BRD – Groupe Société Générale S.A.

INTERIM FINANCIAL STATEMENTS

JUNE 30, 2015

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
as of June 30, 2015
(Amounts in thousands RON)

		Group		Bank	
		Unaudited (*)	Unaudited (*)		
	Note	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
ASSETS					
Cash in hand		1,081,870	1,357,570	1,081,860	1,357,549
Due from Central Bank		4,032,988	5,832,421	4,032,988	5,832,421
Due from banks	4	3,348,886	1,263,276	3,322,848	1,236,048
Derivatives and other financial instruments held for trading	5	1,094,194	693,905	1,094,246	693,905
Loans and advances to customers	6	26,968,488	26,777,114	26,631,679	26,461,209
Finance lease receivables	7	564,141	574,560	-	-
Financial assets available for sale	8	9,487,763	8,205,352	9,460,243	8,201,911
Investments in associates and subsidiares		113,507	119,731	157,527	157,460
Property, plant and equipment	9	882,679	909,049	870,025	898,321
Goodwill	10	50,130	50,130	50,130	50,130
Intangible assets	11	82,780	85,226	76,753	78,991
Deferred tax asset	17	65,517	88,546	69,238	93,263
Other assets	12	255,036	149,855	209,114	118,770
Total assets		**48,027,979**	**46,106,735**	**47,056,651**	**45,179,978**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Due to banks	13	676,631	734,520	676,631	734,520
Due to customers	14	37,690,404	35,954,041	37,762,153	36,040,857
Borrowed funds	15	2,531,222	2,514,952	1,820,644	1,816,524
Subordinated debt	16	448,813	449,990	448,813	449,990
Derivative financial instruments	5	106,097	87,673	106,097	87,676
Current tax liability		1,892	2,357	-	-
Deferred tax liability		3,014	2,982	-	-
Other liabilities	18	690,421	610,006	618,550	557,995
Total liabilities		**42,148,494**	**40,356,520**	**41,432,888**	**39,687,562**
Share capital	19	2,515,622	2,515,622	2,515,622	2,515,622
Reserves from revaluation of available for sale assets		202,581	342,066	202,634	342,066
Reserves from defined pension plan		9,966	9,966	9,966	9,966
Retained earnings	20	3,101,815	2,830,911	2,895,541	2,624,763
Non-controlling interest		49,501	51,650	-	-
Total equity		**5,879,485**	**5,750,215**	**5,623,763**	**5,492,417**
Total liabilities and equity		**48,027,979**	**46,106,735**	**47,056,651**	**45,179,978**

Philippe Lhotte
Chief Executive Officer

BRD-GROUPE SOCIETE GENERALE S.A.
Cabinet
Director General

Stephane Fortin
Chief Financial Officer

The accompanying notes are an integral part of this interim financial statements

(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE INCOME STATEMENT
for the period ended June 30, 2015
(Amounts in thousands RON)

		Group		Bank	
		Unaudited (*)	Unaudited (*)		
	Note	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Interest and similar income	22	986,060	1,172,309	927,912	1,117,875
Interest and similar expense	23	(250,775)	(375,291)	(242,128)	(364,509)
Net interest income		**735,284**	**797,018**	**685,784**	**753,366**
Fees and commissions, net	24	**369,122**	**382,085**	**354,841**	**369,994**
Foreign exchange gain		12,901	2,337	12,136	2,157
Gain on derivative and other financial instruments held for trading	25	118,555	152,151	118,304	152,097
Gain on financial assets available for sale		20,925	7	20,555	7
Income from associates		8,036	(9,683)	14,327	1,604
Contribution to Deposit Guarantee Fund	27	(43,838)	(43,837)	(43,838)	(43,837)
Other income	26	5,394	10,301	8,665	8,773
Total non-interest income		**121,974**	**111,276**	**130,149**	**120,801**
Operating income		**1,226,380**	**1,290,379**	**1,170,774**	**1,244,161**
Personnel expenses	28	(322,048)	(315,494)	(300,367)	(296,568)
Depreciation, amortisation and impairment on tangible and intangible assets	29	(66,846)	(68,177)	(65,184)	(66,949)
Other operating expenses	30	(244,387)	(257,835)	(230,304)	(244,616)
Total operating expenses		**(633,282)**	**(641,506)**	**(595,855)**	**(608,133)**
Cost of risk	31	(268,858)	(500,189)	(255,590)	(492,125)
Profit before income tax		**324,240**	**148,683**	**319,329**	**143,903**
Current income tax expense		(4,475)	(2,125)	-	-
Deferred tax expense		(49,628)	(18,668)	(50,584)	(21,051)
Total income tax		**(54,103)**	**(20,793)**	**(50,584)**	**(21,051)**
Profit for the period		**270,137**	**127,890**	**268,745**	**122,853**
Profit attributable to non-controlling interests		1,664	2,471		
Profit attributable to equity holders of the parent		268,473	125,419		
Earnings per share (in RON)	37	**0.3852**	**0.1800**	**0.3856**	**0.1763**

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BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME
for the period ended June 30, 2015
(Amounts in thousands RON)

	Group		Bank	
	Unaudited (*)	Unaudited (*)		
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Result for the period	**270,137**	**127,890**	**268,745**	**122,852**
Net comprehensive income that was or will be reclassified to profit and loss in subsequent periods	**(139,485)**	**153,419**	**(139,432)**	**153,419**
Gain on available-for-sale financial assets already transferred to profit and loss	20,925	7	20,555	7
Gain on available-for-sale financial assets that will be reclassified to profit and loss in subsequent periods	(186,978)	182,635	(186,546)	182,635
Income tax relating to available-for-sale financial assets	26,568	(29,223)	26,558	(29,223)
Other comprehensive income for the period, net of tax	**(139,485)**	**153,419**	**(139,432)**	**153,419**
Total comprehensive income for the period, net of tax	**130,652**	**281,309**	**129,313**	**276,271**
Attributable to:				
Equity holders of the parent	128,988	278,838		
Non-controlling interest	1,664	2,471		

(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
for the period ended June 30, 2015
(Amounts in thousands RON)

Group Unaudited (*)

	Note	Issued capital	Reserves from revaluation of available for sale assets	Retained earnings	Reserves from defined pension plan	Non-controlling interest	Total
December 31, 2013		**2,515,622**	**78,301**	**2,755,322**	**(3,017)**	**50,275**	**5,396,503**
Total comprehensive income		-	153,426	125,419	-	2,471	281,316
Shared-based payment		-	-	2,730	-	-	2,730
Equity dividends		-	-	-	-	(3,391)	(3,391)
June 30, 2014 (*)		**2,515,622**	**231,727**	**2,883,472**	**(3,017)**	**49,354**	**5,677,158**

	Note	Issued capital	Reserves from revaluation of available for sale assets	Retained earnings	Reserves from defined pension plan	Non-controlling interest	Total
December 31, 2014		**2,515,622**	**342,066**	**2,830,911**	**9,966**	**51,650**	**5,750,215**
Total comprehensive income		-	(139,485)	268,473	-	1,664	130,652
Shared-based payment		-	-	2,432	-	-	2,432
Equity dividends		-	-	-	-	(3,813)	(3,813)
June 30, 2015 (*)	19	**2,515,622**	**202,581**	**3,101,815**	**9,966**	**49,501**	**5,879,485**

The accompanying notes are an integral part of this interim financial statements

(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
for the period ended June 30, 2015
(Amounts in thousands RON)

Bank

	Note	Issued capital	Reserves from revaluation of available for sale assets	Retained earnings	Reserves from defined pension plan	Total
December 31, 2013		**2,515,622**	**78,301**	**2,570,073**	**(3,017)**	**5,160,979**
Total comprehensive income		-	153,419	122,852	-	276,271
Shared-based payment transactions		-	-	2,730	-	2,730
June 30, 2014		**2,515,622**	**231,720**	**2,695,655**	**(3,017)**	**5,439,980**

	Note	Issued capital	Reserves from revaluation of available for sale assets	Retained earnings	Reserves from defined pension plan	Total
December 31, 2014		**2,515,622**	**342,066**	**2,624,763**	**9,966**	**5,492,417**
Total comprehensive income		-	(139,432)	268,745	-	129,313
Shared-based payment transactions		-	-	2,033	-	2,033
June 30, 2015	19	**2,515,622**	**202,634**	**2,895,541**	**9,966**	**5,623,763**

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(*) Unaudited / unreviewed by the financial auditor

BRD – Groupe Société Générale S.A.
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
for the period ended June 30, 2015
(Amounts in thousands RON)

