

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2013

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

**FREE TRANSLATION**

**TRANSLATOR’S EXPLANATORY NOTE:** The translation of financial statements is provided as a free translation from Romanian which is the official and binding version. This translation was not subject to audit, neither to any other type of accuracy certification; the Independent Auditors’ Report refers exclusively to the Romanian version of the financial statements which was subject to audit. We do not provide any guarantee or other assurance that this free translation from Romanian of the financial statements would not be altered by any significant inappropriate translations into English and therefore underline that the Romanian version of the financial statements is the official and binding version.

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.**  
**Separate financial statements**  
**For the year ended 31 december 2013**

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.**  
**Separate financial statements**  
**For the year ended 31 december 2013**  
*All amounts in lei ("RON") unless otherwise stated*

**Separate statement of Comprehensive Income**  
*For the year ended 31 December 2013*

	<b><u>Note</u></b>	<b><u>31.dec.13</u></b>	<b><u>31.dec.12</u></b>
Insurance premium revenue	21	1,015,878,362	1,042,611,958
Insurance premium ceded to reinsurers	22	<u>(481,792,047)</u>	<u>(267,165,469)</u>
Net insurance premium revenue		534,086,315	775,446,489
Commission income		14,741,060	14,402,892
Net investment income/(expense)	27	(15,709,076)	21,615,713
Other operating income		<u>12,903,819</u>	<u>8,668,996</u>
<b>Net income</b>		<b>546,022,118</b>	<b>820,134,089</b>
<b>Insurance claims and other benefits related to insurance contracts, net of reinsurance</b>		<b>565,317,077</b>	<b>294,735,544</b>
Gross insurance claims and other benefits related to insurance contracts	23	801,012,662	626,378,225
Insurance claims and other benefits related to insurance contracts ceded in reinsurance	24	(235,695,585)	(331,642,681)
Acquisition expenses	25	353,124,143	290,468,843
Administrative expenses	26	503,292,274	215,527,086
Other operating expenses		<u>12,431,614</u>	<u>1,122,763</u>
<b>Total expenses</b>		<b>1,434,165,108</b>	<b>801,854,236</b>
Operating profit/(loss)		(888,142,990)	18,279,854
Finance costs		1,799,366	2,004,523
Profit/(loss) before tax		(889,942,356)	16,275,331
Income tax expense/(income)		(1,493,848)	1,584,725
Net profit/(loss) for the year		(888,448,508)	14,690,606

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**Separate statement of comprehensive income (continued)**  
*For the year ended 31 December 2013*

	<u>Note</u>	<u>31.dec.13</u>	<u>31.dec.12</u>
<b>Net profit/(loss) for the year</b>		<b>(888,448,508)</b>	<b>14,690,606</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit and loss provided that specific requirements are met:</i>			
Changes in financial assets available for sale, net of tax:		6,233,447	(1,980,936)
<i>Items that cannot be reclassified to profit and loss:</i>			
Changes in fair value of land and building:		(7,666,943)	215,235
<b>Total other comprehensive income for the year</b>		<b>(1,433,496)</b>	<b>(1,765,701)</b>
<b>Total comprehensive income for the year</b>		<b>(889,882,004)</b>	<b>12,924,905</b>

**SPECIAL ADMINISTRATOR,**

**KPMG Advisory LLC**

**By representative:**

**By Representative:**

**Puscasiu Antonela**

**Signature**

**Position:**  
**Financial Accounting Director**

**Company stamp**

**Signature**

Notes from pages 10 to 106 are an integral part of the separate financial statements.

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Separate financial statements****For the year ended on 31 december 2013***All amounts in lei ("RON") unless otherwise stated***Separate statement of Financial Position**

	Note	31 December 2013	31 December 2012	1 January 2012
<b>Assets</b>				
Property, plant and equipment	6	92,859,419	103,678,017	111,649,150
Intangible assets	7	3,638,325	5,789,742	5,478,019
Financial assets available for sale	9	13,054,963	35,545,384	37,613,354
Financial assets at fair value through profit or loss	12	5,420,708	19,666,532	17,774,966
Loans and receivables, including insurance receivables	10	260,982,945	311,363,614	696,137,341
Financial assets held to maturity	11	12,485,921	21,628,688	17,631,695
Deferred acquisition costs	8	109,756,024	155,191,868	120,677,517
Other receivables and other assets	15	44,089,164	107,013,469	97,500,572
Deferred tax asset		-	149,887	1,519,378
Reinsurance assets:				
-Technical reserves ceded reinsurers		20,387,672	353,357,789	138,642,794
-Receivables from reinsurers	18	8,387,015	8,233,913	15,246,895
Cash and cash equivalents	13	<u>38,119,347</u>	<u>64,137,792</u>	<u>82,433,624</u>
<b>Total assets</b>		<b>609,181,503</b>	<b>1,185,756,695</b>	<b>1,342,305,305</b>
<b>Liabilities</b>				
Insurance liabilities	16	1,193,027,870	892,177,031	986,685,860
Trade payables and other liabilities	17	119,366,487	98,676,329	104,976,541
Financial liabilities	19	33,235,982	23,374,588	36,962,688
Reinsurance liabilities	18	37,240,415	54,393,073	19,410,387
Deferred revenue	17	13,207,160	14,150,081	11,244,381
<b>Total liabilities</b>		<b>1,396,077,914</b>	<b>1,082,771,102</b>	<b>1,159,279,857</b>

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Separate financial statements****For the year ended on 31 december 2013***All amounts in lei ("RON") unless otherwise stated***Separate statement of financial position (continued)**

<b>Equity</b>	<b>Note</b>	<b>31 December 2013</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
Share capital	14	417,917,936	417,917,936	417,917,936
Land and building revaluation reserve		41,425,690	49,092,633	48,889,557
Reserve of financial assets available for sale		-	(6,233,447)	(4,252,511)
Other reserves		29,952,086	29,952,086	29,939,927
Retained earnings/(accumulated loss)		<u>(1,276,192,123)</u>	<u>(387,743,615)</u>	<u>(309,469,461)</u>
<b>Total equity</b>		<b>(786,896,411)</b>	<b>102,985,593</b>	<b>183,025,448</b>
<b>Total liabilities and equity</b>		<b>609,181,503</b>	<b>1,185,756,695</b>	<b>1,342,305,305</b>

Notes from pages 10 to 106 are an integral part of the separate financial statements.

**SPECIAL ADMINISTRATOR,****KPMG Advisory LLC****By representative:****By Representative:****Puscasiu Antonela****Signature****Position:****Financial Accounting Director****Company stamp****Signature****FREE TRANSLATION**

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.**  
**Separate financial statements**  
**For the year ended 31 December 2013**  
*All amounts in lei ("RON") unless otherwise stated*

**Separate statement of Changes in Equity**

	Share capital	Land and Building revaluation reserve	Reserve of financial assets available for sale	Other reserves	Retained earnings	Total
<b>Balance at 1 January 2012</b>	<b>417,917,936</b>	<b>48,889,557</b>	<b>(4,252,511)</b>	<b>29,939,927</b>	<b>(309,469,461)</b>	<b>183,025,448</b>
<b>Comprehensive income for the year:</b>						
Result for the year	-	-	-	-	14,690,606	14,690,606
<b>Other comprehensive income net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in fair value of financial assets available for sale	-	-	(1,980,936)	-	-	(1,980,936)
Change in land and buildings revaluation reserve		203,076		12,159	-	215,235
<b>Other Comprehensive Income</b>	<b>-</b>	<b>203,076</b>	<b>(1,980,936)</b>	<b>12,159</b>	<b>-</b>	<b>(1,765,701)</b>
<b>Statement of comprehensive income for the year</b>	<b>-</b>	<b>203,076</b>	<b>(1,980,936)</b>	<b>12,159</b>	<b>14,690,606</b>	<b>12,924,905</b>
<b>Adjustments performed against retained earnings</b>						
Adjustments of IFRS preliminary financial information at the date of transition	-	-	-	-	816,651	816,651
Corrections performed by the company in 2012 with impact on the statutory retained earnings balance	-	-	-	-	(28,340,840)	(28,340,840)

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.**  
**Separate financial statements**  
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**Separate statement of changed in equity (continued)**

	Share capital	Land and building revaluation reserve	Reserve of financial assets available for sale	Other reserves	Retained earnings	Total
Corrections performed by the Company during 2013 with impact on the statutory retained earnings balance	=	-	-	-	(65,440,571)	(65,440,571)
<b>Total adjustments performed against retained earnings</b>	-	-	-	-	<b>(92,964,760)</b>	<b>(92,964,760)</b>
<b>Total changes in equity</b>	-	<b>203,076</b>	<b>(1,980,936)</b>	<b>12,159</b>	<b>(78,274,154)</b>	<b>(80,039,855)</b>
<b>Balance as at 31 December 2012</b>	<b>417,917,936</b>	<b>49,092,633</b>	<b>(6,233,447)</b>	<b>29,952,086</b>	<b>(387,743,615)</b>	<b>102,985,593</b>
<b>Statement of comprehensive income</b>						
Result for the year 2013	-	-	-	-	(888,448,508)	(888,448,508)
<b>Other comprehensive income net of tax</b>						-
Change in fair value of financial assets available for sale	-	-	6,233,447	-	-	6,233,447
Change in fair value of <b>reserve of financial assets available for sale</b>		(7,666,943)				(7,666,943)
<b>Total other comprehensive income</b>	-	<b>(7,666,943)</b>	<b>6,233,447</b>	-	-	<b>(1,433,496)</b>

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.**  
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**Separate statement of changes in equity (continued)**

	Share capital	Land and building revaluation reserve	Reserve of financial assets available for sale	Other reserves	Retained earnings	Total
Statement of comprehensive income for 2013	-	(7,666,943)	6,233,447	-	(888,448,508)	(889,882,004)
Total changes in equity in 2013	-	(7,666,943)	6,233,447	-	(888,448,508)	(889,882,004)
Balance as at 31 December 2013	417,917,936	41,425,690	-	29,952,086	(1,276,192,123)	(786,896,411)

**SPECIAL ADMINISTRATOR**

**KPMG Advisory SRL,**

**Signature**

**Company Stamp**

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Separate financial statements****For the year ended 31 December 2013***All amounts in lei ("RON") unless otherwise stated***Separate statement of cash flows for the financial year ended 31 December 2013**

	<b>2013</b>	<b>2012</b>
<b>Cash flow from operating activity</b>		
Net Profit /(Loss)	(888,448,508)	14,690,606
<i>Adjustments for non-monetary items and other elements included in investment or in financing activity</i>	<i>936,386,737</i>	<i>(147,263,724)</i>
Amortization expense	9,803,953	9,498,778
Provisions	6,497,729	-
Net impairment adjustments	331,853,947	54,463,833
Non-cash adjustments for investment income and expenses and other value adjustments	29,530,722	-
Profit from disposal of tangible and intangible assets	(52,933)	(14,098)
Profit from disposal of financial assets	(3,456,447)	(3,046,286)
Interest income	(8,226,627)	(18,400,522)
Change in net technical reserves of reinsurance	633,188,301	(119,092,553)
Change in acquisition costs carried forward	45,684,274	(33,071,402)
Other non-cash adjustments	(108,436,182)	(37,601,474)
<i>Changes in working capital during the year</i>	<i>(121,702,664)</i>	<i>13,972,944</i>
Changes in receivables and other assets	(130,696,145)	(237,584,237)
Changes in liabilities and deferred income	8,993,481	251,557,181
Income tax paid	(127,944)	1,584,725
<b>1. Cash flow from operating activities</b>	<b>(73,892,379)</b>	<b>(117,015,449)</b>
<b>Cash flow from investing activities:</b>		
Cash receipts from the sale of investments and interest income	40,594,436	(19,879,746)
Cash payments for acquisition of tangible and intangible assets	(4,654,890)	(1,597,956)
Cash receipts from the sale of tangible and intangible assets	72,797	562,905
Loans granted	1,537,696	(11,888,607)
Cash receipts from dividend, interest and other	4,498,149	16,608,205
Cash payments for dividends, interest and other	-	(1,957,223)
<b>2. Net cash flow from investing activities</b>	<b>42,048,188</b>	<b>(18,152,422)</b>

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**Separate statement of cash flows (continued)**

	<b>2013</b>	<b>2012</b>
<b>Cash flows from financing activities:</b>		
Cash receipts from loans received	10,900,834	-
Cash payments for reimbursed loans	(5,075,088)	(12,000,000)
<b>3. Net cash from financing activities</b>	<b>5,825,746</b>	<b>(12,000,000)</b>
<b>Net decrease in cash and cash equivalents (1+2+3)</b>	<b>(26,018,445)</b>	<b>(147,167,871)</b>
<b>Cash and cash equivalents at the beginning of the year (A)</b>	<b>64,137,792</b>	<b>211,305,663</b>
<b>Cash and cash equivalents at the year-end (C=A+B)</b>	<b>38,119,347</b>	<b>64,137,792</b>

**SPECIAL ADMINISTRATOR,**

**KPMG Advisory LLC**

**By representative:**

**By Representative:**

**Puscasiu Antonela**

**Position:**

**Financial Accounting Director**

**Signature**

**Signature**

**Company stamp**

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## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

#### **1. General**

S.C. ASIGURARE – REASIGURARE ASTRA S.A. (hereinafter referred to as „the Company” or „ASTRA”) is a company registered in Romania on 1 January 1991. ASTRA is authorized to conduct insurance and reinsurance activities through its central office in Bucharest, 3 Nerva Traian Street, District 3 and through its branches, agencies and working points in Bucharest and the rest of the country. The Company’s main activity is non-life and life insurance.

Under Decision no.42/2014 regarding the initiation of the financial recovery procedure through special administration of Societatea de Asigurare Reasigurare ASTRA S.A. („the Company”), published in the Official Journal, Part I, no.120 of 18.02.2014 and implemented under Decision no. 43/2014 and Decision no. 66/2014, S.C. KPMG Advisory S.R.L was appointed by the Financial Supervisory Authority („ASF”) as Special Administrator of ASTRA.

The Company has a central office located in Bucharest; 50 branches, 147 agencies, 30 working points located throughout the country; 1 regional center located in Bucharest (2012: 46 branches, 164 agencies, 30 working points and 1 regional center located in Bucharest) and abroad three branches: Hungary (opened in 2010), Slovakia (opened in 2012) and Germany (opened in 2014).

The financial position of the Hungarian branch as at 31 December 2013 is as follows: total assets RON 7,723,897 (31 December 2012: RON 74,656,239); total liabilities RON 30,368,977 (31 December 2012: RON 94,710,339), loss RON 45,262,251 (2012: RON 13,096,613).

The financial position of the Slovakian branch as at 31 December 2013 is as follows: total assets RON 306,975 (31 December 2012: RON 60,643); total liabilities RON 3,693,746 (31 December 2012: RON 144,927), loss RON 3,301,238 (2012: RON 84,464).

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Compliance declaration**

The financial statements have been prepared in accordance with the International Financial Reporting Standards („IFRS”) as adopted by the European Union, applied in the context of IFRS 1 („First-time adoption of IFRS”) and includes three statements of financial position (as at 31 December 2013, 31 December 2012 and as at 1 January 2012), two statements of comprehensive income (for the financial year ended 31 December 2013 and 31 December 2012 respectively), two statement of cash flows, two statements of changes in equity and related notes, including comparative information.

The details of IFRS transition together with its effects on the financial position and on the financial performance of the Company are presented in note 3 to the financial statements.

These financial statements are not intended to present the financial position, the financial performance and the Company’s cash flows in accordance with regulations and accounting principles set by the Insurance Supervisory Commission Order 3129/2005 (Order 3129/2005) and are not intended for users interested in that respect (e.g. Fiscal authorities, Trade Registry). For these users, the Company has prepared financial statements in accordance with Order 3129/2005.

These financial statements for the year ended 31 December 2013 refer only to the Company as a separate entity, and are not consolidating operations in which the Company holds shares, in accordance with the decision of the Romanian Financial Supervisory Authority (formerly the Insurance Supervisory Commission) no. 316 dated 5 June 2012.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **2. Significant accounting policies (continued)**

### **2.1 Compliance declaration (continued)**

As at 31 December 2013, the Company holds interests in the following entities:

<i>RON</i>	<b>31 December 2013</b>	<b>31 December 2012</b>
	<i>% shareholding</i>	<i>% shareholding</i>
SC ASTRA SAFE IMOB SRL	95	95
SC ASTRA TRAINING SRL	95	95
SC ASTRA ACTIV SRL	95	95
SC NOVACUART SRL	100	100

The accounting records of the Company are held in lei (RON), in accordance with Romanian accounting regulations („RAR”). The accounts have been restated to reflect existing differences between RAR and IFRS. Accordingly, the accounts prepared under RAR have been adjusted, where needed, to harmonize these financial statements in all material respects with the IFRS as adopted by the European Union.

The most significant changes brought to the financial statements prepared in accordance with RAR in order to align them with the IFRS requirements as adopted by the European Union are:

- Grouping of several elements into more comprehensive categories;
- Adjusting equity elements in accordance with IAS 29 „Financial reporting in hyperinflationary economies” as the Romanian economy was a hyperinflationary economy until 31 December 2004;
- Adjustments to the classification of insurance contracts in accordance with IFRS 4 - „Insurance contracts”;
- Adjustments to technical reserves in accordance with IFRS 4 – „Insurance contracts”, in order to be more relevant to the users of the financial statements;
- Adjustments for the recognition of deferred tax assets and liabilities in accordance with IAS 12 „Income taxes”; and presentation requirements in accordance with IFRS;
- Adjustments regarding classification and measurement of investments.

### **2.2 Basis of preparation**

These financial statements have been prepared using the historical cost convention, with the exceptions presented further in the accounting policies.

### **2.3 Functional and presentation currency**

The financial statements are prepared and presented in lei („RON”), the functional currency (the reference currency of the primary economic environment in which the Company operates).

Foreign currency transactions are translated into the functional currency using the National Bank of Romania (NBR) exchange rates prevailing at the dates of the transactions. Foreign exchange differences resulting from the settlement of such transactions are recorded in the income statement on the transaction date at the related exchange rate.

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## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **2. Significant accounting policies (continued)**

### **2.3 Functional and presentation currency (continued)**

Foreign currency monetary assets and liabilities are translated in RON at the NBR exchange rate from the balance sheet date.

The exchange rate used at the end of the period for the main foreign currencies were:

<b>Currency</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
Dollar (USD)	1: RON 3.2551	1: RON 3.3575
Euro (EUR)	1: RON 4.4847	1: RON 4.4287
Hungarian Forint (HUF)	1: RON 1.5135	1: RON 1.5091

Foreign exchange gains and losses resulting from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement of the period.

For Hungary and Slovakia branches which operate in economies with different functional currencies, the accounting records are kept in the functional currency of those economies. Translation of the results in RON is performed monthly using the foreign exchange rate from the last date of the month. Outstanding monetary balances denominated in foreign currency are revalued half yearly.

### **2.4 Going concern**

Through Decision no. 42 of 18 February 2014, implemented under Decision no. 43/2014 and Decision no. 66/2014, the Financial Supervisory Authority decided that a financial recovery procedure through special administration should be opened, in line with the provisions of Law no. 503/2004 regarding the financial recovery, bankruptcy, dissolution and voluntary liquidation of insurance companies, as republished, and appointed KPMG Advisory SRL as Special Administrator of the Company.

Pursuant to Decision no. 43/2014, the Special Administrator prepared a detailed report in connection with the Company's financial situation. This report details the issues set forth under Decision no. 43/2014, among which a detailed report regarding the Company's financial position based on a due diligence performed by the Special Administrator on the non-audited financial information as at 31.12.2013 and the actual and operative possibilities for the Company's financial recovery, the measures to be undertaken by the Special Administrator to this end or, as applicable, the reasons that might prevent the fulfilment of the objectives pursued under this procedure.

The Company depends on the successful implementation of the financial recovery measures to be undertaken, set out in the Special Administrator's report submitted to the Financial Supervisory Authority ("ASF") on 25 March 2014 and approved under ASF Decision no. 117/07.04.2014 (except for two of the measures) and updated according to subsequent events. The recovery plan is set to avoid bankruptcy proceedings and envisages the Company's recovery through measures to restore liquidity and solvency, depending on the actual and operative recovery possibilities identified, and taking into account the applicable economic restraints, the cumulative requirements of the insurance, capital markets and companies legislation, as well as the complex diagnosis of the Company's aggravated, generalized and accumulated in time symptoms.

As at 31 December 2013, the Company's available Solvency margin for non-life insurance activity is negative RON 810.151.361. The minimum solvency margin required for non-life insurance activity is RON 144.770.548 and the security fund is RON 48.256.849. Thus, the solvency margin level for non-life insurance activities is not in line with art. 2, par. (1) under Order no. 3/2008 by the President of

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## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

## **2. Significant accounting policies (continued)**

### **2.4 Going concern (continued)**

the Insurance Supervisory Commission for the implementation of the Norms on the computation of the solvency margin available, the minimum solvency margin and the security fund for insurers conducting non-life insurance activities, as amended and supplemented ("Order 3/2008).

As at 31 December 2013, the Company registered a 0.12 liquidity ratio for non-life insurance activities, determined as the ratio between liquid assets and short-term liabilities to policyholders. Thus the Company did not comply with the provisions of Order 9/2011 by the President of the Insurance Supervisory Commission for the implementation of the Norms on technical reserves for non-life insurance, assets admitted to cover them and the spread of assets admitted to cover gross technical reserves, as well as the liquidity ratio, as subsequently amended and supplemented ("Order 9/2011").

As at 31 December 2013, the Company registered a 0.12 liquidity ratio for non-life insurance activities, determined as the ratio between liquid assets and short-term liabilities to policyholders. Thus the Company did not comply with the provisions of Order 8/2011 by the President of the Insurance Supervisory Commission for the implementation of the Norms on technical reserves for non-life insurance, assets admitted to cover them and the spread of assets admitted to cover gross technical reserves as well as the liquidity ratio, as subsequently amended and supplemented ("Order 9/2011").

As at 31 December 2013, the Company registered a negative difference of RON 752.801.050 between the technical reserves and the assets admitted to cover them for non-life insurance therefore not complying with the provisions of Order 9/2011.

The indicators regarding solvency, liquidity and assets covering technical reserves have been determined based on the information prepared in accordance with the accounting principles and regulations set by Order 3129/2005.

The measures included in the recovery plan are:

- Cash contribution to the share capital of RON 490 million for which the following mentioned actions were initiated;
- Operational measures with no impact on liquidity (non-cash), with a net effect on the Company's equity, comprising:
  - Extension of the catastrophe risk reinsurance program, including the reduction of the Company's retention to EUR 3 million, a measure that has a net estimated impact of RON 40 Million in Shareholders' equity.
  - Securing/offsetting the existing intergroup loans with other receivables (details of these loans are presented in Note 18 to the individual financial statements) having an estimated net impact on net assets of RON 122 Million;

At the date of these separate financial statements the implementation stage of measures included in the recovery plan is as follows:

- Cash contribution to the share capital

On 12 May 2014, the Extraordinary General Meeting of Shareholders (EGMS) approved the delegation to the Special Administrator, respectively the Board of Directors (in the event that after the calling of the EGMS, the Company's management would be resumed by the Board of Directors) of the prerogative to increase the Company's share capital. The delegation of the share capital increase prerogative is valid for a maximum of one year after the date of the resolution. The Special Administrator / Board of Directors may decide, under one or several resolutions, the Company's

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

## **2. Significant accounting policies (continued)**

### **2.4 Going concern (continued)**

share capital increase by issuing new shares, with amounts that may not exceed a total of RON 490,000,000.

On 27 June 2014, KPMG Advisory SRL, mandated as Special Administrator of the Company by ASF under Decision no. 42/18.02.2014, and in consideration of Resolution no. 1 of 12 May 2014 adopted by EGMS, issued Resolution no. 26, approving the Company's share capital increase by a cash contribution of RON 70,000,001.40.

The announcement of the issuance of preference shares for the increase in share capital, approved by ASF through decision 1143/29.08.2014 was published on 29 August 2014.

On 1 October 2014 the subscription period ended and the Special Administrator issued decision no. 68/3.10.2014 through which the share capital increase by cash contribution of RON 65.084.659 was approved (more details regarding the first share capital increase are presented in Note 29 – Subsequent events).

