# BRD – Groupe Société Générale S.A.
## INDIVIDUAL STATEMENT OF FINANCIAL POSITION
as of June 30, 2014
(Amounts in thousands RON)

### ASSETS

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash in hand</td>
<td>796,873</td>
<td>1,101,381</td>
</tr>
<tr>
<td></td>
<td>Due from Central Bank</td>
<td>5,945,279</td>
<td>8,678,096</td>
</tr>
<tr>
<td></td>
<td>Due from banks</td>
<td>1,906,355</td>
<td>686,945</td>
</tr>
<tr>
<td></td>
<td>Derivatives and other financial instruments held for trading</td>
<td>401,165</td>
<td>754,923</td>
</tr>
<tr>
<td></td>
<td>Loans and advances to customers</td>
<td>27,107,055</td>
<td>27,763,598</td>
</tr>
<tr>
<td></td>
<td>Financial assets available for sale</td>
<td>7,396,073</td>
<td>6,499,268</td>
</tr>
<tr>
<td></td>
<td>Investments in associates and subsidiaries</td>
<td>157,460</td>
<td>157,460</td>
</tr>
<tr>
<td></td>
<td>Property, plant and equipment</td>
<td>923,415</td>
<td>958,097</td>
</tr>
<tr>
<td></td>
<td>Goodwill</td>
<td>50,130</td>
<td>50,130</td>
</tr>
<tr>
<td></td>
<td>Intangible assets</td>
<td>81,537</td>
<td>81,964</td>
</tr>
<tr>
<td></td>
<td>Deferred tax asset</td>
<td>102,398</td>
<td>152,672</td>
</tr>
<tr>
<td></td>
<td>Other assets</td>
<td>235,731</td>
<td>194,569</td>
</tr>
<tr>
<td></td>
<td><strong>Total assets</strong></td>
<td><strong>45,103,471</strong></td>
<td><strong>47,079,103</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND SHAREHOLDERS’ EQUITY

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Due to banks</td>
<td>1,115,507</td>
<td>1,344,705</td>
</tr>
<tr>
<td></td>
<td>Due to customers</td>
<td>34,208,938</td>
<td>36,145,990</td>
</tr>
<tr>
<td></td>
<td>Debt issued and borrowed funds</td>
<td>3,330,916</td>
<td>3,391,590</td>
</tr>
<tr>
<td></td>
<td>Subordinated debt</td>
<td>440,602</td>
<td>450,327</td>
</tr>
<tr>
<td></td>
<td>Derivative financial instruments</td>
<td>91,655</td>
<td>138,214</td>
</tr>
<tr>
<td></td>
<td>Other liabilities</td>
<td>475,873</td>
<td>447,298</td>
</tr>
<tr>
<td></td>
<td><strong>Total liabilities</strong></td>
<td><strong>39,663,491</strong></td>
<td><strong>41,918,124</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share capital</td>
<td>2,515,622</td>
<td>2,515,622</td>
</tr>
<tr>
<td></td>
<td>Reserves from revaluation of available for sale assets</td>
<td>231,720</td>
<td>78,301</td>
</tr>
<tr>
<td></td>
<td>Reserves from defined pension plan</td>
<td>(3,017)</td>
<td>(3,017)</td>
</tr>
<tr>
<td></td>
<td>Retained earnings</td>
<td>2,695,655</td>
<td>2,570,073</td>
</tr>
<tr>
<td></td>
<td><strong>Total equity</strong></td>
<td><strong>5,439,980</strong></td>
<td><strong>5,160,979</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Total liabilities and equity</strong></td>
<td><strong>45,103,471</strong></td>
<td><strong>47,079,103</strong></td>
</tr>
</tbody>
</table>

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*The accompanying notes are an integral part of this interim report*

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Signature: Philippe Chopie
President and Chief Executive Officer

Signature: Petre Buneșcu
Deputy Chief Executive Officer
## INVIDUAL INCOME STATEMENT

for the period ended June 30, 2014  
(Amounts in thousands RON)

<table>
<thead>
<tr>
<th>Note</th>
<th>Six months ended</th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2014</td>
<td>June 30, 2013</td>
</tr>
<tr>
<td>Interest and similar income</td>
<td>21</td>
<td>1,114,496</td>
</tr>
<tr>
<td>Interest and similar expense</td>
<td>22</td>
<td>(357,259)</td>
</tr>
<tr>
<td>Net interest income</td>
<td></td>
<td>757,237</td>
</tr>
<tr>
<td>Fees and commissions, net</td>
<td>23</td>
<td>369,994</td>
</tr>
<tr>
<td>Foreign exchange gain</td>
<td></td>
<td>2,157</td>
</tr>
<tr>
<td>Gain on derivative and other financial instruments held for trading</td>
<td></td>
<td>148,224</td>
</tr>
<tr>
<td>Income from associates</td>
<td></td>
<td>2,838</td>
</tr>
<tr>
<td>Contribution to Deposit Guarantee Fund</td>
<td>25</td>
<td>(43,837)</td>
</tr>
<tr>
<td>Other net income</td>
<td>24</td>
<td>7,064</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td>1,243,678</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>26</td>
<td>(296,848)</td>
</tr>
<tr>
<td>Depreciation, amortisation and impairment on tangible assets</td>
<td>27</td>
<td>(66,949)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>28</td>
<td>(243,854)</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td></td>
<td>(607,650)</td>
</tr>
<tr>
<td>Credit loss expense</td>
<td>29</td>
<td>(492,125)</td>
</tr>
<tr>
<td><strong>Profit before income tax</strong></td>
<td></td>
<td>143,903</td>
</tr>
<tr>
<td>Deferred tax expense</td>
<td></td>
<td>(21,051)</td>
</tr>
<tr>
<td><strong>Total income tax</strong></td>
<td></td>
<td>(21,051)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td></td>
<td>122,852</td>
</tr>
<tr>
<td>Earnings per share (in RON)</td>
<td>35</td>
<td>0.1763</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this interim report
BRD – Groupe Société Générale S.A.
INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME
for the period ended June 30, 2014
(Amounts in thousands RON)

<table>
<thead>
<tr>
<th></th>
<th>Six months ended</th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2014</td>
<td>June 30, 2013</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>122,852</td>
<td>62,169</td>
</tr>
<tr>
<td>Gain on available-for-sale financial assets</td>
<td>182,642</td>
<td>(13,752)</td>
</tr>
<tr>
<td>Income tax relating to available-for-sale financial assets</td>
<td>(29,223)</td>
<td>2,200</td>
</tr>
<tr>
<td>Net comprehensive income to be reclassified to profit and loss in subsequent periods</td>
<td>153,419</td>
<td>(11,552)</td>
</tr>
<tr>
<td>Total comprehensive income for the period, net of tax</td>
<td>276,271</td>
<td>50,617</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this interim report
BRD – Groupe Société Générale S.A.

