	13,739	18,566
BRD Index Europa Regional	2,666	-	-	537	-	-	-	2,666	3,173
Actiuni Europa Regional	16,191	-	-	2,063	-	-	-	16,191	17,927
Diverso Europa Regional	25,968	-	-	3,780	-	-	-	25,968	29,916
BRD Eurofond	2,148	-	-	236,237	-	-	-	2,148	995,170

Breakdown of interests in unconsolidated structured entities:

Name of structured enitity	Selected financial assets recognised in the reporting institution's balance sheet						Selected equity and financial liabilites recognised in the reporting institution's balance sheet					Off-balance sheet items given by the reporting institution	
	of which: defaulted	Derivatives	Equity instruments	Debt securities	Loans and advances	Total	Equity instruments issued	Derivatives	Deposits	Debt securities issued	Total	of which: defaulted	Total
Simfonia 1	-	240	17,667	-	-	17,907	-	-	199,404	-	199,404	-	-
BRD Obligatiuni	-	-	13,739	-	-	13,739	-	-	4,051	-	4,051	-	-
BRD Index Europa Regional	-	-	2,666	-	-	2,666	-	-	537	-	537	-	-
Actiuni Europa Regional	-	-	16,191	-	-	16,191	-	-	2,063	-	2,063	-	-
Diverso Europa Regional	-	-	25,968	-	-	25,968	-	-	3,780	-	3,780	-	-
BRD Eurofond	-	-	2,148	-	-	2,148	-	-	236,237	-	236,237	-	-

(Amounts in thousands RON)

40. Contingencies

As of December 31, 2014 BRD is the defendant in a number of lawsuits arising in the course of business, amounting to approximately 9,545 (2013: 21,426). 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.

41. Earnings per share

	Group		Bank	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Ordinary shares on the market	696,901,518	696,901,518	696,901,518	696,901,518
Profit / (Loss) attributable to parent company shareholders	63,090	(387,538)	43,240	(385,776)
Basic and diluted earnings per share (in RON)	0.0905	(0.5561)	0.0620	(0.5536)

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 2014, BRD continued its efforts to accurately assess risks in a difficult and rapidly changing business environment, along the dimensions defined in 2013.

Risk management governance relies on the three lines of defense model, which reinforces segregation of duties between various control functions.
The *first line* of defense is represented by the permanent supervision, performed at the level of each business unit; the business units are responsible for defining and continuously adapting the specific control and risk prevention environment, as part of daily activities.
The *second line* of defense is represented by the functions overseeing risks (risk management, compliance), which provide support to the business/operational functions in executing their duties.
The *third line* of defense is represented by the independent assurance provided by internal audit.

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 40).

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, the Bank 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.

(Amounts in thousands RON)

42. Risk management (continued)

42.1 Credit risk (continued)

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 / or behavioral rating models, and monitored throughout the lifespan of the loans using behavioral rating models.

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 industry segments, and to product / transaction type.

Maximum exposure to credit risk before considering any collaterals or guarantees

	Group	
	December 31, 2014	**December 31, 2013**
ASSETS		
Due from Central Bank	5,832,421	8,678,096
Due from banks	1,263,276	714,482
Derivatives and other financial instruments held for trading	693,905	754,705
Loans, gross	31,302,885	33,853,403
Impairment reserve for loans	(4,525,771)	(5,794,226)
Loans and advances to customers	26,777,114	28,059,177
Financial lease receivables	574,560	568,922
Financial assets available for sale	8,205,352	6,499,268
Investments in associates and subsidiares	119,731	120,714
Other assets	57,004	138,616
Total assets	**43,523,363**	**45,533,979**
Letters of guarantee granted	6,413,912	6,406,591
Financing commitments granted	4,273,982	4,102,294
Total commitments granted	**10,687,894**	**10,508,885**
Total credit risk exposure	**54,211,256**	**56,042,863**

	Bank	
	December 31, 2014	**December 31, 2013**
ASSETS		
Due from Central Bank	5,832,421	8,678,096
Due from banks	1,236,048	686,945
Derivatives and other financial instruments held for trading	693,905	754,923
Loans, gross	30,926,607	33,496,653
Impairment reserve for loans	(4,465,398)	(5,733,055)
Loans and advances to customers	26,461,209	27,763,598
Financial assets available for sale	8,201,911	6,499,268
Investments in associates and subsidiares	157,460	157,460
Other assets	44,146	116,501
Total assets	**42,627,100**	**44,656,791**
Letters of guarantee granted	6,474,605	6,477,262
Financing commitments granted	3,991,348	3,851,508
Total commitments granted	**10,465,953**	**10,328,770**
Total credit risk exposure	**53,093,053**	**54,985,561**