Currently, the Company is in the process of obtaining the ASF authorization for the first share capital increase and is preparing for the second stage of the share capital increase.

Regarding operational measures with impact on the Company's equity presented in the recovery plan, as of this date:

- The Company has succeeded in implementing the reinsurance program. Thus, the net retention for the catastrophe risks has been reduced from EUR 10 million to EUR 3 million through the introduction of the layer of EUR 7 million in excess of 3 million EUR covered by reinsurers rated at least A-, according to the classification provided by rating agencies AM Best or Standard&Poor's.

As a consequence, the required share capital increase has been reduced by RON 26.5 million (net of additional costs in amount of RON 4.2 million for the period between 1 April 2014 and 31 December 2014).

Also, an additional reduction of the required capital of RON 17,2 million was obtained through the release of the catastrophe reserve for insurance class 1 – Accidents and health, which is not exposed to natural catastrophe risks, and of the catastrophe reserve for insurance class 5 – Aviation insurance which is 100% ceded in reinsurance. This operation has been communicated to ASF together with supporting documentation.

- In respect with securing/offsetting or collecting the existing intergroup loans, initiated steps to recover loans through collection or asset exchange have not been finalized as of the date of the separate financial statements. In the Extraordinary General Meeting of Shareholders held on 9 October 2014 the payment of intra group loans was approved, including especially, but not limiting to, the loan to Medien Holding SRL, representing principal plus interest.

Up to this date, compensation agreements have been concluded for receivables from MegaConstruct, ETA ESTATE SOLUTION SPV and THETA PROFICIENCY SRL in amount of RON 8.220.754 with liabilities towards Compania Hoteliera Intercontinental and International Business Center Modern.



## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **2. Significant accounting policies (continued)**

### **2.4 Going concern (continued)**

Currently, the company is in the process of clarifying some aspects regarding the value of proposed assets to be exchanged for the receivables from Medien Holding, through a valuation report prepared by a reputable independent valuator.

Also, the recovery plan provided an estimated time of completion for the implementation of this measure, but the recovery steps have not been successfully completed.

In parallel, the Special Administrator has started the process of identifying potential strategic investors, the interest shown by them representing a key factor in the Company's recovery process.

Considering the above mentioned aspects, the separate financial statements have been prepared on a going concern basis.

In accordance with the legal requirements in determining the assumptions underlying the going concern basis, a period of 12 months from the end of the financial year was considered.

### **2.5 Accounting for hyperinflation effects**

According to IAS 29 („Financial reporting in hyperinflationary economies”), the financial statements of a company whose functional currency is the currency of a hyperinflationary country should be presented in terms of current purchasing power of the currency at the date of the financial statements. Thus, non-monetary items are restated by applying the general price index from the date of acquisition or contribution.

IAS 29 states that an economy is considered hyperinflationary if, among other factors, the cumulative inflation index exceeds 100% for a period of over 3 years.

The continuous decrease of the inflation and other factors related to the economic environment in Romania, indicate that Romania's economy ceased to be hyperinflationary with effect on financial periods from 1 January 2004. The provisions of IAS 29 have been adopted for the preparation of these financial statements only for those elements older than 1 January 2004 (share capital restatement, see note 3.8).

### **2.6 Insurance activity**

#### ***Contract classification***

The Company's contracts are classified in non-life insurance contracts and life insurance contracts, the Company being authorized to underwrite both types of insurance contracts.

The contracts under which the Company undertakes significant insurance risks from a third party (the insured) by agreeing to compensate the insured or a beneficiary should a future specified event of uncertain timing (insured event) occur and adversely impact the insured or a beneficiary, are classified as insurance contracts. The insurance risk is different from the financial risk. The financial risk is the risk of a possible future change of one or more specified indicators such as the interest rate, the price per share, the price of a commodity, the foreign exchange rate, the price indexes or yields, a credit rating or a credit index or any other financial variable or non-financial variable if it is not specific to any of the contracting parties.

The insurance contracts can also transfer a financial risk aside from the significant insurance risk.

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## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

## **2. Significant accounting policies (continued)**

### **2.6 Insurance activity (continued)**

The insurance contracts where the insurance risk transferred is not significant are classified as investment contracts.

#### ***Significant insurance risk***

The insurance risk is significant if, and only if, an insured event could result in the insurer paying significant additional benefits in any situation except for those situations which are void of commercial substance. The additional benefits described refer to amounts that exceed those which should be paid if no insured event would occur, including claim handling and valuation costs, but excluding: loss of ability to request payments for future services from the policyholder, cancellation or redemption taxes waiver in case of death, a payment conditioned by an event which does not cause a significant loss for the policyholder, recoveries possible through reinsurance.

#### ***Gross written premiums***

Gross written premiums include the value of gross premiums collected and receivable under the insurance contracts. If the duration of the insurance contract exceeds one year, the gross premium written is represented by the value of gross premiums collected and receivable in respect with a calendar year of the insurance contract; except single premium contracts, for which the gross premium written is the value of the single gross premium under the insurance contract. For insurance contracts concluded in foreign currency, gross premiums written are recognized in RON at the historical foreign exchange rate from the underwriting date or from the anniversary date in the case of multiannual contracts which do not have single premium.

#### ***Acquisition costs***

Acquisition costs are those expenses which occur during the insurance contracts selling process. Acquisition costs include commissions and other expenses directly attributable to the selling and issuance of insurance policies.

The Company includes commissions due for intermediaries and insurance specific discounts in acquisition costs.

The largest part of acquisition costs is represented by intermediaries' commission expenses. These are recorded against liabilities with intermediaries based on the existing mandate contracts and on the policies issued for which gross written premiums were recognized.

The recognition of commission expenses occurs at the same date as the issuance date of the policy, having as computation basis the gross written premium.

#### ***Deferred acquisition costs***

Deferred acquisition costs represent the proportion of acquisition costs recorded in the current financial year but which refer to subsequent periods.

The Company includes in acquisition costs the commissions due to intermediaries, considering that these expenses vary depending on (and are directly related to) the issuance of new insurance contracts and the renewal of existing contracts. Deferred acquisition costs (DAC) are computed for each valid insurance contract, using the commission percentage and the unearned premium reserve (UPR). DAC related to specific discounts are computed using the same methodology as the UPR, taking into consideration the life of the insurance policy and the value of the discount granted.

#### **FREE TRANSLATION**

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## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

## **2. Significant accounting policies (continued)**

### **2.6 Insurance activity (continued)**

Other costs arising from the sale of insurance contracts but which cannot be directly attributed to insurance contracts have been recorded as expenses for the period in which they occurred and have been classified as administrative costs.

The recoverable part of DAC is assessed at the balance sheet date as a part of the Liability adequacy test (LAT).

#### ***Claims***

Claims incurred in respect with non-life insurance activity include all claims incurred in the period, whether reported or not.

Claims expenses and loss adjustment expenses are recognized in the profit or loss as they are recorded based on the estimated indemnity needed to compensate the beneficiaries of the insurance contracts. These include direct or indirect claim handling costs, related to events that occurred by the end of the year irrespective of whether the event has been notified.

Claims reserves, computed based on the case by case estimates and statistical methods, are determined using the estimated cost for all claims incurred but not paid up to the balance sheet date, irrespective of whether the claims were reported or not, together with all external costs needed for claims payment. Amounts to be recovered from reinsurers and from subrogation rights are presented distinctly as assets.

Although management considers that the gross claim reserve and recoveries from reinsurers and from subrogation rights are correctly estimated and recorded, the final liability may be influenced by subsequent events and information and may significantly differ from the reserves already booked. Reserves adjustments are reflected in the financial statements for the period when they are performed. The methods used and estimates made are regularly revised.

#### ***Ceded reinsurance***

The company cedes risks in reinsurance in the normal course of business with the objective to limit its exposure arising from insurance risks. The reinsurance contracts do not relieve the company from its obligations towards its clients.

Premium revenues and claims expenses are presented in the statement of comprehensive income net of amounts ceded to reinsurers and/or recoverable from them.

The amounts estimated to be recoverable from reinsurers for unpaid claims and loss adjustment expenses are recorded separately from the amounts estimated to be paid to insured clients. Amounts recoverable from reinsurers are estimated in accordance with the claim payment liability related to the insurance policy and the reinsurance contracts.

Amounts recoverable from reinsurers are tested for impairment at each balance sheet date. If based on the test results the assets are impaired, a provision is recorded. Reinsurance assets are impaired if the following conditions are simultaneously met: there is objective evidence arising from an event subsequent to initial recognition that shows a probability for the cedent not to receive all amounts due in accordance with contractual specifications and the impact of this event can be measured reliably.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **2. Significant accounting policies (continued)**

### **2.6 Insurance activity (continued)**

#### ***Technical reserves for general insurance***

##### ***(i) Unearned premium reserve (UPR)***

UPR is computed monthly, by cumulating the quota of gross written premiums corresponding to the unexpired periods of insurance contracts, so that the difference between the volume of gross written premiums and this reserve reflects the gross written premiums allocated to the share of risks expired at the date of the calculation. The UPR is obtained by adding the values of the premium reserve computed for each contract. The UPR and the part ceded in reinsurance expressed in foreign currency are non-monetary liabilities/assets and are expressed in RON at the historical exchange rate.

##### ***(ii) Claims reserve***

The claims reserve contains current and future amounts expected to be paid for financial obligations derived from insurance contracts, including settlement costs for closing the respective claims, and the computation of the claims reserve is done by applying generally accepted statistical methods.

The claims reserve is computed both for notified claims and claims incurred but not reported.

The claims reserves and the parts ceded in reinsurance expressed in foreign currency are monetary assets/liabilities and are presented in RON at the closing exchange rate.

The claims reserve is measured using the best estimate principle. The best estimate principle includes prior years' experience, taking into consideration the current trends and other circumstances that affect the values of estimated claims. For claims reserve relating to claims incurred but not reported, actuarial methods are used and the results are justifiable from the perspective of past statistical data and current events. The Company's management considers that the claims reserve recorded at 31 December 2013 is sufficient to cover the payment of notified claims and claims incurred but not reported.

##### ***(iii) Mathematical reserve and benefit participation reserve***

The mathematical reserve represents the actuarial value of the insurer's financial liabilities after deducting the actuarial value of the policyholder's financial liabilities. This reserve is computed separately for each life insurance contract. For life insurance contracts under which the policyholder is entitled to benefits generated from the mathematical reserve, the benefit participation reserve is created according to assumed liabilities.

#### ***Liability adequacy test***

At the end of each reporting period, liability (technical reserves) adequacy tests are performed (LAT), using the best current estimates of future cash flows attributable to the unexpired period of policies in force at balance sheet date. If this test shows that future estimated cash flows exceed the premium reserve for these policies after deducting DAC, the entire difference is recognized in the statement of comprehensive income by recognizing an unexpired risk reserve.

The LAT is done on homogenous groups of insurance risks: auto insurance (including MTPL, green card and motor hull), general third party liabilities and other insurance risks. In order to analyze the adequacy of liabilities the results obtained at the level of groups are aggregated and assessed collectively at Company's level.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **2. Significant accounting policies (continued)**

### **2.7 Financial instruments**

The company classifies the financial instruments in the following categories:

- a) Financial assets at fair value through profit or loss;
- b) Financial assets available for sale
- c) Loans and receivables;
- d) Financial assets held to maturity.

The classification is determined by management upon initial recognition and is dependent on the purpose for which the financial assets were acquired.

#### ***Classification***

*Financial assets at fair value through profit or loss* are financial assets classified as held for trading or classified by the Company as being measured at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if:

- It is obtained or generated with the purpose of selling or redeeming in the near future;
- It is part of a financial instruments portfolio which are managed together and for which there is evidence of a recent short term profit making strategy; or
- It is a derivative instrument (except for derivative financial instruments which are designated and efficient for risk hedging).

*Financial assets available for sale* are those financial assets which are held for an undetermined period of time and for which the selling decision can be influenced by liquidity needs or changes in market prices/ interest rates, and which are not classified in the categories: Loans and receivables, Financial assets held at fair value through profit or loss or Financial assets held to maturity.

*Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the entity intends to sell immediately or in the near future, or those that the entity designates upon initial recognition at fair value through profit or loss or for which the company cannot substantially recover all of its initial investment, for causes other than credit deterioration, or are classified as available for sale.

The company includes in this category the following financial assets:

- Banking deposits
- Insurance premium receivables
- Subrogation receivables
- Amounts receivable from related parties
- Other loans, credits and guarantees

Bank deposits with a contractual duration of over 3 months are classified as loans and receivables

*Insurance premium receivables* are also classified in this category and tested for impairment.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **2. Significant accounting policies (continued)**

### **2.7 Financial instruments (continued)**

Annually, insurance premium receivables are subject to an impairment test. If it is concluded that the collection of a receivable is improbable, then, an impairment provision is created for the uncollected receivables portfolio subject to the impairment test. In order to determine the collectability as improbable, an analysis of receivables by aging is used. Policies which have at least one overdue receivable with an aging period of over 90 days undergo an impairment test. If subsequent to the analysis performed at an individual or collective level it is concluded that the policies have a low recovery potential, then, depending on the risk of non-collectability, a provision is set. Subsequent to its creation, the provision can be released through profit or loss upon receivable collection or upon cancellation of the policy for which it was created.

The Company applies the following risk coefficients to premium receivables (gross balance), based on collection history, insurance market analysis, premium reserves related to the analyzed portfolio and estimated recovery chances.

*Receivables from claim files with subrogation rights* are accounted at the expected recoverable amount, and the recovery rate is estimated yearly for each insurance class based on the historical recovery rate and expected recovery rates for future periods.

The initial recognition of receivables is done through profit or loss – account "Income from subrogation" with the amount represented by the value of the claim paid initially for the file with subrogation right, except for the cases of common guilt. Subsequent to the initial recognition, the Company analyses the existence of impairment indicators in accordance with the policy described below and, where applicable, records impairment provisions

#### *Impairment adjustments for subrogation receivables*

At 31 December 2013, impairment adjustments have been computed for subrogation receivables applying adjustment coefficients set based on the company's collection history, the aging of the receivables and the types of receivables as follows:

- receivables against insolvent third parties
- receivables claimed in court or in execution
- receivables from amicably settled subrogation.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity, other than:

- those that the Company upon initial recognition designates as at fair value through profit or loss;
- those that the Company designates as available for sale; and
- those that meet the definition of loans and receivables.

#### **Recognition**

Regular-way purchases and sales of financial assets are recognized on settlement-date – the date on which the Company settles the purchase or sale of the asset.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

## **2. Significant accounting policies (continued)**

### **2.7 Financial instruments (continued)**

Financial assets are initially recognized at their fair value. In the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

#### ***Measurement***

Subsequent to initial recognition, all *financial assets evaluated at fair value through profit or loss* as well as *financial assets available for sale* are measured at fair value, except for instruments that are not quoted on an active market and those whose value cannot be measured correctly, which are valued at cost, including trading costs, less impairment losses.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

*Financial assets available for sale*, other than equity securities, are measured at the balance sheet date at fair value. The differences arising from revaluation are recognized in other comprehensive income and accumulated in equity as available for sale reserves.

When financial instruments classified as available for sale are sold or impaired, the cumulated fair value adjustments recognized through other comprehensive income are included in profit or loss as net gains from financial assets (Net investment income).

The interest for financial instruments available for sale computed using the effective interest rate is recognized in the statement of comprehensive income. Dividends from equity available for sale instruments are recognized in profit or loss when the Company's right to collect them is established. Both elements are reported in the statement of comprehensive income in Net investment income.

*Loans and receivables, including premium receivables and financial instruments held to maturity* are held at amortized cost. The amortized cost is computed using the effective interest rate.

#### ***Fair value measurement principles***

Financial instruments quoted on active markets are measured at quoted market prices or broker/dealers price offers at the reporting date. Fair value of financial assets is based on their quoted prices at the balance sheet date with no reduction for transaction costs.

A market is considered an active market if quoted prices are periodically communicated by a dealer, broker, bank, price fixing service or regulatory agency, and those prices represent actual (and regular) transactions made on the market based on the principle of independence.

Where no price quotation is available on the market, the fair value for financial instruments is estimated using price setting methods and techniques for discounting cash flows to present value.

When discounted cash flow analysis is used, future cash flows are based on management's best estimates and the discount rate is a market rate, for financial instruments with similar terms and characteristics, valid as at the balance sheet date. When price models are used, data input is based on market measurements at balance sheet date.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **2. Significant accounting policies (continued)**

### **2.7 Financial instruments (continued)**

#### ***Derecognition***

Financial assets are derecognized when rights to receive cash flows have expired or when these were transferred and the Company has also transferred substantially all risks and rewards linked to the ownership of those assets.

The gains or losses realized upon derecognition of the financial assets are determined based on the market price method.

Assets transferred under a sale contract through which the Company reserves the right to repurchase the transferred elements, against payment of an agreed price at a time or term prescribed, are not derecognized.

#### ***Financial assets impairment***

*Financial assets recognized at amortized cost:*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets present indications of impairment. A financial asset or group of financial assets is impaired and impairment losses are recorded only if there is objective evidence of impairment as a result of the occurrence of one or more events after the initial recognition of the asset ("loss event") and that the event or events have an impact on the estimated future cash flows of the asset or group of financial assets that can be estimated in a sustainable way.

Objective evidence of impairment includes observable data relating to one or more possible events listed below:

- Significant financial difficulties of the debtor or issuer;
- A breach in contractual terms, for example delays in payments or unpaid debts;
  - It becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
  - The disappearance of an active market for that financial asset due to financial difficulties;
  - Observable data indicating that there is a measurable decrease in the estimated future cash flows for a group of financial assets subsequent to their initial recognition, even though the decrease cannot yet be identified as belonging to a particular financial asset, including: adverse changes in the payment status of issuers or debtors to the company or national or local economic conditions correlated to the impossibility of payment.

The company first tests whether there is objective evidence of impairment for financial assets that are individually significant in value. If the company finds no objective evidence of impairment for an individually assessed financial asset, even if the asset has a significant value or not, it includes the asset in a group of financial assets with similar credit risk characteristics that are collectively tested for impairment.

Assets tested individually for impairment and for which an impairment loss is recognized or maintained are not included in the collective impairment evaluation.



## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **2. Significant accounting policies (continued)**

### **2.7 Financial instruments (continued)**

If there is objective evidence of impairment of assets measured at amortized cost, the loss is determined as the difference between the carrying amount of the asset and the estimated future cash flows (excluding future credit losses) discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced through an impairment account and the loss is recognized in profit or loss. If, in a subsequent period, the amount of impairment decreases and the decrease is related to an event occurred after the impairment was determined (such as an improvement in rating), the decrease is recognized by adjusting the impairment account through profit or loss.

#### *Financial assets available for sale:*

The Company assesses at the end of each reporting period whether there is objective evidence of impairment of a financial asset or group of financial assets. For financial instruments classified as available for sale, a significant or prolonged decline in the fair value of the instrument below its cost is an indication of impairment, resulting in the recognition of an impairment loss. In this case, a decline of over 20 % is considered significant and a period of at least 12 months is considered prolonged. If such a quantitative indication exists for financial assets available for sale, the asset is considered for impairment tests, taking into account also qualitative indices. The cumulative loss, measured as the difference between the acquisition cost and fair value less any possible impairment loss previously recognized in profit or loss, is transferred from equity to the income statement.

Impairment losses recognized through profit or loss are not reversed through profit or loss for an investment in an equity instrument classified as available for sale. If, in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively attributed to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

#### **Investment income**

Investment income comprises: current income generated by financial assets, gain / (loss) from exchange rate differences on financial assets, creation / (reversal of) provision for impairment of financial assets and gains / (losses) realized from selling or reaching maturity financial assets, unrealized gains / (losses) for financial assets measured at fair value through profit or loss.

Investment income is recognized on accruals basis principle using effective interest rate.

### **2.8 Cash and cash equivalents**

Cash and cash equivalents include petty cash, current accounts and bank deposits with initial maturity below 3 months.

### **2.9 Intangible assets**

#### *Recognition of intangible assets*

An intangible asset is an asset that meets the following conditions:

- a) is identifiable (separable or arises from contractual or legal rights);
- b) is a resource controlled by the company (when the company has the ability to control the future benefits from the asset and to restrict the access of others to those benefits);
- c) holding the asset will generate future economic benefits for the Company.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

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## **2. Significant accounting policies (continued)**

### **2.9 Intangible assets (continued)**

An intangible asset is recognized only when:

- a) It is probable that future economic benefits attributable to the asset will flow to the Company;
- b) Cost of immobilization can be measured reliably.

#### *Measurement of intangible assets*

The initial measurement of intangible assets is carried at acquisition cost or production cost for internally generated assets.

The acquisition cost includes the purchase price, non-recoverable taxes and any directly attributable cost of preparing the asset for the state provided.

The company has no intangible assets internally generated.

#### *Subsequent expenses*

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits of the asset to which it relates. All other costs are recognized when they occur.

#### *Amortization*

Amortization is recognized in profit or loss on a straight line basis during the estimated useful life of an intangible asset. Intangible assets are amortized from the date the asset is ready for use, the useful life being determined according to the date on which the asset can be used but not less than 2 years.

The useful life for software is of 3 years.

Periods and amortization methods are reviewed at least at each financial year end, and if finding changes, these will be accounted for as changes in accounting estimates (IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors").

The residual value of intangible assets is valued at zero, except when:

- a) There is a commitment by a third party to purchase the asset at the end of its use, or
- b) There is an active market for the asset that can help determine the residual value and the market is likely to exist at the end of use.

#### *Derecognition of intangible assets*

An intangible asset is derecognized:

- a) On disposal; or
- b) When no longer expected to give future economic benefits from its use or disposal.

Gains and losses resulting from derecognition will be recognized in profit or loss when the asset was derecognized.

### **2.10 Tangible assets**

#### *Recognition of tangible assets*

Tangible assets are recognized as assets when:

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## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

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## **2. Significant accounting policies (continued)**

### **2.10 Tangible assets (continued)**

- a) they generate future economic benefits consisting in the potential to contribute directly or indirectly to cash flow or cash equivalents to the entity ; and
- b) Are intended to be used for manufacturing, providing services for administrative purposes for a period exceeding one year.

Tangible assets recognized by the Company can be classified into the following categories:

- Land and buildings;
- Means of transport;
- Equipment and furniture;
- IT equipment

Tangible assets held under a lease contract are recorded in accounting according to IAS 17 "Leases" which requires recognition of an asset when the Company has transferred all the risks and rewards related to the ownership of the asset.

#### *Measurement of tangible assets*

Tangible assets are measured at acquisition cost less accumulated depreciation.

The acquisition cost of tangible assets includes:

- purchase price , import duties and other taxes (except those that can be recovered from the tax authorities ) , after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to work : transport costs, handling, costs of obtaining permits ;
- initial estimate of the costs of dismantling and removing the asset and restoration of the area on which it is assembled, whether this is a legal or constructive obligation assumed by the Company at the time of acquisition or as a result of using the asset.

Tangible assets except land and buildings are measured at cost less accumulated depreciation and impairment losses.

Land and buildings are subsequently measured according to the revaluation model (IAS 16); thus, the revalued amount is represented by the fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The last revaluation of assets was made on 31 December 2011 (note 7). Thus, land and buildings are measured at the reporting date using the revalued cost model, based on the report of an independent appraiser. In most cases, the Company used two approaches: market comparison method and the direct capitalization of rents method. In some cases the replacement cost method was used in parallel with one of the other two methods mentioned above. Upon reconciliation of results, whichever value was lower was kept.

The revaluation surplus was recognized as an increase in the revaluation reserve, except for cases where the surplus has reversed a previously recognized in profit or loss decrease in the value of the same asset, up to that amount. A corresponding revaluation decrease in value is recognized in profit

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## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **2. Significant accounting policies (continued)**

### **2.10 Tangible assets (continued)**

or loss, except for cases where a surplus in the revaluation reserve was previously recognized for the same asset, in which case the revaluation reserve is diminished up to the amount, and any further reduction is recognized in profit or loss. At the time of disposal of the asset, the asset revaluation surplus is transferred to reserves representing realized surplus from revaluation.