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
for the period ended June 30, 2014

(Amounts in thousands RON)

<table>
<thead>
<tr>
<th>Note</th>
<th>Issued capital</th>
<th>Reserves from revaluation of available for sale assets</th>
<th>Retained earnings</th>
<th>Reserves from defined pension plan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2012</td>
<td>2,515,622</td>
<td>58,536</td>
<td>2,949,174</td>
<td>(16,250)</td>
<td>5,507,082</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>(11,552)</td>
<td>62,169</td>
<td>-</td>
<td>50,617</td>
</tr>
<tr>
<td>Shared-based payment transactions</td>
<td>-</td>
<td>-</td>
<td>3,464</td>
<td>-</td>
<td>3,464</td>
</tr>
<tr>
<td>June 30, 2013</td>
<td>2,515,622</td>
<td>46,984</td>
<td>3,014,807</td>
<td>(16,250)</td>
<td>5,561,163</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Issued capital</th>
<th>Reserves from revaluation of available for sale assets</th>
<th>Retained earnings</th>
<th>Reserves from defined pension plan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2013</td>
<td>2,515,622</td>
<td>78,301</td>
<td>2,570,073</td>
<td>(3,017)</td>
<td>5,160,979</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>19,765</td>
<td>(385,776)</td>
<td>13,234</td>
<td>(352,777)</td>
</tr>
<tr>
<td>Shared-based payment transactions</td>
<td>-</td>
<td>-</td>
<td>6,675</td>
<td>-</td>
<td>6,675</td>
</tr>
<tr>
<td>December 31, 2013</td>
<td>2,515,622</td>
<td>78,301</td>
<td>2,570,073</td>
<td>(3,017)</td>
<td>5,160,979</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>153,419</td>
<td>122,852</td>
<td>-</td>
<td>276,271</td>
</tr>
<tr>
<td>Shared-based payment transactions</td>
<td>-</td>
<td>-</td>
<td>2,730</td>
<td>-</td>
<td>2,730</td>
</tr>
<tr>
<td>June 30, 2014</td>
<td>2,515,622</td>
<td>231,720</td>
<td>2,695,655</td>
<td>(3,017)</td>
<td>5,439,980</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this interim report.
## Individual Statement of Cash Flows

**for the period ended June 30, 2014**

*(Amounts in thousands RON)*

The accompanying notes are an integral part of this interim report

<table>
<thead>
<tr>
<th>Note</th>
<th>Six months ended June 30, 2014</th>
<th>Six months ended June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>143,903</td>
<td>89,012</td>
</tr>
<tr>
<td><strong>Adjustments for non-cash items</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization expense and net loss/(gain) from disposals of tangible and intangible assets</td>
<td>27</td>
<td>66,949</td>
</tr>
<tr>
<td>Share based payment</td>
<td>2,730</td>
<td>3,464</td>
</tr>
<tr>
<td>Net expenses from impairment of loans and from provisions</td>
<td>30</td>
<td>564,714</td>
</tr>
<tr>
<td><strong>Income tax paid</strong></td>
<td>(6,701)</td>
<td>(26,784)</td>
</tr>
<tr>
<td><strong>Operating profit before changes in operating assets and liabilities</strong></td>
<td>771,595</td>
<td>843,893</td>
</tr>
<tr>
<td><strong>Changes in operating assets and liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current account with NBR</td>
<td>2,732,817</td>
<td>2,240,833</td>
</tr>
<tr>
<td>Accounts and deposits with banks</td>
<td>89,783</td>
<td>(101,404)</td>
</tr>
<tr>
<td>Available for sale securities</td>
<td>(743,386)</td>
<td>(130,927)</td>
</tr>
<tr>
<td>Loans</td>
<td>85,663</td>
<td>418,912</td>
</tr>
<tr>
<td>Other assets</td>
<td>341,819</td>
<td>20,464</td>
</tr>
<tr>
<td>Due to banks</td>
<td>(229,198)</td>
<td>(3,097,722)</td>
</tr>
<tr>
<td>Due to customers</td>
<td>(1,937,052)</td>
<td>1,364,393</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(5,105)</td>
<td>66,175</td>
</tr>
<tr>
<td><strong>Total changes in operating assets and liabilities</strong></td>
<td>335,341</td>
<td>780,724</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>1,106,936</td>
<td>1,624,617</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from equity investments</td>
<td>-</td>
<td>117</td>
</tr>
<tr>
<td>Acquisition of tangible and intangible assets</td>
<td>(31,854)</td>
<td>(20,017)</td>
</tr>
<tr>
<td>Proceeds from sale of tangible and intangible assets</td>
<td>14</td>
<td>42</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td>(31,840)</td>
<td>(19,858)</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease) in borrowings</td>
<td>(70,399)</td>
<td>(1,364,092)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(12)</td>
<td>(73)</td>
</tr>
<tr>
<td><strong>Net cash from financing activities</strong></td>
<td>(70,411)</td>
<td>(1,364,165)</td>
</tr>
<tr>
<td><strong>Net movements in cash and cash equivalents</strong></td>
<td>1,004,685</td>
<td>240,594</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of the period</strong></td>
<td>1,448,065</td>
<td>1,122,143</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the period</strong></td>
<td>2,452,751</td>
<td>1,362,737</td>
</tr>
</tbody>
</table>

Operational cash flows from interest and dividends

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2014</th>
<th>Six months ended June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest paid</strong></td>
<td>377,067</td>
<td>481,846</td>
</tr>
<tr>
<td><strong>Interest received</strong></td>
<td>1,218,860</td>
<td>1,196,944</td>
</tr>
<tr>
<td><strong>Dividends received</strong></td>
<td>2,838</td>
<td>1,476</td>
</tr>
</tbody>
</table>
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 offers a wide range of banking and financial services to corporates and individuals, as allowed by law.

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

The Bank has as at June 30, 2014 869 units throughout the country (December 31, 2013: 883).

The average number of employees of the Bank during the first semester of 2014 was 7,708 (2013: 7,858), and the number of employees of the Bank as of the period-end was 7,691 (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:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Societe Generale France</td>
<td>60.17%</td>
<td>60.17%</td>
</tr>
<tr>
<td>SIF Transilvania</td>
<td>4.56%</td>
<td>4.56%</td>
</tr>
<tr>
<td>Fondul Proprietatea</td>
<td>3.64%</td>
<td>3.64%</td>
</tr>
<tr>
<td>SIF Oltenia</td>
<td>3.20%</td>
<td>3.36%</td>
</tr>
<tr>
<td>Legal entities</td>
<td>24.37%</td>
<td>24.48%</td>
</tr>
<tr>
<td>Individuals</td>
<td>4.06%</td>
<td>3.79%</td>
</tr>
<tr>
<td>Total</td>
<td><strong>100.00%</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
2. Basis of preparation

a) Basis of preparation

The interim report was prepared in accordance with National Bank of Romania Order no 27/2010 for approval of Accounting Regulations in accordance with International Financial Reporting Standards applicable to credit institutions, as amended and in accordance with Romanian National Securities Commission Regulation no 1/2006 on issuers and operations with securities and Article 3 from Romanian National Securities Commission Regulation no 1/2008.

The interim report includes statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders’ equity, cash flow statement, and notes presented at individual level.

The figures in the interim report are presented in Romanian lei (“RON”), which is the Bank’s functional and presentation currency, rounded to the nearest thousand, except when otherwise indicated. The interim report has been prepared on a historical cost basis, except for available-for-sale investments, derivative financial instruments, other financial assets and liabilities held for trading or financial assets and liabilities designated at fair value through profit or loss, which have all been measured at fair value.

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

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

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

- **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.
2. Basis of preparation (continued)

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

- **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.


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

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

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

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

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

c) 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 Bank’s interim report are listed below. This listing is of standards and interpretations issued, which the Bank reasonably expects to be applicable at a future date. The Bank intends to adopt those standards when they become effective. The Bank anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the interim report of the Bank in the period of initial application.