(Amounts in thousands RON)

42. Risk management (continued)

42.1 Credit risk (continued)

The breakdown by rating of the Bank'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, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
AA	31,099	6,035	31,099	6,035
A	976,995	253,830	950,865	227,403
BBB	1,098	1,293	-	183
BB	48,224	164,384	48,224	164,384
B	36,003	87,272	36,003	87,272
Not rated*	169,857	201,668	169,857	201,668
Total	**1,263,276**	**714,482**	**1,236,048**	**686,945**

*short term exposures, mainly amounts under settlement

Sector analysis

	Group		Bank	
	December 31, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Individuals	55.9%	52.0%	55.4%	51.5%
Public administration, education & health	3.4%	3.2%	3.4%	3.2%
Agriculture	1.9%	2.2%	2.0%	2.2%
Manufacturing	9.2%	9.7%	9.3%	9.8%
Transportation, IT&C and other services	3.2%	3.6%	3.2%	3.6%
Trade	10.4%	13.1%	10.6%	13.4%
Constructions	5.2%	6.3%	5.3%	6.3%
Utilities	2.4%	2.5%	2.4%	2.5%
Services	1.6%	1.6%	1.6%	1.7%
Others	4.6%	4.1%	4.7%	4.1%
Financial institutions	2.1%	1.7%	2.1%	1.7%
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, 2014

	less than 30 days	**31 to 60 days**	**61 to 90 days**	**more than 90 days**	**Total**
Corporate lending	678,370	28,899	50,749	5,096	763,114
Small business lending	80,215	24,969	15,336	3,372	123,892
Consumer lending	1,051,371	101,688	41,465	13,842	1,208,366
Residential mortgages	1,204,290	260,787	130,661	19,009	1,614,747
Total	**3,014,246**	**416,342**	**238,210**	**41,320**	**3,710,118**

(Amounts in thousands RON)

42.Risk management (continued)

42.1 Credit risk (continued)

December 31, 2013

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate lending	668,993	74,578	34,767	42,219	820,557
Small business lending	124,584	49,435	32,028	3,416	209,463
Consumer lending	1,137,533	142,589	54,055	15,052	1,349,228
Residential mortgages	1,232,485	271,839	150,027	17,034	1,671,386
Total	**3,163,595**	**538,441**	**270,877**	**77,721**	**4,050,634**

Bank

December 31, 2014

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate lending	678,370	28,899	50,749	5,096	763,114
Small business lending	80,215	24,969	15,336	3,372	123,892
Consumer lending	1,001,141	101,688	41,465	13,842	1,158,135
Residential mortgages	1,204,290	260,787	130,661	19,009	1,614,747
Total	**2,964,016**	**416,342**	**238,210**	**41,320**	**3,659,888**

December 31, 2013

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate lending	668,993	74,578	34,767	42,219	820,557
Small business lending	124,584	49,435	32,028	3,416	209,463
Consumer lending	1,090,830	142,589	54,055	15,052	1,302,525
Residential mortgages	1,232,485	271,839	150,027	17,034	1,671,386
Total	**3,116,892**	**538,441**	**270,877**	**77,721**	**4,003,931**

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

December 31, 2014

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate leases	38,650	312	807	-	39,767
Retail leases	15,065	1,859	-	0	16,924
Total	**53,714**	**2,171**	**807**	**0**	**56,691**

December 31, 2013

	less than 30 days	31 to 60 days	61 to 90 days	more than 90 days	Total
Corporate leases	38,530	6,070	1,160	647	46,407
Retail leases	12,914	3,033	2,440	337	18,723
Total	**51,444**	**9,103**	**3,600**	**984**	**65,131**

(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 & Bank

	December 31, 2014	December 31, 2013
Corporate lending	97,010	304,166
Small business lending	23,932	58,148
Consumer lending	106,245	149,305
Residential mortgages	157,429	129,491
Total	**384,616**	**641,110**

Analysis of collateral coverage

Group

December 31, 2014

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	763,114	504,107	7,431,681	3,620,924
Retail lending	2,947,004	1,586,394	13,800,734	8,811,327
Total	**3,710,118**	**2,090,501**	**21,232,415**	**12,432,251**