#### *Depreciation*

Depreciation of tangible assets is calculated based on an amortization plan, from the date of commissioning them until full recovery of their input value, in accordance with the useful lives and conditions of use. Depreciation of buildings is done on the basis of equal annual installments to amortize their revalued amount for the remainder of their lifetime. Estimated useful life for buildings is 15 to 40 years. Depreciation of other property and equipment is recorded using linear method over the estimated useful life as follows:

<b>Category</b>	<b>Years</b>
Equipment and furniture	15
Means of transport	10
IT equipment	6

Tangible assets in progress are not depreciated until they come into use.

According to IAS 16 "Property, Plant and Equipment", land has an unlimited life, and therefore is not depreciated.

Management reconsiders the carrying value of buildings and equipment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Maintenance and repairs of fixed assets are to be expensed as incurred and assets improvements that increase their useful life or value are capitalized.

#### *Derecognition*

Tangible assets elements retired or disposed are removed from the balance sheet together with the corresponding accumulated amortization. Profit or loss resulting from such an operation is determined as the difference between the proceeds and the carrying amount and are included in net profit or loss for the period.

### **2.11 Impairment of assets**

The carrying value of the Company's assets is reviewed at each balance sheet date to determine whether there are indicators of impairment. In the event that such indicators exist, the recoverable amount of the assets is estimated. An adjustment for impairment is recorded in case the carrying amount of the asset exceeds its recoverable amount. The impairment is recognized in profit or loss. Impairment adjustment can be reversed if there has been a change in existing conditions when determining the recoverable amount.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **2. Significant accounting policies (continued)**

### **2.11 Impairment of assets (continued)**

Reversing an impairment adjustment can be made if there was a change in existing conditions when determining the recoverable amount, but so that the net value of the asset does not exceed historical net book value, taking into account depreciation and without taking into account the adjustment.

### **2.12 Leasing contracts**

#### *(1) Finance leases*

Leases for tangible assets in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the future lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest over the funding period. The amounts due are included in short and long term debt. The interest is recorded in profit or loss over the lease period. Assets held under finance leases are capitalized and amortized over their useful life

#### *(2) Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (without incentives received from the lessor) are recorded in the profit and loss linearly over the period of the lease.

### **2.13 Provisions**

Provisions are recognized in the balance sheet when the Company acquires a legal or constructive obligation related to a past event and it is probable that future consumption of economic resources will be required to extinguish this obligation.

Legal obligations are derived from contracts concluded by the Company and from the law.

Constructive obligations arise when the Company, by setting an earlier practice, through a publicized policy of the company or a sufficiently specific statement, has indicated to its partners that it assumes certain responsibilities. Therefore, the Company has created justified expectation to other parties that it will honor those responsibilities.

Provisions are reviewed at the end of each period and adjusted to reflect the current most appropriate estimate. Differences resulting from the adjustments necessary are recognized in profit or loss for the period.

*A provision is recognized only when:*

- An entity has a present obligation generated by a past event;
- It is probable that an outflow of resources will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

If these conditions are not met, a provision is not recognized in the financial statements.

The value at which a provision is recognized represents the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **2. Significant accounting policies (continued)**

### **2.14 Employee benefits**

The Company, in the normal course of business, makes payments to the Romanian state pension funds for its employees in Romania, for pension, health and unemployment insurance. All employees of the Company are included in the state pension system.

The Company does not operate any retirement plan and therefore has no other obligation in respect of pensions. The Company does not operate any other defined benefit plan or other post retirement benefit plan. The Company has no other obligations related to additional services for current or former employees.

### **2.15 Income tax**

Income tax comprises current income tax and deferred tax. Expense / income from tax are recognized in profit or loss unless it relates to items recognized directly in other comprehensive income or in equity, in which case income tax is recognized within the same position.

#### ***Current income tax***

Current tax is the expected tax payable on the taxable income for the period, determined using tax rates applicable at the balance sheet date, and any adjustment (items deductible / non-taxable) for the period.

The income tax rate used to calculate current taxes at 31 December 2013 is 16 %.

#### ***Deferred tax***

Deferred income tax is recognized using the liability method, on temporary differences between the carrying amount of assets and liabilities and the tax value of assets and liabilities.

Deferred tax is calculated using tax rates expected to apply to the period when the asset is realized or the liability is settled, based on tax regulations that have been enacted or substantively enacted by the reporting date.

The income tax rate used to calculate deferred tax assets and liabilities at 31 December 2013 is 16 %.

A deferred tax asset is recorded to the extent that it is probable that future tax profits will enable the use of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets with current tax liabilities and when the deferred tax assets and liabilities relates to income taxes levied by the same tax authority either to the taxable entity or different taxable entities, if there is an intention to settle the balances on a net basis.

Deferred tax related to fair value of land and buildings whose valuation reserve is recorded directly in other comprehensive income is also credited or charged directly to other comprehensive income.

The Company's management estimates that the carrying value (revalued amount) of land and buildings will be achieved through use, so that the deferred tax related to the revaluation surplus will decrease subsequent to initial recognition by credit in profit or loss as the asset is realised.

### **2.16 Presentation impracticability of corrections applied for previous years**

The result of the financial year 2013 was affected by some corrections made in full to the income statement of the year 2013, which should have had an impact on the results recorded in previous

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## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **2. Significant accounting policies (continued)**

### **2.16 Presentation impracticability of corrections applied for previous years (continued)**

years, but in the context of the unavailability of historical information it was considered that this is impracticable. Thus, the most significant corrections that have been recognised in full in the 2013 result were: correction of the claims reserve, correction of the ceded unearned premiums reserve, adjustment of the Panamerican proportional reinsurance treaty regarding the cession of auto insurance risks, impairment adjustments for insurance and reinsurance receivables, impairment allowance on loans granted to affiliated entities, allowance for impairment of subrogation receivables and impairment allowance for equity investments.

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

### 3 First time adoption of the International Financial Reporting Standards

Reconciliation of the balance sheet prepared in accordance with Order 3129 (statutory) with the statement of financial position as at 31 December 2013 (IFRS)

		31.dec.13			31.dec.12			01.ian.12		
	Note	Statutory	Adjustments	IFRS	Statutory	Adjustments	IFRS	Statutory	Adjustments	IFRS
<b>Assets</b>										
Property, plant and equipment	3.1	88,625,271	4,234,148	92,859,419	100,083,509	3,594,508	103,678,017	109,036,250	2,612,900	111,649,150
Intangible assets		3,638,325	-	3,638,325	5,877,619	(87,877)	5,789,742	5,778,441	(300,422)	5,478,019
Financial assets available for sale	3.2	13,054,963	-	13,054,963	41,778,831	(6,233,447)	35,545,384	41,865,865	(4,252,511)	37,613,354
Financial assets at fair value through profit or loss		5,420,708	-	5,420,708	19,682,601	(16,069)	19,666,532	21,540,576	(3,765,609)	17,774,966
Loans and receivables, including insurance receivables	3.3	294,558,966	(33,576,021)	260,982,945	448,432,715	(137,069,100)	311,363,614	793,746,858	(97,609,517)	696,137,341
Financial assets held to maturity		12,485,921	-	12,485,921	21,628,688	-	21,628,688	17,631,695	-	17,631,695
Deferred acquisition costs		109,756,024	-	109,756,024	155,191,868	-	155,191,868	120,677,517	-	120,677,517
Other receivables and other assets		44,089,164	-	44,089,164	107,215,125	(201,656)	107,013,469	97,940,607	(440,035)	97,500,572x
Deferred tax asset	3.7	-	-	-	-	149,887	149,887	-	1,519,378	1,519,378
Reinsurance assets:			-	-	-	-	-	-	-	-
-Technical reserves ceded to reinsurers	3.4	101,042,597	(80,654,924)	20,387,672	420,488,233	(67,130,444)	353,357,789	230,405,664	(91,762,870)	138,642,794
-Receivables from reinsurers	3.5	24,696,438	(16,309,423)	8,387,015	201,957,284	(193,723,371)	8,233,913	38,293,775	(23,046,880)	15,246,895
Cash and cash equivalents	3.3.a)	6,155,890	31,963,457	38,119,347	19,815,800	44,321,992	64,137,792	15,396,522	67,037,103	82,433,624
<b>Total assets</b>		<b>703,524,267</b>	<b>(94,342,763)</b>	<b>609,181,504</b>	<b>1,542,152,272</b>	<b>(356,395,577)</b>	<b>1,185,756,695</b>	<b>1,492,313,768</b>	<b>(150,008,463)</b>	<b>1,342,305,305</b>

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# S.C. ASIGURARE – REASIGURARE ASTRA S.A.

## Notes to the separate financial statements

All amounts in lei ("RON") unless otherwise stated

### 3 First time adoption of the International Financial Reporting Standards (continued)

Reconciliation of the balance sheet prepared in accordance with Order 3129 (statutory) with the statement of financial position as at 31 December 2013 (IFRS) (continued)

		31.dec.13			31.dec.12			01.ian.12		
	Note	Statutory	Adjustments	IFRS	Statutory	Adjustments	IFRS	Statutory	Adjustments	IFRS
<b>Liabilities</b>										
Insurance liabilities	-	1,258,751,204	(141,581,387)	1,193,027,870	1,018,888,607	(126,711,576)	892,177,031	1,067,537,634	(80,851,775)	986,685,860
Trade payables and other liabilities		119,366,491	-	119,366,491	98,676,333	-	98,676,333	104,976,544	-	104,976,544
Financial liabilities		33,235,982	-	33,235,982	23,576,243	(201,656)	23,374,588	37,402,724	(440,036)	36,962,688
Reinsurance liabilities	3.5	53,549,838	(16,309,423)	37,240,415	244,118,657	(189,725,584)	54,393,073	41,299,778	(21,889,391)	19,410,387
Deferred revenue		13,207,160	-	13,207,160	14,150,081	-	14,150,081	11,244,381	-	11,244,381
<b>Total liabilities</b>		<b>1,478,110,673</b>	<b>(82,032,756)</b>	<b>1,396,077,916</b>	<b>1,399,409,922</b>	<b>(316,638,816)</b>	<b>1,082,771,106</b>	<b>1,262,461,061</b>	<b>(103,181,202)</b>	<b>1,159,279,860</b>
<b>Equity</b>										
Share capital	3.8	192,712,534	225,205,402	417,917,936	192,712,534	225,205,402	417,917,936	192,712,534	225,205,402	417,917,936
Land and building revaluation reserve	3.9	55,281,367	(13,855,678)	41,425,690	55,281,367	(6,188,735)	49,092,633	55,293,526	(6,403,969)	48,889,557
Reserve of financial assets available for sale		-	-	-	-	(6,233,447)	(6,233,447)	-	(4,252,511)	(4,252,511)
Other reserves		29,952,086	-	29,952,086	29,952,086	-	29,952,086	29,939,927	-	29,939,927
Retained earnings	3.10	(1,052,532,393)	(223,659,731)	(1,276,192,123)	(135,203,637)	(252,539,981)	(387,743,618)	(48,093,280)	(261,376,183)	(309,469,464)
<b>Total equity</b>		<b>(774,586,405)</b>	<b>(12.310.007)</b>	<b>(786,896,412)</b>	<b>142,742,350</b>	<b>(39,756,761)</b>	<b>102,985,589</b>	<b>229,852,707</b>	<b>(46,827,262)</b>	<b>183,025,445</b>
<b>Total liabilities and equity</b>		<b>703,524,268</b>	<b>(94.342.763)</b>	<b>609,181,504</b>	<b>1,542,152,272</b>	<b>(356,395,577)</b>	<b>1,185,756,695</b>	<b>1,492,313,768</b>	<b>(150,008,463)</b>	<b>1,342,305,305</b>

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## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

### 3 First time adoption of International Financial Reporting Standards (continued)

#### 1.3.1 Reconciliation between the income statements prepared in accordance with Order 3129 (statutory) and the statement of comprehensive income as at 31 December 2013 (IFRS)

		31.dec.13			31.dec.12		
	Note	Statutory	Adjustments	IFRS	Statutory	Adjustments	IFRS
Insurance premium revenue	3.6.a), b)	1,012,349,394	3,528,968	1,015,878,362	1,043,186,636	(574,678)	1,042,611,958
Insurance premium ceded to reinsurers	3.5.c)	(485,458,870)	3,666,823	(481,792,047)	(264,330,490)	(2,834,979)	(267,165,469)
<b>Net insurance premium revenue</b>		<b>526,890,524</b>	<b>7,195,791</b>	<b>534,086,315</b>	<b>778,856,145</b>	<b>(3,409,657)</b>	<b>775,446,488</b>
Commission income		14,741,060	-	14,741,060	14,402,892	-	14,402,892
Net investment income/(expense)		(15,725,145)	16,069	(15,709,076)	17,866,172	3,749,540	21,615,713
Other operating income		8,864,826	-	8,864,826	8,668,996	-	8,668,996
<b>Net income</b>		<b>534,771,264</b>	<b>7,211,860</b>	<b>541,983,124</b>	<b>819,794,206</b>	<b>339,883</b>	<b>820,134,089</b>
<b>Insurance claims and other benefits related to insurance contracts expense, net of reinsurance</b>		<b>(486,973,486)</b>	<b>(78,343,591)</b>	<b>(565,317,077)</b>	<b>(364,880,675)</b>	<b>70,145,131</b>	<b>(294,735,544)</b>
Gross	3.4	(736,194,352)	(64,818,310)	(801,012,662)	(671,885,986)	45,507,761	(626,378,225)
ceded in reinsurance	3.4	249,220,866	(13,525,281)	235,695,585	307,005,311	24,637,370	331,642,681
		-	-	-	-	-	-
Acquisition expenses	3.11	(394,962,673)	41,838,530	(353,124,143)	(359,713,462)	69,244,619	(290,468,843)
Administrative expenses	3.1, 3.3.b), 3.6.b), 3.9.a), 3.11, 3.12	(559,913,739)	56,621,466	(503,292,272)	(85,401,728)	(130,125,357)	(215,527,085)
Other operating expenses		(8,392,621)	-	(8,392,621)	(1,122,763)	-	(1,122,763)
<b>Total expenses</b>		<b>(1,450,242,518)</b>	<b>20,116,405</b>	<b>(1,430,126,113)</b>	<b>(811,118,627)</b>	<b>9,264,393</b>	<b>(801,854,234)</b>
Result of operating activity		<b>(915,471,254)</b>	<b>27,328,265</b>	<b>(888,142,989)</b>	<b>8,675,578</b>	<b>9,604,277</b>	<b>18,279,855</b>
Finance costs		(1,799,366)	-	(1,799,366)	(2,004,523)	-	(2,004,523)
Profit/(loss) before tax		<b>(917,270,621)</b>	<b>27,328,265</b>	<b>(889,942,356)</b>	<b>6,671,055</b>	<b>9,604,277</b>	<b>16,275,332</b>
Income tax expense		(58,138)	1,551,986	1,493,848	-	(1,584,725)	(1,584,725)
<b>Profit/(loss)</b>		<b>(917,328,759)</b>	<b>28,880,251</b>	<b>(888,448,508)</b>	<b>6,671,055</b>	<b>8,019,552</b>	<b>14,690,607</b>

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***3 First time adoption of International Financial Reporting Standards  
(continued)**

Reconciliation of equity elements prepared in accordance with Ord. 3129/2005 (statutory) and equity elements prepared in accordance with IFRS.

<b>Statutory balance as at 01.01.2012</b>	<b>Note</b>	<b>229,852,707</b>
Reserve available for sale	3.2	<b>229,852,707</b>
Intangible assets		(4,348,615)
Property plant and equipment	3.1	(300,422)
Depreciation of assets	3.5.b)	2,612,900
Increase of reinsurance liability	3.5.c)	(325,645)
Reserve available for sale	3.2	(831,843)
Fair value of financial assets recorded at fair value through profit or loss	3.13	96,104
Fair value of financial assets recorded at fair value through profit or loss	3.13	(3,881,262)
Impairment of premium receivables (DR Equity – Retained earnings/CR Premium receivables)	3.12	115,652
Reversal of catastrophe reserve net of reinsurance (CR Equity – Retained earnings/DR Catastrophe reserve net of reinsurance)	3.4	(30,572,413)
Release of provision for litigations	3.15	6,161,651
Increase in motor hull IBNR	3.15	8,896,833
Increase in technical reserves based on LAT results	3.15	(12,302,879)
Deferred tax	3.15	(13,666,701)
<b>Total adjustments</b>		<b>1,519,378</b>
		<b>(46,827,262)</b>
<b>IFRS balance as at 01.01.2012</b>		<b>183,025,445</b>

<b>Statutory balance as at 31.12.2013</b>		<b>(774,586,405)</b>
Deferred tax for land and building revaluation surplus	3.7.a)	(7,890,608)
Reversal of catastrophe reserve net of reinsurance	3.4	62,935,710
Reversal of UPR revaluation reserve	3.6.a)	3,914,207
Recognition of inventory items as property plant and equipment	3.1.b)	1,311,341
Cancellation of self-insurance impact (DR Equity)	3.6.b)	263,757
Change in useful life	3.1.a)	2,922,807
Additional provision for life premium receivables (DR Equity)	3.3.b)	(1,612,564)
Deferred tax revenue	3.7, 20 i), iii)	1,551,986
Reserve set up for Liability Adequacy Test deficiency	3.14	(19,559,021)
Recognition of prior year IFRS adjustments in respect of deferred tax for other elements	3.15, 20 iii)	6,338,622
Increase in reported but not settled and incurred but not reported claims reserves	3.16	(62,486,245)
IFRS provision for premium receivables release		-
<b>Total adjustments</b>		<b>(12,310,007)</b>
<b>IFRS balance as at 31.12.2013</b>		<b>(786,896,412)</b>

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## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

### 3 First time adoption of International Financial Reporting Standards (continued)

#### Main elements of the cash flow statement impacted by the adoption of IFRS

Upon IFRS transition, the Company has identified the following reconciling differences between the cash flow statements prepared according Ord. 3129/2005 and the cash flow statement prepared in accordance with IFRS:

Impact in Changes in working capital during the period:	Nota	<u>2013</u>
Derecognition of the catastrophe reserve and the part ceded in reinsurance	3.4	(5,553,912)
Reevaluation of UPR and elimination of self-insurance	3.6	(3,830,868)
Change of UL for vehicles	3.1.a)	(162,779)
Recognition of inventory items as property plant and equipment	3.1.b)	(476,861)
Additional provision set up for life premium receivables	3.3 b)	1,612,564
Release of IFRS provision for premium receivables set up in prior years	3.12	(92,747,109)
Recognition of revaluation reserve decrease and reversal of statutory provision for impairment	3.9.a)	(5,965,070)
Deferred tax recognized through profit or loss	3.7	(1,551,986)
Recognition of prior year IFRS adjustments		(2,249,495)
Reserve set up for LAT deficiency	3.14	19,559,021
Increase in reported but not settled and incurred but not reported claims reserves	3.16	62,486,245
<b>Total</b>		<b>(28,880,250)</b>

#### Explanatory notes for the adjustments performed on statutory financial statements

##### 3.1 Property plant and equipment

The following adjustments relate to this position:

a) Adjustment on depreciation recorded for vehicles. Depreciation has been influenced by the fiscal provisions (regarding the useful lives) according to previously accepted general accounting principles, but, according to the IFRS provisions, it must represent the duration of assets' useful life. As a result, there are differences between these two reporting frameworks, due to different useful lives.

b) Recording in the "property, plant and equipment" line the inventory items which have been accounted in the income statement according to the local accounting principles, but which meet the property, plant and equipment recognition criteria according to IFRS adopted by EU. As a result, there are differences between these two reporting principles, due to the recognition of the respective assets and the related depreciation.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **3 First time adoption of International Financial Reporting Standards (continued)**

### **3.2 Financial instruments available for sale**

In previous periods, assets classified within this category were presented in the statutory financial statements at acquisition value while on IFRS preliminary financial statements they were presented at fair value. As a result, in prior periods, an adjustment between the two reporting frameworks, relating to the difference between fair value and acquisition value, has been reflected in Other Comprehensive Income.

In 2013 the Company has accounted the financial assets classified as available for sale in the statutory financial statements at fair value. Therefore, the same value has been presented in statutory and IFRS financial statements. Due to this change in statutory accounting policy, no adjustment was required between the two reporting frameworks on the asset side.

The Company recognized at 1 January 2012 (transition date) as well as at 31 December 2012 a negative fair value reserve for financial assets available for sale, as the market value was below accounting value and the instruments did not present objective impairment indicators.

The reserve available for sale in balance at 1 January 2013 accounted in other comprehensive income was released in 2013 through profit or loss as the financial instruments classified in this category present impairment indicators. The Company has recorded an impairment provision for these instruments at 31 December 2013.

### **3.3 Loans and receivables, including insurance receivables**

The following adjustments relate to this position:

- a) Reclassification of the deposits with an initial maturity of less than 3 months to the cash and cash equivalents category in accordance with IAS 7 in total amount of: 31,963,457 RON  
In addition to changes in working capital, during 2012 the Company reclassified deposits with maturity less than 3 months, generating an impact in 2013 on position "Proceeds from sale of investments, and proceeds from Interest and similar revenues " of 25,123,141 RON in the cash flow statement
- b) Set up of an additional provision for life premium receivables in accordance with the revised computation method as presented in the accounting policies.

### **3.4 Derecognition of catastrophe reserve and the ceded part**

In the statutory financial statements, the catastrophe reserve is recorded in accordance with the requirements of ASF Order 3109/2003. Thus, in the statutory financial statements, the catastrophe reserve is set by applying a percentage of minimum 5% to the gross premiums written for catastrophic risks and up to the level of own retention or 10% of the accumulation of catastrophe risks.

According to IFRS, this provision does not meet the recognition criteria as element of the IFRS separate financial statements.

Therefore, in the IFRS financial statements, the gross catastrophe reserve and the part ceded in reinsurance of the catastrophe reserve have been derecognized, reflecting the adjustment through retained earnings for prior period changes in reserve and through profit or loss for current period changes in reserve.

#### **FREE TRANSLATION**

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## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **3 First time adoption of International Financial Reporting Standards (continued)**

### **3.5 Reinsurers balances**

The following adjustments relate to this position:

- a) In 2013 the reclassification between reinsurance receivables and reinsurance liabilities is reflected due to the presentation of balances on IFRS at reinsurer level. For statutory reporting, the Company classifies the reinsurance balances as receivables or liabilities depending on the sign of the balance of each analytic account in the trial balance as compared to IFRS requirements to present balances as liabilities or receivables depending on the balance of each reinsurer. As a result, there is a difference between statutory and IFRS.
- b) In prior years, in addition to the reclassification of balances by reinsurer, the Company estimated the probable collectible value of reinsurance receivables and recorded adjustments of RON 325,645 at 1 January 2012 and of RON 330,965 at 31 December 2012.
- c) In prior years, by analyzing the reinsurance contracts, adjustments on ceded premiums have been identified in amount of RON 831,843 at 1 January 2012, and of RON 3,666,823 and 31 December 2012.

The 2012 adjustment has been reflected in the IFRS financial statements as a release in the statement of comprehensive income against retained earnings due to the fact that in 2013 in the statutory financial statements the adjustment has been reflected and should not affect the IFRS financial statements in the correct period.

### **3.6 Technical reserves**

The following adjustments relate to this position, in addition to the adjustment presented in point 3.4:

- a) Unearned premium reserves denominated in foreign currency are non-monetary items and are presented in the IFRS financial statements in RON, at the historical FX rate (FX rate from the date of underwriting or anniversary date). In the statutory financial statements, the unearned premium reserve is expressed in RON at the FX rate from the closing date (i.e. 31 December 2013). This IFRS transition adjustment is represented by the FX difference between closing date rate and historical rate used to assess RON unearned premium reserve balance. The impact of the adjustment for 2013 is a decrease in UPR of RON 3,914,207 against premium revenue line.  
In prior periods, the Company did not revalue the UPR balance therefore not needing an adjustment for IFRS reporting purposes.
- b) The company insures its own car fleet and own property portfolio. According to IFRS requirements, this type of self-insurance does not meet the recognition criteria. As a result, the Company reclassified gross premiums written and has released the unearned premium reserve related to these policies. The impact of this adjustment as at 31 December 2013 is as follows:
  - i. A reduction of RON 263,757 in UPR, and
  - ii. A reclassification of premiums written in amount of RON 385,239 in administrative expenses.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **3 First time adoption of International Financial Reporting Standards (continued)**

### **3.7 Recognition of deferred tax**

In the statutory financial statements there is no deferred tax position recorded.