- **IFRIC 21 “Levies”** published by IASB on 20 May 2013 (effective for annual periods beginning on or after January 1, 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- **d) Standards and Interpretations that are issued by IASB but not yet adopted by the EU**

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretation, which were not endorsed for use as at the date of this interim report:

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

- **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.
2. Basis of preparation (continued)

d) Standards and Interpretations that are issued by IASB but not yet adopted by the EU (continued)

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

- **Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)”** published by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required 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 by IASB but not yet adopted by the EU (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.

e) Significant accounting judgments and estimates

In the process of applying the Bank’s accounting policies, management is required to use its judgements and make estimates in determining the amounts recognized in the interim report. The most significant use of judgements and estimates are as follows:

**Going concern**

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

**Fair value of financial instruments**

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements 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 36.

**Impairment losses on loans and receivables**

The Bank 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, judgement 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 Bank also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any deterioration in country risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.
2. Basis of preparation (continued)

e) Significant accounting judgments and estimates (continued)

Impairment of available-for-sale investments
The Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 June 30, 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. Judgement 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 Bank estimates that the tax losses related to 2012 and 2013 financial years will be covered from the tax profits expected in the next consecutive seven years.

Retirement benefits
The cost of the defined benefit retirement plan is determined using an actuarial valuation at each year end. 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 17.

f) Segment information

An operating segment is a component of the Bank:

- 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 assess its performance, and;
- For which distinct financial information is available;

The Bank’s segment reporting is based on the following operating segments: Individuals, Professionals, Very small enterprises, SMEs, Large corporate.
3. Segment information

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

- **Individuals** – The Bank 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 Bank provides professionals customers with a range of banking products such as: saving and deposits taking, loans and other credit facilities; professionals include freelancers, liberal professions and companies with annual turnover below EUR 0.1 million.
- **Very small enterprises** – The Bank provides very small enterprises with a range of banking products such as: saving and deposits taking, loans and other credit facilities. Very small enterprises are companies with annual turnover between EUR 0.1 million and EUR 3 million.
- **SMEs** - The Bank 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 advice, financial planning, securities business, project and structured finance transaction, syndicated loans and asset backed transactions. The large corporate customers are the customers managed by Corporate and Investment Banking Division and/or corporate customers with annual turnover higher than 50 million EUR.

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

The process of income and expenses allocation by segment is currently under review and will be presented in the year-end financial statements. Therefore, as at June 30, 2014 and December 31, 2013 the Bank presents segment information only for the major items of the statement of financial position.

<table>
<thead>
<tr>
<th></th>
<th>Individuals</th>
<th>Professionals</th>
<th>Very small entities</th>
<th>SMEs</th>
<th>Large corporates</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 30, 2014</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans, gross</td>
<td>17,021,048</td>
<td>1,248,269</td>
<td>4,918,049</td>
<td>4,372,225</td>
<td>4,954,734</td>
<td>32,514,325</td>
</tr>
<tr>
<td>Loans impairment</td>
<td>(1,021,641)</td>
<td>(745,929)</td>
<td>(2,266,653)</td>
<td>(1,022,564)</td>
<td>(350,483)</td>
<td>(5,407,270)</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>15,999,407</td>
<td>502,339</td>
<td>2,651,397</td>
<td>3,349,661</td>
<td>4,604,251</td>
<td>27,107,055</td>
</tr>
<tr>
<td>Due to customers</td>
<td>17,291,527</td>
<td>983,774</td>
<td>2,465,693</td>
<td>4,447,445</td>
<td>9,020,499</td>
<td>34,208,938</td>
</tr>
<tr>
<td><strong>December 31, 2013</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans, gross</td>
<td>17,238,655</td>
<td>1,480,352</td>
<td>4,981,377</td>
<td>4,987,940</td>
<td>4,808,329</td>
<td>33,496,653</td>
</tr>
<tr>
<td>Loans impairment</td>
<td>(1,038,941)</td>
<td>(797,108)</td>
<td>(1,967,842)</td>
<td>(1,535,943)</td>
<td>(393,221)</td>
<td>(5,733,055)</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>16,199,714</td>
<td>683,244</td>
<td>3,013,535</td>
<td>3,451,997</td>
<td>4,415,108</td>
<td>27,763,598</td>
</tr>
<tr>
<td>Due to customers</td>
<td>16,791,671</td>
<td>1,158,778</td>
<td>2,756,050</td>
<td>5,126,582</td>
<td>10,312,908</td>
<td>36,145,989</td>
</tr>
</tbody>
</table>
4. Due from banks

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits at Romanian banks</td>
<td>366,272</td>
<td>263,374</td>
</tr>
<tr>
<td>Deposits at foreign banks</td>
<td>1,214,133</td>
<td>162,431</td>
</tr>
<tr>
<td>Current accounts at Romanian banks</td>
<td>220</td>
<td>0</td>
</tr>
<tr>
<td>Current accounts at foreign banks</td>
<td>325,730</td>
<td>261,140</td>
</tr>
<tr>
<td>Total</td>
<td>1,906,355</td>
<td>686,945</td>
</tr>
</tbody>
</table>

5. Derivative and other financial instruments held for trading

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets Liabilities</td>
<td>Notional</td>
<td>Notional</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>42,045</td>
<td>55,321</td>
</tr>
<tr>
<td>Currency swaps</td>
<td>52,868</td>
<td>4,501</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>5,865</td>
<td>20,443</td>
</tr>
<tr>
<td>Currency options</td>
<td>11,131</td>
<td>11,390</td>
</tr>
<tr>
<td>Total derivatives</td>
<td>111,910</td>
<td>91,655</td>
</tr>
<tr>
<td>Financial instruments held for trading</td>
<td>289,255</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>401,165</td>
<td>91,655</td>
</tr>
</tbody>
</table>

The Bank applied also hedge accounting and as at June 30, 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 amount of the hedged item is of 99.9 million EUR with an interest rate of 4.7% and the notional amount of the hedging instrument is of 100 million EUR with a fixed interest rate of 2.171%.

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 accompanying notes are an integral part of this interim report
5. Derivative financial instruments (continued)

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 Bank with other financial institutions in which the Bank 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 Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross-settled.

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

The Bank purchases and sells options in the over-the-counter markets. Options purchased by the Bank provide the Bank 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 Bank 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 Bank provide the purchaser the opportunity to purchase from or sell to the Bank the underlying asset at an agreed-upon value either on or before the expiration of the option.

Financial instruments held for trading are treasury bills held for trading purposes.
6. Loans and advances to customers

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans, gross</td>
<td>32,514,325</td>
<td>33,496,653</td>
</tr>
<tr>
<td>Loans impairment</td>
<td>(5,407,270)</td>
<td>(5,733,055)</td>
</tr>
<tr>
<td>Total</td>
<td>27,107,055</td>
<td>27,763,598</td>
</tr>
</tbody>
</table>

The structure of loans is the following:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital loans</td>
<td>7,824,709</td>
<td>8,158,004</td>
</tr>
<tr>
<td>Loans for equipment</td>
<td>6,326,704</td>
<td>6,762,764</td>
</tr>
<tr>
<td>Trade activities financing</td>
<td>584,808</td>
<td>630,076</td>
</tr>
<tr>
<td>Acquisition of real estate, including mortgage for individuals</td>
<td>7,768,374</td>
<td>7,692,817</td>
</tr>
<tr>
<td>Consumer loans</td>
<td>8,605,959</td>
<td>8,862,552</td>
</tr>
<tr>
<td>Other</td>
<td>1,403,771</td>
<td>1,390,440</td>
</tr>
<tr>
<td>Total</td>
<td>32,514,325</td>
<td>33,496,653</td>
</tr>
</tbody>
</table>

As of June 30, 2014 the amortized cost of loans granted to the 20 largest corporate clients (groups of connected borrowers) amounts to 1,968,286 (December 31, 2013: 2,006,056) while the value of letters of guarantee and letters of credit issued in favour of these clients amounts to 3,150,912 (December 31, 2013: 2,880,760).