	Note	Group		Bank	
		Unaudited (*)	Unaudited (*)		
		Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Cash flows from operating activities					
Profit before tax		**324,239**	**148,683**	**319,329**	**143,903**
Adjustments for non-cash items					
Depreciation and amortization expense and net loss/(gain) from disposals of tangible and intangible assets	29	66,846	68,177	65,184	66,949
Share based payment		2,432	2,730	2,033	2,730
Loss from investment revaluation		6,291	11,285	-	-
Net expenses from impairment of loans and from provisions	31	318,976	579,747	303,398	570,880
Income tax paid		(27,752)	(8,921)	(25,554)	(6,701)
Operating profit before changes in operating assets and liabilities		**691,032**	**801,701**	**664,390**	**777,761**
Changes in operating assets and liabilities					
Current account with NBR		1,799,433	2,732,817	1,799,433	2,732,817
Accounts and deposits with banks		94,319	90,832	93,561	89,783
Available for sale securities		(1,421,895)	(755,494)	(1,397,764)	(743,386)
Loans		(526,185)	105,219	(494,150)	108,828
Lease receivables		10,419	6,615	-	-
Other assets		(532,069)	330,373	(517,244)	327,861
Due to banks		(57,889)	(229,198)	(57,889)	(229,198)
Due to customers		1,736,363	(1,931,993)	1,721,296	(1,937,052)
Other liabilities		137,519	(6,010)	124,819	(20,478)
Total changes in operating assets and liabilities		**1,240,015**	**343,161**	**1,272,062**	**329,175**
Cash flow from operating activities		**1,931,047**	**1,144,862**	**1,936,452**	**1,106,936**
Investing activities					
Acquisition of equity investments		(67)	-	(67)	-
Acquisition of tangible and intangible assets		(38,968)	(31,372)	(34,788)	(31,854)
Proceeds from sale of tangible and intangible assets		937	636	138	14
Cash flow from investing activities		**(38,098)**	**(30,736)**	**(34,717)**	**(31,840)**
Financing activities					
Proceeds from borrowings		295,005	367,841	81,118	75,703
Repayment of borrowings		(279,912)	(473,511)	(78,175)	(146,103)
Dividends paid		(3,813)	(3,404)	(6)	(12)
Net cash from financing activities		**11,280**	**(109,074)**	**2,937**	**(70,411)**
Net movements in cash and cash equivalents		**1,904,229**	**1,005,052**	**1,904,672**	**1,004,685**
Cash and cash equivalents at beginning of the period	32	**2,295,978**	**1,449,199**	**2,294,859**	**1,448,065**
Cash and cash equivalents at the end of the period	32	**4,200,207**	**2,454,250**	**4,199,531**	**2,452,751**

Operational cash flows from interest and dividends	Group		Bank	
	Unaudited (*)	Unaudited (*)		
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Interest paid	263,590	394,735	251,760	384,317
Interest received	1,167,908	1,281,947	1,106,764	1,222,074
Dividends received	14,784	1,717	20,647	6,975

The accompanying notes are an integral part of this interim financial statements

(*) Unaudited / unreviewed by the financial auditor

1. Corporate information

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

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

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

The Bank has as at June 30, 2015 845 units throughout the country (December 31, 2014: 860).

The average number of employees of the Group during the first semester of 2015 was 8,313 (2014: 8,250), and the number of employees of the Group as of the period-end was 8,346 (December 31, 2014: 8,271).

The average number of employees of the Bank during the first semester of 2015 was 7,727 (2014: 7,708), and the number of employees of the Bank as of the period-end was 7,760 (December 31, 2014: 7,693).

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:

	June 30, 2015	December 31, 2014
Societe Generale France	60.17%	60.17%
SIF Transilvania	3.53%	3.87%
Fondul Proprietatea	3.64%	3.64%
SIF Oltenia	2.78%	3.00%
Legal entities	26.38%	25.42%
Individuals	3.50%	3.90%
Total	**100.00%**	**100.00%**

2. Basis of preparation

a) Basis of preparation

The separate interim financial statements as at 30 June 2015 are reviewed by Ernst & Young Assurance Services SRL in accordance with International Standards of Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. The consolidated interim financial statements as at 30 June 2015 and 30 June 2014 are not audited nor reviewed (references included in the financial statements and selected explanatory notes).

The interim financial statements for the six months ended 30 June 2015 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2014. In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, and Order of the National Bank of Romania Governor no. 27/2010, as amended, BRD prepared consolidated and separate financial statements for the year ended December 31, 2014 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU").

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

The separate interim financial statements includes the separate statement of financial position, the separate income statement, the separate statement of comprehensive income, the statement of changes in shareholders' equity, the separate cash flow statement, and selected explanatory notes.

The consolidated and separate interim financial statements is presented in Romanian lei ("RON"), which is the Group's and its subsidiaries' functional and presentation currency, rounded to the nearest thousand, except when otherwise indicated. The consolidated and separate interim financial statements 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, which have all been measured at fair value.

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 are prepared on the going concern basis.

b) Basis for consolidation

The consolidated interim financial statements comprises the financial statements of the credit institution and its subsidiaries as at June 30, 2015. The financial statements of the subsidiaries are prepared for the same reporting period, using consistent accounting policies.

A subsidiary is an entity over which the Bank exercises control. An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to

2. Basis of preparation (continued)

b) Basis for consolidation (continued)

affect those returns through its power over the investee. The consolidated financial statements include the financial statements of BRD – Groupe Société Générale S.A. and the following subsidiaries: BRD Sogelease IFN S.A. (99.98% ownership, 2014: 99.98%), BRD Finance IFN S.A (49% ownership, 2014: 49%, control through the power to govern the financial and operating policies of the entity under various agreements), BRD Corporate Finance SRL (100% ownership, 2014: 100 %) and BRD Asset Management SAI SA (99.98% ownership, 2014: 99.98%). All intercompany transactions, balances and unrealized gains and losses on transactions between consolidated entities are eliminated on consolidation.

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

Group

Associates	**Field of activity**	**Address**	**%**
ALD Automotive	Operational leasing	1-7, Ion Mihalache Street, Bucharest	20.00%
Mobiasbanca Groupe Societe Generale S.A.	Financial institution	81 Stefan cel Mare si Sfint Street, Kishinev, Republic of Moldova	20.00%
BRD Asigurari de Viata SA	Insurance	64 Blvd. Unirii Bl. K4, sector 3, Bucharest	49.00%
Fondul de Garantare a Creditului Rural	Loans guarantee	5 Occidentului Street, Bucharest	33.33%
Biroul de Credit S.A.	Financial institution	15 Calea Victoriei, Bucharest	16.38%
BRD Fond de Pensii S.A.	Pension fund management	64 Unirii Blvd, Bucharest	49.00%
BRD Sogelease Asset Rental SRL	Operational leasing	1-7, Ion Mihalache Street, Bucharest	20.00%

Bank

	Field of activity	**Address**	**%**
ALD Automotive	Operational leasing	1-7, Ion Mihalache Street, Bucharest	20.00%
Mobiasbanca Groupe Societe Generale S.A.	Financial institution	81 Stefan cel Mare si Sfint Street, Kishinev, Republic of Moldova	20.00%
BRD Asigurari de Viata SA	Insurance	64 Blvd. Unirii Bl. K4, sector 3, Bucharest	49.00%
Fondul de Garantare a Creditului Rural	Loans guarantee	5 Occidentului Street, Bucharest	33.33%
Biroul de Credit S.A.	Financial institution	15 Calea Victoriei, Bucharest	16.38%
BRD Fond de Pensii S.A.	Pension fund management	64 Unirii Blvd, Bucharest	49.00%
Associates			
BRD Sogelease IFN SA	Financial lease	1-7, Ion Mihalache Street, Bucharest	99.98%
BRD Finance Credite de Consum IFN SA	Financial institution	1-7, Ion Mihalache Street, Bucharest	49.00%
BRD Asset Management SAI SA	Fund administration	1-3, Clucerul Udricani Street, Bucharest	99.98%
BRD Corporate Finance SRL	Business consultancy	1-7, Ion Mihalache Street, Bucharest	100.00%
Subsdiaries			

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date such control ceases.
Equity and net income attributable to non-controlling interest are shown separately in the statement of financial position and statement of comprehensive income, respectively.

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

2. Basis of preparation (continued)

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

The Bank is accounting the investments in subsidiaries and associates in the separate interim financial statements at cost less impairment adjustment.

The accounting policies adopted in the preparation of interim financial statements are consistent with those followed in the preparation of Group's annual financial statement for the year ended December 31, 2014.

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

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements" – Investment Entities** (effective for annual periods beginning on or after 1 January 2014; applies retrospectively). 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** (effective for annual periods beginning on or after January 1, 2014; applies retrospectively). 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** (effective for annual periods beginning on or after January 1, 2014; applies retrospectively). 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** (effective for annual periods beginning on or after January 1, 2014; applies retrospectively). 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).

- **Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"** (effective for annual periods beginning on or after July 1, 2014; applies retrospectively). The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered.

2. Basis of preparation (continued)

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

- **Amendments to IFRS 2 "Share-based payment"** (effective for annual periods beginning on or after July 1, 2014; applies prospectively)**.** The amendment defines "performance condition" and "service condition" to clarify various issues like a performance condition must contain a service condition, a performance target must be met while the counterparty is rendering service and may relate to the operations or activities of an entity.

- **Amendments to IFRS 8 "Operating segments"** (effective for annual periods beginning on or after July 1, 2014; applies retrospectively). The amendment clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8.12 including a brief description of operating segments and that the reconciliation of segment assets to total assets is required to be disclosed only if the reconciliation is reported to the chief operating decision maker.

- **Amendments to IAS 16 "Property plant and equipment" and IAS 38 "Intangible assets"** (effective for annual periods beginning on or after July 1, 2014; applies retrospectively). The amendments clarify that the revaluation can be performed adjusting the gross carrying amount of the asset to market value or determining the market value of the carrying amount and adjust the gross carrying proportionately so that the resulting carrying amount equals the market value.

- **Amendments to IAS 24 "Related Party Disclosures"** (effective for annual periods beginning on or after July 1, 2014; applies retrospectively)**.** The amendments clarifies that a management entity that provides key management personnel services is a related party subject to the related party disclosures and that an entity that uses a management entity is required to disclose the expenses incurred for management services.