According to IFRS requirements, a deferred tax liability or receivable must be recognized for all temporary differences identified between accounting and fiscal base of assets and liabilities. A deferred tax asset is recognized only if future fiscal profits are expected.

The adjustment recognized in the IFRS financial statements is represented by:

- a) The recognition of a deferred tax liability in respect of land and building revaluation reserve in amount of RON 7,890,608 as at 31 December 2013, RON 6,188,735 RON at 31 December 2012, and RON 6,403,969 respectively, at 1 January 2012; and,
- b) The recognition of a deferred tax asset from cumulated fiscal losses as at 31 December 2013 in amount of 6,179,017 RON; and,
- c) The recognition of other deferred tax assets and liabilities in respect of IFRS transition adjustments as presented in note 20.

### **3.8 Share capital restatements due to the effects of hyperinflation**

Romania was a hyperinflationary economy until 1 July 2004 when it officially ceased to be hyperinflationary for IFRS reporting purposes. Opening balance has been restated to take into account the effects of inflation until 31 December 2003, in accordance with IAS 29.

Specifically, the share capital was restated using the consumer price index from the date of the contribution to capital by 31 December 2003.

Societatea Asigurare-Reasigurare Astra S.A. was established as a joint stock company fully owned by the state at its foundation, through the dissolution of the former State Insurance Administration on 1 January 1991.

Thus, according to Government Decision no. 1279 of 8 December 1990, Astra took over liabilities represented by insurance contracts covering risks outside Romania as well as reinsurance contracts and a similar proportion of assets represented by investments in foreign joint ventures with the participation of former ADAS. The take over and completion of share capital was based on the balance sheet prepared as at 31 December 1990. According to the same decision, the initial share capital was determined in the amount of 100,000 lei, fully subscribed and paid by the Romanian state, at its foundation date.

The Company used for this initial element of share capital the restatement of share capital adjustment consumer price index for the month December 1990.

Changes from hyperinflation share capital restatement were accounted as share capital increase through retained earnings.

### **3.9 Land and building revaluation reserve**

This position includes the following adjustments:

- a) The company has created a land and building impairment provision after assessing 55% of the property portfolio. For IFRS reporting, the company has released the provision created and has instead decreased the revaluation reserve which had been accumulated during prior revaluations for the same property portfolio.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **3 First time adoption of International Financial Reporting Standards (continued)**

### **3.9 Land and building revaluation reserve (continued)**

- b) The Company has recognized a deferred tax asset in respect of the land and building revaluation reserve. This asset is initially recognized in other comprehensive income. The Company management estimates that the accounting value (revalued value) of land and building will be realized through utilization, thus the deferred tax related to the revaluation surplus will be subsequently decreased through P&L as the assets are used.

### **3.10 The effect of IFRS transition adjustments booked through retained earnings**

The effect of these adjustments is presented in detail within the equity reconciliation note.

### **3.11 Acquisition costs**

In accordance with local accounting standards, the Company has the option to classify as acquisition costs also indirect expenses such as salary costs, advertising expenses and regulatory taxes. In accordance with IFRS requirements, the company has classified and presented as acquisition costs only the expenses directly attributable to the underwriting process. As a result, the Company reclassified indirect expenses from acquisition expenses to administrative expenses position.

### **3.12 Administrative expenses**

Except for adjustments presented above, the administrative expenses position has been adjusted with amounts coming from adjustments performed at 1 January 2012 and 31 December 2012 for IFRS reporting purposes.

These adjustments refer to:

- Creation of a premium receivables provision in amount of RON 92.747.109 (out of which a part was recognized at transition date, 1 January 2012 and the rest was recognized at 31 December 2012). In 2013 the statutory financial statements reflected this adjustment and therefore the effect of the provision should be resumed in this year's IFRS profit or loss.

### **3.13 Financial assets at fair value through profit or loss**

In accordance with ISC Order 3129/2005, the Company has accounted for financial instruments such as shares at cost. In accordance with IFRS requirements, the Company has to be present financial instruments held for trading at fair value through profit or loss. As a result, the Company has recorded as adjustment the difference between the two reporting frameworks.

### **3.14. Recognition of the deficiency rendered by the liability adequacy test performed on the non-life insurance business**

The Company has performed a liability adequacy test for the non-life insurance portfolio at 31 December 2013. The overall result of the test was a RON19.559.021 deficiency. The company has accounted for this difference by increasing the value of technical reserves.



## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

## **3 First time adoption of International Financial Reporting Standards (continued)**

### **3.15 Other adjustments performed in prior periods**

#### **3.15.1 Claim reserves for litigation files**

The Company has analyzed the statutory reserve set for litigation files as at 1 January 2012 and has identified over 100 litigations for which the best estimate reserve was different from the booked reserve. The differences identified have led to a decrease of RBNS in the IFRS financial statements of RON 8.896.833.

#### **3.15.2 Increase in IBNR for motor hull**

The company has applied a new IBNR computation methodology for unreported claims' reserve (class 3) which was applied in statutory accounting during 2012 leading to an IBNR increase in the IFRS opening balance sheet.

#### **3.15.3 Increase in technical reserves as a result of the liability adequacy test**

The Company has compared the claims reserve at 1 January 2012 with the estimate made based on information available at the end of Q1 2012 and has decided an increase in IBNR of RON 13.666.701.

#### **3.15.4 Deferred tax**

The Company has applied IAS 12, recognizing:

- > The effect of IFRS transition adjustments which have a temporary impact on the accounting base of assets and liabilities;
- > Deferred tax generated by land and building revaluations as a decrease in revaluation reserve through other comprehensive income.

### **3.16 Increase of IBNR and RBNS**

The Company performed an inventory of payments made in 2014 in relation to closed claim files and has verified their inclusion based on reporting date in the RBNS balance as at 31 December 2013. Thus, claim files paid in 2014 were identified, which had the reporting date prior to December 31, 2013 and which were not reflected properly in the reported claims reserve. The Company recorded an additional RBNS amount of RON 55,811,192 (mainly for insurance classes 3 and 10 - Romania and Hungary) respectively additional IBNR (as a result of the change in RBNS) amount of RON 6,675,053.

## **4 Risk management**

Considering the nature of the activities performed, the Company is exposed to the following risks:

- Insurance risks
- Financial Risks
  - Liquidity risk
  - Market Risk
  - Credit risk
  - Other risks

This note presents information about the Company's exposure to the risks mentioned above, the Company's objectives, policies and processes for measuring and managing risk.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

#### **4 Risk management (continued)**

Market risk includes currency risk, interest rate risk and price risk of equity instruments.

In the activity performed, effective risk management has become an important component of the company's strategy to increase profitability.

The purpose of risk management activities is to minimize the risks identified by the company and keep risks to acceptable established levels, keeping a balance between the required capital and defined performance.

Thus, the company follows:

- Protecting the Company's assets
- Process improvement
- Compliance with regulations , both legislative and internal norms
- Identifying, assessing , monitoring and controlling risks

To achieve these objectives, the risk management system includes the following components:

- Internal rules on the identification , assessment, monitoring and control of risks
- Tracking compliance with established internal strategies
- Organizational levels of risk control

Internal Rules regarding risk management define:

- entities responsible for risk management
- identification of risk and risk assessment methods
- monitoring and controlling risks

These are materialized in risk management procedures for each type of risk analyzed.

#### **Risk analysis**

##### *1) The legal framework*

The purpose of the supervisory authority (Financial Supervisory Authority - ' ASF ') is to guide and regulate the entire insurance and reinsurance sector while protecting the rights of the insured. For this purpose, the supervisory authority monitors the activity of insurance companies focusing on managing their business efficiently and correctly, to the benefit of customers, and thus maintaining adequate solvency in order to settle the obligations undertaken.

The legal framework according to which the company operates requires both specific insurance regulatory compliance and restrictive provisions to minimize risks and to fulfill the obligations assumed by the company.

##### *2) Risk assessment and required capital*

The impact on available capital is assessed periodically in accordance with legal requirements by calculating the available solvency margin, minimum solvency margin and security fund. The table below shows the company's situation regarding the available and minimum solvency margin according to prudential reporting that is based on the statutory financial statements.

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

#### 4 Risk management (continued)

Non-life insurance	2013	2012	2011
Share capital	180,710,499	180,710,499	180,710,499
Available solvency margin	(810,151,361)	168,922,023	199,455,207
Minimum solvency margin	144,770,548	144,770,548	170,238,777
Security fund	48,256,849	48,256,849	56,746,259

Life insurance	2013	2012	2011
Share capital	12,002,034	12,002,034	12,002,035
Available solvency margin	31,926,648	33,044,048	24,450,079
Minimum solvency margin	3,048,805	3,592,518	3,615,272
Security fund	16,503,480	16,772,470	15,236,550

Given the financial results of 2013 and the events from 2014, respectively opening the financial recovery procedure through special administration, the company closely monitors the steps of the recovery plan as presented in note 2.4 "Going concern".

#### 3) Analyzed risks

The main risks the company is exposed to are:

- Underwriting risk
- Credit risk
- Liquidity risk
- Market risk
- Reputational risk
- Operational risk
- Concentration risk (catastrophe)
- Contagion risk

The risk assessment is using both a qualitative and quantitative approach.

Qualitative assessment is done in the periodic identification, assessment, monitoring and control processes. Quantitative assessment involves the calculation of indicators and their analysis (solvency margin, liquidity ratio, safety fund, etc.)

#### Underwriting risk

Underwriting risk is the technical risk to which the company is exposed when underwriting premiums respectively the risk of recording losses or not achieving the estimated profits due to improper setting of premium rates and/or of technical reserves compared with the obligations under insurance contracts.

The strategies that the company has taken to reduce underwriting risk focus on:

- validation required by the IT system when underwriting ;
- existence of a system for underwritings and claim handling skills with well-defined decision limits, monitored at central management level ;
- deep segmentation of groups / categories of risk ;
- risk dispersion on business and geographical lines ;
- tariffs implementation in IT system ( by standardizing a larger number of insurance products );
- using actuarial calculation methods at the base of premium tariffs and in calculating insurance premiums;
- using reserves computation methods compliant with legal requirements.

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## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

#### 4 Risk management (continued)

The company underwrites classes following products:

Life insurance:

- Individual and group life insurance and annuities

Non-life insurance

- Class 1 – Accidents insurance
- Class 2 – Individual and Group health insurance
- Class 3 – Insurance for land vehicles (other than railway rolling stock)
- Class 4 – Insurance for railway rolling stock
- Class 5 – Aircraft insurance
- Class 6 – Insurance for ships (sea, lake, river and canal vessels)
- Class 7 – Insurance of goods in transit , including merchandise , baggage and all other goods
- Class 8 – Fire and natural perils insurance
- Class 9 – Other insurance against damage to property
- Class 10 – Motor third party liability insurance
- Class 11 – Aircraft liability insurance
- Class 12 – Liability insurance for ships
- Class 13 – General third party liability
- Class 14 – Credit insurance
- Class 15 – Suretyship insurance
- Class 16 – Financial loss insurance
- Class 18 – Touring and travel assistance insurance

According to ASF decisions, the Company underwrites its products both on Romanian and in Hungary, Slovakia and Germany.

Activities carried in:	Freedom to provide services		Through branch		Official registration date
	Decisions	Classes	Decisions	Classes	
Hungary			CSA decision no.758/15.09.2010 (drept de stabilire )	B3; B8; B10	19.10.2010
			CSA decision no 512/18.07.2011 (drept de stabilire )	A.I; A.III; B1; B2; B4-B7; B11-B15; B18	
Slovakia	CSA decision no. 577/29.08.2011	A.I; A.III; B2; B3; B5; B7-B9; B11; B13; B18	ASF decision no 581/10.10.2012	B3; B8; B9; B10	23.11.2012
Germany	CSA decision no 363/26.05.2011	A.I; A.III; B2; B3; B5; B7-B9; B11; B13; B18	ASF decision no. 1183/06.12.2013	B13	23.04.2014

#### **Non-Life insurance**

Underwriting risk analysis involves taking into consideration the following information:

- Premiums written: gross, net;
- Claims paid: gross, net;
- Unearned premium reserve (UPR): gross, net;
- Reported but not settled claims reserve: gross, net;
- Incurred but not reported claims reserve: gross, net;

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)**

Premiums written and premium reserves by insurance class for 2013 are presented as follows:

Insurance class		Gross written premiums	Net premiums	Gross UPR	Net UPR
Class 01	Accidents insurance	67,690,548	67,866,071	50,189,961	49,935,523
Class 02	Health insurance	31,581,400	31,234,113	13,902,464	13,902,464
Class 03	Motor Insurance for land vehicles (other than railway rolling stock)	136,491,750	63,998,516	80,823,789	80,823,789
Class 04	Insurance for railway rolling stock	6,624	6,624	3,977	3,977
Class 05	Aircraft insurance	6,891,458	290,479	4,474,596	- 10,363
Class 06	Insurance for ships (sea, lake, river and canal vessels)	30,793,448	29,974,127	26,435,532	26,435,532
Class 07	Insurance of goods in transit , including merchandise , baggage and all other goods	2,002,906	1,440,838	810,394	778,559
Class 08	Fire and natural perils insurance	121,241,578	98,467,991	57,006,578	56,265,037
Class 09	Other insurance against damage to property	8,092,633	2,942,915	2,104,387	2,104,387
Class 10	Motor third party liability insurance	403,058,656	188,994,811	138,676,720	138,676,720
Class 11	Aircraft liability insurance	14,693,993	1,966,175	7,058,718	55,326
Class 12	Shipping Liability insurance for ships (sea, lake, river and canal vessels)	1,654,552	1,032,743	640,947	640,947
Class 13	General third party liabilities	57,416,024	56,579,677	26,804,728	26,678,384
Class 14	Credit insurance	226,057	226,057	127,046	127,046
Class 15	Suretyship insurance	14,635,353	14,635,353	7,623,404	7,623,404
Class 16	Financial loss insurance	321,595	321,595	75,799	75,799
Class 18	Touring and travel assistance insurance	7,555,995	7,531,510	643,514	643,514
<b>Total</b>		<b>904,354,570</b>	<b>567,509,594</b>	<b>417,402,557</b>	<b>404,760,045</b>

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)**

Premiums written and premium reserves by insurance class for 2012 was presented as follows:

Insurance class		Gross written premiums	Net premiums	Gross UPR	Net UPR
Class 01	Accidents insurance	170,609,410	169,907,189	155,767,945	155,767,945
Class 02	Health insurance	25,334,918	24,980,903	12,457,221	3,753,910
Class 03	Motor Insurance for land vehicles (other than railway rolling stock)	116,235,868	55,905,109	178,958,449	153,143,190
Class 04	Insurance for railway rolling stock	372,011	372,011	117,401	98,854
Class 05	Aircraft insurance	7,742,053	-389,274	4,846,221	13,798
Class 06	Insurance for ships (sea, lake, river and canal vessels)	3,743,982	3,670,570	2,343,684	2,006,058
Class 07	Insurance of goods in transit , including merchandise , baggage and all other goods	2,043,758	1,686,574	955,669	811,418
Class 08	Fire and natural perils insurance	223,630,653	207,255,945	122,183,924	93,247,989
Class 09	Other insurance against damage to property	6,430,770	5,354,927	2,755,029	1,944,360
Class 10	Motor third party liability insurance	412,474,490	207,135,001	160,114,728	79,241,374
Class 11	Aircraft liability insurance	18,227,811	376,120	8,750,554	23,821
Class 12	Shipping Liability insurance for ships (sea, lake, river and canal vessels)	1,678,024	1,172,394	1,366,341	1,148,321
Class 13	General third party liabilities	77,580,744	76,460,878	32,759,830	30,027,805
Class 14	Credit insurance	198,517	198,517	157,335	128,546
Class 15	Suretyship insurance	31,145,890	31,145,890	13,056,656	11,085,295
Class 16	Financial loss insurance	376,264	376,264	52,229	45,543
Class 18	Touring and travel assistance insurance	9,562,048	9,562,048	811,953	811,416
<b>Total</b>		<b>1,107,387,211</b>	<b>795,171,066</b>	<b>697,455,169</b>	<b>533,299,643</b>

Non-life insurance risks are characterized by short-term liquidity needs in order to settle obligations under concluded insurance contracts. Thus, accurate technical setting is sought.

*Liability adequacy test (LAT)*

The Company assessed the adequacy of technical reserves at 31 December 2013 using the following assumptions:

- The liability adequacy test is performed annually;
- The Company tests the adequacy of debts related to in force risks at year end, by comparing premium reserve after deducting deferred acquisition costs with all deferred future cash flows relating to claims (including claims handling costs) plus future cash flows related to administration costs;

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

#### **4 Risk management (continued)**

- Future cash flows relating to claims are estimated using the forecasted simple loss ratio (this is calculated to account for classes where there are recoveries from subrogation receivables);
- Future cash flows relating to administration costs are estimated according to the rate expected for future administration costs (this rate varies by insurance class; the range is between 1% and 15 %, 15 % being allocated to class 10);
- The reserve is sufficient if the premium reserve after deducting deferred acquisition costs exceeds future cash flows relating to claims and administrative costs. Otherwise the result is deficient;
- LAT result is interpreted for the entire portfolio, cumulative on all levels of aggregation. If the adequacy test shows a deficiency for the entire portfolio, then the company may reduce deferred acquisition costs or create an additional provision to cover the deficiency.

The liability adequacy test result for 31 December 2013 led to recording an additional provision of RON 19,559,021 (see Note 3.14).

Adequacy test results conducted for 31.12.2012 has shown sufficient reserves.

#### *Risk concentration*

In order to efficiently allocate available capital, the company has the responsibility to diversificate the portfolio by:

- Lines of business, i.e. underwriting a variety of insurance products/classes,
- Types of risks underwritten, i.e. different products and segmentation of risk groups,
- Geographical dispersion, i.e. dispersion on CRESTA zones.

Concentration risk refers to the exposure to a risk with the potential of generating large enough losses to threaten the solvency or financial condition of the insurer.

The concentration risk is assessed mainly by the influence of natural catastrophes on the solvency of the company.

Concentration risk assessment is based on the calculation of probable maximum loss and capital requirements related to contracts that insure catastrophe risks. The calculation methods are presented in the norms issued by the supervisory authority.

Thus, natural catastrophe risks are applied to the portfolio that may be affected by earthquake, flood or landslide events.

The indicators calculated are:

- probable maximum loss ,
- capital requirements for natural catastrophe risks.

Insurance classes which are included in the computation of the aforementioned indicators are:

- Class 1 Accidents insurance
- Class 3 Insurance for land vehicles (other than railway rolling stock)
- Class 5 Aircraft insurance

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

#### 4 Risk management (continued)

- Class 6 Insurance for ships (sea, lake, river and canal vessels)
- Class 7 Insurance of goods in transit , including merchandise , baggage and all other goods
- Class 8 Fire and natural perils insurance
- Class 9 Other insurance against damage to property
- Class 16 Financial loss insurance

In order to calculate the indicators mentioned, the Company relies on a range of information collected such as risk address, construction year of buildings, materials used in construction, etc.

In catastrophe risk analysis, the following are considered:

- Policies covering risks of natural disasters
- Sums insured
- Reinsurance cessions
- Possible maximum loss calculated according to regulations

According to in force regulations of the supervisory authority, natural catastrophe risk concentrations are presented by CRESTA zones (Catastrophe Risk Evaluation and Standardizing Target Accumulations) reported data at 31 December 2013 and 31 December 2012 as required by the legal requirements:

Sums insured CRESTA zones for Romania on 31 December 2013

Class/County	Class 3	Class 4	Class 6	Class 7	Class 8	Class 9
<b>Alba</b>	45,723,597	0	0	0	1,350,066,669	4,912,318
<b>Arad</b>	67,625,355	20,000	0	7,692,531	2,276,197,527	189,422,519
<b>Arges</b>	217,572,029	0	0	86,207,110	3,292,239,050	304,454,505
<b>Bacau</b>	35,270,850	0	0	540,000	2,322,554,108	89,028,000
<b>Bihor</b>	51,444,201	0	0	0	1,595,906,662	29,141,971
<b>Bistrita-Nasaud</b>	88,258,391	0	0	0	1,215,681,608	1,655,981



**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)**

<b>Class/County</b>	<b>Class 3</b>	<b>Class 4</b>	<b>Class 6</b>	<b>Class 7</b>	<b>Class 8</b>	<b>Class 9</b>
<b>Botosani</b>	32,875,915	0	0	20,116,400	846,238,351	61,376,127
<b>Braila</b>	33,099,104	0	12,481,943	-	1,009,424,709	6,402,810
<b>Brasov</b>	112,884,372	0	0	475,186	3,371,607,989	131,739,543
<b>Buzau</b>	53,732,808	0	0	22,200,939	1,123,253,856	1,541,040
<b>Caras-Severin</b>	11,547,314	0	0	-	1,285,706,488	12,735
<b>Calarasi</b>	16,116,259	0	0	-	788,415,022	4,139,524
<b>Cluj</b>	54,454,475	0	0	5,244,269	2,952,437,355	38,509,806
<b>Constanta</b>	131,114,165	0	3,441,821,453	44,753,324	3,485,090,672	162,281,620
<b>Covasna</b>	14,605,246	0	0	0	544,769,774	167,435
<b>Dimbovita</b>	37,136,736	0	0	1,284,467	2,037,632,957	8,689,379
<b>Dolj</b>	135,879,858	0	0	28,762,793	2,483,696,331	2,000,066
<b>Galati</b>	30,000,000	0	11,980,583	12,480,000	1,840,596,346	14,545,130
<b>Giurgiu</b>	15,159,804	0	0	0	616,980,939	15,278,774
<b>Gorj</b>	59,545,398	405,780	0	3,192,122	846,940,825	35,275,189
<b>Harghita</b>	12,075,760	0	0	2,606,000	639,866,633	18,466
<b>Hunedoara</b>	57,507,204	200,000	0	18,735,569	1,228,898,694	15,271,982
<b>Ialomita</b>	31,804,236	0	0	-	1,019,240,583	11,975,339
<b>Iasi</b>	45,199,671	0	0	900,000	2,326,181,187	4,681,941
<b>Maremures</b>	25,803,906	0	0	44,935	949,706,995	-
<b>Mehedinti</b>	19,429,353	0	0	0	499,074,867	29,308,776
<b>Mures</b>	82,311,082	0	124,034	23,928,510	2,019,329,492	2,412,213
<b>Neamt</b>	32,656,567	0	0	1,404,446	1,941,704,871	20,255,422
<b>Olt</b>	25,412,321	0	0	45,219	1,405,548,189	6,165,552
<b>Prahova</b>	74,161,492	0	0	89,448,000	3,554,793,102	33,362,762
<b>Salaj</b>	30,210,011	0	0	0	665,513,180	5,958,084

**FREE TRANSLATION**

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)**

Class/County	Class 3	Class 4	Class 6	Class 7	Class 8	Class 9
<b>Satu Mare</b>	21,012,756	0	0	16,774,035	879,521,078	14,413,979
<b>Sibiu</b>	37,068,507	0	0	7,800,615	1,856,539,477	50,306,202
<b>Suceava</b>	45,324,818	0	0	12,567,186	2,153,002,247	5,817,806
<b>Teleorman</b>	35,233,614	0	0	0	1,124,098,147	1,064,751
<b>Timisoara</b>	100,866,754	0	0	10,863,897	5,013,410,399	3,734,026
<b>Tulcea</b>	26,520,773	0	1,579,035	0	820,693,588	1,824,473
<b>Vaslui</b>	14,653,466	0	0	0	408,168,625	4,196,749
<b>Vilcea</b>	72,937,499	0	0	1,670,620	1,676,810,552	26,212,512
<b>Vrancea</b>	26,033,383	0	896,260	0	1,564,267,976	706,950
<b>Bucuresti</b>	1,807,567,059	0	13,650,921	459,796,717	20,914,917,556	773,147,600
<b>Total</b>	<b>3,867,836,111</b>	<b>625,780</b>	<b>3,482,534,230</b>	<b>879,534,889</b>	<b>87,946,724,677</b>	<b>2,111,410,056</b>

*Sums insured on CRESTA zones for Hungary at 31 December 2013*

CRESTA zone	Class 3	Class 8
City of Budapest	166,041,077	419,385,032
Gyor-Sopron	-	59,481,642
City of Gyor	-	15,116,376
Vas	-	47,381,441
Zala	-	88,543,578
Veszprem	-	101,509,996
Somogy	-	91,128,256
Komarom	-	67,365,794
Fejer	-	113,849,399
Tolna	-	49,702,709
Baranya	-	98,872,693