Sector analysis

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>52.3%</td>
<td>51.5%</td>
</tr>
<tr>
<td>Public administration, education &amp; health</td>
<td>3.3%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1.9%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9.5%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Transportation, IT&amp;C and other services</td>
<td>3.3%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Trade</td>
<td>12.7%</td>
<td>13.4%</td>
</tr>
<tr>
<td>Constructions</td>
<td>6.3%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Utilities</td>
<td>2.4%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Services</td>
<td>1.6%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Others</td>
<td>4.6%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>2.0%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Impairment allowance for loans

<table>
<thead>
<tr>
<th></th>
<th>Collective impairment</th>
<th>Specific impairment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2012</td>
<td>114,318</td>
<td>3,797,959</td>
<td>3,912,276</td>
</tr>
<tr>
<td>Net provision expenses</td>
<td>71,100</td>
<td>1,904,441</td>
<td>1,975,541</td>
</tr>
<tr>
<td>Provision reversal related to sales and write-offs</td>
<td>(191,597)</td>
<td>(191,597)</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>1,195</td>
<td>35,640</td>
<td>36,835</td>
</tr>
<tr>
<td>Balance as of December 31, 2013</td>
<td>186,614</td>
<td>5,546,442</td>
<td>5,733,055</td>
</tr>
<tr>
<td>Net provision expenses</td>
<td>55,645</td>
<td>440,285</td>
<td>495,930</td>
</tr>
<tr>
<td>Provision reversal related to sales and write-offs</td>
<td>(744,278)</td>
<td>(744,278)</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange (gain) / losses</td>
<td>9,341</td>
<td>(86,778)</td>
<td>(77,437)</td>
</tr>
<tr>
<td>Balance as of June 30, 2014</td>
<td>251,600</td>
<td>5,155,670</td>
<td>5,407,270</td>
</tr>
</tbody>
</table>
6. Loans and advances to customers (continued)

Impaired loans

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired loans 90 days past due and more</td>
<td>5,975,128</td>
<td>6,609,169</td>
</tr>
<tr>
<td>Provisions for impaired loans 90 days past due and more</td>
<td>(4,469,356)</td>
<td>(4,930,181)</td>
</tr>
<tr>
<td>Impaired loans less than 90 days</td>
<td>1,624,755</td>
<td>1,710,410</td>
</tr>
<tr>
<td>Provisions for impaired loans less than 90 days</td>
<td>(686,314)</td>
<td>(616,261)</td>
</tr>
</tbody>
</table>

The value of loans individually determined to be impaired is 7,599,883 (December 31, 2013: 8,319,579).

The decrease in impaired loans is explained by the specific measures implemented by the Bank, consisting of: (i) write-off operations for exposures fully covered by IFRS provisions, in the case of which there was a high degree of uncertainty related to the recovery prospects; (ii) sales of impaired receivables.

7. Financial assets available for sale

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury notes</td>
<td>7,230,844</td>
<td>6,332,125</td>
</tr>
<tr>
<td>Equity investments</td>
<td>9,307</td>
<td>9,566</td>
</tr>
<tr>
<td>Other securities</td>
<td>155,922</td>
<td>157,577</td>
</tr>
<tr>
<td>Total</td>
<td>7,396,073</td>
<td>6,499,268</td>
</tr>
</tbody>
</table>

**Treasury notes**

Treasury notes consist of interest bearing bonds issued by the Romanian Ministry of Public Finance, rated as BBB- by Standard&Poors. As of June 30, 2014 there were no treasury notes that have been pledged to NBR for repo transactions (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.
7. Financial assets available for sale (continued)

Other securities

The Bank holds units in the following funds:

<table>
<thead>
<tr>
<th>June 30, 2014</th>
<th>Unit value</th>
<th>No of units</th>
<th>Market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI Simfonia 1</td>
<td>36</td>
<td>443,129</td>
<td>16,028</td>
</tr>
<tr>
<td>BRD Obligatuni</td>
<td>150</td>
<td>90,353</td>
<td>13,554</td>
</tr>
<tr>
<td>Diverso Europa Regional</td>
<td>149</td>
<td>175,730</td>
<td>26,150</td>
</tr>
<tr>
<td>Actiuni Europa Regional</td>
<td>143</td>
<td>116,238</td>
<td>16,579</td>
</tr>
<tr>
<td>Index Europa Regional</td>
<td>124</td>
<td>21,794</td>
<td>2,699</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>December 31, 2013</th>
<th>Unit value</th>
<th>No of units</th>
<th>Market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI Simfonia 1</td>
<td>35</td>
<td>443,129</td>
<td>15,727</td>
</tr>
<tr>
<td>BRD Obligatuni</td>
<td>148</td>
<td>90,353</td>
<td>13,339</td>
</tr>
<tr>
<td>Diverso Europa Regional</td>
<td>147</td>
<td>175,730</td>
<td>25,836</td>
</tr>
<tr>
<td>Actiuni Europa Regional</td>
<td>139</td>
<td>116,238</td>
<td>16,191</td>
</tr>
<tr>
<td>Index Europa Regional</td>
<td>120</td>
<td>21,794</td>
<td>2,622</td>
</tr>
</tbody>
</table>

8. Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>Land &amp; Buildings</th>
<th>Investment properties</th>
<th>Office equipments</th>
<th>Materials and other assets</th>
<th>Construction in progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>as of December 31, 2012</td>
<td>1,310,382</td>
<td>40,369</td>
<td>233,495</td>
<td>546,128</td>
<td>22,886</td>
<td>2,153,259</td>
</tr>
<tr>
<td>Transfers and additions</td>
<td>11,955</td>
<td>259</td>
<td>19,197</td>
<td>11,070</td>
<td>(13,930)</td>
<td>28,542</td>
</tr>
<tr>
<td>Disposals</td>
<td>(4,274)</td>
<td>(953)</td>
<td>(15,715)</td>
<td>(16,158)</td>
<td></td>
<td>(37,100)</td>
</tr>
<tr>
<td>as of December 31, 2013</td>
<td>1,318,063</td>
<td>39,666</td>
<td>236,977</td>
<td>541,040</td>
<td>8,956</td>
<td>2,144,702</td>
</tr>
<tr>
<td>Transfers and additions</td>
<td>(2,477)</td>
<td>3,405</td>
<td>23,583</td>
<td>448</td>
<td>1,873</td>
<td>26,832</td>
</tr>
<tr>
<td>Disposals</td>
<td>(6,886)</td>
<td>(319)</td>
<td>(4,784)</td>
<td>(4,995)</td>
<td></td>
<td>(16,984)</td>
</tr>
<tr>
<td>as of June 30, 2014</td>
<td>1,308,699</td>
<td>42,753</td>
<td>255,776</td>
<td>536,492</td>
<td>10,829</td>
<td>2,154,550</td>
</tr>
</tbody>
</table>

Depreciation and impairment:

<table>
<thead>
<tr>
<th></th>
<th>Land &amp; Buildings</th>
<th>Investment properties</th>
<th>Office equipments</th>
<th>Materials and other assets</th>
<th>Construction in progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>as of December 31, 2012</td>
<td>(493,413)</td>
<td>(20,555)</td>
<td>(191,514)</td>
<td>(380,837)</td>
<td></td>
<td>(1,086,319)</td>
</tr>
<tr>
<td>Depreciation and impairment</td>
<td>(66,678)</td>
<td>(861)</td>
<td>(22,063)</td>
<td>(40,773)</td>
<td></td>
<td>(130,375)</td>
</tr>
<tr>
<td>Disposals</td>
<td>3,510</td>
<td>953</td>
<td>15,619</td>
<td>10,725</td>
<td></td>
<td>30,807</td>
</tr>
<tr>
<td>Transfers</td>
<td>3,396</td>
<td>(1,181)</td>
<td>278</td>
<td>(3,212)</td>
<td></td>
<td>(718)</td>
</tr>
<tr>
<td>as of December 31, 2013</td>
<td>(553,185)</td>
<td>(21,644)</td>
<td>(197,680)</td>
<td>(414,096)</td>
<td></td>
<td>(1,186,605)</td>
</tr>
<tr>
<td>Depreciation and impairment</td>
<td>(23,912)</td>
<td>(2,484)</td>
<td>(8,178)</td>
<td>(17,725)</td>
<td></td>
<td>(52,298)</td>
</tr>
<tr>
<td>Disposals</td>
<td>5,790</td>
<td>319</td>
<td>4,784</td>
<td>3,936</td>
<td></td>
<td>14,828</td>
</tr>
<tr>
<td>Transfers</td>
<td>4,108</td>
<td>(1,810)</td>
<td>(12,085)</td>
<td>2,727</td>
<td></td>
<td>(7,060)</td>
</tr>
<tr>
<td>as of June 30, 2014</td>
<td>(567,199)</td>
<td>(25,619)</td>
<td>(213,158)</td>
<td>(425,158)</td>
<td></td>
<td>(1,231,135)</td>
</tr>
</tbody>
</table>

Net book value:

<table>
<thead>
<tr>
<th></th>
<th>Land &amp; Buildings</th>
<th>Investment properties</th>
<th>Office equipments</th>
<th>Materials and other assets</th>
<th>Construction in progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>as of December 31, 2012</td>
<td>816,969</td>
<td>19,813</td>
<td>41,981</td>
<td>165,291</td>
<td>22,886</td>
<td>1,066,941</td>
</tr>
<tr>
<td>as of December 31, 2013</td>
<td>764,879</td>
<td>18,022</td>
<td>41,981</td>
<td>165,291</td>
<td>22,886</td>
<td>1,066,941</td>
</tr>
<tr>
<td>as of June 30, 2014</td>
<td>741,500</td>
<td>17,134</td>
<td>41,981</td>
<td>165,291</td>
<td>22,886</td>
<td>923,415</td>
</tr>
</tbody>
</table>

9. Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of net identifiable assets transferred from Société Générale Bucharest to the Bank in 1999. The goodwill is no longer amortized starting with January 1, 2004. The goodwill is being tested for impairment on an annual basis. During 2014 there was no impairment of the goodwill.
10. Intangible assets

The balance of the intangible assets as of June 30, 2014 and December 31, 2013 represents mainly software.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>30,876</td>
<td>14,842</td>
<td>83</td>
</tr>
<tr>
<td>Disposals</td>
<td>(1,408)</td>
<td>(83)</td>
<td></td>
</tr>
<tr>
<td>Amortization:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization expense</td>
<td>(24,087)</td>
<td>(15,269)</td>
<td>83</td>
</tr>
<tr>
<td>Disposals</td>
<td>321</td>
<td>83</td>
<td></td>
</tr>
<tr>
<td>Net book value:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>as of December 31, 2012</td>
<td>(189,426)</td>
<td>(213,192)</td>
<td>(228,379)</td>
</tr>
<tr>
<td>as of December 31, 2013</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. Other assets

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundry debtors</td>
<td>131,236</td>
<td>142,151</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>86,354</td>
<td>31,428</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>10,580</td>
<td>10,084</td>
</tr>
<tr>
<td>Prepaid income tax</td>
<td>6,701</td>
<td>9,947</td>
</tr>
<tr>
<td>Other assets</td>
<td>860</td>
<td>959</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>235,731</strong></td>
<td><strong>194,569</strong></td>
</tr>
</tbody>
</table>

The sundry debtors balances are presented net of an impairment allowance related to amounts under litigation of 44,364 (December 31, 2013: 41,432).

12. Due to banks

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand deposits</td>
<td>679,226</td>
<td>770,965</td>
</tr>
<tr>
<td>Term deposits</td>
<td>436,281</td>
<td>573,740</td>
</tr>
<tr>
<td><strong>Total due to banks</strong></td>
<td><strong>1,115,507</strong></td>
<td><strong>1,344,705</strong></td>
</tr>
</tbody>
</table>

13. Due to customers

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand deposits</td>
<td>15,124,681</td>
<td>14,559,001</td>
</tr>
<tr>
<td>Term deposits</td>
<td>19,084,257</td>
<td>21,586,989</td>
</tr>
<tr>
<td><strong>Total due to customers</strong></td>
<td><strong>34,208,938</strong></td>
<td><strong>36,145,990</strong></td>
</tr>
</tbody>
</table>
14. Borrowed funds and debt issued

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings from related parties</td>
<td>2,959,016</td>
<td>3,011,063</td>
</tr>
<tr>
<td>Borrowings from international financial institutions</td>
<td>330,977</td>
<td>333,955</td>
</tr>
<tr>
<td>Borrowings from other institutions</td>
<td>1,231</td>
<td>1,545</td>
</tr>
<tr>
<td>Other borrowings</td>
<td>39,691</td>
<td>45,027</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,330,916</strong></td>
<td><strong>3,391,590</strong></td>
</tr>
</tbody>
</table>

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

15. Subordinated debt

Subordinated debt is in amount of EUR 100,000,000, RON 438,700,000 equivalent (2013: EUR 100,000,000, RON 448,470,000 equivalent) representing one subordinated loan, EUR 100,000,000 received in 2005, at EURIBOR6M+0.5%, due in 2015. The accrued interest to the subordinated debt is in amount of RON 1,902,398 (2013: RON 1,856,591).