December 31, 2013

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	820,557	578,266	7,876,282	4,189,713
Retail lending	3,230,077	1,761,253	13,538,342	8,757,343
Total	**4,050,634**	**2,339,519**	**21,414,624**	**12,947,057**

Bank

December 31, 2014

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	763,114	504,107	7,497,636	3,620,924
Retail lending	2,896,774	1,586,394	13,478,076	8,811,327
Total	**3,659,888**	**2,090,501**	**20,975,712**	**12,432,251**

December 31, 2013

	Overdue but not impaired loans	Covered by collaterals & guarantees	Loans neither impaired nor past due	Covered by collaterals & guarantees
Corporate lending	820,557	578,266	7,938,579	4,189,713
Retail lending	3,183,374	1,761,253	13,234,564	8,757,343
Total	**4,003,931**	**2,339,519**	**21,173,143**	**12,947,057**

(Amounts in thousands RON)

42.Risk management (continued)

42.1 Credit risk (continued)

Analysis of collateral coverage for leasing Group

December 31, 2014

	Overdue but not impaired	Covered by collaterals & guarantees	Neither impaired nor past due	Covered by collaterals & guarantees
Corporate leases	39,768	30,794	310,765	308,491
Retail leases	16,923	16,750	138,602	139,505
Total	**56,691**	**47,544**	**449,368**	**447,996**

December 31, 2013

	Overdue but not impaired	Covered by collaterals & guarantees	Neither impaired nor past due	Covered by collaterals & guarantees
Corporate leases	46,407	42,095	314,293	293,757
Retail leases	18,723	18,226	101,857	98,756
Total	**65,131**	**60,321**	**416,151**	**392,514**

As of December 31, 2014 the carrying value of repossessed assets is 8,122 (December 31, 2013: 8,122), representing three residential buildings. (December 31, 2013: three 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, 2014 amounts to 3,355,038 (December 31, 2013: 4,571,080). 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, 2014	**December 31, 2013**	**December 31, 2014**	**December 31, 2013**
Very good	546,768	364,896	612,722	364,896
Good	2,848,188	3,786,625	2,848,188	3,848,922
Rather good	3,388,468	2,695,561	3,388,468	2,695,561
Sensitive	648,258	1,029,200	648,258	1,029,200
Total	**7,431,681**	**7,876,282**	**7,497,636**	**7,938,579**

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

	December 31, 2014	December 31, 2013
Very good	5	1,881
Good	113,540	155,496
Rather good	177,557	131,026
Sensitive	19,662	25,890
Total	**310,765**	**314,293**

(Amounts in thousands RON)

42. Risk management (continued)

42.1 Credit risk (continued)

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.

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.

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, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Letters of guarantee granted	6,413,912	6,406,591	6,474,605	6,477,262
Financing commitments granted	4,273,982	4,102,294	3,991,348	3,851,508
Total commitments granted	**10,687,894**	**10,508,885**	**10,465,953**	**10,328,770**

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, the Group taking market risks based on a prudent approach with the objective to ensure profitable market activities, while 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 the Group 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.

Market risks of the Group are monitored through a strong and precise framework, using as the main risk metrics / limits the ones 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 the 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 31st 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.

2014	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	(38,111)	1,386	+5	(108,577)	1,386
Other	+5	434	-	+5	47,311	-