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)**

<b>CRESTA zone</b>	<b>Class 3</b>	<b>Class 8</b>
City of Pecs	-	27,769,925
Nograd	-	56,350,265
Pest	-	882,714,589
Bacs-Kiskun	-	216,958,115
Borsod-Abauj-Zemplen	-	109,882,797
City of Miskolc	-	32,409,884
Heves	-	76,441,899
Szolnok	-	78,964,476
Csongrad	-	133,606,764
Szabolcs-Szatmar	-	73,046,325
Hadju-Bihar	-	33,992,543
City of debrecen	-	15,931,010
Bekes	-	57,265,726
<b>Total</b>	<b>166,041,077</b>	<b>2,947,671,234</b>

*Sums insured on Cresta zones for Slovakia at 31 December 2013*

<b>CRESTA zone</b>	<b>Class 8</b>
SVK-01	10,894,613
SVK-02	5,948,955
SVK-03	29,499,605
SVK-04	4,699,293
SVK-05	0
SVK-06	0
SVK-07	10,000,881
SVK-08	3,032,016
SVK-09	0
SVK-81	396,324,659
SVK-82	7,384,955
SVK-83	3,380,858
SVK-84	69,043,284
SVK-85	0

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)**

<b>CRESTA zone</b>	<b>Class 8</b>
SVK-90	2,888,147
SVK-91	13,404,139
SVK-92	1,578,256
SVK-93	31,227,255
SVK-94	55,267,982
SVK-95	32,539,409
SVK-96	102,395
SVK-97	84,363,813
SVK-98	0
SVK-99	2,029,040
<b>Total</b>	<b>763,609,555</b>

*Sums insured on CRESTA zones for Romania at 31 December 2012*

<b>Class/County</b>	<b>Class 3</b>	<b>Class 4</b>	<b>Class 6</b>	<b>Class 7</b>	<b>Class 8</b>	<b>Class 9</b>
<b>Alba</b>	22,421,861	0	0	0	1,345,070,445	10,099,380
<b>Arad</b>	41,511,490	20,000	0	21,755,055	2,354,417,242	66,262,057
<b>Arges</b>	125,133,436	0	0	91,155,967	3,344,865,719	137,304,169
<b>Bacau</b>	50,046,903	0	0	693,310	2,495,157,893	167,577,283
<b>Bihor</b>	48,164,108	0	0	90,862,000	2,488,784,782	146,068,773
<b>Bistrita-Nasaud</b>	26,351,094	0	0	22,930,500	1,272,646,537	5,718,705
<b>Botosani</b>	33,549,883	0	0	19,859,833	1,058,359,562	69,259,643
<b>Braila</b>	39,968,754	0	9,066,200	4,049,512	1,144,159,681	103,138
<b>Brasov</b>	135,033,069	0	0	21,912,602	3,586,284,247	41,262,141
<b>Buzau</b>	44,801,632	0	0	13,547,287	1,331,025,246	13,139,045
<b>Caras-Severin</b>	11,741,148	0	0	0	2,003,308,242	210,373
<b>Calarasi</b>	15,594,510	0	0	0	895,883,177	1,546,149
<b>Cluj</b>	49,354,665	0	0	45,331	3,625,914,726	15,224,554
<b>Constanta</b>	122,813,000	0	32,403,613	60,346,031	3,766,197,965	60,935,086
<b>Covasna</b>	10,915,060	0	0	6,720,000	734,319,067	17,897,078
<b>Dimbovita</b>	40,160,261	0	0	547,527	1,940,803,893	9,587,935
<b>Dolj</b>	67,481,133	0	0	1,517,695	2,374,721,869	12,474,346
<b>Galati</b>	62,277,230	0	12,882,236	100,602,000	2,167,308,749	30,470,192
<b>Giurgiu</b>	19,844,146	0	0	0	780,150,700	46,278,318
<b>Gorj</b>	60,328,286	1,533,450	0	16,137,000	1,219,433,364	39,765,104
<b>Harghita</b>	12,495,261	0	0	6,000	853,044,744	8,400

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)**

Class/County	Class 3	Class 4	Class 6	Class 7	Class 8	Class 9
Hunedoara	78,784,421	0	0	1,387,148	1,598,942,484	13,374,778
Ialomita	11,719,432	0	0	7,200,000	977,056,566	6,248,871
Iasi	47,552,975	125,916	0	310,027	2,537,739,572	16,276,849
Maremures	12,095,282	0	0	1,359,930	1,272,492,384	189,284
Mehedinti	22,880,571	0	929,285	16,476,000	825,758,206	19,742,987
Mures	79,477,906	0	0	24,177,874	2,288,362,950	3,540,253
Neamt	45,517,452	0	0	1,775,435	2,210,279,115	77,795,918
Olt	28,192,494	0	0	45,784	1,277,726,171	23,278,080
Prahova	53,863,411	0	0	91,389,737	4,363,736,713	11,515,933
Salaj	16,807,956	0	0	0	764,016,168	15,404,501
Satu Mare	19,874,155	0	0	94,776,395	1,441,670,254	116,711,510
Sibiu	49,255,355	0	0	4,933,258	2,017,380,503	44,369,425
Suceava	35,740,351	0	0	18,138,669	2,662,330,323	1,823,073
Teleorman	14,341,808	0	0	86,128	1,061,921,931	5,833,980
Timisoara	76,851,090	0	0	18,878,058	5,347,103,135	52,877,931
Tulcea	33,324,364	0	1,225,906	0	921,311,767	839,460
Vaslui	59,505,338	90,662,000	0	1,000,000	1,947,560,767	6,798,415
Vilcea	13,348,698	0	0	0	595,337,910	13,317,170
Vrancea	28,678,416	0	0	450,825	1,566,494,715	1,503,002
Bucuresti	3,622,409,729	0	12,445,037	198,361,492	22,048,560,622	1,079,561,597

*Sums insured on CRESTA zones for Hungary at 31 December 2012*

Class	Class 3	Class 8
City of Budapest	14,143,272	831,500,702

*The computation of the probable maximum loss and of the required capital for natural catastrophe risks in the 31 December 2013 reporting in accordance with the regulations of the supervisory authority:*

NC Computation	Romania	Hungary
Learthquake	1,088,477,253	5,755,500
Rate	4,48	4,48
Reinsurance ON	1,318,709,442	1,318,709,442
Retinere RON	44,847,000	44,847,000
Renewal premium RON	24,164,503	24,164,503
NC earthquake	182,715,651	5,755,500
Lfloodings	<b>255,959,891</b>	<b>11,857,628</b>
Reinsurance Ron	401,165,011	401,165,011
Restraint	44,847,000	44,847,000
Renewal premium	2.604.355	2.604.355

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)**

NC computation	Romania	Hungary
A1	60,270,117	7,707,458
A2	54,870,344	5,335,933
LA	115,140,461	13,043,391
B1	69,719,719	11,857,628
B2	25,595,989	1,185,763
LB	95,315,708	13,043,391
<b>NC inundatie</b>	<b>115,140,461</b>	<b>13,043,391</b>

**Romania and Hungary**

<b>Total NC earthquake</b>	182,806,277
<b>Total NC floodings</b>	122,185,424
<b>Total NC</b>	219,880,451

*The computation of the probable maximum loss and of the required capital for natural catastrophe risks in the 31 December 2012 reporting in accordance with the regulations of the supervisory authority:*

NC Computation	Romania	Hungary
Learthquake	1,491,256,197	4,286,536
Rate	4,53	4,53
Reinsurance Ron	1,359,930,000	1,359,930,000
Restraint	45,331,000	45,331,000
Renewal premium	8,046,211	8,046,211
<b>NC earthquake</b>	<b>184,703,409</b>	<b>4,286,536</b>
Lfloodings	330,621,433	2,046,517
Reinsurance Ron	453,310,000	453,310,000
Restraint	45,331,000	45,331,000
Renewal premium	3,145,259	3,145,259
A1	45,331,000	1,330,236
A2	45,331,000	920,932
LA	90,662,000	2,251,169
B1	45,331,000	2,046,517
B2	33,062,143	204,651
LB	78,393,143	2,251,169
<b>NC floodings</b>	<b>90,662,000</b>	<b>2,251,169</b>

**Romania and Hungary**

<b>Total NC earthquake</b>	184,753,143
<b>Total NC floodings</b>	91,808,286
<b>Total NC</b>	206,306,774

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

## 4 Risk management (continued)

### Life insurance

Underwriting risk for the life insurance segment refers to uncertainties in the estimates of future cash flows.

Underwriting risk analysis includes:

- risk of death
- risk of survival
- risk of disability

Life insurance portfolio includes products with pure risks characteristics (death and complementary disability coverage), accident, health, savings, mixed, pure survival, and disability.

Products are presented in the table below:

Survival term insurance – ECONOMICA
Death insurance - GARANT INDIVIDUAL
The product „Asigurarea de deces - GARANT CREDIT BANCAR”
Death and survival term insurance –TEZAUR
Life and annuities insurance – RESPECT
Life and annuities insurance – VIITOR
Individual life insurance for credit borrowers with balance amount insured - GARANT PREMIUM
Individual life insurance with immediate issuance - ASTRA AVANTAJ PROTECT
Individual mixed life insurance - TEZAUR PROTECT PLUS
Life insurance with Immediate issuance - GARANT
Life insurance with Immediate issuance - GARANT CASASIGURA PLUS
Individual mixed life insurance – ECONOMICA RENTA PLUS
Life insurance with immediate issuance – GARANT RUTIER
Life insurance with immediate issuance – GARANT FAMILIA RUTIER
Life insurance with immediate issuance – GARANT FAMILIA CLASIC

Furthermore, the Company underwrites group life insurance policies: Death insurance – GARANT GRUP and Life insurance with immediate issuance – GARANT GRUP RCA BONUS

The split of underwritings by categories of sums insured (per person, per risk) at 31 December 2013 is as follows:

Sum insured interval	Written premiums	Sum insured	Ceded sum insured
under 200,000 RON	9,895,107 (72%)	3,108,858,679 (44%)	1,264,908 (0%)
over 200,000 RON	3,784,421 (28%)	3,898,650,614 (56%)	444,225,721 (100%)
<b>Total for the year</b>	<b>13,679,528</b>	<b>7,007,509,293</b>	<b>445,490,628</b>

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)**

Policies that exceed the insured amount of RON 2.5 million for death, invalidity, serious illness are ceded in facultative reinsurance by the end of the year (principal/main risk is the risk that weighs the most in total premium of a policy)

Principal/main risk	Written premiums	Ceded premiums	Sum insured	Ceded sum insured
death	175,183 (81%)	64,155 (64%)	60,064,152 (52%)	27,506,556 (52%)
disability	40,484 (19%)	35,342 (36%)	55,833,137 (48%)	25,775,541 (48%)
<b>Total for the year</b>	<b>215,667</b>	<b>99,497</b>	<b>115,897,289</b>	<b>53,282,097</b>

The split of premiums written by categories of sum insured (per person, per risk) at 31.12.2012 is as follows:

Insured amount interval	Written premiums	Sum insured	Ceded sum insured
under 200,000 LEI	12,256,032 (49%)	4,373,826,096 (61%)	1,133,579 (0%)
over 200,000 LEI	12,639,716 (51%)	2,828,426,457 (39%)	518,711,231 (100%)
<b>Total for the year</b>	<b>24,895,748</b>	<b>7,202,252,554</b>	<b>519,844,810</b>

Policies that exceed the insured amount of RON 2.5 million for death, invalidity, serious illness are ceded in facultative reinsurance by the end of the year (principal risk is the risk that weighs the most in total premium of a policy)

Main	Written premiums	Ceded premiums	Sum insured	Ceded sum insured
death	162,922 (78%)	23,826 (46%)	76,141,971 (52%)	48,228,533 (52%)
disability	44,792 (22%)	27,536 (54%)	70,915,491 (48%)	45,259,430 (48%)
<b>Total for the year</b>	<b>207,714</b>	<b>51,362</b>	<b>147,057,462</b>	<b>93,487,963</b>

*Reserves* are calculated according to local legislation in force, on different indicators: products , currencies (taking into account the ceded part), causes which produced the claims recorded , other elements specific to insurance types, etc.).

Reserves calculated and recorded at 31.12.2013 are:

Reserve type	Mathematical reserve		Benefit and rebates reserve		Premium reserve		RBNS	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
<b>Value</b>	9,293,243	9,293,243	3,729,004	3,729,004	7,058,865	6,976,379	12,190,296	9,890,296

Total technical reserves	
Gross	Net
32,271,407	29,888,921



## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

#### 4 Risk management (continued)

Reserves calculated and recorded at 31.12.2012 are:

Reserve type	Mathematical reserve		Benefit and rebates reserve		Premium reserve		RBNS	
	Gross	Net	Gross	Net	Brut	Gross	Net	Gross
Value	7,731,481	7,731,481	12,382,511	12,382,511	7,956,806	7,910,657	12,040,806	1,169,057

Total technical reserves	
Gross	Net
40,111,604	29,193,706

Reserves are assessed at the level of each insurance contract or addendum.

For the calculation of reserves, each product presents a technical note describing in detail the methods of calculation.

##### *Liability adequacy test*

The company conducted the adequacy test at 31 December 2013 for the life insurance portfolio using the following assumptions:

- Levels of aggregation are represented by the type of insurance product;
- The best estimate of liabilities was calculated as the actuarial present value of future benefits (death, redemption , survival) less the actuarial present value of future premiums for all policies in force on 31 December 2013;
- Mortality Tables 2007;
- Acquisition and administrative expenses are set forth in each product data sheet.

31 December 2013 test results show sufficient technical reserves recorded, the best estimate of the liabilities being of RON 2,723,730 and total technical reserves ( mathematical reserve, benefits and rebates reserves and premium reserve) incurred by the company being RON 19,631,112.

Adequacy test results conducted on 31.12.2012 have shown sufficient reserves.

##### *Non-life insurance sensitivity analysis*

The Company analyses the sensitivity of the portfolio held taking into account changes in the average claim and claim frequency business line.

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

#### 4 Risk management (continued)

The table bellows presents the figures for 2013:

Insurance Class	Line of Business	Total exposure	Earned premiums	Incurred claims	Number of claims
10	MTPL	843,450	424,524,299	534,093,556	87,601
3	Motor hull	51,641	161,752,936	66,276,414	40,410
8,9	Property	2,001,097	184,046,847	78,106,842	17,423
11,12,13	Liability	102,106	82,021,990	12,933,620	200
Others	Others	1,394,095	146,740,802	158,074,423	8,693
<b>Total</b>		<b>4,392,389</b>	<b>999,086,873</b>	<b>849,484,855</b>	<b>154,327</b>

The table below presents the frequency, average claim, average premium and loss ratio by insurance class:

Insurance Class	Line of business	Frequency	Average claim (RON)	Average premium (RON)	Loss ratio (%)
10	MTPL	10.4%	6,097	503	126%
3	Motor Hull	78.3%	1,640	3,132	41%
8,9	Property	0.9%	4,483	92	42%
11,12,13	Liability	0.2%	64,668	803	16%
Other	Others	0.6%	18,184	105	108%
<b>Total</b>		<b>3.5%</b>	<b>5,504</b>	<b>227</b>	<b>85%</b>

Line of business	Frequency		Loss ratio		Impact in incurred claims	
	+5% change	-5% change	+5% change	-5 change%	+5% change	-5% change
MTPL	10.9%	9.9%	132.10%	119.5%	26,704,678	(26,704,678)
Motor Hull	82.2%	74.3%	43.0%	38.9%	3,313,821	(3,313,821)
Property	0.9%	0.8%	44.6%	40.3%	3,905,342	(3,905,342)
Liability	0.2%	0.2%	16.6%	15.0%	646,681	(646,681)
Others	0.7%	0.6%	113.1%	102.3%	7,903,721	(7,903,721)
<b>Total</b>	<b>3.7%</b>	<b>3.3%</b>	<b>91.3%</b>	<b>82.6%</b>	<b>43,452,194</b>	<b>(43,452,194)</b>

Line of business	Average claim		Loss ratio		Impact in incurred claims	
	+5% change	-5% change	+5% change	-5 change%	+5% change	-5% change
MTPL	6,402	5,792	132.1%	119.5%	26,704,678	(26,704,678)
Motor Hull	1,722	1,558	43.0%	38.9%	3,313,821	(3,313,821)
Property	4,707	4,259	44.6%	40.3%	3,905,342	(3,905,342)
Liability	67,902	61,435	16.6%	15.0%	646,681	(646,681)
Others	19,093	17,275	113.1%	102.3%	7,903,721	(7,903,721)
<b>Total</b>	<b>5,780</b>	<b>5,229</b>	<b>89.3%</b>	<b>80.8%</b>	<b>42,474,243</b>	<b>(42,474,243)</b>

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)**

Line of business	Average premium		Loss ratio		Impact in incurred claims	
	+5% change	-5% change	+5% change	-5 change%	+5% change	-5% change
MTPL	528	478	119.8%	132.4%	(26,704,678)	26,704,678
Motor hull	3,289	2,976	39.0%	43.1%	(3,313,821)	3,313,821
Property	97	87	40.4%	44.7%	(3,905,342)	3,905,342
Liability	843	763	15.0%	16.6%	(646,681)	646,681
Others	111	100	102.6%	113.4%	(7,903,721)	7,903,721
<b>Total</b>	<b>239</b>	<b>216</b>	<b>81.0%</b>	<b>89.5%</b>	<b>(42,474,243)</b>	<b>42,474,243</b>

**1 credit risk**

Credit risk refers to the possibility of recording losses or failure to achieve the estimated profits, resulting from the failure to fulfill contractual obligations by intermediaries, insurers, reinsurers and other borrowers.

The risk of default occurs when a counterparty is unable to honor its obligations in full or partially.

Thus, exposure to credit risk is analyzed through the evolution of receivables and segmenting them in:

- insurance receivables ,
- reinsurance receivables ,
- other receivables ,
- receivables from related parties.

The exposure at 31.12.2013 is as follows:

	Slovakia non-life 31.12.2013	Hungary non-life 31.12.2013	Hungary life 31.12.2013	Romania non-life 31.12.2013	Romania life 31.12.2013	Total
<b>Premium receivables</b>	795,122	20,897,288	140,781	158,443,634	3,865,986	<b>184,142,811</b>
<b>Subrogation receivables</b>	0	0	0	19,391,069	0	<b>19,391,069</b>
<b>Other receivables</b>	0	0	0	11,073,090	1,375	<b>11,074,465</b>

Credit risk analysis is also realized through the exposure to third parties, which is measured depending on the rating of the business partners.

Thus, the rating criteria and permanently monitoring it for business partners, i.e. reinsurers and investment partners (banks, financial instruments issuers, etc.) is considered an instrument in credit risk management.

*Credit risk - investments*

Astra holds in its portfolio financial instruments with BBB minimum rating, unless there is special approval.

Investments in deposits, treasury bills and bonds as at 31.12.2013 for which the rating is monitored:

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)**

Investment type	Rated investments' value	Value of investments below rating	Total
<i>Non-life</i>			
Deposits and current accounts	73,483,697		73,483,697
<i>Life insurance</i>			
Romanian bonds in RON	5,170,138	0	5,170,138
Romanian bonds in EUR	4,176,145	0	4,176,145
Portugal bonds in EUR	2,119,812	0	2,119,812
Spain bonds in RON	1,019,827	0	1,019,827
Deposits and current accounts	3,922,336	0	3,922,336

Deposits and current accounts are held in Romanian banks: Citibank, Volksbank, Libra Bank, Intesa Sanpaolo, Credit Europe, UniCredit Bank, Raiffeisen Bank, OTP Bank, BCR, ProCredit, RIB, Porsche Bank.

The most significant investments are with the following counterparties and their related ratings: Romanian government with BBB-, Generalitat Valenciana with BB-, Portugal with BB+, RAIFFEISEN BANK with Ba1, BCR with BBB+, UniCredit Bank with A-.

Investments position at 31.12.2012 for which the related rating is monitored:

Investment type	Rated investments' value	Value of investments below rating	Total
<i>Non-life</i>			
Romanian bonds	9,545,285	-	9,545,285
Deposits and current accounts	114,552,897	-	114,552,897
<i>Life insurance</i>			
Romanian bonds in RON	5,183,293	-	5,183,293
Romanian bonds in EUR	3,939,862	-	3,939,862
Portugal bonds in EUR	1,890,896	-	1,890,896
Spain bonds in RON	1,009,308	-	1,009,308
Deposits and current accounts	12,643,056		12,643,056

*Credit risk - reinsurers*

The rating of reinsurance partners is monitored by the Reinsurance Division.

For placement of risks in reinsurance, both those covered by treaties and individual ones (facultative reinsurance), the company works with some of the leading international reinsurance brokers: Willis Limited UK, Guy Carpenter, AON Benfield and Robert Fleming Insurance Brokers, as well as international brokers with local representatives: Stellar Re and Olsa Re. Each of these brokers have internal market security departments through which market evolution and stability of financial security ratings of reinsurers are monitored, Astra being constantly informed through regular notifications on the financial position of reinsurers.

Also, reports to the supervisory authority on reinsurance cessions include mentions regarding reinsurer ratings.

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)***Reinsurer ratings at 31 December 2013 – non life insurance business*

Reinsurer	Rating established by rating agencies	Gross premiums written ceded in reinsurance in the reporting period	Reinsurance commission revenues for the reporting period	Reinsurance recoveries revenue for the period
PanAmerican Re	NR	275,864,059	12,513,854	385,112,583
Partner Re	A+	7,241,900	22,010	1,506,694
Swiss Re	A+	5,254,441	53,952	753,235
Hannover Re	A+	2,416,853	393,743	1,613,692
KLN 0510	A	2,323,228	186,597	0
GIC	A-	2,295,487	62,903	527,047
LRA	A	2,048,458	127,427	0
Deutsche Ruck	A+/S&P	1,890,299	0	4,395,412
Trust Re	A-	1,758,934	0	0
XL Re	A	1,614,968	31,072	0
Sirius	A	1,460,952	0	24,538
HCC 4141	A+	1,425,440	0	0
Allianz	AA	1,403,908	209,395	0
Canopus	A	1,254,121	0	0
Chartis	A	1,186,047	88,427	381,710
Ingosstrakh	B+	1,077,663	57,930	0
Others*		22,983,537	993,750	22,593,278
<b>Total</b>		<b>329,833,472</b>	<b>14,741,060</b>	<b>416,908,189</b>

For the life insurance activity the company has a non-proportional reinsurance treaty in place with SCOR RE France.

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)***Reinsurers' ratings at 31 December 2012 – non life insurance business*

Reinsurer	Rating established by rating agencies	Gross premiums written ceded in reinsurance in the reporting period	Reinsurance commission revenues for the reporting period	Reinsurance recoveries revenue for the period
MARSH MANAGEMENT SERVICES	NR	261,971,433	11,143,528	158,659,320
WILLIS	NR	18,861,305	996,682	8,381,845
Guy Carpenter	NR	12,665,953	64,889	-2,459,672
BGI	NR	8,526,624	334,041	0
PAID	NR	5,413,544	536,483	0
RFIB	NR	3,152,927	0	65,038
OLSARE	NR	2,792,407	0	21,690
ALLIANZ CORPORATE AND SPECIALTY	AA-	731,998	52,701	650,383
STELLAR RE	nr	417,834	0	397,620
AXA GERMANY	AA-	357,230	0	79,814
CHUBB & SON	NR	283,111	84,452	0
FABER	NR	209,685	0	0
CHUBB INS CO OF EUROPE	NR	160,563	38,394	0
COOPER GAY	NR	141,939	21,852	0
GEN RE	AA+	53,820	0	0
EIRB	NR	41,374	0	0
MUNICH RE	AA-	31,266	0	-25,409
CHUBB CORPORATION	NR	28,068	7,911	0
CHUBB INSURANCE	NR	9,410	2,595	0
NORTON ROSE	NR	0	0	-12,765
AON	NR	-799,365	0	-762,295
<b>Total</b>		<b>315,051,124</b>	<b>13,283,528</b>	<b>164,995,569</b>

**2 Liquidity risk**

Liquidity risk is the probability of recording losses or not realizing estimated profits, coming from the insurer's impossibility to realize assets in order to fulfill at any moment and with reasonable costs the short terms payment obligations.