16. Taxation

The deferred tax liability/asset is reconciled as follows:

<table>
<thead>
<tr>
<th></th>
<th>Temporary differences</th>
<th>Statement of Financial Position</th>
<th>Income Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred tax liability</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments and other securities</td>
<td>(275,857)</td>
<td>(44,137)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(275,857)</td>
<td>(44,137)</td>
<td></td>
</tr>
<tr>
<td><strong>Deferred tax asset</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible and intangible assets</td>
<td>77,994</td>
<td>12,479</td>
<td>7,492</td>
</tr>
<tr>
<td>Defined benefit obligation</td>
<td>3,816</td>
<td>611</td>
<td></td>
</tr>
<tr>
<td>Fiscal loss</td>
<td>575,140</td>
<td>92,022</td>
<td>(27,024)</td>
</tr>
<tr>
<td>Provisions and other liabilities</td>
<td>258,896</td>
<td>41,423</td>
<td>(1,519)</td>
</tr>
<tr>
<td>Total</td>
<td>915,846</td>
<td>146,535</td>
<td>(21,051)</td>
</tr>
<tr>
<td><strong>Taxable items</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>639,990</td>
<td>102,398</td>
<td></td>
</tr>
<tr>
<td><strong>Deferred tax expense</strong></td>
<td></td>
<td></td>
<td>(21,051)</td>
</tr>
</tbody>
</table>
16. Taxation (continued)

<table>
<thead>
<tr>
<th>Temporary differences</th>
<th>Statement of Financial Position</th>
<th>Income Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>December 31, 2013</td>
</tr>
</tbody>
</table>

 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 | 262,802 |

 Deferred tax income

 Movement in deferred tax is as follows:

 Deferred tax liability, net as of December 31, 2012  (103,844)
 Deferred tax recognized in other comprehensive income  (6,285)
 Net deferred tax income  262,802

 Deferred tax asset, net as of December 31, 2013  152,672
 Deferred tax recognized in other comprehensive income  (29,223)
 Net deferred tax expense  (21,051)

 Deferred tax asset, net as of June 30, 2014  102,398

 Reconciliation of total tax charge

<table>
<thead>
<tr>
<th>Six months ended</th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2014</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td>143,903</td>
</tr>
<tr>
<td>Income tax (16%)</td>
<td>23,024</td>
</tr>
<tr>
<td>Non-deductible elements</td>
<td>6,082</td>
</tr>
<tr>
<td>Non-taxable elements</td>
<td>(8,056)</td>
</tr>
<tr>
<td>Expense from income tax at effective tax rate</td>
<td>21,051</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>14.6%</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this interim report
17. Other liabilities

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundry creditors</td>
<td>142,479</td>
<td>99,185</td>
</tr>
<tr>
<td>Other payables to State budget</td>
<td>32,735</td>
<td>31,353</td>
</tr>
<tr>
<td>Deferred income</td>
<td>12,311</td>
<td>14,951</td>
</tr>
<tr>
<td>Payables to employees</td>
<td>98,624</td>
<td>113,829</td>
</tr>
<tr>
<td>Dividends payable</td>
<td>493</td>
<td>505</td>
</tr>
<tr>
<td>Financial guarantee contracts</td>
<td>156,885</td>
<td>148,963</td>
</tr>
<tr>
<td>Provisions</td>
<td>32,346</td>
<td>38,512</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>475,873</strong></td>
<td><strong>447,298</strong></td>
</tr>
</tbody>
</table>

Payables to employees include, among other, gross bonuses relating to 2014 profit, amounting to 25,878 (2013: 40,657) and post-employment benefits amounting to 66,422 (2013: 64,532).

The movement in other provisions is as follows:

| 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                  | 534    |
| Reversals of provisions              | (6,700) |
| **Carrying value as of June 30, 2014** | **32,346** |

Post-employment benefit plan

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

Expenses recognised in profit and loss

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2014</th>
<th>Six months ended June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total service cost</td>
<td>1,181</td>
<td>1,961</td>
</tr>
<tr>
<td>Interest cost on benefit obligation</td>
<td>1,084</td>
<td>1,183</td>
</tr>
<tr>
<td><strong>Net benefit expense</strong></td>
<td><strong>2,266</strong></td>
<td><strong>3,144</strong></td>
</tr>
</tbody>
</table>

Movement in defined benefits obligations

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening defined benefit obligation</strong></td>
<td>64,532</td>
<td>74,731</td>
</tr>
<tr>
<td>Total service cost</td>
<td>1,181</td>
<td>3,922</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(376)</td>
<td>(734)</td>
</tr>
<tr>
<td>Interest cost on benefit obligation</td>
<td>1,084</td>
<td>2,367</td>
</tr>
<tr>
<td>Actuarial loss/ (gain) on remeasurement of net defined benefit obligation</td>
<td>-</td>
<td>(15,754)</td>
</tr>
<tr>
<td><strong>Closing defined benefit obligation</strong></td>
<td><strong>66,422</strong></td>
<td><strong>64,532</strong></td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of this interim report*
17. Other liabilities (continued)

Main actuarial assumptions

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>3.40%</td>
<td>3.40%</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>1.90%</td>
<td>1.90%</td>
</tr>
<tr>
<td>Salary increase rate</td>
<td>next year 2%</td>
<td>next year 2%</td>
</tr>
<tr>
<td></td>
<td>next 2 year 2.3%</td>
<td>next 2 year 2.3%</td>
</tr>
<tr>
<td></td>
<td>afterwards 2.9%</td>
<td>afterwards 2.9%</td>
</tr>
<tr>
<td>Average remaining working period (years)</td>
<td>13.36</td>
<td>13.36</td>
</tr>
</tbody>
</table>

Defined benefit obligation | 66,422 | 64,532 |
Experience adjustment on plan liabilities | - | (3,459) |

18. 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 June 30, 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.

19. 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.

20. Capital management

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


21. Interest income

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2014</th>
<th>Six months ended June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loans</td>
<td>931,423</td>
<td>1,188,538</td>
</tr>
<tr>
<td>Interest on deposit with banks</td>
<td>17,589</td>
<td>29,910</td>
</tr>
<tr>
<td>Interest on treasury notes</td>
<td>165,485</td>
<td>121,166</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,114,496</strong></td>
<td><strong>1,339,615</strong></td>
</tr>
</tbody>
</table>

The interest income on loans includes the accrued interest on net (after impairment allowance) impaired loans in amount of 108,511 (2013:165,286).
22. Interest expense

<table>
<thead>
<tr>
<th>Description</th>
<th>Six months ended June 30, 2014</th>
<th>Six months ended June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on term deposits</td>
<td>261,828</td>
<td>340,315</td>
</tr>
<tr>
<td>Interest on demand deposits</td>
<td>61,456</td>
<td>102,335</td>
</tr>
<tr>
<td>Interest on borrowings</td>
<td>33,975</td>
<td>50,836</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>357,259</strong></td>
<td><strong>493,485</strong></td>
</tr>
</tbody>
</table>

23. Fees and commissions, net

<table>
<thead>
<tr>
<th>Description</th>
<th>Six months ended June 30, 2014</th>
<th>Six months ended June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission revenue from processing of transactions</td>
<td>418,787</td>
<td>423,131</td>
</tr>
<tr>
<td>Other commission revenue</td>
<td>34,605</td>
<td>33,771</td>
</tr>
<tr>
<td>Commission expense</td>
<td>(83,397)</td>
<td>(84,979)</td>
</tr>
<tr>
<td><strong>Net commission revenue</strong></td>
<td><strong>369,994</strong></td>
<td><strong>371,923</strong></td>
</tr>
</tbody>
</table>

24. 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, for the Bank, is 1,039 (2013:1,061).

25. 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.
26. Salaries and related expenses

<table>
<thead>
<tr>
<th></th>
<th>Six months ended</th>
<th></th>
<th>Six months ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2014</td>
<td></td>
<td>June 30, 2013</td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>201,340</td>
<td></td>
<td>208,043</td>
<td></td>
</tr>
<tr>
<td>Social security</td>
<td>62,377</td>
<td></td>
<td>62,937</td>
<td></td>
</tr>
<tr>
<td>Bonuses</td>
<td>21,196</td>
<td></td>
<td>18,286</td>
<td></td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>1,890</td>
<td></td>
<td>2,640</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>10,044</td>
<td></td>
<td>12,983</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>296,848</td>
<td></td>
<td>304,890</td>
<td></td>
</tr>
</tbody>
</table>

Employee expenses for share-based payment transactions are included in line Other in amount of 2,730 for the first six months in 2014 (2013: 3,464).