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	(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, 2014				Bank December 31, 2014			
ASSETS	**Total**	**RON**	**EUR**	**Other**	**Total**	**RON**	**EUR**	**Other**
Cash in hand	1,357,570	1,010,780	248,953	97,837	1,357,549	1,010,759	248,953	97,837
Due from Central Bank	5,832,421	3,394,695	2,437,726	-	5,832,421	3,394,695	2,437,726	-
Due from banks	1,263,276	282,174	306,862	674,241	1,236,048	254,946	306,862	674,241
Derivatives and other financial instruments held for trading	693,905	503,803	188,172	1,930	693,905	503,803	188,172	1,930
Loans and advances to customers	26,777,114	11,708,319	14,791,788	277,007	26,461,210	11,392,415	14,791,788	277,007
Financial lease receivables	574,560	140,978	427,823	5,759	-	-	-	-
Financial assets available for sale	8,205,352	7,416,493	770,377	18,483	8,201,911	7,415,200	768,228	18,483
Investments in associates and subsidiares	119,731	90,239	-	29,492	157,460	127,968	-	29,492
Goodwill	50,130	50,130	-	-	50,130	50,130	-	-
Deferred tax asset	88,546	88,546	-	-	93,263	93,263	-	-
Non current assets and other assets	1,144,130	1,124,839	8,516	10,775	1,096,082	1,076,791	8,516	10,775
Total assets	**46,106,735**	**25,810,996**	**19,180,216**	**1,115,524**	**45,179,978**	**25,319,969**	**18,750,245**	**1,109,765**
LIABILITIES								
Due to banks	734,520	456,859	244,459	33,202	734,520	456,859	244,459	33,202
Due to customers	35,954,041	21,843,532	12,133,105	1,977,405	36,040,857	21,929,623	12,133,830	1,977,405
Debt issued and borrowed funds	2,514,952	332,201	2,182,751	-	1,816,524	42,412	1,774,113	-
Subordinated debt	449,990	-	449,990	-	449,990	-	449,990	-
Derivative financial instruments	87,673	62,393	25,280	-	87,676	62,396	25,280	-
Current tax liability	2,357	2,357	-	-	-	-	-	-
Deferred tax liability	2,982	2,982	-	-	-	-	-	-
Other liabilities	610,005	431,602	164,712	13,693	557,995	379,590	164,712	13,693
Shareholders' equity	5,750,215	5,750,215	-	-	5,492,417	5,492,417	-	-
Total liabilities and shareholders' equity	**46,106,735**	**28,882,140**	**15,200,295**	**2,024,299**	**45,179,978**	**28,363,297**	**14,792,382**	**2,024,299**
Position		**(3,071,144)**	**3,979,920**	**(908,775)**		**(3,043,328)**	**3,957,864**	**(914,534)**
Position off BS		3,035,830	(3,971,774)	935,944		3,481,928	(5,361,174)	1,879,245
Position total		**(35,314)**	**8,147**	**27,168**		**438,600**	**(1,403,310)**	**964,711**

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

	Group				Bank			
	December 31, 2013				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)

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 rate 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, 2014			Bank December 31, 2014		
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	(63,525)	14,472	100	(63,533)	14,692
(100)	63,525	(14,472)	(100)	63,533	(14,692)

December 31, 2013			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)

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 31st December. The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets at 31st December considering 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 earliest of contractual re-pricing or maturity dates.

(Amounts in thousands RON)

42.Risk management (continued)

42.2 Market risk (continued)

Group

December 31, 2014	**0-1 months**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
ASSETS						
Cash in hand	1,357,570	-	-	-	-	1,357,570
Due from Central Bank	5,832,421	-	-	-	-	5,832,421
Due from banks	937,372	166,195	6,544	85,729	67,435	1,263,276
Derivatives and other financial instruments held for trading	693,905	-	-	-	-	693,905
Loans and advances to customers	8,394,679	11,498,058	2,994,341	3,666,122	223,913	26,777,114
Financial lease receivables	40,910	247,267	168,172	118,211	-	574,560
Financial assets available for sale	573,274	280,348	2,472,058	1,948,303	2,931,369	8,205,352
Investments in associates and subsidiares	-	-	-	-	119,731	119,731
Goodwill	-	-	-	-	50,130	50,130
Deferred tax asset	1,018	2,036	9,164	48,876	27,451	88,546
Non current assets and other assets	-	149,855	-	-	994,275	1,144,130
Total assets	**17,831,149**	**12,343,761**	**5,650,281**	**5,867,241**	**4,414,303**	**46,106,735**
Liabilities						
Due to banks	573,460	138,650	-	22,410	-	734,520
Due to customers	20,643,364	8,128,336	5,045,054	2,071,241	66,045	35,954,041
Debt issued and borrowed funds	1,680,702	458,222	221,746	154,282	-	2,514,952
Subordinated debt	449,990	-	-	-	-	449,990
Derivative financial instruments	87,673	-	-	-	-	87,673
Current tax liability	-	-	2,357	-	-	2,357
Deffered tax liability	-	-	-	-	2,982	2,982
Other liabilities	496,605	113,401	-	-	-	610,005
Total liabilities	**23,931,794**	**8,838,609**	**5,269,157**	**2,247,933**	**69,028**	**40,356,520**
Total shareholders' equity	**-**	**-**	**-**	**-**	**5,750,215**	
Net position	**(6,100,646)**	**3,505,152**	**381,124**	**3,619,308**	**(1,404,940)**	

(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)