Asset - Liability Management (ALM) is the process by which the Company's exposure to the risk of mismatch of assets and liabilities assumed is observed, aiming to limit this exposure.

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## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

#### **4 Risk management (continued)**

Default risks are caused by situations in which the company is forced to buy and sell assets or assume obligations under unfavorable conditions. The most common situations are:

- reinvestment risk , i.e. the need to invest when interest rates are low or prices are high
- Risk of sale of assets held in order to obtain liquidities when prices are low and interest rates are high.

Asset and liability management must be correlated with the analysis of currency risk and market risk.

Liquidity risk is closely related to cash flows and is a consequence of:

- difficulties in liquidating assets in cash to cover the obligations assumed
- Lack of liquidity of assets held in order to obtain the required cash payment obligations

In analyzing liquidity risk, the aim is to keep the investment portfolio structured so that it can satisfy maturities of liquidity requirements for payments to be made.

Thus, the company has pursued a diversification of its investments to avoid focusing on one type of investment instrument and trading market.

Liquidity risk management is based on the following:

- Monthly calculation of the liquidity ratio in accordance with regulations
- Investment management : analysis of company investments (liquid assets)
- Sensitivity tests on liquid assets

We also mention that the company is in the process of improving asset and liability management analysis , planning to develop and implement more effective tracking techniques of the maturity of both its investment and its obligations and thus of investment yields and their ability to cover obligations assumed.

#### ***Non-life insurance***

Non-life insurance policies have as main feature the short coverage term of up to 1 year for the vast majority of policies underwritten.

Financial assets held by the company for liquidity needs for the general insurance business are presented in the table below.

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***4 Risk management (continued)**

<b>Asset</b>	<b>Value of assets at 31.12.2013</b>	<b>Value of assets at 31.12.2012</b>
Government securities and treasury bills issued by Member States - instruments classified as financial assets held to maturity	-	9,545,285
Shares and other variable-yield assimilated - instruments classified as financial assets available for sale	13,054,963	35,545,384
Financial assets at fair value through profit or loss	2,000,329	16,436,648
Deposits and current accounts with credit institutions	73,483,697	114,552,897
<b>Total financial assets</b>	<b>88,538,989</b>	<b>176,080,214</b>

Deposits and current accounts at banks have maturities of less than 1 year, except for guarantees established of RON 9,456,998 and collateral deposits of RON 215,667.

For non-life insurance, variables that influence the existence and need of liquidities are:

- Short-term investments , i.e. deposits but considering ensuring the continuity of cash flows , i.e. business continuity perspective with new policies and renewals of policies, assets with maturity greater than 1 year were also admitted ( ex . Treasury bills) or which can be transformed in liquidities without being conditioned by maturity imposed (shares).
- Mostly short term or up to a year obligations, given that multiannual policies represented about 15 % of total premiums underwritten at 31.12.2012 and a similar proportion in 2013.

Considering the above, cash flows are tracked during the existence of assets and liabilities assumed, considering that the company plans to improve tracking and underwriting periods for multiannual policies.

***Life insurance***

Life insurance policies are characterized by a medium and long -term maturity. Financial assets held by the company for liquidity needs for the life insurance business are presented in the table below.

<b>Assets</b>	<b>Asset value at 31.12.2013</b>	<b>Asset value at 31.12.2012</b>
Government securities and bonds - instruments classified as financial assets held to maturity	12,485,921	12,023,359
Units in collective investment in transferable securities undertakings (OPCVM) and other investment funds and shares - classified as financial assets at fair value through profit or loss	3,420,379	3,229,883
Deposits and current accounts	3,922,336	12,643,056
<b>Total financial assets</b>	<b>19,828,636</b>	<b>27,896,298</b>



## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

#### 4 Risk management (continued)

Long-term securities life	Accounting value	Under 1 year	1 to 5 years	Over 5 years
Government securities	5,170,138	659,817	0	4,510,321
Bonds Portugal	2,119,812	0	2,119,812	0
Romanian state bonds	4,176,145	0	4,176,145	0
Bonds Spain	1,019,827	0	1,019,827	0
<b>Total</b>	<b>12,485,922</b>	<b>659,817</b>	<b>7,315,784</b>	<b>4,510,321</b>

Deposits and current accounts at banks have maturities of less than 1 year.

Due to long-term obligations assumed by insurance contracts, life insurance activity is more exposed to the potential mismatch of assets and obligations.

Thus, the current analyses regarding ALM are far more detailed for life insurance where there is available information on:

- Investments :
  - - Returns on investments in both domestic and foreign currency
  - - Coverage of total reserves and the minimum reserve
- Reserves :
  - - Benefit and rebates reserves by products due to their particularities
  - - Reported claims reserve by reference period
  - - Mathematical reserve
  - - Reserves by currency.

### 3 Market risk

Market risk represents the probability of recording losses or not achieving the estimated profits, resulting, directly or indirectly, from fluctuations in the level and volatility of the market price of assets, liabilities and financial instruments.

Market risk is measured by the impact it has on the company's capital in terms of recording volatility in different market variables (exchange rate, interest rate, etc.) on the assets and liabilities.

Market risk includes:

- currency risk
- interest rate risk
- price risk

#### Currency risk

Currency risk reflects the potential loss or failure to reach estimated profits due to unfavorable exchange rate fluctuations. This can occur if:

- assets and liabilities established in a foreign currency and settled in another currency ( reinsurance contracts) ;
- acceptance of insurance premiums paid in a currency other than that in which they were issued.

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## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

#### 4 Risk management (continued)

The Company is exposed to currency risk due to insurance policies and investments in foreign currencies. The vast majority of the Company's transactions are made in RON, but there are transactions in EUR, USD and HUF.

The main exposure is to EUR. Exposure to USD and HUF is low.

Sensitivity analysis scenario consists of exchange rate fluctuations on the value of investment assets in EUR, considering the remaining elements on determining fair value as being constant.

The scenarios are:

- +/- 10 % fluctuation on investment assets for each segment, namely non-life insurance and life insurance ,
- +/- 15 % fluctuation on investment assets for each segment, namely non-life insurance and life insurance.

##### *Non-life insurance*

2013

	Carrying value (RON equivalent)	Impact of $\pm 10\%$ change	Impact of $\pm 15\%$ change
Deposits	13,605,051	1,360,505	2,040,758
<b>Total</b>	<b>13,605,051</b>	<b>1,360,505</b>	<b>2,040,758</b>

The impact of foreign exchange oscillation of  $\pm 15\%$  is RON 2,040,758 and of  $\pm 10\%$  is RON 1,360,505.

##### *Life insurance*

2013

	Carrying value (RON equivalent)	Impact of $\pm 10\%$ change	Impact of $\pm 15\%$ change
Bonds	6,295,957	629,596	944,394
Deposits	345,250	34,525	51,788
<b>Total</b>	<b>6,641,207</b>	<b>664,121</b>	<b>996,181</b>

The impact of foreign exchange oscillation of  $\pm 15\%$  is RON 996,181 and of  $\pm 10\%$  is of RON 664,121.

##### *Non-life insurance*

2012

	Carrying value (RON equivalent)	Impact of $\pm 10\%$ change	Impact of $\pm 15\%$ change
Deposits	16,894,814	1,689,481	2,534,222
<b>Total</b>	<b>16,894,814</b>	<b>1,689,481</b>	<b>2,534,222</b>

The impact of foreign exchange oscillation of  $\pm 15\%$  is RON 2,534,222 and of  $\pm 10\%$  is of RON 1,689,481.

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

#### 4 Risk management (continued)

*Life insurance*

2012

	Carrying value (RON equivalent)	Impact of $\pm 10\%$ change	Impact of $\pm 15\%$ change
Bonds	5,830,758	583,076	874,614
Deposits	3,978,971	397,897	596,846
<b>Total</b>	<b>9,809,729</b>	<b>980,973</b>	<b>1,471,460</b>

The impact of foreign exchange oscillation of  $\pm 15\%$  is RON 1,471,460 and of  $\pm 10\%$  is of RON 980,973.

Exchange rate analysis is also carried out using the Value at Risk (VaR), which estimates the investment portfolio in foreign currency gain or loss that result from exchange rate variations.

The investments taken into account are those in a foreign currency:

- deposits in EUR, USD, HUF
- bonds in EUR
- bonds in EUR

VaR model is based on the assumption of choosing a risk horizon time at the end of which it is intended to estimate the maximum loss in foreign currency investments, applied to the confidence interval of 95%.

#### Price risk

Price risk is reflected in the volatility of financial instruments as a result of changes in market prices.

Company exposure is associated to variations in prices of financial assets held at fair value through profit or loss as a result of factors that influence that financial instrument, issuer or other similar instruments in the market.

Instruments such as shares in other companies classified as financial assets held for sale are not actively traded in the market and the company has not conducted an analysis of their sensitivity. These investments are impaired at 31 December 2013.

The control policy for this risk is to establish a dispersion of:

- the types of instruments used ,
- the issuers ,
- the trading markets.

The sensitivity test was achieved for a variation of  $\pm 10\%$  of the portfolio of instruments held at fair value through profit or loss.

Lei		
Scenario	Fair value (31.12.2013)	Impact
Price variation $\pm 10\%$	5,420,708	542,071

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

#### 4 Risk management (continued)

Lei		
Scenario	Fair value (31.12.2012)	Impact
Price variation $\pm$ 10%	19,666,531	1,966,653

##### Interest rate risk

Interest rate risk is the risk that the value of interest rate sensitive investments will vary due to changes in the market interest rates. Thus, changes in market interest rates directly affect income from variable interest-bearing financial assets and the market value of those bearing fixed interest.

For sensitivity analysis of interest rate risk, stress tests on deposits are used. The results show little impact given the low interest rates charged by commercial banks both 2013 and 2012.

Interests (nominal coupon rate) for long-term securities portfolio (treasury bills and bonds) at 31 December 2013 are in the range 5.95 % - 8.85 % for those in RON and between 6.4% - 6.5% for those in EUR. The Company has not conducted stress tests for these financial instruments bearing fixed interest rate given its intention to keep them until maturity (thus classified as held to maturity ) and therefore considering them on the basis described above as not exposed to interest rate risk .

#### 4 Reputational risk

Reputational risk represents the possibility of recording losses or failure to achieve estimated profits due to deterioration of the image and / or of the management of the company (negative advertising) which leads to diminishing public confidence.

Reputational risk is assessed and monitored according to internal regulations by analyzing the brand perception (media image) and the company's image to the customers and potential customers (analysis of complaints) for which the company has established tolerance limits which are tracked and reported regularly .

#### 5 Operational risk

Operational risk is defined as the possibility to record losses or failure to achieve the estimated profits due to events arising from inadequate implementation of internal processes, inadequate available staff or from errors generated by the IT system, external factors relating to economic conditions, changes in the capital market, laws and regulations. Basically, operational risk is manifested throughout the company having both internal and external influences.

Internal regulations for operational risk management provide a catalog of events generating operational risks. This risk analysis is based on specific processes, namely:

- referral and reporting events that generated operational risks by the company's organizational entities
- A self-assessment of operational risks, by observing the events and their reporting

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

#### **4 Risk management (continued)**

In the category of operational risks, the following are included:

- Risk of conformity which is reflected in the sanctions and penalties representing losses for the company, both financial and reputational, due to failure to comply both with in force legislation and internal regulations ; This includes the reporting to authorities process ;
- Risk of fraud, both internal and external with losses that are considered of a financial nature ;
- Risk related to economic conditions, respectively to taxation, according to the changing legislation and adaptation to European legislation ;
- General economic environment risk, manifested in the whole economy and thus the insurance market by growing fiscal imbalances and debt , both at European and Romanian level , reflected in the deterioration of local economic conditions , lack of liquidity , increasing the number insolvent companies (default company partners ) ; these generate chain liquidity crisis affecting cash flow forecast;
- Risk resulting from system errors, data loss, insufficient capacity of systems, inadequate IT systems security.

Operational risk is assessed largely through qualitative evaluation, reported events being followed by a proposals solve situations encountered.

An improvement of quantitative methods for assessing operational risks is followed, by collecting as much data on operational risk events occurred, but also through corrective measures tracked by a control process and constant surveillance.

#### **6 Contagion risk**

The risk of contagion is analyzed in companies that are part of a group, and represents the possibility of recording losses arising from membership in the group, appeared as a result of relationships the Company has with other members of the group, difficult situations appearing in an entity having the ability to spread negative effects on the company's solvency .

In 2013 and 2012 transactions with affiliated companies included:

- Investment in shares in affiliated companies
- insurance policy for affiliates
- Loans granted to affiliated companies.

For the balances and transactions with related parties see note 28.

#### **5 Fair value hierarchy**

##### ***Fair value of financial instruments***

The fair value of financial instruments that are not traded in an active market (for example government securities, unlisted bonds and deposit certificates) is determined using valuation techniques. The Company uses judgment to select the valuation method and makes assumptions that are mainly based on market conditions existing at the date of the statement of financial position.

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

## 5 Fair value hierarchy (continued)

### *Measurement of financial instruments*

The Company measures the fair value of financial instruments using one of these methods of ranking:

Level 1: quotations from active markets for similar instruments;

Level 2: valuation techniques based on observable market data. This category includes valued instruments using: quotations in active markets for similar instruments ; Market quotes for similar instruments in markets that are considered less active or other valuation techniques where all significant inputs are directly or indirectly observable in the market data;

Level 3: Valuation techniques based on data that cannot be observed in the market. This category includes all instruments whose valuation method does not include observable and unobservable data that have a significant influence on the assessment instrument.

The Company determines the fair value using quotations in active markets. Where active market quotations are not available, the company uses valuation techniques mentioned below.

Valuation techniques include net present value model and future cash flows. The company uses proven assessment methods to determine the fair value of simple financial instruments, such as bonds, using only observable market data and requires very few estimates and analysis by management. For bonds, prices and other data used in the models are usually available on the market. The table below shows the company's assets and liabilities measured at fair value at 31 December 2013. Presented in level 1 are assets that have a fair value immediately observable in the market and are made up of shares and participations in investment funds listed.

2013	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b><i>Shares and participations in investment funds</i></b>				
Available for sale shares			13,054,963	<b>13,054,963</b>
Shares and unit funds at fair value through profit or loss:				-
- shares	2,000,329			<b>2,000,329</b>
- investment units	3,420,379			<b>3,420,379</b>
<b><i>Land and buildings</i></b>			80,422,848	<b>80,422,848</b>
<b><i>Total assets</i></b>	<b>5,420,708</b>	-	<b>93,477,811</b>	<b>98,898,519</b>

Shares available for sale presented in Level 3 include:

- Strategic stakes in the insurers pool against disasters (PAID) - not quoted in an active market and is held at cost- and
- Shares in the share capital of companies listed on Bucharest Exchange Market but for which the Company does not consider that active market criteria are met and for which impairment adjustments were made taking into account the net assets of the companies.

# S.C. ASIGURARE – REASIGURARE ASTRA S.A.

## Notes to the separate financial statements

All amounts in lei ("RON") unless otherwise stated

### 6 Property plant and equipment

	Land and building	Vehicles	Furniture and equipment	IT equipment	Investments in tangible assets in progress	Total
<b>Cost</b>						
<b>Balance at 1 January 2012</b>	89,707,209	15,115,522	4,565,465	7,707,641	6,664,285	123,760,122
Acquisitions		848,668	307,976	593,510	11,742	1,761,896
Disposals	(6,696)	(2,011,326)	(9,427)	(30,316)	(1,704,110)	(3,761,875)
<b>Balance at 31 December 2012</b>	<b>89,700,513</b>	<b>13,952,864</b>	<b>4,864,014</b>	<b>8,270,835</b>	<b>4,971,917</b>	<b>121,760,143</b>
<b>Depreciation</b>						
<b>Balance at 1 January 2012</b>	-	5,755,330	2,316,184	4,039,459	-	12,110,973
Expense	2,750,714	1,358,427	478,990	1,383,023	-	5,971,154
<b>Sold la 31 December 2012</b>	<b>2,750,714</b>	<b>7,113,757</b>	<b>2,795,174</b>	<b>5,422,482</b>		<b>18,082,127</b>
<b>Net book value</b>						
<b>Balance at 1 January 2012</b>	<b>89,707,209</b>	<b>9,360,192</b>	<b>2,249,281</b>	<b>3,668,182</b>	<b>6,664,285</b>	<b>111,649,149</b>
<b>Balance at 31 December 2012</b>	<b>86,949,799</b>	<b>6,839,107</b>	<b>2,068,840</b>	<b>2,848,353</b>	<b>4,971,917</b>	<b>103,678,017</b>

	Land and building	Vehicles	Furniture and equipment	IT equipment	Investments in tangible assets in progress	Total
<b>Cost</b>						
<b>Balance at 1 January 2013</b>	89,700,513	13,952,864	4,864,014	8,270,835	4,971,917	121,760,143
<b>Derecognition of repair and maintenance expenses (i)</b>	-	-	-		(4,971,917)	(4,971,917)
Acquisitions	2,184,221	2,240,705	850,834	300,328		5,576,088
Disposals	-	99,848	98,494	176,849		375,191
Revaluation decrease	(5,965,070)	-	-			(5,965,070)
<b>Balance at 31 December 2013</b>	<b>85,919,664</b>	<b>16,293,417</b>	<b>5,813,342</b>	<b>8,748,012</b>	<b>-</b>	<b>116,774,436</b>
<b>Depreciation</b>						
<b>Balance at 1 January 2013</b>	2,750,714	7,113,757	2,795,174	5,422,482		18,082,127
Expense	2,746,102	1,477,428	377,523	1,231,837		5,832,890
<b>Balance at 31 December 2013</b>	<b>5,496,816</b>	<b>8,591,185</b>	<b>3,172,697</b>	<b>6,654,319</b>	<b>-</b>	<b>23,915,017</b>
<b>Net book value</b>						
<b>Balance at 1 January 2013</b>	<b>86,949,799</b>	<b>6,839,107</b>	<b>2,068,840</b>	<b>2,848,353</b>	<b>4,971,917</b>	<b>103,678,017</b>
<b>Balance at 31 December 2013</b>	<b>80,422,848</b>	<b>7,702,232</b>	<b>2,640,645</b>	<b>2,093,693</b>	<b>-</b>	<b>92,859,419</b>

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

#### 6 Property plant and equipment (continued)

Upon reanalyzing the accounting policies in place, investments in tangible assets in progress have been adjusted as follows:

- During 2013, corrections against retained earnings were performed, derecognizing RON 2,575,833 of repair and maintenance services for prior periods as they represented expenses pertaining to the respective periods and were not meeting recognition requirements;
- Advances granted to Pall D'or Con SA for tangible assets in course of construction, in amount of RON 2,052,700, have been reclassified in the doubtful debtors account as the supplier has sold during 2013 the respective tangible assets to a different customer. For doubtful debts, an impairment provision in amount of RON 2,052,700 was recorded through profit or loss (note 11);
- Expenses with maintenance and repairs of RON 343,384 initially capitalized and included in this category, have been reclassified as current period expenses.

#### 7 Intangible assets

2012	Intangible assets
<b>Cost</b>	
Balance at 1 January 2012	10,893,003
Acquisitions	3,447,690
Disposals*	
<b>Balance at 31 December 2012</b>	<b>14,340,692</b>
<b>Depreciation</b>	
Balance at 1 January 2012	5,414,984
Expense	3,135,967
<b>Balance at 31 December 2012</b>	<b>8,550,950</b>
<b>Net book value</b>	
<b>Balance at 1 January 2012</b>	<b>5,478,019</b>
<b>Balance at 31 December 2012</b>	<b>5,789,742</b>



**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***7 Intangible assets (continued)**

<b>2013</b>	<b>Intangible assets</b>
<b>Cost</b>	
Balance at 1 January 2013	14,340,692
Acquisition	1,240,611
Disposals*	7,446,071
<b>Balance at 31 December 2013</b>	<b>8,135,233</b>
<b>Depreciation</b>	
Balance at 1 January 2013	8,550,950
Expense	3,392,028
Depreciation for disposals	7,446,071
<b>Balance at 31 December 2013</b>	<b>4,496,908</b>
<b>Net book value</b>	
<b>Balance at 1 January 2013</b>	<b>5,789,742</b>
<b>Balance at 31 December 2013</b>	<b>3,638,325</b>

\*The disposals refer to fully amortized intangible assets at 31 December 2013 which do not meet IFRS criteria in order to be included in the financial statements - nil net book value. Therefore, they were included as outputs, with zero impact in the position of intangible assets.

**8. Deferred acquisition costs**

	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Deferred acquisition costs – commissions	61,771,692	93,074,330	113,516,735
Deferred acquisition costs- discounts	47,984,332	62,117,537	7,160,782
<b>Total</b>	<b>109,756,024</b>	<b>155,191,868</b>	<b>120,677,517</b>

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***9 Financial assets available for sale**

The Company's financial assets classified as AFS are summarized below according to the method used in setting and measuring their value:

	2013	2012	2011
<b>Financial assets available for sale</b>			
Shares in associated entities	-	17,839,490	17,839,490
Shares and interests in other companies	13,054,963	17,705,894	19,773,864
<b>Total</b>	<b>13,054,963</b>	<b>35,545,384</b>	<b>37,613,354</b>

**Shares in associated entities:**

RON	31.dec.13		31.dec.12		31.dec.11	
	Value of shares	Shareholding	Value of shares	Shareholding	Value of shares	Shareholding
SC ASTRA SAFE IMOB SRL	190	95%	190	95%	190	95%
SC ASTRA TRAINING SRL	190	95%	190	95%	190	95%
SC ASTRA ACTIV SRL	190	95%	190	95%	190	95%
SC NOVACUART SRL	17,838,920	100%	17,838,920	100%	17,838,920	100%
Impairment adjustment (i)	-17,839,490		-		-	
<b>TOTAL</b>	<b>-</b>		<b>17,839,490</b>		<b>17,839,490</b>	

At 31 December 2013, investments in shares in associated entities are free of any pledges.

(i) For shares held in Novacuart SRL, the Company holds a valuation report dated 15 October 2010 prepared by SC Damiro Expert SRL, according to which the value in use rendered from quartz mining activities is of EUR 4,918,000. According to the valuation report, the Company holds a share of 84.79% of natural resources exploitation rights, thus the value of the participation in the share capital of Novacuart SRL is of EUR 4,169,972. At the date of the financial statements, the concession license for mineral resources exploitation is suspended. Even though the Company's shareholders estimate the value of the investment can be fully recovered as this quartz mine has a high commercial interest, in absence of solid evidence for this estimate, the Company considered a prudent approach by recording an impairment adjustment for the entire value of the investment.

The companies in which the Company holds 95% of shares each, have recorded negative equity in the period 2008 – 2013, expenses constantly exceeding revenues. As a result, a 100% impairment adjustment has been recorded for these shareholdings as well.

Information regarding the financial position and result of the associated entities in which the Company holds shares can be found below:

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***9 Available for sale financial assets (continued)**

<b>31.dec.13</b>	<b>Total net assets</b>	<b>Total liabilities</b>	<b>Result for the period</b>
SC ASTRA SAFE IMOB SRL	(1,500)	1,642	(548)
SC ASTRA TRAINING SRL	(24,858)	28,751	(19,938)
SC ASTRA ACTIV SRL	(316,868)	325,672	(172,577)
SC NOVACUART SRL	17,851,976	192,245	(13,402)

**Shares and interests in other companies:**

<b>Company</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
SC Compania Hoteliera INTERCONTINENTAL SA	9,157,107	11,075,610	12,640,346
SC Unirea Shopping Center SA	707,075	2,201,257	2,718,359
FLAMINGO INTERNATIONAL SA (*)	-	1,057,598	1,057,598
PAID	2,901,273	2,901,273	2,901,273
Other entities	289,508	470,156	456,289
<b>Total</b>	<b>13.054.963</b>	<b>17.705.894</b>	<b>19.773.864</b>

(\*) At 31 December 2013, for the cost of shares in Flamingo International SA, liquidated company, a 100% adjustment has been performed

**10 Loans and receivables**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Deposits with maturities over 3 months</b>	<b>39,274,565</b>	<b>63,058,161</b>	<b>129,393,360</b>
<b>Receivables from related parties (i)</b>	<b>8,220,754</b>	<b>110,414,606</b>	<b>96,131,432</b>
<b>Subrogation receivables</b>	76,709,753	12,396,644	48,867,981
Impairment provision for subrogation receivables (ii)	(57,318,684)	-	(9,908,264)
<b>Subrogation receivables net of provision</b>	<b>19,391,069</b>	<b>12,396,644</b>	<b>42,194,377</b>
<b>Premium receivables</b>			
Premium receivables	256,142,442	216,974,202	461,528,184
Out of which: from direct insurance	254,451,801	216,419,971	459,648,272
From reinsurance acceptance	1,690,640	554,231	1,879,912
Impairment provision for premium receivables	(71,999,631)	(92,747,109)	(30,572,414)
Out of which: from direct insurance	(71,648,795)	(92,747,109)	(30,572,414)
From reinsurance acceptance	(350,836)	-	-
<b>Premium receivables net of provision (iii)</b>	<b>184,142,811</b>	<b>124,227,093</b>	<b>430,955,770</b>
<b>Other loans, receivables and guarantees</b>	9,941,626	1,267,110	697,062
<b>Loans and receivables, including premium receivables</b>	<b>260,982,944</b>	<b>311,363,614</b>	<b>696,137,341</b>

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

#### **10 Loans and receivables (continued)**

i) The receivables presented refer to loans granted to related parties between 2011 - 2013. At 31 December 2013, the amounts posted as receivables include interest receivable in amount of RON 15,673,896 (31 December 2012: RON 9,487,556).