Share based payment transactions

On November 2nd, 2010 the Parent established a share based payment program that grants each employee of the bank 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:

<table>
<thead>
<tr>
<th>Grant date/ employees entitled</th>
<th>Number of instruments</th>
<th>Vesting conditions</th>
<th>Contractual life of share based options</th>
</tr>
</thead>
<tbody>
<tr>
<td>shares granted to all employees of the group at 02/11/2010</td>
<td>16</td>
<td>Positive net income attributable to the Groupe Societe Generale for financial year 2012</td>
<td>4 years and 5 months</td>
</tr>
<tr>
<td>shares granted to all employees of the group at 02/11/2010</td>
<td>24</td>
<td>improvement of customer satisfaction between 2010 and 2013</td>
<td>5 years and 5 months</td>
</tr>
<tr>
<td><strong>Total shares</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>40</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 Groupe Societe Generale for financial year 2012. This condition was met.

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

<table>
<thead>
<tr>
<th>Grant date/ exercise date</th>
<th>Weighted average exercise price (RON)</th>
<th>Number of shares granted</th>
</tr>
</thead>
<tbody>
<tr>
<td>- exercise date 31/03/2015</td>
<td>152</td>
<td>113,600</td>
</tr>
<tr>
<td>- exercise date 31/03/2016</td>
<td>145</td>
<td>170,400</td>
</tr>
</tbody>
</table>
26. Salaries and related expenses (continued)

Employee expenses for share-based payment transactions

<table>
<thead>
<tr>
<th></th>
<th>June 2014</th>
<th>June 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense in 2010</td>
<td>1,070</td>
<td>1,070</td>
</tr>
<tr>
<td>Expense in 2011</td>
<td>6,025</td>
<td>6,025</td>
</tr>
<tr>
<td>Expense in 2012</td>
<td>6,809</td>
<td>6,809</td>
</tr>
<tr>
<td>Expense in 2013</td>
<td>6,675</td>
<td>3,464</td>
</tr>
<tr>
<td>Expense in 2014</td>
<td>2,730</td>
<td>-</td>
</tr>
<tr>
<td>Total share based payment recognised</td>
<td>23,309</td>
<td>17,368</td>
</tr>
</tbody>
</table>

The shares outstanding as at June 30, 2014 have an exercise price of 152 RON (those with an exercise date as at March 31, 2015) and of 145 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.

27. Depreciation and amortization expense

<table>
<thead>
<tr>
<th></th>
<th>Six months ended</th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2014</td>
<td>June 30, 2013</td>
</tr>
<tr>
<td>Depreciation and impairment</td>
<td>51,680</td>
<td>57,102</td>
</tr>
<tr>
<td>Amortisation</td>
<td>15,269</td>
<td>11,730</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>66,949</td>
<td>68,832</td>
</tr>
</tbody>
</table>

The difference between the amount presented in note 8 and the amount presented in note 27 represents depreciation of investment property in total amount of 618.

28. Other operating expense

<table>
<thead>
<tr>
<th></th>
<th>Six months ended</th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2014</td>
<td>June 30, 2013</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>194,042</td>
<td>208,135</td>
</tr>
<tr>
<td>Publicity and sponsorships</td>
<td>14,070</td>
<td>10,775</td>
</tr>
<tr>
<td>Other expenses</td>
<td>35,741</td>
<td>20,448</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>243,854</td>
<td>239,357</td>
</tr>
</tbody>
</table>

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

29. Credit loss expense

<table>
<thead>
<tr>
<th></th>
<th>Six months ended</th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2014</td>
<td>June 30, 2013</td>
</tr>
<tr>
<td>Net impairment allowance for loans</td>
<td>495,930</td>
<td>572,492</td>
</tr>
<tr>
<td>Net impairment allowance for sundry debtors</td>
<td>13,958</td>
<td>62,428</td>
</tr>
<tr>
<td>Income from recoveries of derecognized receivables</td>
<td>(78,755)</td>
<td>(3,769)</td>
</tr>
<tr>
<td>Write-offs &amp; sales of bad debts</td>
<td>51,785</td>
<td>7,822</td>
</tr>
<tr>
<td>Financial guarantee contracts</td>
<td>9,207</td>
<td>20,241</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>492,125</td>
<td>659,214</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this interim report
30. Cash and cash equivalents for cash flow purposes

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

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>796,873</td>
<td>621,616</td>
</tr>
<tr>
<td>Current accounts and deposits with banks</td>
<td>1,655,878</td>
<td>741,121</td>
</tr>
<tr>
<td>Total</td>
<td>2,452,751</td>
<td>1,362,737</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2014</th>
<th>Six months ended June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net impairment allowance for loans</td>
<td>495,930</td>
<td>572,492</td>
</tr>
<tr>
<td>Net impairment allowance for sundry debtors</td>
<td>13,958</td>
<td>62,428</td>
</tr>
<tr>
<td>Write-offs &amp; sales of bad debts</td>
<td>51,785</td>
<td>7,822</td>
</tr>
<tr>
<td>Financial guarantee contracts</td>
<td>9,207</td>
<td>20,241</td>
</tr>
<tr>
<td>Net movement in other provisions</td>
<td>(6,166)</td>
<td>46,385</td>
</tr>
<tr>
<td>Total</td>
<td>564,714</td>
<td>709,369</td>
</tr>
</tbody>
</table>

31. Guarantees and other credit commitments

Guarantees and letters of credit

The Bank 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 Bank 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 Bank as a result of a customer’s default on a guarantee these instruments also present a degree of liquidity risk to the Bank.

Credit related commitments

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

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

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of guarantee granted</td>
<td>6,062,550</td>
<td>6,477,262</td>
</tr>
<tr>
<td>Financing commitments granted</td>
<td>3,917,592</td>
<td>3,851,508</td>
</tr>
<tr>
<td>Total commitments granted</td>
<td>9,980,143</td>
<td>10,328,770</td>
</tr>
</tbody>
</table>

32. Capital commitments

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible non-current assets</td>
<td>2,824</td>
<td>58</td>
</tr>
<tr>
<td>Intangible non-current assets</td>
<td>12,810</td>
<td>14,854</td>
</tr>
<tr>
<td>Services</td>
<td>392,925</td>
<td>424,541</td>
</tr>
<tr>
<td>Total</td>
<td>408,559</td>
<td>439,454</td>
</tr>
</tbody>
</table>

The line Services presented in the note includes commitments for operating leasing, rent and insurance.
33. Related parties