Bank

December 31, 2014	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
ASSETS						
Cash in hand	1,357,549	-	-	-	-	1,357,549
Due from Central Bank	5,832,421	-	-	-	-	5,832,421
Due from banks	937,372	164,073	6,544	73,176	54,882	1,236,048
Derivatives and other financial instruments held for trading	693,905	-	-	-	-	693,905
Loans and advances to customers	8,428,312	11,507,017	3,024,885	3,336,462	164,533	26,461,209
Financial assets available for sale	573,273	280,349	2,472,058	1,944,861	2,931,369	8,201,911
Investments in associates and subsidiares	-	-	-	-	157,460	157,460
Goodwill	-	-	-	-	50,130	50,130
Deferred tax asset	1,018	2,036	9,164	48,876	32,169	93,264
Non current assets and other assets	-	118,770	-	-	977,312	1,096,082
Total assets	**17,823,850**	**12,072,246**	**5,512,651**	**5,403,375**	**4,367,857**	**45,179,978**
Liabilities						
Due to banks	573,458	138,650	-	-	22,411	734,520
Due to customers	20,659,508	8,128,859	5,057,404	2,112,634	82,451	36,040,856
Debt issued and borrowed funds	1,584,492	118,654	84,653	28,725	0	1,816,524
Subordinated debt	449,990	-	-	-	-	449,990
Derivative financial instruments	87,676	-	-	-	-	87,676
Other liabilities	448,910	109,085	-	-	-	557,995
Total liabilities	**23,804,033**	**8,495,247**	**5,142,057**	**2,141,360**	**104,863**	**39,687,560**
Total shareholders' equity	**-**	**-**	**-**	**-**	**5,492,417**	
Net position	**(5,980,184)**	**3,576,999**	**370,594**	**3,262,015**	**(1,229,425)**	

(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
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
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	**(5,247,286)**	**3,082,274**	**(115,357)**	**3,707,283**	**(1,426,914)**	

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 monetize a financial asset quickly and for an amount close to its fair value.

The Group manages the exposure to the liquidity risk using a specific framework designed to manage it both under normal day-to-day conditions and in the event of a potential liquidity crisis. The liquidity risk management approach starts at the intraday level managing the daily payments flows, forecasting and managing cash flows, and factoring in the access to central bank monetary policy operations and standing facilities. It then covers a longer term perspective, comprising the maturity profile of all assets and liabilities and the funding strategy.

The liquidity risk position, under normal conditions, is measured at consolidated level using the static liquidity gaps indicator which is defined as the difference between the expected future outflows and inflows related to the current transactions (no new business included), determined for each time bucket and currency based on the contractual maturity of the transactions, or, for non-maturing products, based on a maturity modelled using historical client behaviour or a conventional maturity.
For each budgeting and planning exercise, the future funding needs are assessed starting from the actual liquidity position and budgeted evolution of assets and liabilities. When a deficit is expected, funding solutions are assessed and appropriate actions are planned.

The Group performs liquidity risk stress tests on a quarterly basis in order to identify and quantify its exposures to possible liquidity stresses, analyzing potential impacts on the cash flows and liquidity position. The Group is considering 3 liquidity crisis scenarios: specific to the Group (idiosyncratic), systemic and a combination of both. The Group maintains a liquidity buffer of unencumbered, high quality liquid assets as an insurance against a range of liquidity stress scenarios. A contingency funding plan is designed to protect the stakeholders' interests and to ensure positive outcome in the event of a liquidity crisis.

The maturity structure of the Group's and the Bank's assets and liabilities, based on the contractual maturity as of December 31, 2014 and 2013 is as follows:

(Amounts in thousands RON)

42.Risk management (continued)