- **Amendments to IFRS 13 "Fair value Measurement"** (effective for annual periods beginning on or after July 1, 2014; applies prospectively)**.** The amendment clarifies that the portfolio exception in IFRS 13 can be applied also to other contracts within the scope of IFRS 9.

- **Amendments to IAS 40 "Investment property"** (effective for annual periods beginning on or after July 1, 2014; applies prospectively)**.** The amendment clarifies that IFRS 3 is used to determine if the transaction is the purchase of an asset or business combination.

- **IFRIC 21 "Levies"** (effective for annual periods beginning on or after January 1, 2014; applies retrospectively). 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 but have not yet come into effect

Standards issued but not yet effective up to the date of issuance of the Bank's interim financial statements 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.

- **IFRS 9 "Financial instruments"** (effective for annual periods beginning on or after January 1, 2018; partly prospective and partly retrospective).

2. Basis of preparation (continued)

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

Classification and measurement of financial assets – measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss.
Classification and measurement of financial liabilities – for financial liabilities designated as fair value through profit or loss using the fair value option, the amount of change in fair value that is attributable to changes in credit risk must be presented in OCI. The remainder is presented in profit or loss.
Impairment – the impairment requirements are based on an expected credit loss model that replaces the IAS 39 incurred loss model.
Hedge accounting – a risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: "Applying the consolidation Exception"** (effective for annual periods beginning on or after 1 January 2016; applies retrospectively). The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. It clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- **Amendments to IFRS 10 and IAS 28 – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"** (effective for annual periods beginning on or after 1 January 2016; applies prospectively). The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business between an investor and its associate or joint venture, is recognised in full.

- **Amendments to IFRS 11 "Accounting for Acquisition of Interests in Joint Operations"** (effective for annual periods beginning on or after 1 January 2016; applies prospectively). The amendments require an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business to apply, all of the principles in IFRS 3 and other IFRSs that do not conflict with the requirements of IFRS 11.

- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after 1 January 2017; applies retrospectively). IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31) and applies to all revenue arising from contracts with customers. The standard outlines the principles an entity must apply to measure and recognise revenue.

- **Amendments to IAS 1 "Disclosure Initiative"** (effective for annual periods beginning on or after 1 January 2016; applies prospectively). The amendments clarify the materiality requirements in IAS 1, that specific line items in the statement of profit or loss and OCI may be disaggregated, flexibility as to the order in which they present the notes to the financial statements, that the share of Other Comprehensive Income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line.

- **Amendments to IAS 16 and IAS 38 "Clarification of acceptable Methods of Depreciation and Amortisation"** (effective for annual periods beginning on or after 1 January 2016; applies

2. Basis of preparation (continued)

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

prospectively). The amendment clarifies the principle that the revenue reflects a pattern of economic benefits that are generated from operating a business rather than the economic benefits that are consumed through use of the assets.

- **Amendments to IAS 27 "Equity Method in Separate Financial Statements"** (effective for annual periods beginning on or after 1 January 2016; applies retrospectively). The amendments allow an entity to use the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

- **Amendments to IFRS 5 "Non – current assets Held for sale and Discontinued Operations"** (effective for annual periods beginning on or after 1 January 2016; applies prospectively). The amendment clarifies that changing from one disposal method to another would not be considered a new plan of disposal.

- **Amendments to IFRS 7 "Financial Instruments: Disclosure"** (effective for annual periods beginning on or after 1 January 2016; applies retrospectively). The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset and that the offsetting disclosure requirements do not apply to condensed interim financial statements.

- **Amendments to IAS 19 "Employee Benefits"** (effective for annual periods beginning on or after 1 January 2016; applies prospectively). The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located.

- **Amendments to IAS 34 "Interim Financial Reporting"** (effective for annual periods beginning on or after 1 January 2016; applies retrospectively). The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report.

2. Basis of preparation (continued)

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 financial statements. The most significant use of judgements and estimates are as follows:

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 38.

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.

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, 2015 was 50,130 (December 31, 2014: 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 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 years.

2. Basis of preparation (continued)

e) Significant accounting judgments and estimates (continued)

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 18.

f) Segment information

A 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 segments: Retail including Individuals and Very small enterprises and Non-retail including Small and medium enterprises ("SMEs") and Large corporate.

3. Segment information

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

Retail customers include clients with similar characteristics in terms of financing needs, complexity of the activity performed and size of business for which a range of banking products and services with medium to low complexity is provided.

In Retail category the following customer's segments are identified:

- 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.
- Small business – business entities with annual turnover lower than EUR 1 million and having an aggregated exposure at group level less than EUR 0.3 million. Standardised range of banking products is offered to small companies and professional: saving and deposits taking, loans and other credit facilities, etc.

Non Retail customers include companies with a higher sized business and more complex financing needs, public sector entities, public authorities and other financial institutions.

In Non –Retail category the following customer's segments are identified:

- Small and medium enterprises - companies with annual turnover between EUR 1 million and EUR 50 million and the aggregated exposure at group level higher than EUR 0.3 million. The Bank provides SMEs with a range of banking products such as: saving and deposits taking, loans and other credit facilities, transfers and payment services.
- Large corporate - within corporate banking the Bank provides corporate customers with a range of banking products and services, including lending and deposit taking, provides cash-management, investment advices, securities business, project and structured finance transaction, syndicated loans and asset backed transactions. The large corporate customers include companies with annual turnover higher than 50 million EUR, municipalities, public sector and other financial institutions.

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

3. Segment information (continued)

Group	Retail		Non-retail		
	Individuals	Small business	SMEs	Large corporates	Total
June 30, 2015 Unaudited (*)					
Loans, gross	17,976,959	830,020	6,899,189	5,527,560	**31,233,728**
Loans impairment	(966,388)	(188,713)	(2,772,963)	(337,176)	**(4,265,240)**
Loans and advances to customers	**17,010,571**	**641,307**	**4,126,226**	**5,190,384**	**26,968,488**
Due to customers	19,394,898	3,072,555	5,713,157	9,509,792	**37,690,403**
December 31, 2014					
Loans, gross	17,589,030	1,082,642	7,303,406	5,327,807	**31,302,884**
Loans impairment	(962,000)	(434,659)	(2,676,837)	(452,275)	**(4,525,771)**
Loans and advances to customers	**16,627,029**	**647,984**	**4,626,569**	**4,875,531**	**26,777,113**
Due to customers	18,153,391	3,204,088	5,769,926	8,826,635	**35,954,041**

Bank	Retail		Non-retail		
	Individuals	Small business	SMEs	Large corporates	Total
June 30, 2015					
Loans, gross	17,546,108	830,020	6,897,719	5,576,911	**30,850,757**
Loans impairment	(920,226)	(188,713)	(2,772,963)	(337,176)	**(4,219,078)**
Loans and advances to customers	**16,625,882**	**641,307**	**4,124,756**	**5,239,734**	**26,631,679**
Due to customers	19,394,898	3,072,555	5,713,157	9,581,542	**37,762,153**
December 31, 2014					
Loans, gross	17,146,797	1,082,642	7,303,406	5,393,762	**30,926,607**
Loans impairment	(901,628)	(434,659)	(2,676,837)	(452,275)	**(4,465,398)**
Loans and advances to customers	**16,245,169**	**647,984**	**4,626,569**	**4,941,487**	**26,461,209**
Due to customers	18,153,391	3,204,088	5,769,926	8,913,451	**36,040,857**

The accompanying notes are an integral part of this interim financial statements

(*) Unaudited / unreviewed by the financial auditor

4. Due from banks

	Group		Bank	
	Unaudited (*)			
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Deposits at Romanian banks	359,029	81,003	359,029	81,003
Deposits at foreign banks	2,806,226	881,102	2,780,854	854,972
Current accounts at Romanian banks	890	1,098	224	0
Current accounts at foreign banks	182,741	300,073	182,741	300,073
Total	**3,348,886**	**1,263,276**	**3,322,848**	**1,236,048**

5. Derivative and other financial instruments held for trading

Group

	June 30, 2015 Unaudited (*)		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	140,972	43,624	4,448,045
Currency swaps	13,213	17,600	4,286,464
Forward foreign exchange contracts	19,480	7,071	1,660,095
Currency options	37,661	37,802	3,118,830
Total derivatives	**211,326**	**106,097**	**13,513,434**
Non-derivative financial instruments held for trading	882,868	-	828,561
Sold	**1,094,194**	**106,097**	**14,341,995**

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

Bank

	June 30, 2015		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	140,971	43,624	4,448,045
Currency swaps	13,252	17,600	4,296,883
Forward foreign exchange contracts	19,494	7,071	1,662,094
Currency options	37,661	37,802	3,118,830
Total derivatives	**211,378**	**106,097**	**13,525,852**
Non-derivative financial instruments held for trading	882,868	-	828,561
Sold	**1,094,246**	**106,097**	**14,354,413**

	December 31, 2014		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	84,571	45,337	3,837,250
Currency swaps	28,215	19,923	3,994,325
Forward foreign exchange contracts	18,808	4,888	1,373,849
Currency options	17,612	17,528	1,512,231
Total derivatives	**149,206**	**87,676**	**10,717,655**
	544,699		506,007
Non-derivative financial instruments held for trading		-	
Sold	**693,905**	**87,676**	**11,223,662**

5. Derivative and other financial instruments held for trading (continued)

The Group applied also hedge accounting (fair value hedge) and as at June 30, 2015 has two hedging instruments.

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

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.

All hedging relationships were effective throughout the reporting period.

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

	June 30, 2015		
	Assets	**Liabilities**	**Notional**
Interest rate swaps	13,605	9,772	1,006,627

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

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.