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

<table>
<thead>
<tr>
<th></th>
<th>Parent</th>
<th>Other SG entities</th>
<th>Subsidiaries</th>
<th>Associates</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>257,583</td>
<td>112,902</td>
<td>53,346</td>
<td>12,884</td>
</tr>
<tr>
<td>Nostro accounts</td>
<td>18,505</td>
<td>64,588</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deposits</td>
<td>8,086</td>
<td>27,083</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>146,352</td>
<td>21,231</td>
<td>53,300</td>
<td>12,884</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>84,641</td>
<td>-</td>
<td>46</td>
<td>-</td>
</tr>
<tr>
<td>Liabilities</td>
<td>3,828,643</td>
<td>29,971</td>
<td>107,910</td>
<td>51,110</td>
</tr>
<tr>
<td>Loro accounts</td>
<td>79,009</td>
<td>13,638</td>
<td>-</td>
<td>39</td>
</tr>
<tr>
<td>Deposits</td>
<td>288,789</td>
<td>16,332</td>
<td>76,606</td>
<td>51,071</td>
</tr>
<tr>
<td>Borrowings</td>
<td>2,959,016</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Subordinated borrowings</td>
<td>440,602</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lease payable</td>
<td>-</td>
<td>-</td>
<td>31,304</td>
<td>-</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>61,226</td>
<td>-</td>
<td>-</td>
<td>114,390</td>
</tr>
<tr>
<td>Commitments</td>
<td>8,554,911</td>
<td>28,966</td>
<td>31,107</td>
<td>3,042</td>
</tr>
<tr>
<td>Letters of guarantee given</td>
<td>1,079,850</td>
<td>16,925</td>
<td>-</td>
<td>2,516</td>
</tr>
<tr>
<td>Letters of guarantee received</td>
<td>325,966</td>
<td>12,041</td>
<td>-</td>
<td>526</td>
</tr>
<tr>
<td>Notional amount of foreign exchange transactions</td>
<td>3,451,160</td>
<td>-</td>
<td>31,107</td>
<td>-</td>
</tr>
<tr>
<td>Notional amount of interest rate derivatives</td>
<td>3,697,935</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income statement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and commission revenues</td>
<td>5,920</td>
<td>71</td>
<td>2,688</td>
<td>273</td>
</tr>
<tr>
<td>Interest and commission expense</td>
<td>33,496</td>
<td>44</td>
<td>1,980</td>
<td>459</td>
</tr>
<tr>
<td>Net gain / (loss) on interest rate derivatives</td>
<td>(10,170)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net gain/(loss) on foreign exchange derivatives</td>
<td>129,981</td>
<td>5,412</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>2,821</td>
<td>771</td>
<td>1,032</td>
<td>1,520</td>
</tr>
<tr>
<td>Other expenses</td>
<td>24,818</td>
<td>3,437</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The interest expenses include an amount of 1,902 (2013: 4,326) relating to subordinated loans.

As of June 30, 2014, the Board of Directors and Managing Committee members own 304,530 (2013: 303,500) shares.

The short-term benefits relating to the key management personnel (salaries, bonuses, other emoluments and related social security contributions) amounted to 4,747 (2013: 4,026).
34. Contingencies

As of June 30, 2014 BRD is the defendant in a number of lawsuits arising in the course of business, amounting to approximately 17,818 (2013: 21,426). The management believes that the ultimate resolution of these matters will not have a material adverse effect on the Bank’s overall financial position and performance.

35. Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares on the market</td>
<td>696,901,518</td>
<td>696,901,518</td>
</tr>
<tr>
<td>Profit attributable to shareholders</td>
<td>122,852</td>
<td>62,169</td>
</tr>
<tr>
<td>Earnings per share (in RON)</td>
<td>0.1763</td>
<td>0.0892</td>
</tr>
</tbody>
</table>
36. Fair value

_Determination of fair value and fair value hierarchy_

The Bank 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:
36. Fair value (continued)

<table>
<thead>
<tr>
<th>Assets measured at fair value</th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets available for sale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury notes</td>
<td>7,230,844</td>
<td>-</td>
</tr>
<tr>
<td>Equity investments</td>
<td>3,388</td>
<td>-</td>
</tr>
<tr>
<td>Other securities</td>
<td>155,922</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>7,390,155</td>
<td>-</td>
</tr>
<tr>
<td>Financial instruments held for trading</td>
<td>289,255</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>7,679,410</td>
<td>111,910</td>
</tr>
<tr>
<td>Assets for which fair value is disclosed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td>796,873</td>
<td>-</td>
</tr>
<tr>
<td>Due from Central Bank</td>
<td>-</td>
<td>5,945,279</td>
</tr>
<tr>
<td>Due from banks</td>
<td>-</td>
<td>1,906,355</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>796,873</td>
<td>7,851,634</td>
</tr>
</tbody>
</table>
### 36. Fair value (continued)

<table>
<thead>
<tr>
<th>Liabilities measured at fair value</th>
<th>June 30, 2014</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>-</td>
<td>55,321</td>
<td>-</td>
<td>55,321</td>
<td>-</td>
<td>76,983</td>
<td>-</td>
<td>76,983</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>-</td>
<td>20,443</td>
<td>-</td>
<td>20,443</td>
<td>-</td>
<td>16,994</td>
<td>-</td>
<td>16,994</td>
</tr>
<tr>
<td>Currency options</td>
<td>-</td>
<td>11,390</td>
<td>-</td>
<td>11,390</td>
<td>-</td>
<td>15,669</td>
<td>-</td>
<td>15,669</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities for which fair value is disclosed</th>
<th>June 30, 2014</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
</tr>
<tr>
<td>Due to banks</td>
<td>-</td>
<td>1,115,507</td>
<td>-</td>
<td>1,115,507</td>
<td>-</td>
<td>1,344,705</td>
<td>-</td>
<td>1,344,705</td>
</tr>
<tr>
<td>Due to customers</td>
<td>-</td>
<td>34,224,962</td>
<td>-</td>
<td>34,224,962</td>
<td>-</td>
<td>36,162,099</td>
<td>-</td>
<td>36,162,099</td>
</tr>
<tr>
<td>Debt issued and borrowed funds</td>
<td>-</td>
<td>3,318,256</td>
<td>-</td>
<td>3,318,256</td>
<td>-</td>
<td>3,391,956</td>
<td>-</td>
<td>3,391,956</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>-</td>
<td>440,452</td>
<td>-</td>
<td>440,452</td>
<td>-</td>
<td>450,059</td>
<td>-</td>
<td>450,059</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>39,099,177</td>
<td>-</td>
<td>39,099,177</td>
<td>-</td>
<td>41,348,819</td>
<td>-</td>
<td>41,348,819</td>
</tr>
</tbody>
</table>
36. 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 Bank’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.

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.

Financial assets available for sale

Financial assets and liabilities not carried at fair value

Financial assets

Deposits with banks, loans originated by the Bank 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.
36. **Fair value (continued)**

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

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying value</td>
<td>Fair value</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>796,873</td>
<td>796,873</td>
</tr>
<tr>
<td>Due from Central Bank</td>
<td>5,945,279</td>
<td>5,945,279</td>
</tr>
<tr>
<td>Due from banks</td>
<td>1,906,355</td>
<td>1,906,355</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>27,107,055</td>
<td>27,117,491</td>
</tr>
<tr>
<td><strong>Total Financial assets</strong></td>
<td><strong>35,755,562</strong></td>
<td><strong>35,765,998</strong></td>
</tr>
</tbody>
</table>

|                                | Carrying value| Fair value       |
| Due to banks                   | 1,115,507     | 1,115,507        |
| Due to customers               | 34,208,938    | 34,224,962       |
| Debt issued and borrowed funds | 3,330,916     | 3,318,256        |
| Subordinated debt              | 440,602       | 440,452          |
| **Total Financial liabilities**| **39,095,963**| **39,099,177**   |

The accompanying notes are an integral part of this interim report
36. **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.

37. **Subsequent events**

In July 2014, National Bank of Romania reduced the rates for minimum obligatory reserves for foreign currency resources from 18% to 16%, following which the Bank expects a release of additional liquidity in amount of MEUR 80.