42.3 Liquidity risk (continued) Group

December 31, 2014	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash in hand	1,357,570	1,357,570	-	-	-	-	-
Due from Central Bank	5,832,421	5,832,421	-	-	-	-	-
Due from banks	1,263,276	937,372	166,195	-	92,273	67,435	-
Derivatives and other financial instruments held for trading	693,905	693,905	-	-	-	-	-
Loans and advances to customers	26,777,116	1,397,947	826,948	4,180,050	12,091,314	8,280,858	-
Financial lease receivables	574,560	40,703	247,474	168,172	118,211	-	-
Financial assets available for sale	8,205,352	573,273	280,349	2,472,058	1,948,303	2,931,369	-
Investments in associates and subsidiares	119,731	-	-	-	-	-	119,731
Goodwill	50,130	-	-	-	-	-	50,130
Deferred tax asset	88,546	1,018	2,036	9,164	48,876	24,438	3,013
Non current assets and other assets	1,144,128	-	149,855	-	-	-	994,273
Total assets	**46,106,735**	**10,834,209**	**1,672,858**	**6,829,444**	**14,298,977**	**11,304,100**	**1,167,147**
LIABILITIES							
Due to banks	734,520	573,459	4,187	22,411	89,642	44,821	-
Due to customers	35,954,041	24,117,849	4,653,850	5,045,054	2,071,243	66,045	-
Debt issued and borrowed funds	2,514,952	34,703	78,179	1,746,130	626,618	29,322	-
Subordinated debt	449,990	-	1,780	448,210	-	-	-
Derivative financial instruments	87,673	87,673	-	-	-	-	-
Current tax liability	2,357	-	-	2,357	-	-	-
Deffered tax liability	2,982	-	-	-	-	-	2,982
Other liabilities	610,004	496,604	113,401	-	-	-	-
Shareholders' equity	**40,356,520**	**25,310,289**	**4,851,396**	**7,264,162**	**2,787,502**	**140,189**	**2,982**
Total shareholders equity	**5,750,215**	**-**	**-**	**-**	**-**	**-**	**5,750,215**
Gap		**(14,476,080)**	**(3,178,538)**	**(434,718)**	**11,511,474**	**11,163,911**	**(4,586,050)**
Cumulative gap		**(14,476,080)**	**(17,654,618)**	**(18,089,336)**	**(6,577,861)**	**4,586,050**	**-**

(Amounts in thousands RON)

42.Risk management (continued)

42.3 Liquidity risk (continued) 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 active	**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) Bank

December 31, 2014	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
ASSETS							
Cash in hand	1,357,549	1,357,549	-	-	-	-	-
Due from Central Bank	5,832,421	5,832,421	-	-	-	-	-
Due from banks	1,236,048	937,372	164,073	-	79,720	54,882	-
Derivatives and other financial instruments held for trading	693,905	693,905	-	-	-	-	-
Loans and advances to customers	26,461,210	1,376,636	890,849	4,210,593	11,761,654	8,221,477	-
Financial lease receivables	-	-	-	-	-	-	-
Financial assets available for sale	8,201,911	573,273	280,349	2,472,058	1,944,861	2,931,369	-
Investments in associates and subsidiares	157,460	-	-	-	-	-	157,460
Goodwill	50,130	-	-	-	-	-	50,130
Deferred tax asset	93,263	1,018	2,036	9,163	48,876	32,168	-
Non current assets and other assets	1,096,082	-	118,770	-	-	-	977,312
Total assets	**45,179,978**	**10,772,174**	**1,456,079**	**6,691,814**	**13,835,112**	**11,239,897**	**1,184,902**
LIABILITIES							
Due to banks	734,519	573,458	4,187	22,411	89,642	44,821	-
Due to customers	36,040,858	24,133,993	4,654,372	5,057,404	2,112,634	82,452	-
Debt issued and borrowed funds	1,816,524	1,522	22,180	1,533,470	238,457	20,895	-
Subordinated debt	449,990	-	1,780	448,210	-	-	-
Derivative financial instruments	87,676	87,676	-	-	-	-	-
Other liabilities	557,995	448,910	109,085	-	-	-	-
Shareholders' equity	**39,687,562**	**25,245,559**	**4,791,604**	**7,061,495**	**2,440,734**	**148,168**	**-**
Total shareholders equity	**5,492,417**	**-**	**-**	**-**	**-**	**-**	**5,492,417**
Gap		**(14,473,385)**	**(3,335,525)**	**(369,681)**	**11,394,378**	**11,091,729**	**(4,307,515)**
Cumulative gap		**(14,473,385)**	**(17,808,910)**	**(18,178,592)**	**(6,784,215)**	**4,307,515**	**-**

(Amounts in thousands RON)

42.Risk management (continued)

42.3 Liquidity risk (continued) 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 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
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	-	-	-	-	-
Deffered tax liability	-	-	-	-	-	-	-
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)