5. Derivative and other financial instruments held for trading (continued)

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

Non derivative financial instruments held for trading are treasury discount notes and coupon bonds held for trading purposes.

6. Loans and advances to customers

	Group		Bank	
	Unaudited (*) June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Loans, gross	31,233,728	31,302,885	30,850,757	30,926,607
Loans impairment	(4,265,240)	(4,525,771)	(4,219,078)	(4,465,398)
Total	**26,968,488**	**26,777,114**	**26,631,679**	**26,461,209**

The structure of loans is the following:

	Group		Bank	
	Unaudited (*) June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Working capital loans	6,435,130	6,469,171	6,435,130	6,469,171
Loans for equipment	5,401,861	5,894,559	5,401,861	5,894,559
Trade activities financing	569,024	620,963	569,024	620,963
Acquisition of real estate, including mortgage for individuals	8,867,052	8,332,386	8,867,052	8,332,386
Consumer loans	8,518,185	8,614,586	8,135,214	8,238,308
Other	1,442,476	1,371,220	1,442,476	1,371,220
Total	**31,233,728**	**31,302,885**	**30,850,757**	**30,926,607**

As of June 30, 2015 the amortized cost of loans granted to the 20 largest corporate clients (groups of connected borrowers) amounts to 1,803,963 (December 31, 2014: 1,698,024), while the value of letters of guarantee and letters of credit issued in favour of these clients amounts to 4,512,052 (December 31, 2014: 4,208,108).

(*) Unaudited / unreviewed by the financial auditor

6. Loans and advances to customers (continued)

Sector analysis

	Group		Bank	
	Unaudited (*) June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Individuals	57.4%	55.9%	56.9%	55.4%
Public administration, education & health	3.1%	3.4%	3.1%	3.4%
Agriculture	1.8%	1.9%	1.8%	2.0%
Manufacturing	9.1%	9.2%	9.2%	9.3%
Transportation, IT&C and other services	3.0%	3.2%	3.0%	3.2%
Trade	9.9%	10.4%	10.0%	10.6%
Constructions	5.2%	5.2%	5.3%	5.3%
Utilities	2.4%	2.4%	2.4%	2.4%
Services	1.4%	1.6%	1.4%	1.6%
Others	4.4%	4.6%	4.5%	4.7%
Financial institutions	2.3%	2.1%	2.4%	2.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Impairment allowance for loans

Group

	Collective impairment	Specific impairment	Total
Balance as of December 31, 2013	**186,613**	**5,607,613**	**5,794,226**
Net provision expenses /(income)	(3,427)	1,144,146	1,140,719
Provision reversal related to sales and write-offs	-	(2,397,198)	(2,397,198)
Foreign exchange (gain) / losses	627	(12,602)	(11,976)
Balance as of December 31, 2014	**183,813**	**4,341,958**	**4,525,771**
Net provision expenses	15,004	187,625	202,629
Provision reversal related to sales and write-offs	-	(466,906)	(466,906)
Foreign exchange losses	200	3,546	3,746
Balance as of June 30, 2015 Unaudited (*)	**199,017**	**4,066,223**	**4,265,240**

Bank

	Collective impairment	Specific impairment	Total
Balance as of December 31, 2013	**186,614**	**5,546,442**	**5,733,055**
Net provision expenses /(income)	(3,427)	1,144,944	1,141,518
Provision reversal related to sales and write-offs	-	(2,397,198)	(2,397,198)
Foreign exchange (gain) / losses	627	(12,602)	(11,976)
Balance as of December 31, 2014	**183,814**	**4,281,584**	**4,465,398**
Net provision expenses	15,004	201,836	216,840
Provision reversal related to sales and write-offs	-	(466,906)	(466,906)
Foreign exchange losses	200	3,546	3,746
Balance as of June 30, 2015	**199,018**	**4,020,060**	**4,219,078**

6. Loans and advances to customers (continued)

Impaired loans

	Group		Bank	
	Unaudited (*) June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Impaired loans 90 days past due and more	4,299,859	4,737,435	4,242,830	4,668,090
Provisions for impaired loans 90 days past due and more	(3,339,669)	(3,680,773)	(3,293,507)	(3,620,400)
Impaired loans less than 90 days past due	1,546,590	1,622,917	1,546,590	1,622,917
Provisions for impaired loans less than 90 days past due	(726,554)	(661,185)	(726,554)	(661,185)
Net impaired loans	**1,780,226**	**2,018,394**	**1,769,359**	**2,009,423**

The gross value of the loans individually determined to be impaired for the Group is 5,846,450 (December 31, 2014: 6,360,352), while for the Bank is 5,789,420 (December 31, 2014: 6,291,007).

7. Lease receivables

	Unaudited (*) June 30, 2015	December 31, 2014
Gross investment in finance lease:		
Maturity under 1 year	256,409	284,564
Maturity between 1 and 5 years	401,919	388,632
Maturity higher than 5 years	27,519	24,346
	685,847	**697,542**
Unearned finance income	(58,623)	(62,002)
Net investment in finance lease	**627,224**	**635,539**
Net investment in finance lease:		
Maturity under 1 year	230,540	257,594
Maturity between 1 and 5 years	371,723	356,516
Maturity higher than 5 years	24,961	21,430
	627,224	**635,539**

	Unaudited (*) June 30, 2015	December 31, 2014
Net investment in the lease	627,224	635,539
Accumulated allowance for uncollectible minimum lease payments receivable	(63,083)	(60,979)
Total	**564,141**	**574,560**

8. Financial assets available for sale

	Group		Bank	
	Unaudited (*)			
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Treasury notes	9,126,678	8,039,400	9,126,678	8,039,400
Equity investments	10,820	9,588	10,820	9,588
Other securities	350,266	156,364	322,745	152,923
Total	**9,487,763**	**8,205,352**	**9,460,243**	**8,201,911**

Treasury notes

Treasury notes consist of interest bearing bonds issued by the Romanian Ministry of Public Finance, rated as BBB- by Standard&Poors. There were no treasury notes that have been pledged to NBR for repo transactions as at June 30, 2015 and December 31, 2014.

Equity investments

Other equity investments represent shares in Romanian Commodities Exchange, Bucharest Clearing House, Depozitarul Central S.A. (Shareholders' Register for the National Securities Commission), Fondul Roman de Garantare a Creditelor pentru Intreprinzatorii Privati SA, Romanian Clearing House (SC Casa Romana de Compensatie SA), Investor Compensating Fund (Fondul de Compensare a Investitorilor), TransFond, Societe Generale European Business Services SA, Bucharest Stock Exchange.

Other securities

The Group holds fund units in:

June 30, 2015 Unaudited (*)	Unit value	No of units	Market value
FDI Simfonia 1	38	558,567	21,293
BRD Obligatiuni	158	77,544	12,223
Diverso Europa Regional	155	175,730	27,165
Actiuni Europa Regional	149	116,238	17,275
Index Europa Regional	131	21,794	2,847
BRD Eurofond	576	3,900	2,245
BRD Usdfond	393	5,000	1,966

December 31, 2014	Unit value	No of units	Market value
FDI Simfonia 1	37	478,129	17,667
BRD Obligatiuni	152	90,353	13,739
Diverso Europa Regional	148	175,730	25,968
Actiuni Europa Regional	139	116,238	16,191
Index Europa Regional	122	21,794	2,666
BRD Eurofond	123	17,480	2,148

(*) Unaudited / unreviewed by the financial auditor

8. Financial assets available for sale (continued)

The Bank holds fund units in:

June 30, 2015	Unit value	No of units	Market value
BRD Obligatiuni	158	64,753	10,207
Diverso Europa Regional	155	175,730	27,165
Actiuni Europa Regional	149	116,238	17,275
Index Europa Regional	131	21,794	2,847

December 31, 2014	Unit value	No of units	Market value
FDI Simfonia 1	37	443,129	16,374
BRD Obligatiuni	152	90,353	13,739
Diverso Europa Regional	148	175,730	25,968
Actiuni Europa Regional	139	116,238	16,191
Index Europa Regional	122	21,794	2,666

The Bank has also included in the line Other securities Municipal bonds in total amount of 265,250 as at June 30, 2015 (77,986 as at December 31, 2014).