At 31 December 2013, the Company recorded a 100% impairment provision on the value of loans granted to related parties due to the lack of relevant financial information/ lack of revenues needed to ensure loan reimbursement. In addition, reimbursement terms for loans granted to Medien Holding SRL, Baumeister and ASTRA CARD SRL were set before 31 December 2013.

At financial statements signing date (31 December 2013), the Company has initiated the collection process for loans granted to Medien Holding SRL by way of assets or from other related parties. As the legal state of fact regarding encumbrances and pledges, respectively the value setting through a valuation report issued by an independent reputable valuator is currently in progress, the company considered a prudent approach by applying a 100% adjustment to the value of the loans.

Subsequent to 31 December 2013, the Company concluded compensation agreements for amounts receivable from MegaConstruct, ETA ESTATE SOLUTION SPV and THETA PROFICIENCY SRL, in total amount of RON 8,220,754, with amounts due to Compania Hoteliera Intercontinental and International Business Center Modern. For these receivables, no impairment provisions have been recorded.

(ii) At 31 December 2013 the Company had subrogation receivable rights in amount of RON 76,709,753 (31 December 2012: RON 12,396,644, 31 December 2011: RON 48,867,981), According to applicable methodology, at 31 December 2013 provisions for impairment in amount of RON 57,318,684 have been computed (31 December 2012: zero, 31 December 2011: RON 9,908,264),

(iii)

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Premium receivables	<b>254,451,801</b>	<b>216,419,971</b>	<b>459,648,272</b>
Out of which: -For non-life insurance activity	248,832,470	210,923,718	451,179,937
- For file insurance activity	5,619,331	5,496,253	8,468,335

During 2013 there were several adjustments performed on premium receivables balance with impact on the prior year's result aswell. The adjustments refer to cancellation of expired policies, recognition of premium receivables for multiannual insurance policies with premiums payable in installments and correction of premium receivable balance in respect to PAID policies as described below:

#### ***Cancellation of expired policies***

Following the annual inventory process, the Company has cancelled receivables related to insurance contracts that have exceeded the validity term or the risk period.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

#### **10 Loans and receivables (continued)**

As a consequence, as at 31 December 2013, the impact on receivables from insurance related to prior periods from cancellation of expired policies amounts to RON 101,292,352 and as at 31 December 2012 it amounts to RON 311,331,701.

#### ***Recognition of insurance premiums for multi annual insurance policies paid in instalments***

Following the annual inventory process of insurance policies payable in instalments, the Company has recorded corrections related to recognition of insurance premiums for these insurance policies. According to the accounting regulations in force, for contracts with maturity higher than one year and payable in instalments, the value of receivables and income from gross written premiums is determined as cashed gross written premiums and related receivables within one calendar year.

Due to the fact that the Company fully recognized the insurance premiums in the first year of underwriting together with the premium reserve computed until the maturity of the insurance policies, adjustments were made for the recognition of insurance premiums in accordance with the accounting regulations in force. Following these corrections, the resulting impact of RON 186,667,510 for the policies written in prior periods, was booked within retained earnings.

#### ***Recognition of PAID premiums***

Due to the fact that the Company booked the PAID policies as gross written premiums ceded to reinsurance and not at the level of the due brokerage commission, a RON 23,368,846 correction was computed related to these insurance policies.

#### ***Adjustment for impairment of premium receivables***

Based on an ageing analysis of insurance receivables and also considering the cancellation of premiums described above, an adjustment for impairment of receivables has been recorded. In 2013, the adjustment for impairment has been determined by applying the following adjustment coefficients based on market practices and collection history at the Company level:

- Over one year: 100%
- 270 days – 1 year: 50%
- 180 – 270 days: 40%
- 90 – 180 days: 25%

#### **11 Financial assets held to maturity**

Financial assets held to maturity are presented below:

RON	31.dec.13	31.dec.12	31.dec.11
Treasury bills –non-life	-	9,545,285	11,786,942
Long term securities- life	12,485,921	12,023,359	5,844,752
<b>TOTAL</b>	<b>12,485,921</b>	<b>21,568,644</b>	<b>17,631,694</b>

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***11 Financial assets held to maturity (continued)***Long term securities for life insurance activity are made of:*

RON	Currency	31.dec.13	31.dec.12	31.dec.11
		Book value	Book value	Book value
Treasury bills	RON	5,170,138	5,183,293	-
Portugal bonds	EUR	2,119,812	1,890,896	-
Romanian state bonds	EUR	4,176,145	3,939,862	4,835,444
Spain bonds	RON	1,019,827	1,009,308	1,009,308
<b>TOTAL</b>		<b>12,485,922</b>	<b>12,023,359</b>	<b>5,844,752</b>

**12 Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are presented below:

	2013	2012	2011
Unit funds	3,420,379	3,229,883	3,015,652
Shares and interests in listed companies	2,000,329	16,436,648	14,759,314
<b>Total</b>	<b>5,420,708</b>	<b>19,666,531</b>	<b>17,774,966</b>

**Unit funds:**

		31 December 2013		31 December 2012		31 December 2011	
		Market value	Book value	Market value	Book value	Market value	Book value
BCR MONETAR	RON	1,087,366	1,087,366	1,026,869	900,000	944,829	900,000
RAIFFESEN RON PLUS	RON	1,181,364	1,181,365	1,111,335	1,000,000	1,039,907	1,000,000
RAIFFESEN RON FLEXI	RON	1,151,649	1,151,649	1,091,679	1,000,000	1,030,916	1,000,000
<b>TOTAL</b>		<b>3,420,379</b>	<b>3,420,380</b>	<b>3,229,883</b>	<b>2,900,000</b>	<b>3,015,652</b>	<b>2,900,000</b>

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***12 Financial assets at fair value through profit or loss (continued)***Shares and interests in listed companies:*

Issuer	31.dec.13		31.dec.12		31.dec.11	
	Number of shares	Market value	Number of shares	Market value	Number of shares	Market value
S.N.T.G.N. TRANSGAZ S.A.	3,831	709,693	3,831	835,158	3,831	855,654
BRD GROUPE SOCIETE GENERALE	20,000	180,000	20,000	162,200	20,000	214,200
FDI ACTIVE DINAMIC	82,833	573,436	82,833	627,038	82,833	657,702
SIF 3 TRANSILVANIA S.A.	800,000	537,200	800,000	569,200	800,000	453,600
SIF Banat-Crisana SA	-	-	1,004,000	1,217,852	1,004,000	906,612
SIF Oltenia SA	-	-	3,028,500	4,248,986	3,028,500	3,201,125
SIF Muntenia SA					1,300,500	742,586
SIF Moldova SA					1,043,000	1,126,440
OMV PETROM SA	-	-	2164000	926,408	2,164,000	627,560
SC Fondul Proprietatea SA	-	-	12,500,000	6,868,750	12,500,000	5,337,500
Banca Transilvania	-	-	772,485	981,056	719,837	636,336
<b>Total</b>		<b>2,000,329</b>		<b>16,436,648</b>		<b>14,759,314</b>

**13 Cash and cash equivalents**

	31.dec.13	31.dec.12	31.dec.11
Petty cash	113,293	97,653	88,129
Bank accounts	6,042,597	19,718,147	15,308,392
Deposits with maturities below 3 months	31,963,457	44,321,992	67,037,103
<b>Total</b>	<b>38,119,347</b>	<b>64,137,792</b>	<b>82,433,624</b>

At 31 December 2013, 31 December 2012 and 31 December 2011 respectively, bank accounts were free of any pledges.

At 31 December 2013, 31 December 2012, and at 31 December 2011, deposits with maturities below 3 months also include collateral deposits.

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***14 Share capital**

The share capital of the Company is represented by 72,448,321 shares (31 December 2012: 72,448,321 shares) having a nominal value of RON 2.66 each, equal to the one as at 31

December 2012. The shareholder structure as at 31 December 2012 and 31 December 2013 is presented below:

RON	1 January 2012		31 December 2012		31 December 2013	
	RON	%	RON	%	RON	%
THE NOVA GROUP INVESTMENTS						
ROMANIA SA	140,069,256	72.68	140,069,256	72.68	140,069,256	72.68
EPSILON ESTATE PROVIDER SRL	52,063,132	27.02	52,063,132	27.02	52,063,132	27.02
Private individuals and legal entities	580,146	0.30	580,146	0.30	580,146	0.30
<b>TOTAL</b>	<b>192,712,534</b>	<b>100.00</b>	<b>192,712,534</b>	<b>100.00</b>	<b>192,712,534</b>	<b>100.00</b>

The share capital was restated with inflation effects for the period during which Romania had a hyperinflationary economy, leading to a share capital increase in amount of RON 225.205.402 (difference between book value of share capital and nominal value of share capital) (note 3.8).

	31 December 2013	31 December 2012	1 January 2012
Share capital	192,712,534	192,712,534	192,712,534
Hyperinflation adjustment in accordance with IAS 29	225,205,402	225,205,402	225,205,402
<b>Total restated share capital</b>	<b>417,917,936</b>	<b>417,917,936</b>	<b>417,917,936</b>



**S.C. ASIGURARE – REASIGURARE ASTRA S.A.**
**Notes to the separate financial statements**
*All amounts in lei ("RON") unless otherwise stated*
**15 Other receivables and other assets**

	31.dec.13			31.dec.12			31.dec.11		
<b>RON</b>	Gross value	Impairment adjustments	Book value	Gross value	Impairment adjustments	Book value	Gross value	Impairment adjustments	Book value
Other receivables from liquidated or insolvent companies, insurance brokers or from other private individuals, with recovery potential (i)	91,360,493	(91,360,493)	-	99,299,415	(12,602,317)	86,697,098	91,562,381	(12,602,317)	78,960,064
VAT receivables (ii)	42,246,163	(17,471,338)	24,774,825	-	-	-	-	-	-
Other debtors (iii)	7,114,852	(258,765)	6,856,087	7,324,254	(2,323,365)	5,000,889	5,397,071	(2,323,365)	3,073,706
State budget receivables	3,053,548	-	3,053,548	5,612,618	-	5,612,618	1,465,760	-	1,465,760
Other doubtful receivables (iv)	2,052,700	(2,052,700)	-	-	-	-	-	-	-
Other advances	7,450,386	-	7,450,386	9,237,010	-	9,237,010	10,693,208	-	10,693,208
Deferred revenues	247,900	-	247,900	-	-	-	-	-	-
Consumables	541,589	-	541,589	606,681	-	-	1,242,414	-	1,242,414
Advances to suppliers	1,164,830	-	1,164,830	465,854	-	465,854	2,065,419	-	2,065,419
<b>Total</b>	<b>155,232,460</b>	<b>(111,143,296)</b>	<b>44,089,164</b>	<b>122,545,832</b>	<b>(14,925,682)</b>	<b>107,013,469</b>	<b>112,426,253</b>	<b>(14,925,682)</b>	<b>97,500,571</b>

**FREE TRANSLATION**

TRANSLATOR'S EXPLANATORY NOTE: PLEASE REFER TO THE DISCLOSURE ON THE FIRST PAGE OF THE DOCUMENT.

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements*****All amounts in lei ("RON") unless otherwise stated*****15 Other receivables and other assets (continued)**

(i) As at 31 December 2013, the Company registers receivables from deleted or insolvent companies (Megavision, Duracon Consult & Construct SR, Banca Romana de Scont, Banca de Investitii si Dezvoltare, Sivamo) and also from private individuals and companies, with low recoverability level, amounting a total of RON 91,360,493 (31 December 2012: RON 99,299,415; 31 December 2011: 91,562,381), as presented below:

Description	31.dec.13	31.dec.12	31.dec.11
Receivables from Megavision (deleted company)	7,900,000	7,870,821	7,923,105
Receivables from Duracon Consult & Construct SRL (insolvency)	788,541	788,541	-
Receivables from Banca Romana de Scont (deleted company)	-	1,976,572	1,976,572
Receivables from Banca de Investitii si Dezvoltare (deleted company)	6,339,262	6,427,909	6,427,909
Receivables from Sivamo (reduced recoverability level)	18,708,203	18,708,203	18,708,203
Receivables from other private companies, insurance brokers, insurance agencies, deleted companies, former employees, prosecutors or other private individuals with low recoverability level	57,624,487	63,527,369	56,526,592
<b>Total</b>	<b>91,360,493</b>	<b>99,299,415</b>	<b>91,562,381</b>

For these receivables, as there are no realistic recoverability perspectives, following the measures taken up to the present date, the Company has booked an impairment adjustments for 100% of the receivables balance in amount of RON 91,360,493 (31 December 2012: RON 12,602,317; 31 December 2011: 91,562,381).

(ii) As at 31 December 2013, the Company has recoverable amounts from leasing companies with which it has concluded agreements in respect of VAT for repair costs invoiced by car services and paid as indemnities by the Company as partial damages for auto vehicles insured by the Company and owned by the leasing companies. These amounts have been recorded by the Company in 2013 for the period from 2009 to date with a nominal value of RON 42,246,163. As at 31 December 2013 the recoverable amount of these claims is estimated at RON 24,774,824 (31 December 2012: nil).

(iii) Other debtors includes receivables from PAID for policies sold or other receivables from brokers and services.

(iv) Other doubtful receivables amounting to RON 2,052,700 refer to advances for tangible assets in course of construction (land and building) paid to Pall D'or Con SA, classified as receivables due to the fact that the provider/supplier sold the aforementioned assets. As at 31 December 2013 impairment adjustments of 100% have been recorded for these assets.

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***16 Insurance technical reserves and the part ceded in reinsurance**

<b>Gross insurance technical reserves</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Claims reserves:	740,163,145	354,798,867	361,100,779
Reported but not settled claims reserve	604,406,448	187,043,117	197,647,298
Incurred but not reported claims reserve	135,756,697	167,755,749	163,453,481
Unearned premium reserve	420,283,458	517,264,172	615,070,335
Mathematical reserve	9,293,243	7,731,482	7,464,088
Provision for benefits and rebates	3,729,004	12,382,511	3,050,658
Unexpired risk reserve	19,559,021		
<b>Total gross insurance technical reserves</b>	<b>1,193,027,870</b>	<b>892,177,031</b>	<b>986,685,860</b>

<b>Ceded insurance technical reserves</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Claims reserves:	7,880,816	189,156,113	22,509,000
Reported but not settled claims reserve	7,880,816	106,144,028	17,734,950
Incurred but not reported claims reserve	-	83,012,085	4,774,050
Unearned premium reserve	12,506,856	164,201,676	116,133,794
<b>Total ceded insurance technical reserves</b>	<b>20,387,672</b>	<b>353,357,789</b>	<b>138,642,794</b>

<b>Insurance technical reserves net of reinsurance</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Claims reserves:	732,282,329	165,642,754	338,591,778
Reported but not settled claims reserve	596,525,632	80,899,090	179,912,347
Incurred but not reported claims reserve	135,756,697	84,743,664	158,679,431
Unearned premium reserve	407,776,601	353,062,495	498,936,541
Mathematical reserve	9,293,243	7,731,482	7,464,088
Provision for benefits and rebates	3,729,004	12,382,511	3,050,658
Unexpired risk reserve	19,559,021		
<b>Total technical reserves net of reinsurance</b>	<b>1,172,640,198</b>	<b>538,819,242</b>	<b>848,043,065</b>

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

## 16 Insurance technical reserves and the part ceded in reinsurance (continued)

### 16.1 Gross claims development tables

The Company has prepared the analysis of claims evolution for the main non-life risks for insurance contracts issued on Romanian territory, not including those accepted into reinsurance. The triangles are built using gross claims incurred. The years of occurrence are presented on the vertical axis while the development periods are presented on the horizontal axis.

The table below presents claims incurred for vehicle insurance classes (class 3 and class 10):

<b><i>Accident year</i></b>	<b><i>0</i></b>	<b><i>1</i></b>	<b><i>2</i></b>	<b><i>3</i></b>	<b><i>4</i></b>
<b><i>2009</i></b>	247,856,072	328,770,060	341,291,455	350,231,623	368,604,879
<b><i>2010</i></b>	436,790,147	568,134,451	601,460,248	641,829,980	
<b><i>2011</i></b>	411,437,252	550,200,655	645,588,453		
<b><i>2012</i></b>	277,762,976	402,823,723			
<b><i>2013</i></b>	288,165,294				

The table below shows claims incurred for property insurance classes (buildings and goods):

<b><i>Accident year</i></b>	<b><i>0</i></b>	<b><i>1</i></b>	<b><i>2</i></b>	<b><i>3</i></b>	<b><i>4</i></b>
<b><i>2009</i></b>	6,951,563	7,093,586	6,698,475	6,429,775	6,429,775
<b><i>2010</i></b>	13,497,222	14,729,012	13,481,984	14,680,924	
<b><i>2011</i></b>	43,283,696	48,432,738	53,128,443		
<b><i>2012</i></b>	26,095,767	33,819,945			
<b><i>2013</i></b>	13,779,509				

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***16 Insurance technical reserves and the part ceded in reinsurance (continued)**

The table below shows claims incurred for other non-life insurance classes:

<b><i>Accident year</i></b>	<b><i>0</i></b>	<b><i>1</i></b>	<b><i>2</i></b>	<b><i>3</i></b>	<b><i>4</i></b>
<b><i>2009</i></b>	9,317,831	16,350,180	16,427,811	16,836,334	17,785,760
<b><i>2010</i></b>	15,160,838	23,144,567	24,306,465	23,395,054	
<b><i>2011</i></b>	9,257,197	12,266,427	15,073,637		
<b><i>2012</i></b>	9,564,744	103,756,997			
<b><i>2013</i></b>	51,013,565				

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***17 Insurance liabilities, other liabilities and deferred revenues**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Liabilities to insurance intermediaries	67,361,207	61,793,887	68,625,153
Other creditors	27,146,167	23,887,399	20,369,056
Provisions for risks and charges	6,497,729	-	-
Personnel liabilities	6,253,836	4,778,973	7,050,434
Liabilities in respect to activity accepted into reinsurance	4,211,217	3,464,615	3,327,335
Liabilities regarding regulated insurance activity taxes	3,789,600	3,041,605	2,392,520
Amounts in course of settlement	2,045,674	20,755	-
State budget liabilities	1,367,916	575,064	2,796,315
Other liabilities	693,145	1,114,036	415,731
<b>Total</b>	<b>119,366,491</b>	<b>98,676,333</b>	<b>104,976,543</b>

Within other creditors, the Company records amounts in respect of services contracted such as rent expenses, cession contracts, telecom services, advertising, as well as acquisition of other goods and services.

The RON 6.497.729 Provision represents additional expenses regarding insurance premiums of signed contracts.

**Deferred revenues**

	<b>31.dec.13</b>	<b>31.dec.12</b>	<b>31.dec.11</b>
<b>Deferred revenues</b>	<b>13.207.160</b>	<b>14.150.081</b>	<b>11.244.381</b>
Deferred revenues from life insurances	2.694.631	3.128.767	373.249
Deferred revenues from non- life insurances	10.512.529	11.021.314	10.871.132
Out of which, deferred revenues from MTPL policies	7.411.338	7.085.908	6.619.759

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

#### 18 Receivables and liabilities from reinsurance

	2013	2012	2011
Reinsurance receivables	8,387,015	8,233,913	15,246,895
Reinsurance liabilities	37,240,415	54,393,073	19,410,387

For the reinsurance liabilities, the most significant balances as at 31 December 2013 are recorded with the following reinsurers:

Reinsurer	Balance at 31 December 2013
Panamerican Re Ltd	10,485,516
GUY CARPENTER - GRADMANN	9,392,984
BIG	5,590,375
OLSA RE	4,244,858
UNIQA SACHVERSICHERUNG AG	1,229,149
<b>Total</b>	<b>30,942,881</b>

As at 31 December 2013, the balance with Panamerican after recording the transactions according to the reinsurance treaty, booked by the Company was RON 81,104,570 receivable. Following receivables recoverability analysis, an allowance for receivables from insurance activities was booked amounting RON 81,104,570. The balance net effect of receivables from Panamerican is recorded in the receivables from reinsurers account amounting 8,387,015 RON. During the execution of this reinsurance treaty, only one payment was made amounting USD 10,395 on 25 February 2013.

#### 19 Financial liabilities

	2013	2012	2011
Bank loans	20,663,280	20,602,830	20,388,069
Amounts due to related parties	10,900,834	-	12,027,236
Other loans and liabilities	1,671,867	2,771,757	4,547,383
<b>Total financial liabilities</b>	<b>33,235,982</b>	<b>23,374,587</b>	<b>36,962,688</b>

Bank loans liabilities include credit line facilities granted by Libra Bank and Intesa San Paolo.

The credit line contracted from Intesa San Paolo has a maximum available amount of EUR 2,400,000 and the following features:

- Variable annual interest rate, monthly updated using the formula 3m Euribor + margin, where the margin is 4%;
- Granting fees of 0.25 % per annum payable at the beginning of each new year;
- Management fee of 0.25 % per annum payable at the beginning of each new year;

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

#### 19 Financial liabilities (continued)

- Non utilization fee of 1% p.a. applicable to the amount of unused credit and collected at the end of each month;

- Prepayment fees of 0.95 % applicable to the amount repaid early from own sources and 5% of the amount repaid early by refinancing with another credit institution, payable prior to the prepayment.

The guarantees provided by the Company are:

- Mortgage tier 1, amounting to EUR 2.4 million plus interest and related charges on borrowed capital on the building located in the street I. Campineanu , no.16 , sector 1 , representing 43.60 % share of the entire property;

- Promissory note issued in white without protest in favor of the bank;

- Pledge on the Company's current accounts opened with Intesa Sanpaolo SA Arad, Victoria Bucharest branch.

The credit line contracted from Libra Bank has a maximum of EUR 5,000,000 and the following features:

- Interest of 24% per annum;

- For any amount due and not paid on time, penalty interest of 125 % of the current interest per annum;

- Fees for the grant of 0.32 % on the full amount of the loan, i.e. 16,000 RON

Guarantees provided by the Company are:

- Mortgage on a part of Astra's real estate portfolio;

- Promissory note issued by the Borrower in white credited by Nova Trade SA as guarantor in favor of the bank.

#### **Amounts due to related parties:**

RON	31.dec.12	Increases in 2013	Decreases in 2013	31.dec.13
INTERNATIONAL BUSINESS CENTER MODERN	-	1,403,692	700,000	703,692
COMPANIA HOTELIERA INTERCONTINENTAL	-	7,248,772	-	7,248,772
PALL D'OR	-	4,073,370	1,125,000	2,948,370
<b>Total</b>	<b>-</b>	<b>12,725,834</b>	<b>1,825,000</b>	<b>10,900,834</b>

During 2013, the Company concluded one year investment management contracts with related parties, based on which the Company undertakes individual portfolio management

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## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

#### **19 Financial liabilities (continued)**

with a view of profit making for its investors, activity for which the Company is paid through an admin commission (between 0% and 1%) applied to the monthly average value of managed assets.