Future undiscounted cash flows

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

Group

December 31, 2014	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
LIABILITIES							
Due to banks	749,269	573,563	4,521	24,620	98,787	47,778	-
Due to customers	36,456,039	24,267,165	4,703,115	5,185,579	2,226,272	73,907	-
Debt issued and borrowed funds	2,574,912	46,909	82,016	1,776,754	643,153	26,078	-
Subordinated debt	455,156	5,393	-	449,762	-	-	-
Derivative financial instruments	53,707	26,509	1,796	8,123	15,241	2,038	-
Current tax liability	2,357	-	-	2,357	-	-	-
Deffered tax liability	2,982	-	-	-	-	-	2,982
Other liabilities except for fair values of derivatives	610,006	496,606	113,401	-	-	-	-
Letters of guarantee granted	7,665,046	7,665,046	-	-	-	-	-
Total liabilities	**48,569,475**	**33,081,191**	**4,904,849**	**7,447,194**	**2,983,455**	**149,802**	**2,982**

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	4,294,269	133,710	374,745	1,855,290	1,929,292	1,233	-
Subordinated debt	460,754	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	495,468	494,964	504	-	-	-	-
Letters of guarantee granted	7,665,046	7,665,046	-	-	-	-	-
Total liabilities	**50,823,229**	**33,992,432**	**6,143,401**	**6,842,382**	**3,683,605**	**161,408**	**-**

(Amounts in thousands RON)

42.Risk management (continued)

42.3 Liquidity risk (continued)

Future undiscounted cash flows (continued)

Bank

December 31, 2014	Total	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Without defined maturity
LIABILITIES							
Due to banks	749,269	573,563	4,521	24,620	98,787	47,778	-
Due to customers	36,557,816	24,286,058	4,703,637	5,186,363	2,288,886	92,873	-
Debt issued and borrowed funds	1,849,875	11,682	22,966	1,553,785	240,547	20,895	-
Subordinated debt	455,156	5,393	-	449,762	-	-	-
Derivative financial instruments	53,978	26,493	1,779	8,198	15,471	2,038	-
Other liabilities except for fair values of derivatives	557,995	448,910	109,085	-	-	-	-
Letters of guarantee granted	7,898,833	7,898,833	-	-	-	-	-
Total liabilities	**48,122,923**	**33,250,933**	**4,841,987**	**7,222,728**	**2,643,691**	**163,584**	**-**

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	-
Deffered tax liability	-	-	-	-	-	-	-
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**	**-**

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. Operational risk so defined includes legal risk and excludes strategic and reputation risks.

The Group's operational risk management system was developed and strengthened over the years and allows:
- ✓ identification, analysis and evaluation, control and monitoring of operational risks;
- ✓ implementation of measures meant to improve and strengthen the control system, in order to prevent/reduce operational risk losses;
- ✓ regulatory compliance regarding calculation of capital requirements for operational risk.

The day to day management of operational risk is the responsibility of each business unit. The personnel have to be always aware of their responsibilities in connection with identification and reporting of operational risks and other duties which may arise in relation with the management of operational risks.

The Group operational risk management system includes multiple tools and processes:
- ✓ collection of internal data on operational risk losses;
- ✓ Risk and Control Self-Assessment (RCSA) process;
- ✓ Key Risk Indicators (KRI);
- ✓ scenario analysis;
- ✓ permanent supervision on processes;
- ✓ fraud prevention;
- ✓ crisis management and business continuity planning;
- ✓ evaluation of risks related to new products and activities, through a dedicated internal committee;
- ✓ training of personnel;
- ✓ communication between relevant structures involved in risk management.

In 2014, the Group operational risk strategy focused on the following axes:
- ✓ adapting the internal control system to organizational changes in the bank (resources, controls performed), improving the quality of permanent supervision;
- ✓ strengthening bank's fraud prevention system;
- ✓ developing and monitoring of new Key Risk Indicators;
- ✓ increasing the awareness of personnel through the implementation of operational risk management objectives;
- ✓ enhancing the operational risk culture through the training of staff.

As member of the Societe Generale Group, BRD is using since 2008 the Advanced Measurement Approach (AMA) for the calculation of operational risk capital requirement, which is allocated from Group level.