9. Property, plant and equipment

	Group					
	Land & Buildings	**Investment properties**	**Office equipments**	**Materials and other assets**	**Construction in progress**	**Total**
Cost:						
as of December 31, 2013	**1,327,839**	**39,666**	**246,773**	**550,571**	**8,956**	**2,173,805**
Additions	14,521	5,423	4,838	6,468	12,427	62,202
Transfers	(21,981)	-	34,995	5,510	(18,524)	0
Disposals	(9,712)	(5,789)	(24,313)	(24,382)	(1,156)	(65,353)
as of December 31, 2014	**1,310,667**	**39,300**	**262,294**	**538,166**	**20,227**	**2,170,655**
Additions	892	-	334	9,686	21,899	32,811
Transfers	5,198	-	14,554	6,949	(26,701)	-
Transfers into/from inventory	0	2,513	(0)	-	0	2,513
Disposals	(1,870)	(2,661)	(10,892)	(16,474)	(3,686)	(35,583)
as of June 30, 2015 Unaudited (*)	**1,314,887**	**39,152**	**266,290**	**538,328**	**11,739**	**2,170,396**
Depreciation and impairment:						
as of December 31, 2013	**(556,801)**	**(21,643)**	**(206,998)**	**(417,351)**	**-**	**(1,202,793)**
Depreciation	(44,852)	(1,208)	(19,196)	(32,684)	-	(97,933)
Impairment	(8,564)	4,283	-	(114)	-	(4,394)
Disposals	2,763	1,447	25,101	14,204	-	43,515
Transfers	11,151	(1,802)	(12,066)	2,717	-	(0)
as of December 31, 2014	**(596,303)**	**(18,923)**	**(213,158)**	**(433,221)**	**-**	**(1,261,606)**
Depreciation	(23,247)	(793)	(10,857)	(13,698)	-	(48,595)
Impairment	(444)	-	-	120	-	(324)
Disposals	1,464	2,661	10,890	10,302	-	25,317
Transfers	(14)	0	-	14	-	0
Transfers into/from inventory	(0)	(2,510)	-	-	-	(2,510)
as of June 30, 2015 Unaudited (*)	**(618,544)**	**(19,565)**	**(213,125)**	**(436,483)**	**-**	**(1,287,717)**
Net book value:						
as of December 31, 2013	**771,038**	**18,023**	**39,776**	**133,220**	**8,956**	**971,012**
as of December 31, 2014	**714,364**	**20,377**	**49,136**	**104,946**	**20,227**	**909,050**
as of June 30, 2015 Unaudited (*)	**696,343**	**19,587**	**53,165**	**101,845**	**11,739**	**882,679**

The accompanying notes are an integral part of this interim financial statements

(*) Unaudited / unreviewed by the financial auditor

9. Property, plant and equipment (continued)

Bank

	Land & Buildings	Investment properties	Office equipments	Materials and other assets	Construction in progress	Total
Cost:						
as of December 31, 2013	**1,318,063**	**39,666**	**236,977**	**541,040**	**8,956**	**2,144,702**
Additions	14,521	5,423	3,859	826	30,952	55,581
Transfers	(21,981)	-	34,995	5,510	(18,524)	0
Disposals	(9,712)	(5,789)	(24,308)	(16,171)	(1,157)	(57,137)
as of December 31, 2014	**1,300,891**	**39,300**	**251,523**	**531,205**	**20,227**	**2,143,146**
Additions	892	-	190	2,459	21,768	25,309
Transfers	5,198	-	14,554	6,949	(26,701)	-
Transfers into/from inventory	0	2,513	(0)	-	0	2,513
Disposals	(1,870)	(2,661)	(10,892)	(10,392)	(3,686)	(29,501)
as of June 30, 2015	**1,305,111**	**39,152**	**255,375**	**530,221**	**11,608**	**2,141,467**
Depreciation and impairment:						
as of December 31, 2013	**(553,185)**	**(21,644)**	**(197,680)**	**(414,096)**	**-**	**(1,186,605)**
Depreciation	(44,648)	(1,208)	(18,837)	(32,622)	-	(97,315)
Impairment	(8,564)	4,283	-	-	-	(4,281)
Disposals	2,764	1,444	25,096	14,070	-	43,375
Transfers	11,151	(1,802)	(12,063)	2,714	-	(0)
as of December 31, 2014	**(592,482)**	**(18,927)**	**(203,483)**	**(429,934)**	**-**	**(1,244,826)**
Depreciation	(23,145)	(793)	(10,591)	(13,651)	-	(48,180)
Impairment	(444)	-	-	-	-	(444)
Disposals	1,464	2,661	10,890	9,503	-	24,518
Transfers	(14)	0	-	14	-	0
Transfers into/from inventory	(0)	(2,510)	-	-	-	(2,510)
as of June 30, 2015	**(614,621)**	**(19,569)**	**(203,184)**	**(434,068)**	**-**	**(1,271,442)**
Net book value:						
as of December 31, 2013	**764,879**	**18,022**	**39,297**	**126,943**	**8,956**	**958,097**
as of December 31, 2014	**708,409**	**20,373**	**48,040**	**101,271**	**20,227**	**898,321**
as of June 30, 2015	**690,490**	**19,583**	**52,191**	**96,153**	**11,608**	**870,025**

The investment properties have a fair value of 22,187 as at June 30, 2015 (December 31, 2014: 22,902).

10. 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.

11. Intangible assets

The balance of the intangible assets as of June 30, 2015 and December 31, 2014 represents mainly software.

	Group	Bank
Cost:		
as of December 31, 2013	**320,251**	**295,156**
Additions	31,570	29,934
Disposals	(15,141)	(15,141)
as of December 31, 2014	**336,678**	**309,949**
Additions	16,274	15,115
as of June 30, 2015	**352,952**	**325,064**
Amortization:		
as of December 31, 2013	**-230,898**	**-213,192**
Amortization expense	(35,641)	(32,853)
Disposals	15,087	15,087
as of December 31, 2014	**-251,452**	**-230,958**
Amortization expense	(18,720)	(17,353)
as of June 30, 2015	**-270,172**	**-248,311**
Net book value:		
as of December 31, 2013	**89,352**	**81,964**
as of December 31, 2014	**85,225**	**78,991**
as of June 30, 2015	**82,780**	**76,753**

12. Other assets

	Group		Bank	
	Unaudited (*)			
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Advances to suppliers	30,563	15,303	-	-
Sundry debtors	100,941	67,847	88,993	54,990
Prepaid expenses	83,783	29,671	81,104	27,554
Repossessed assets	16,057	16,061	16,057	16,061
Prepaid income tax	22,351	20,185	21,822	19,656
Other assets	1,341	787	1,138	509
Total	**255,036**	**149,855**	**209,114**	**118,770**

The sundry debtors balances are presented net of an impairment allowance, at Group level, of 62,933 (December 31, 2014: 60,587) and at Bank level of 48,941 (December 31, 2014: 46,933).

13. Due to banks

	Group		Bank	
	Unaudited (*)			
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Demand deposits	514,478	442,294	514,478	442,295
Term deposits	162,153	292,225	162,153	292,225
Due to banks	**676,631**	**734,520**	**676,631**	**734,520**

14. Due to customers

	Group		Bank	
	Unaudited (*)			
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Demand deposits	17,663,997	15,801,503	17,689,989	15,830,929
Term deposits	20,026,407	20,152,538	20,072,164	20,209,928
Due to customers	**37,690,404**	**35,954,041**	**37,762,153**	**36,040,857**

15. Borrowed funds

	Group		Bank	
	Unaudited (*)			
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Borrowings from related parties	2,086,923	2,061,860	1,433,916	1,436,527
Borrowings from international financial institutions	438,744	445,905	352,457	340,256
Borrowings from other institutions	745	897	745	897
Other borrowings	4,810	6,290	33,526	38,844
Total	**2,531,222**	**2,514,952**	**1,820,644**	**1,816,524**

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

16. Subordinated debt

Subordinated debt is in amount of EUR 100 million , RON 447.35 million equivalent (2014: EUR 100 million, RON 448.21 million equivalent) representing one subordinated loan, EUR 100 million received in 2005, at EURIBOR 6M+0.5%, due in 6th July 2015. The accrued interest to the subordinated debt is in amount of RON 1,463 (2014: RON 1,902).

17. Taxation

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

The deferred tax liability/asset is reconciled as follows:

	Group June 30, 2015 Unaudited (*)			
	Temporary differences	**Consolidated Statement of Financial Position Asset / (Liability)**	**Consolidated Income Statement (Expense) / Income**	**Consolidated OCI (Expense) / Income**
Deferred tax liability				
Defined benefit obligation	(11,639)	(1,862)	-	-
Investments and other securities	(265,925)	(42,548)	1,006	26,568
Total	**(277,564)**	**(44,410)**	**1,006**	**26,568**
Deferred tax asset				
Tangible and intangible assets	74,390	11,902	(64)	
Fiscal loss	176,176	28,188	(57,345)	
Provisions and other liabilities	417,575	66,823	6,775	
Total	**668,141**	**106,914**	**(50,634)**	
Taxable items	**390,577**			
Deferred tax		**62,503**	**(49,628)**	**26,568**

The taxable item in amount of 62,503 represents a deferred tax asset of 65,517 and a deferred tax liability of 3,014.

	Bank June 30, 2015			
	Temporary differences	**Individual Statement of Financial Position Asset / (Liability)**	**Individual Income Statement (Expense) / Income**	**Consolidated OCI (Expense) / Income**
Deferred tax liability				
Defined benefit obligation	(11,639)	(1,862)	-	-
Investments and other securities	(241,232)	(38,597)	-	26,558
Total	**(252,871)**	**(40,459)**	**-**	**26,558**
Deferred tax asset				
Tangible and intangible assets	82,994	13,279	(192)	
Fiscal loss	176,176	28,188	(57,345)	
Provisions and other liabilities	426,373	68,230	6,953	
Total	**685,543**	**109,697**	**(50,584)**	
Taxable items	**432,672**			
Deferred tax		**69,238**	**(50,584)**	**26,558**

17. Taxation (continued)

	Group December 31, 2014			
	Temporary differences	**Consolidated Statement of Financial Position Asset / (Liability)**	**Consolidated Income Statement (Expense) / Income**	**Consolidated OCI (Expense) / Income**
Deferred tax liability				
Defined benefit obligation	(11,639)	(1,862)	-	(2,473)
Investments and other securities	(438,262)	(70,122)	1,502	(50,241)
Total	**(449,902)**	**(71,984)**	**1,502**	**(52,714)**
Deferred tax asset				
Tangible and intangible assets	74,791	11,967	8,575	-
Fiscal loss	534,580	85,533	(33,514)	-
Provisions and other liabilities	375,300	60,048	17,831	-
Total	**984,671**	**157,547**	**(7,108)**	**-**
Taxable items	**534,769**			
Deferred tax		**85,564**	**(5,606)**	**(52,714)**

	Bank December 31, 2014			
	Temporary differences	**Individual Statement of Financial Position Asset / (Liability)**	**Individual Income Statement (Expense) / Income**	**Consolidated OCI (Expense) / Income**
Deferred tax liability				
Defined benefit obligation	(11,639)	(1,862)	-	(2,473)
Investments and other securities	(407,221)	(65,155)	-	(50,241)
Total	**(418,861)**	**(67,018)**	**-**	**(52,714)**
Deferred tax asset				
Tangible and intangible assets	84,193	13,471	8,484	
Fiscal loss	534,580	85,533	(33,514)	
Provisions and other liabilities	382,983	61,277	18,334	
Total	**1,001,755**	**160,281**	**(6,696)**	**-**
Taxable items	**582,895**			
Deferred tax		**93,263**	**(6,696)**	**(52,714)**

Movement in deferred tax is as follows:

	Group	**Bank**
Deferred tax asset, net as of December 31, 2013	**143,883**	**152,672**
Deferred tax recognized in other comprehensive income	(52,714)	(52,714)
Deferred tax recognized in profit and loss	(5,606)	(6,696)
Deferred tax asset, net as of December 31, 2014	**85,564**	**93,263**
Deferred tax recognized in other comprehensive income	26,568	26,558
Deferred tax recognized in profit and loss	(49,628)	(50,584)
Deferred tax asset, net as of June 30, 2015	**62,503**	**69,238**

17. Taxation (continued)

Reconciliation of total tax charge

	Group		Bank	
	Unaudited (*)	Unaudited (*)		
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Profit before income tax	**324,240**	**148,683**	**319,329**	**143,903**
Income tax (16%)	51,878	23,789	51,093	23,024
Fiscal credit	(32)	-	-	-
Non-deductible elements	10,273	8,959	6,368	6,082
Non-taxable elements	(8,016)	(11,955)	(6,877)	(8,056)
Expense from income tax at effective tax rate	**54,103**	**20,793**	**50,584**	**21,051**
Effective tax rate	16.7%	14.0%	15.8%	14.6%

Recognition of deferred tax asset at Bank level of 69,238 is based on the management's profit forecasts, which indicates that it is probable that future tax profit will be available against which this asset can be utilised.

18. Other liabilities

	Group		Bank	
	Unaudited (*)			
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Sundry creditors	227,755	185,424	171,001	144,676
Other payables to State budget	36,117	35,169	34,985	33,768
Deferred income	12,012	12,174	12,012	12,131
Payables to employees	94,660	113,402	90,626	109,085
Dividends payable	476	482	476	482
Financial guarantee and loan contracts provisions	296,166	224,287	296,166	224,287
Provisions for other risk and charges	23,235	39,070	13,284	33,566
Total	**690,421**	**610,006**	**618,550**	**557,995**

Payables to employees include, among other, gross bonuses relating to 2015 profit, amounting to 29,334 (2014: 47,091) and post-employment benefits amounting to 54,008 (2014: 52,715).

Sundry creditors include mainly suppliers for different type of acquisitions and a collateral deposit for financial instruments in amount of 62,271 as at June 30, 2015 (37,022 as at December 31, 2014).

The movement in provisions for other risk and charges is as follows:

Group	
Carrying value as of December 31,2013	**38,835**
Additional expenses	7,486
Reversals of provisions	(7,250)
Carrying value as of December 31,2014	**39,070**
Additional expenses	5,820
Reversals of provisions	(21,655)
Carrying value as of June 30, 2015 Unaudited (*)	**23,235**
Bank	
Carrying value as of December 31,2013	**38,512**
Additional expenses	1,836
Reversals of provisions	(6,782)
Carrying value as of December 31,2014	**33,566**
Additional expenses	1,090
Reversals of provisions	(21,372)
Carrying value as of June 30, 2015	**13,284**

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. During six months ended 30 June 2015, the movements in service cost and benefits paid from defined benefit obligation resulted in not significant change of obligation carrying value compared to 31 December 2014.

19. Share capital

The nominal share capital, as registered with the Registry of Commerce is 696,901 (2014: 696,901). Included in the share capital there is an amount of 1,818,721 (2014: 1,818,721) representing hyper inflation restatement surplus.

Share capital as of June 30, 2015 represents 696,901,518 (2014: 696,901,518) authorized common shares, issued and fully paid. The nominal value of each share is RON 1 (2014: RON 1).

During 2015 and 2014, the Bank did not buy back any of its own shares.

20. Retained earnings

Included in the Retained earnings there is an amount of 513,515 (2014: 513,515) representing legal reserves, general banking reserves and other reserves with a restricted use as required by the banking legislation.

21. 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.

Directive 2013/36/UE and Regulation no 575/2013 became effective starting January 1, 2014 being published in the Official Journal OJ L 176/27.06.2013 and applicable for capital management, all previous regulations being taken in the two documents.

22. Interest and similar income

	Group		Bank	
	Unaudited (*)	Unaudited (*)		
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Interest on loans	831,804	984,982	774,399	931,423
Interest on deposit with banks	8,307	18,463	7,564	17,589
Interest on available for sale	142,912	165,485	142,912	165,485
Interest from hedging instruments	3,037	3,379	3,037	3,379
Total	**986,060**	**1,172,309**	**927,912**	**1,117,875**

The interest income on loans includes for Bank the accrued interest for impaired loans (after impairment allowance) in amount of 83,890 (2014:108,511).

23. Interest and similar expense

	Group		Bank	
	Unaudited (*)	Unaudited (*)		
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Interest on term deposits	182,942	259,909	184,582	261,828
Interest on demand deposits	41,854	65,743	38,772	61,456
Interest on borrowings	21,251	42,389	14,046	33,975
Interest from hedging instruments	4,728	7,251	4,728	7,250
Total	**250,775**	**375,291**	**242,128**	**364,509**

24. Fees and commissions, net

	Group		Bank	
	Unaudited (*)	Unaudited (*)		
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Commission revenue from processing of transactions	419,165	428,379	410,740	418,787
Other commission revenue	41,664	39,696	33,745	34,605
Commission expense	(91,705)	(85,990)	(89,644)	(83,398)
Net commission revenue	**369,122**	**382,085**	**354,841**	**369,994**

25. Gain on derivative and other financial instruments held for trading

	Group		Bank	
	Unaudited (*)	Unaudited (*)		
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Gain on instruments held for trading	2,141	20,842	1,890	20,788
Gain on interest rate swap / (loss)	1,565	(158)	1,565	(158)
Gain on currency swap	72,227	44,426	72,227	44,426
Gain on forward foreign exchange contracts	39,748	85,424	39,748	85,424
Gain on currency options	3,527	2,632	3,527	2,632
Gain on hedging	1,165	539	1,165	539
Other	(1,820)	(1,554)	(1,820)	(1,554)
Total gain on derivative and other financial instruments held for trading	**118,555**	**152,151**	**118,304**	**152,097**

26. 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 951 (2014:1,039).

27. Contribution to Deposit Guarantee Fund

According to the Romanian legislation (Government Ordinance No 39/1996 regarding the setting up and the operation of the Bank Deposit Guarantee Fund) the deposits of individuals and certain entities including small and medium sized enterprises are insured up to a certain level (EUR 100 000) by the Deposit Guarantee Fund ("Fund").

Every participating credit institution shall pay the Fund an annual contribution in respect of guaranteed deposits and an annual fee to the Resolution Fund.

The contribution to the Fund is computed based on prior year guaranteed deposits balance and pro-rated monthly to the profit and loss account in the current year. For the six months ended June 30, 2015 the expense related to the Deposit Guarantee Fund is 35,991 (six months ended June 30, 2014: 34,317)

The annual fee to the Resolution Fund is computed based on prior year non- guaranteed liabilities balance and pro-rated monthly to the profit and loss account in the payment year. For the six months ended June 30, 2015 the expense related to the Resolution Fund is 7,847 (six months ended June 30, 2014: 9,520)"

28. Personnel expenses

	Group		Bank	
	Unaudited (*)	Unaudited (*)		
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Salaries	228,759	215,189	213,569	201,340
Social security	62,486	66,266	58,493	62,377
Bonuses	20,206	21,196	19,520	21,196
Post-employment benefits	1,294	1,890	1,294	1,890
Other	9,303	10,953	7,491	9,765
Total	**322,048**	**315,494**	**300,367**	**296,568**

Employee expenses for share - based payment transactions are included in line Other in amount of 2,033 for the first six months in 2015 (2014: 2,730).

Share based payment transactions

On November 2nd, 2010 SG 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):

28. Personnel expenses (continued)

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

The two performance conditions for the first tranche were fully satisfied and the shares were given to the employees in March 31, 2015.
The number and weighted average exercise price of shares is as follows:

	Group		Bank	
	Weighted average exercise price (EUR)	Number of shares granted	Weighted average exercise price (EUR)	Number of shares granted
Granted during the period				
- exercise date 31/03/2015	34.6	108,368	34.6	107,200
- exercise date 31/03/2016	33.2	162,552	33.2	160,800

Employee expenses for share - based payment transactions

	Group		Bank	
	2015	2014	2015	2014
Expense in 2010	1,070	1,070	1,070	1,070
Expense in 2011	6,025	6,025	6,025	6,025
Expense in 2012	6,809	6,809	6,809	6,809
Expense in 2013	6,675	6,675	6,675	6,675
Expense in 2014	11,451	11,451	11,451	11,451
Expense in 2015	2,432	-	2,033	-
Total share based payment recognised	**34,462**	**32,030**	**34,063**	**32,030**

29. Depreciation, amortisation and impairment on tangible and intangible assets

	Group		Bank	
	Unaudited (*)	Unaudited (*)		
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Depreciation and impairment	48,125	51,512	47,831	51,680
Amortisation	18,720	16,665	17,353	15,269
Total	**66,846**	**68,177**	**65,184**	**66,949**

The difference as at June30, 2015 between the amount presented in note 9 and the amount presented in note 29 represents depreciation of investment property in total amount of 793.