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 period ended December 31, 2013, 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).
Starting 2014 the Group applied European Regulation No 575 / 2013 of the European Parliament and of the Council (Basel III). During 2014 and 2013 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, 2014				December 31, 2014			
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	-	84,571	-	84,571	-	84,571	-	84,571
Currency swaps	-	28,215	-	28,215	-	28,215	-	28,215
Forward foreign exchange contracts	-	18,808	-	18,808	-	18,808	-	18,808
Currency options	-	17,612	-	17,612	-	17,612	-	17,612
	-	**149,206**	**-**	**149,206**	**-**	**149,206**	**-**	**149,206**
Financial assets available for sale								
Treasury notes	8,039,400	-	-	8,039,400	8,039,400	-	-	8,039,400
Equity investments	3,861	-	5,727	9,588	3,861	-	5,727	9,588
Other securities	156,365	-	-	156,365	152,924	-	-	152,924
	8,199,626	-	**5,727**	**8,205,353**	**8,196,185**	-	**5,727**	**8,201,912**
Non-derivative financial instruments held for trading	544,699	-	-	544,699	544,699	-	-	544,699
Total	**8,744,325**	**149,206**	**5,727**	**8,899,258**	**8,740,884**	**149,206**	**5,727**	**8,895,817**
Assets for which fair value is disclosed								
Cash in hand	1,357,570	-	-	1,357,570	1,357,549	-	-	1,357,549
Due from Central Bank	-	5,832,421	-	5,832,421	-	5,832,421	-	5,832,421
Due from banks	-	1,263,276	-	1,263,276	-	1,236,048	-	1,236,048
Loans and advances to customers	-	-	27,551,863	27,551,863	-	-	26,890,433	26,890,433
Financial lease receivables	-	-	531,170	531,170	-	-	-	-
Property, plant and equipment	-	-	993,251	993,251	-	-	982,523	982,523
Total	**1,357,570**	**7,095,697**	**29,076,285**	**37,529,552**	**1,357,549**	**7,068,469**	**27,872,956**	**36,298,974**

(Amounts in thousands RON)

44. Fair value (continued)

	Group				Bank			
	December 31, 2014				December 31, 2014			
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	-	45,337	-	45,337	-	45,337	-	45,337
Currency swaps	-	19,920	-	19,920	-	19,923	-	19,923
Forward foreign exchange contracts	-	4,888	-	4,888	-	4,888	-	4,888
Currency options	-	17,528	-	17,528	-	17,528	-	17,528
Total	**-**	**87,673**	**-**	**87,673**	**-**	**87,676**	**-**	**87,676**
Liabilities for which fair value is disclosed								
Due to banks	-	738,382	-	738,382	-	738,382	-	738,382
Due to customers	-	36,260,622	-	36,260,622	-	36,348,178	-	36,348,178
Debt issued and borrowed funds	-	2,530,140	-	2,530,140	-	1,827,494	-	1,827,494
Subordinated debt	-	451,821	-	451,821	-	451,821	-	451,821
Total	**-**	**39,980,964**	**-**	**39,980,964**	**-**	**39,365,875**	**-**	**39,365,875**

(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**
Non-derivative 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	-	-	-	-
Property, plant and equipment	-	-	1,024,768	1,024,768	-	-	1,011,853	1,011,853
Total	**1,101,405**	**9,392,578**	**29,585,095**	**40,079,079**	**1,101,381**	**9,365,041**	**28,773,560**	**39,239,982**

(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**

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, 2014		December 31, 2013		December 31, 2014		December 31, 2013	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets								
Cash in hand	1,357,570	1,357,570	1,101,405	1,101,405	1,357,549	1,357,549	1,101,381	1,101,381
Due from Central Bank	5,832,421	5,832,421	8,678,096	8,678,096	5,832,421	5,832,421	8,678,096	8,678,096
Due from banks	1,263,276	1,263,276	714,482	714,482	1,236,048	1,236,048	686,945	686,945
Loans and advances to customers	26,777,114	27,551,863	28,059,177	28,058,412	26,461,209	26,890,433	27,763,598	27,761,706
Financial lease receivables	574,560	531,170	568,922	501,915	-	-	-	-
Property, plant and equipment	909,049	993,251	971,012	1,024,768	898,321	982,523	958,097	1,011,853
	36,713,989	**37,529,552**	**40,093,094**	**40,079,079**	**35,785,548**	**36,298,974**	**39,188,117**	**39,239,982**
Financial liabilities								
Due to banks	734,520	738,382	1,344,705	1,344,705	734,520	738,382	1,344,705	1,344,705
Due to customers	35,954,041	36,260,622	36,064,588	36,080,652	36,040,857	36,348,178	36,145,990	36,162,099
Debt issued and borrowed funds	2,514,952	2,530,140	4,101,464	4,101,907	1,816,524	1,827,494	3,391,590	3,391,956
Subordinated debt	449,990	451,821	450,327	450,059	449,990	451,821	450,327	450,059
	39,653,502	**39,980,964**	**41,961,084**	**41,977,323**	**39,041,890**	**39,365,875**	**41,332,612**	**41,348,819**

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.