30. Other operating expense

	Group		Bank	
	Unaudited (*)	Unaudited (*)		
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Administrative expenses	205,089	206,290	192,284	194,328
Publicity and sponsorships	11,135	14,376	10,934	14,070
Other expenses	28,163	37,169	27,086	36,218
Total	**244,387**	**257,835**	**230,304**	**244,616**

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

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

31. Cost of risk

	Group		Bank	
	Unaudited (*)	Unaudited (*)		
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Net impairment allowance for loans	202,628	491,832	216,840	495,930
Net impairment allowance for sundry debtors	3,640	14,120	511	13,958
Net impairment allowance for financial leases	2,475	191	-	-
Income from recoveries of derecognized receivables	(50,117)	(79,557)	(47,807)	(78,755)
Write-offs & sales of bad debts	38,939	64,396	14,753	51,785
Net provisions for off balance sheet commitments	71,293	9,207	71,293	9,207
Total	**268,859**	**500,189**	**255,590**	**492,125**

32. Cash and cash equivalents for cash flow purposes

For the purpose of the cash flow statements, cash and cash equivalents comprise cash in hand and due from banks, except amounts in transit and loans to banks, with less than 90 days maturity from the date of acquisition. The Bank did not include in cash and cash equivalents the amounts representing minimum compulsory reserve held at National Bank of Romania.

Group

	Unaudited (*)	Unaudited (*)
	June 30, 2015	June 30, 2014
Cash in hand	1,081,870	796,887
Current accounts and deposits with banks	3,118,337	1,657,363
Total	**4,200,207**	**2,454,250**

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

Bank

	June 30, 2015	June 30, 2014
Cash in hand	1,081,860	796,873
Current accounts and deposits with banks	3,117,671	1,655,878
Total	**4,199,531**	**2,452,751**

33. Guarantees and other credit commitments

Guarantees and letters of credit

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

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

Credit related commitments

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

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

	Group		Bank	
	Unaudited (*)			
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Letters of guarantee granted	6,364,434	6,413,912	6,410,123	6,474,605
Financing commitments granted	4,304,182	4,273,982	4,012,644	3,991,348
Total commitments granted	**10,668,616**	**10,687,894**	**10,422,767**	**10,465,953**
Letters of guarantee received	14,978,476	14,852,090	14,978,476	14,852,090
Financing commitments received	1,126,486	1,195,628	1,126,486	1,195,628
Total commitments received	**16,104,962**	**16,047,717**	**16,104,962**	**16,047,717**

(*) Unaudited / unreviewed by the financial auditor

34. Other commitments

	Group		Bank	
	Unaudited (*)			
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Tangible non-current assets	2,825	6,767	2,825	6,767
Intangible non-current assets	16,311	3,438	16,311	3,438
Services	360,852	317,937	360,852	317,937
Total	**379,988**	**328,142**	**379,988**	**328,142**

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

35. Related parties

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

	Group							
	2015 Unaudited (*)				2014			
	Parent	Other related parties	Associates	Key management of the institution	Parent	Other related parties	Associates	Key management of the institution
Assets	**361,169**	**46,856**	**7,897**	**2,168**	**327,424**	**40,414**	**6,049**	**4,118**
Nostro accounts	41,969	3,344	-	-	56,814	9,608	-	-
Deposits	25,372	16,254	-	-	32,739	7,924	-	-
Loans	138,808	27,258	7,897	2,168	128,381	22,882	6,049	4,118
Derivative financial instruments	155,021	-	-	-	109,491	-	-	-
Liabilities	**1,488,009**	**1,514,078**	**72,541**	**14,873**	**1,542,959**	**1,485,971**	**70,016**	**11,407**
Loro accounts	61,174	62,521	55	-	5,043	22,060	648	-
Deposits	236,147	17,641	72,486	14,873	394,191	27,384	69,368	11,407
Borrowings	653,278	1,433,916	-	-	625,333	1,436,527	-	-
Subordinated borrowings	448,813	-	-	-	449,990	-	-	-
Derivative financial instruments	88,597	-	-	-	68,403	-	-	-
Commitments	**9,290,744**	**28,097**	**7,476**	**269**	**8,395,974**	**118,725**	**7,375**	**324**
Letters of guarantee given	176,619	17,555	2,108	269	268,020	29,187	1,997	324
Letters of guarantee received	931,091	10,543	5,368	-	1,013,417	89,538	5,379	-
Notional amount of foreign exchange transactions	5,348,844	-	-	-	3,829,773	-	-	-
Notional amount of interest rate derivatives	2,834,190	-	-	-	3,284,763	-	-	-
Income statement	**115,501**	**13,303**	**18,385**	**151**	**210,503**	**28,579**	**5,300**	**200**
Interest and commision revenues	9,095	889	4,878	36	10,173	346	3,942	88
Interest and commission expense	16,437	10,015	322	114	34,042	20,436	459	113
Net gain/(loss) on interest rate derivatives	(55)	-	-	-	10,107	-	-	-
Net gain on foreign exchange derivatives	75,888	384	-	-	129,981	5,412	-	-
Dividend income	-	457	14,327		-	114	1,604	-
Other income	276	46	4	-	241	-	-	-
Other expenses	13,861	1,512	(1,147)	0	25,960	2,271	(705)	-

The accompanying notes are an integral part of this interim financial statements

(*) Unaudited / unreviewed by the financial auditor

35. Related parties (continued)

	Bank									
	2015					2014				
	Parent	Other related parties	Subsidiaries	Associates	Key management of the institution	Parent	Other related parties	Subsidiaries	Associates	Key management of the institution
Assets	**335,444**	**46,856**	**50,520**	**6,601**	**1,208**	**301,180**	**40,401**	**67,095**	**3,846**	**3,436**
Nostro accounts	41,969	3,344	-	-	-	56,814	9,608	-	-	-
Deposits	-	16,254	-	-	-	6,609	7,924	-	-	-
Loans	138,454	27,258	50,468	6,601	1,208	128,266	22,869	67,095	3,846	3,436
Derivative financial instruments	155,021	-	52	-	-	109,491	-	-	-	-
Liabilities	**817,879**	**1,513,678**	**100,739**	**72,485**	**7,595**	**915,406**	**1,485,706**	**119,402**	**69,977**	**7,258**
Loro accounts	61,174	62,521	-	55	-	5,043	22,060	-	648	-
Deposits	219,295	17,241	71,751	72,430	7,595	391,970	27,119	86,819	69,329	7,258
Borrowings	-	1,433,916	-	-	-	-	1,436,527	-	-	-
Subordinated borrowings	448,813	-	-	-	-	449,990	-	-	-	-
Lease payable	-	-	28,988	-	-	-	-	32,580	-	-
Derivative financial instruments	88,597	-	-	-	-	68,403	-	3	-	-
Commitments	**9,290,743**	**28,098**	**12,418**	**7,476**	**184**	**8,395,973**	**118,725**	**18,933**	**7,376**	**265**
Letters of guarantee given	176,619	17,555	-	2,108	184	268,020	29,187	-	1,997	265
Letters of guarantee received	931,091	10,543	-	5,368	-	1,013,417	89,538	-	5,379	-
Notional amount of foreign exchange transactions	5,348,844	-	12,418	-	-	3,829,773	-	18,933	-	-
Notional amount of interest rate derivatives	2,834,190	-	-	-	-	3,284,763	-	-	-	-
Income statement	**105,261**	**12,855**	**14,724**	**12,900**	**68**	**194,645**	**28,423**	**8,181**	**816**	**149**
Interest and commision revenues	8,353	619	6,351	260	19	9,299	346	2,668	273	77
Interest and commission expense	8,587	10,015	2,057	322	49	20,444	20,436	1,980	459	72
Net gain/(loss) on interest rate derivatives	(55)	-	-	-	-	10,107	-	-	-	-
Net gain on foreign exchange derivatives	75,888	384	-	-	-	129,981	5,412	(693)	-	-
Dividend income	-	457	5,863	14,327	-	-	114	5,258	1,604	-
Other income	-	3	199	4	-	-	-	-	-	-
Other expenses	12,488	1,378	254	(2,013)	-	24,814	2,115	(1,032)	(1,520)	-

The accompanying notes are an integral part of this interim financial statements

(*) Unaudited / unreviewed by the financial auditor

35. Related parties (continued)

The interest expenses include an amount of 1,463 (2014: 1,902) relating to subordinated loans. The amounts are presented both at Group and Bank level on line interest and commission expense with the Parent.

As of June 30, 2015, the Board of Directors and Managing Committee members own 304,530 (2014: 304,530) BRD shares.

Key management personnel benefits for 2015 and 2014:

	Group		Bank	
	Unaudited (*) Six months ended June 30, 2015	Unaudited (*) Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Short-term benefits	6,856	6,453	4,789	4,390
Long-term benefits	1,352	1,025	1,352	1,025
Share-based payment transactions	4	4	2	3

(*) Unaudited / unreviewed by the financial auditor

36. Contingencies

As of June 30, 2015 BRD is the defendant in a number of lawsuits arising in the course of business, amounting to approximately 8,277 (2014: 9,545). The amounts disclosed represent the additional potential loss in the event of a negative court decision, the amounts not being provisioned. 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.

37. Earnings per share

	Group		Bank	
	Unaudited (*)			
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Ordinary shares on the market	696,901,518	696,901,518	696,901,518	696,901,518
Profit attributable to shareholders	268,473	125,419	268,745	122,853
Earnings per share (in RON)	0.3852	0.1800	0.3856	0.1763

38. Fair value

Determination of fair value and fair value hierarchy

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

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

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

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

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

38. Fair value (continued)

	Group				Bank			
	June 30, 2015 Unaudited (*)				June 30, 2015			
Assets measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	140,972	-	140,972	-	140,971	-	140,971
Currency swaps	-	13,213	-	13,213	-	13,252	-	13,252
Forward foreign exchange contracts	-	19,480	-	19,480	-	19,494	-	19,494
Currency options	-	37,661	-	37,661	-	37,661	-	37,661
	-	**211,326**	**-**	**211,326**	**-**	**211,378**	**-**	**211,378**
Financial assets available for sale								
Treasury notes	9,126,678	-	-	9,126,678	9,126,678	-	-	9,126,678
Municipal Bonds	-	265,250	-	265,250	-	265,250	-	265,250
Equity investments (listed)	3,779	-	-	3,779	3,779	-	-	3,779
Equity investments (not listed)	-	-	7,041	7,041	-	-	7,041	7,041
Other securities quoted	85,014	-	-	85,014	57,495	-	-	57,495
	9,215,472	**265,250**	**7,041**	**9,487,763**	**9,187,952**	**265,250**	**7,041**	**9,460,243**
Non-derivative financial instruments held for trading	882,868	-	-	882,868	882,868	-	-	882,868
Total	**10,098,340**	**476,576**	**7,041**	**10,581,956**	**10,070,820**	**476,628**	**7,041**	**10,554,489**
Assets for which fair value is disclosed								
Cash in hand	1,081,870	-	-	1,081,870	1,081,860	-	-	1,081,860
Due from Central Bank	-	-	4,032,988	4,032,988	-		4,032,988	4,032,988
Due from banks	-	-	3,348,886	3,348,886	-		3,322,848	3,322,848
Loans and advances to customers	-	-	27,625,558	27,625,558	-	-	26,940,339	26,940,339
Financial lease receivables	-	-	508,804	508,804	-	-	-	-
Property, plant and equipment	-	-	963,895	963,895	-	-	951,242	951,242
Total	**1,081,870**	**-**	**36,480,131**	**37,562,001**	**1,081,860**	**-**	**35,247,417**	**36,329,276**

The accompanying notes are an integral part of this interim financial statements

(*) Unaudited / unreviewed by the financial auditor

38. Fair value (continued)

	Group				Bank			
	June 30, 2015 Unaudited (*)				June 30, 2015			
Liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	43,624	-	43,624	-	43,624	-	43,624
Currency swaps	-	17,600	-	17,600	-	17,600	-	17,600
Forward foreign exchange contracts	-	7,071	-	7,071	-	7,071	-	7,071
Currency options	-	37,802	-	37,802	-	37,802	-	37,802
Total	**-**	**106,096**	**-**	**106,096**	**-**	**106,097**	**-**	**106,096**
Liabilities for which fair value is disclosed								
Due to banks	-	680,762	-	680,762	-	680,762	-	680,762
Due to customers	-	37,931,647	-	37,931,647	-	38,003,856	-	38,003,856
Debt issued and borrowed funds	-	2,539,798	-	2,539,798	-	1,826,812	-	1,826,812
Subordinated debt	-	450,293	-	450,293	-	450,293	-	450,293
Total	**-**	**41,602,500**	**-**	**41,602,500**	**-**	**40,961,723**	**-**	**40,961,723**

(*) Unaudited / unreviewed by the financial auditor

38. Fair value (continued)

	Group				Bank			
	December 31,2014				December 31,2014			
Assets measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Derivative financial instruments								
Interest rate swaps	-	84,571	-	84,571	-	84,571	-	84,571
Currency swaps	-	28,215	-	28,215	-	28,215	-	28,215
Forward foreign exchange contracts	-	18,808	-	18,808	-	18,808	-	18,808
Currency options	-	17,612	-	17,612	-	17,612	-	17,612
	-	**149,206**	**-**	**149,206**	**-**	**149,206**	**-**	**149,206**
Financial assets available for sale								
Treasury notes	8,039,400	-	-	8,039,400	8,039,400	-	-	8,039,400
Equity investments (listed)	3,861	-	-	3,861	3,861	-	-	3,861
Equity investments (not listed)	-	-	5,727	5,727	-	-	5,727	5,727
Other securities quoted	78,379	-	-	78,379	74,937	-	-	74,937
Municipal Bonds	-	77,986	-	77,986	-	77,986	-	77,986
	8,121,640	**77,986**	**5,727**	**8,205,353**	**8,118,198**	**77,986**	**5,727**	**8,201,912**
Non-derivative financial instruments held for trading	544,699	-	-	544,699	544,699	-	-	544,699
Total	**8,666,339**	**227,192**	**5,727**	**8,899,258**	**8,662,897**	**227,192**	**5,727**	**8,895,817**
Assets for which fair value is disclosed								
Cash in hand	1,357,570	-	-	1,357,570	1,357,549	-	-	1,357,549
Due from Central Bank	-	-	5,832,421	5,832,421	-	-	5,832,421	5,832,421
Due from banks	-	-	1,263,276	1,263,276	-	-	1,236,048	1,236,048
Loans and advances to customers	-	-	27,551,863	27,551,863	-	-	26,890,433	26,890,433
Financial lease receivables	-	-	531,170	531,170	-	-	-	-
Property, plant and equipment	-	-	993,251	993,251	-	-	982,523	982,523
Total	**1,357,570**	**-**	**36,171,982**	**37,529,552**	**1,357,549**	**-**	**34,941,425**	**36,298,974**

38. Fair value (continued)

	Group				Bank			
	December 31,2014				December 31,2014			
Liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities								
Derivative financial instruments								
Interest rate swaps	-	45,337	-	45,337	-	45,337	-	45,337
Currency swaps	-	19,920	-	19,920	-	19,923	-	19,923
Forward foreign exchange contracts	-	4,888	-	4,888	-	4,888	-	4,888
Currency options	-	17,528	-	17,528	-	17,528	-	17,528
Total	**-**	**87,673**	**-**	**87,673**	**-**	**87,676**	**-**	**87,676**
Liabilities for which fair value is disclosed								
Due to banks	-	738,382	-	738,382	-	738,382	-	738,382
Due to customers	-	36,260,622	-	36,260,622	-	36,348,178	-	36,348,178
Debt issued and borrowed funds	-	2,530,140	-	2,530,140	-	1,827,494	-	1,827,494
Subordinated debt	-	451,821	-	451,821	-	451,821	-	451,821
Total	**-**	**39,980,964**	**-**	**39,980,964**	**-**	**39,365,875**	**-**	**39,365,875**

38. Fair value (continued)

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

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

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

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

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

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

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

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

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

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

38. Fair value (continued)

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

	Group				Bank			
	June 30, 2015 Unaudited (*)		December 31,2014		June 30, 2015		December 31,2014	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets								
Cash in hand	1,081,870	1,081,870	1,357,570	1,357,570	1,081,860	1,081,860	1,357,549	1,357,549
Due from Central Bank	4,032,988	4,032,988	5,832,421	5,832,421	4,032,988	4,032,988	5,832,421	5,832,421
Due from banks	3,348,886	3,348,886	1,263,276	1,263,276	3,322,848	3,322,848	1,236,048	1,236,048
Loans and advances to customers	26,968,488	27,625,558	26,777,114	27,551,863	26,631,679	26,940,339	26,461,209	26,890,433
Financial lease receivables	564,141	508,804	574,560	531,170	-	-	-	-
Property, plant and equipment	882,679	963,895	909,049	993,251	870,025	951,242	898,321	982,523
	36,879,052	**37,562,001**	**36,713,989**	**37,529,552**	**35,939,400**	**36,329,276**	**35,785,548**	**36,298,974**
Financial liabilities								
Due to banks	676,631	680,762	734,520	738,382	676,631	680,762	734,520	738,382
Due to customers	37,690,404	37,931,647	35,954,041	36,260,622	37,762,153	38,003,856	36,040,857	36,348,178
Debt issued and borrowed funds	2,531,222	2,539,798	2,514,952	2,530,140	1,820,644	1,826,812	1,816,524	1,827,494
Subordinated debt	448,813	450,293	449,990	451,821	448,813	450,293	449,990	451,821
	41,347,069	**41,602,500**	**39,653,502**	**39,980,964**	**40,708,241**	**40,961,723**	**39,041,890**	**39,365,875**

(*) Unaudited / unreviewed by the financial auditor

38. 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.

Movement in level 3:

	Equity investments (not listed)
Opening balance as at January 1, 2015	**5,727**
Acquisitions	1,081
Sales	(17)
Reimbursements	-
Gain losses from change in fair value	250
Closing balance as at June 30, 2015	**7,041**

Fair value of equity investments not listed is estimated based on net assets of the investments.