As at 31 December 2013, amounts due to related parties include interest due in amount of RON 244,774 (31 December 2012: nil), representing the minimum yield guaranteed by the company for received investments. These liabilities are due within a period of maximum one year.

As at 31 December 2011, the Company included in financial liabilities the loan contracted from Baumeister.

#### **20 Deferred tax**

	<b>2013</b>	<b>2012</b>
Opening deferred tax balance	149,887	1,519,378
Changes in deferred tax related to land and building revaluation surplus (i)	(1,701,873)	215,235
Recognition of a deferred tax asset from fiscal losses (ii)	6,179,017	-
Recognition of a deferred tax liability from IFRS transition adjustments. (iii)	(4,627,031)	(1,584,725)
<b>Closing deferred tax balance</b>	<b>-</b>	<b>149,887</b>

(i) The Company has recognized a deferred tax liability straight through other comprehensive income for the revaluation surplus of RON 49,316,297, in amount of RON 7,890,608 (31 December 2012: RON 6,188,735)

(ii) Considering the reported fiscal loss as at 31 December 2013 of RON 555,600,371 and the Company's forecast regarding future results and recoverability probability, a deferred tax asset of RON 38,618,855 part of the reported fiscal loss has been recognized in the IFRS financial statements.

(iii) The deferred tax shown in profit or loss comprises the following elements:

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***20 Deferred tax (continued)**

	<b>1 January 2013</b>	<b>(Expense)/income from deferred tax recognized through profit or loss</b>	<b>At 31 December 2013</b>
Unexpired risk reserve	-	(3,129,443)	3,129,443
RBNS and IBNR	-	(9,997,799)	9,997,799
Catastrophe reserve net of reinsurance	(9,181,088)	888,626	(10,069,714)
Change in useful life	-	467,649	(467,649)
Elimination of revaluation effect for non-monetary items	-	626,273	(626,273)
Self-insurance elimination	-	42,201	(42,201)
Recognition of inventory objects	-	209,815	(209,815)
Temporary differences related to the provision for premium receivable release and to other adjustments	15,519,710	15,519,710	-
<b>Total deferred tax asset</b>	<b>6,338,622</b>	<b>4,627,031</b>	<b>1,711,591</b>

<b>Position</b>	<b>Balance as at 31 December 2013</b>
Deferred tax from revaluation reserve (i)	(7,890,608)
Deferred tax from IFRS adjustments (iii)	1,711,591
Deferred tax asset for prior fiscal losses (ii)+	6,179,017

**21 Earned premiums, net of reinsurance**

Gross insurance premiums are split as follows:

	<b>2013</b>	<b>2012</b>
<b>Non-life gross earned premiums</b>		
	1,000,699,616	1,016,388,480
<b>Life gross earned premiums</b>		
	15,178,746	26,223,478
<b>Total gross earned premiums</b>	<b>1,015,878,362</b>	<b>1,042,611,958</b>

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***21 Earned premiums, net of reinsurance (continued)****Non-life gross earned premiums**

<b>2013</b>	<b>GWP</b>	<b>Gross changes in UPR</b>	<b>Gross earned premiums</b>
	<b>1</b>	<b>2</b>	<b>3=1-2</b>
MTPL and green card	398,496,642	(21,958,736)	420,455,378
Motor hull (MoD)	174,183,282	6,122,276	168,061,006
Goods	129,334,211	(62,696,737)	192,030,948
Naval and transportation	22,913,465	(2,991,625)	25,905,090
Medical	67,690,550	(4,416,227)	72,106,777
GTPL	57,416,025	(6,209,633)	63,625,658
Guarantees	14,635,354	(5,510,458)	20,145,812
Other(i)	39,685,040	1,316,094	38,368,946
<b>Total</b>	<b>904,354,570</b>	<b>(96,345,046)</b>	<b>1,000,699,616</b>

<b>2012</b>	<b>GWP</b>	<b>Gross changes in UPR</b>	<b>Gross earned premiums</b>
	<b>1</b>	<b>2</b>	<b>3=1-2</b>
MTPL and green card	405,827,527	24,148,393	381,679,135
Motor hull (MoD)	128,093,913	(113,311,434)	241,405,347
Goods	229,930,641	(15,529,667)	245,460,308
Naval and transportation	28,557,093	(1,704,311)	30,261,404
Medical	169,857,882	154,965,957	14,891,925
GTPL	77,580,743	28,554,963	49,025,780
Guarantees	31,145,890	9,883,392	21,262,498
Other(i)	35,471,747	3,069,664	32,402,083
<b>Total</b>	<b>1,106,465,436</b>	<b>90,076,956</b>	<b>1,016,388,480</b>

(i) The "Other" category includes premiums written for health insurance (class II), credit insurance (class XIV), financial losses insurance (class XVI) and travel assistance (class XVIII).

Value of written premiums accepted into reinsurance in 2013 was of RON 3,993,676 (2012: RON 2,440,498).

## S.C. ASIGURARE – REASIGURARE ASTRA S.A.

### Notes to the separate financial statements

*All amounts in lei ("RON") unless otherwise stated*

## 22 Net premiums earned ceded in reinsurance

Net premiums ceded are split as follows:

	2013	2012
Net premiums ceded for non-life insurance activity	481,521,987	267,037,350
Net premiums ceded for life insurance activity	270,060	128,119
<b>Total net ceded premiums earned</b>	<b>481,792,047</b>	<b>267,165,469</b>

2013	Premiums ceded in reinsurance	Changes in ceded UPR	Net ceded premiums
	1	2	3=1-2
MTPL and green card	211,622,563	(80,339,596)	291,962,159
Motor Hull (MoD)	78,953,782	(26,733,156)	105,686,938
Goods	24,400,998	(29,005,964)	53,406,962
Naval and transportation	13,503,696	(2,547,873)	16,051,569
Medical	349,720	254,439	95,281
GTPL	659,244	(2,605,680)	3,264,924
Guarantees	-	(1,971,361)	1,971,361
Other (i)	343,469	(8,739,324)	9,082,793
	<b>329,833,472</b>	<b>(151,688,515)</b>	<b>481,521,987</b>

  

2012	Premiums ceded in reinsurance	Changes in ceded UPR	Net ceded premiums
	1	2	3=1-2
MTPL and green card	207,008,895	76,384,663	130,624,232
Motor Hull (MoD)	69,157,813	17,192,227	51,965,586
Goods	17,609,004	(49,828,800)	67,437,804
Naval and transportation	19,079,550	(1,135,365)	20,214,915
Medical	708,598	(483,295)	1,191,893
GTPL	1,130,035	1,732,846	(602,811)
Guarantees	-	1,971,361	(1,971,361)
Other (i)	357,230	2,180,137	(1,822,907)
	<b>315,051,124</b>	<b>48,013,774</b>	<b>267,037,350</b>

(i) The "Others" category includes premiums written for health insurance (class II), credit insurance (class XIV), financial losses insurance (class XVI), travel assistance (class XVIII).

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***23 Claims paid and other gross insurance benefits**

Claims paid and other gross insurance benefits are structured as follows:

	<b>2013</b>	<b>2012</b>
Claims paid for life insurance business	11,769,926	3,219,580
Claims paid for non-life insurance business	504,924,170	601,528,079
Claims paid in respect of accepted into reinsurance contracts	17,183,458	1,821,195
Change in RBNS reserve for life insurance business	149,511	10,872,794
Change in RBNS reserve for non-life insurance business	415,414,879	(20,495,913)
Change in IBNR reserve for non-life insurance business	(31,973,481)	3,974,225
Change in benefits and rebates reserve	(8,653,497)	9,331,853
Change in mathematical reserve	1,561,767	267,394
Change in unexpired risk reserve	19,559,021	
Subrogation income	(128,923,093)	15,859,017
<b>Total</b>	<b>801,012,662</b>	<b>626,378,225</b>

***Claims incurred for non-life insurance business***

<b>2013</b>	<b>Gross claims paid</b>	<b>Change in claims reserve</b>	<b>Gross claims incurred</b>
<b>RON</b>	<b>1</b>	<b>2</b>	<b>3=1+2</b>
MTPL and green card	338,053,055	191,22,053	529,275,108
Motor Hull (MoD)	123,371,696	8,168,073	131,639,769
Goods	49,114,322	29,978,956	79,093,278
Naval and transportation	2,865,588	785,145	3,650,733
Medical	495,396	972,869	1,468,265
GTPL	3,541,154	7,478,698	11,019,852
Guarantees	978,043	144,895,815	145,873,858
Other	3,688,373	(160,210)	3,528,163
<b>Total</b>	<b>522,107,627</b>	<b>383,411,399</b>	<b>905,549,026</b>

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***23 Claims paid and other gross insurance benefits (continued)**

<b>2012</b>	<b>Gross claims paid</b>	<b>Change in claims reserve</b>	<b>Gross claims incurred</b>
<i>RON</i>	<b>1</b>	<b>2</b>	<b>3=1+2</b>
MTPL and green card	373,887,845	(34,676,679)	339,211,166
Motor Hull (MoD)	188,168,832	15,437,066	203,605,898
Goods	28,388,920	741,622	29,130,542
Naval and transportation	2,611,461	599,307	3,210,768
Medical	647,849	524,897	1,172,746
GTPL	2,712,046	895,783	3,607,829
Guarantees	1,485,018	44,857	1,529,875
Other	5,447,300	(88,541)	5,358,759
<b>Total</b>	<b>603,349,271</b>	<b>-16,521,688</b>	<b>586,827,583</b>

**Claims incurred for life insurance business**

<b>2013</b>	<b>Gross claims paid</b>	<b>Change in claims reserve</b>	<b>Gross claims incurred</b>
<i>RON</i>			
Mixed life insurance	22,911	18,719	41,630
Temporary death insurance clause	557,998	204,053	762,051
Severe medical illness clause	8,565	(8,643)	(78)
Death and permanent disability from accident clause	-	19,231	19,231
Surgical interventions clause	86,262	(27,003)	59,259
Hospitalization due to accident clause	30,408	(24,580)	5,828
Other	293,061	(32,265)	260,796
<b>Total</b>	<b>999,205</b>	<b>149,512</b>	<b>1,148,717</b>
Redemptions and maturities	10,770,723	-	10,770,723
<b>Total gross amounts</b>	<b>11,769,926</b>	<b>149,511</b>	<b>11,919,440</b>

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***23 Claims paid and other gross insurance benefits (continued)**

	2012	Gross claims paid	Change in claims reserve	Gross claims incurred
<i>RON</i>				
Mixed life insurance		5,666	1,401	7,067
Temporary death insurance clause		736,934	11,041,478	11,778,412
Severe medical illness clause		18,878	8,643	27,521
Death and permanent disability from accident clause		-	-	-
Surgical interventions clause		90,175	7,805	97,980
Hospitalization due to accident clause		25,208	28,153	53,361
Other		671,679	(214,686)	456,993
<b>Total</b>		<b>1,548,540</b>	<b>10,872,794</b>	<b>12,421,334</b>
Redemptions and maturities		1,671,041	-	1,671,041
<b>Total gross amounts</b>		<b>3,219,581</b>	<b>10,872,794</b>	<b>14,092,375</b>

Subrogation receivables are recorded at 100% of the claim paid amount, except for common fault cases of insured/beneficiary and the person against which the subrogation right is raised, in which case the subrogation is recognized up to the portion of the fault.

Subrogation are recognized by the Company only when the claim (for which a subrogation right exists) is paid. The main types of insurance products for which subrogation rights are recorded are: Motor hull (Motor own damage - class. III non-life insurance), goods insurance (classes. VII, VIII, IX non-life insurance, especially for class VIII), credit and guarantee insurance (classes XIV and XV non-life insurance)

Subrogation revenue for 2013 includes the amount of RON 86,676,930 presented below, as well as the amount of RON 42,246,163 representing VAT recoverable for partial claim payments towards insured leasing companies for motor hull insurance.

During 2013, out of the total amount of subrogation revenue recorded of RON 86,676,930 (representing the initial value of the claim paid), RON 38,897,717 are against private individuals, RON 31,956,324 are against legal entities, RON 15,822,890 are against other insurance companies. Out of these, RON 53,289,206 represent subrogation handled in court (in litigation).

The Company shows in the financial statements a subrogation expense for the year 2012 due to its decision in June 2012 to recognize subrogation only upon collection, decision which led to a reversal of uncollected amounts previously recognized as revenue. The reversed value was greater than the revenues recorded in the first half of 2012.

As at 31 December 2013 the Company has to recover VAT related amounts from several leasing companies with which it has concluded collaboration conventions for the costs with repairs invoiced by services and paid by the Company as partial claims for vehicles owned by the aforementioned leasing companies and insured by Astra. The receivable for the period 2009 to 31 December 2013 is

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***23 Claims paid and other gross insurance benefits (continued)**

in amount of RON 42,246,163. At 31 December 2013, the recoverable value of the receivable is estimated at RON 24,774,824 (31 December 2012: nil).

**24 Claims and other insurance benefits ceded in reinsurance**

	<b>2013</b>	<b>2012</b>
Changes in ceded RBNS reserve for life insurance	8,571,750	(10,871,750)
Changes in ceded RBNS reserve for life insurance	172,640,854	(155,775,363)
Ceded claims for non-life insurance	(416,908,189)	(164,995,569)
<b>Total</b>	<b>(235,695,585)</b>	<b>(331,642,681)</b>

**Non-Life insurance**

<b>2013</b>	<b>Claims ceded in reinsurance</b>	<b>Changes in ceded claims reserves</b>	<b>Ceded claims incurred</b>
<b>RON</b>	<b>1</b>	<b>2</b>	<b>3=2+1</b>
MTPL and green card	(390,188,738)	131,735,043	(258,453,695)
Motor hull (MoD)	(14,554,234)	27,483,796	12,929,562
Goods	(11,486,754)	13,684,686	2,197,932
Naval and transportation	(542,931)	28,160	(514,771)
Medical	-	(487,428)	(487,428)
GTPL	-	118,465	118,465
Guarantees	-	-	-
Other	(135,532)	78,131	(57,401)
<b>Total</b>	<b>(416,908,189)</b>	<b>172,640,853</b>	<b>(244,267,336)</b>



**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***24 Claims and other insurance benefits ceded in reinsurance (continued)**

<b>2012</b>	<b>Claims ceded in reinsurance</b>	<b>Changes in ceded claims reserves</b>	<b>Ceded claims incurred</b>
<b>RON</b>	<b>1</b>	<b>2</b>	<b>3=2+1</b>
MTPL and green card	(125,531,715)	(124,284,121)	(249,815,836)
Motor hull (MoD)	(39,190,393)	(28,941,258)	(68,131,651)
Goods	122,974	(1,232,060)	(1,109,086)
Naval and transportation	(71,813)	(831,695)	(903,508)
Medical	(335,072)	(78,132)	(413,204)
GTPL	-	(408,097)	(408,097)
Guarantees	-	-	-
Other	10,450	-	10,450
<b>Total</b>	<b>(164,995,569)</b>	<b>(155,775,363)</b>	<b>(320,770,932)</b>

**Life insurance**

<b>2013</b>	<b>Claims ceded in reinsurance</b>	<b>Changes in ceded claims reserves</b>	<b>Ceded claims incurred</b>
<b>RON</b>	<b>1</b>	<b>2</b>	<b>3=2+1</b>
Temporary death insurance clause	-	8,571,750	8,571,750
Redemptions and maturities	-	-	-
<b>Total ceded incurred claims</b>	<b>-</b>	<b>8,571,750</b>	<b>8,571,750</b>

<b>2012</b>	<b>Claims ceded in reinsurance</b>	<b>Changes in ceded claims reserves</b>	<b>Ceded claims incurred</b>
<b>RON</b>	<b>1</b>	<b>2</b>	<b>3=2+1</b>
Temporary death insurance clause	-	(10,871,750)	(10,871,750)
Redemptions and maturities	-	-	-
<b>Total ceded incurred claims</b>	<b>-</b>	<b>(10,871,750)</b>	<b>(10,871,750)</b>

After analyzing reinsurance contracts with Panamerican we identified the following elements:

- The reinsurance treaty is based on the reporting year and provides ceding claims paid starting with 1 May 2012 and changes of claim reserves for the year, these components being part of the quarterly statement. Considering the settlement of this treaty (including changes in ceded claim reserves), the Company would not have to register claim reserves ceded, both during this reporting year and the end of this year.

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***25 Acquisition costs**

Acquisition costs have the following structure:

	<b>2013</b>	<b>2012</b>
Commission expenses in respect of contracts accepted into reinsurance	610,871	276,744
Commission expense for non-life insurance contracts	121,565,971	152,985,441
Commission expense for non-life insurance contracts	2,061,387	2,754,032
Commission expenses – Hungary	6,555,796	8,365,066
Commission expenses Slovakia	459,503	-
Change in deferred acquisition costs	43,214,212	9,228,141
Change in deferred acquisition costs Hungary	1,121,893	(446,759)
Change in deferred acquisition costs Slovakia	(305,513)	-
Discounts	177,840,021	117,306,178
<b>Total</b>	<b>353,124,143</b>	<b>290,468,843</b>

**26 Administrative expenses**

	<b>2013</b>	<b>2012</b>
Provision expenses	333,733,959	52,292,254
Personnel related expenses	51,755,712	54,653,603
State budget expenses	26,859,882	27,351,300
Administrative expenses	23,521,227	22,826,378
Fees for liberal professions	11,299,561	5,035,598
Consumables expenses	3,903,362	8,144,197
Receivable losses	4,162,744	312,025
Protocol and advertising expenses	4,407,505	7,801,560
Travel and transport expenses	4,674,953	4,675,113
Postal and telecom expenses	6,858,625	8,026,596
Banking fees	3,010,944	4,171,385
Services expenses	9,254,747	2,320,197
Management fees	7,829,626	6,005,289
Fees for Hungary branch	3,156,697	2,729,114
Assets depreciation expenses	8,862,727	9,182,474
<b>Total</b>	<b>503,292,272</b>	<b>215,527,085</b>

***Provision expenses***

As at 31 December 2013 impairment of assets provisions amounting to RON 333,733,959 have been recorded, out of which:

- RON 113,453,001 for loans granted to intra group loans
- RON 78,758,176 for debits with BID, SIVAMO and other debtors
- RON 57,318,684 for subrogation receivables
- 81,104,570 for Panamerican reinsurance contract

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***26 Administrative expenses (continued)**

- RON 17,471,338 for VAT receivables
- RON 2,052,700 for doubtful debtors

***Personnel related expenses***

Value of salaries and salary taxes:	<b>2013</b>	<b>2012</b>
<b>Salary expenses</b>	<b>40,186,899</b>	<b>42,621,877</b>
For non-life insurance business	39,443,503	41,544,690
For life insurance business	743,396	1,077,187
<b>Salary tax expenses</b>	<b>11,568,813</b>	<b>12,031,726</b>
For non-life insurance business	11,361,622	11,732,667
For life insurance business	207,191	299,059

As at 31 December, the average number of employees by category was as follows:

	<b>2013</b>	<b>2012</b>
Management	268	246
Operations personnel	808	616
Administrative personnel	390	596
<b>Total</b>	<b>1,466</b>	<b>1,458</b>

***State budget expenses***

The most important state budget expenses relate to:

	<b>2013</b>	<b>2012</b>
Guarantee fund related expenses	7,970,954	7,713,499
Functioning tax	3,027,911	2,952,407
MTPL contributions	3,638,145	3,374,521
Contribution to the street victims protection fund	3,501,601	18,727
<b>Total</b>	<b>18,138,611</b>	<b>14,059,154</b>

Out of total administrative expenses, rental and cleaning expenses represent the greatest proportion, accounting for 59% of total administrative expenses.

80% of liberal professions expenses represent lawyer fees for legal assistance on claim files.

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***27 Net (expenses)/ revenues from investments*****Investment income***

<i>RON</i>	<b>2012</b>	<b>2013</b>
Interest income	14,843,844	8,227,008
Income from investments	5,384,887	4,710,816
Dividend income (i)	1,445,103	960,252
<b>TOTAL</b>	<b>21,673,834</b>	<b>13,898,076</b>

(i) As at 31 December 2012 and 31 December 2013, the dividends income structure recorded by the Company in respect to non-life insurance business is as follows:

<b><i>RON</i></b>	<b>31.dec.12</b>	<b>31.dec.13</b>
GERMANISCHER LLOYD INDUSTRIAL SERVICES ROMANIA S.R.L.	74,226	14,101
BRD Groupe Societe Generale SA	2,804	-
OMV PETROM SA	56,351	-
SC FONDUL PROPRIETATEA SA	404,670	429,345
Societatea de Investitii Financiare MOLDOVA S.A.	192,736	-
Societatea de Investitii Financiare MUNTENIA S.A.	88,470	-
Societatea de Investitii Financiare OLTENIA S.A.	330,694	330,694
Societatea de Investitii Financiare TRANSILVANIA S.A.	115,046	117,600
Societatea de Investitii Financiare Banat-Crişana S.A.	84,336	-
Societatea Nationala de Transport Gaze Naturale TRANSGAZ S.A.	95,770	68,512
<b>TOTAL</b>	<b>1,445,103</b>	<b>960,252</b>

***Investment expenses***

<i>RON</i>	<b>2012</b>	<b>2013</b>
Financial assets impairment adjustment expenses (i)	-	29,530,722
Expenses with changes in investment values	58,121	-
<i>Other investment related expenses</i>	-	76,430
<b>Total</b>	<b>58,121</b>	<b>29,607,152</b>

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

**Notes to the separate financial statements**

*All amounts in lei ("RON") unless otherwise stated*

**27 Net (expenses)/ revenues from investments (continued)**

(i) Financial assets impairment adjustment expenses include:

- Adjustment of book value for the investment in Unirea Shopping Center (SCDM), in amount of RON 1,202,607;
- Adjustment of book value for the investment in Flamingo Internațional in amount of RON 1,057,598;
- Adjustment of book value for the investment in amount of RON 17,839,490, related to the investment in Novacuart;
- Adjustment representing realized losses on investments, in amount of RON 9,431,027, for stock traded shares.

**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***28 Related parties**

The company provides services to related party companies, in accordance with usual commercial terms and has service benefits from these companies in similar conditions.

As at 31 December 2013 there are a total of 90 related companies. The most significant transactions were carried with the following related parties: ASTRA NOVA SECURITY, Baumeister Medien Holding, MEGA CONSTRUCT, OMEGA CITY BUSINESS, PAID SA. The nature of transactions with related parties are of underwriting insurance policies, rental services, advertising services, security and protection services, maintenance and auto repairs, accommodation and protocol and grating intragroup loans.

Commercial transactions conducted according to contracts and agreements concluded by the Company with related companies, administrators and other related parties with the administrators can be classified as follows:

- a) Insurance transactions related to insurance contracts in which the related parties act as contractors/insured parties:

<b>Gross written premiums</b>	<b>2012</b>	<b>2013</b>
	79,353,227	57,981,572
<b>Total</b>	<b>79,353,227</b>	<b>57,981,572</b>

Out of which:

	<b>31 December 2012</b>	<b>31 December 2013</b>
FOTBAL CLUB OTELUL	18,047,733	5,310,207
ALPHA SPV SRL	3,855,120	3,902,952
GRUPUL DE PRESA ROMAN	3,858,683	3,900,618
UNITED PRINT SRL	3,860,410	3,893,868
ADASPED-PRESTARI-COMERT SRL	3,851,023	3,896,422
ADASPED INTERNATIONAL SA	3,851,507	3,898,002
ASTRA NOVA SECURITY SA	2,768,959	3,937,822
ICSIM SA	3,847,922	3,896,624
INTERNATIONAL BUSINESS CENTER MODER SRL	2,730,488	3,928.880
MEDIEN-HOLDING SRL	3,847,034	3,893,868
TNG REAL STATE MANAGEMENT SRL	2,670,706	1,196,277
BAUMEISTER SA	14,530,200	36,209
Other related parties	11,633,443	16,289,823
<b>Total</b>	<b>79,353,227</b>	<b>57,981,572</b>

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***28 Related parties (continued)**

- b) Insurance claims paid to related parties contracts in which the related parties act as contractors/insured parties:

<b>Claims paid</b>	<b>2012</b>	<b>2013</b>
	1,771,769	15,967,170
<b>Total</b>	<b>1,771,769</b>	<b>15,967,170</b>

The claims paid as at 31 December 2013 contains the amount paid to a Romanian financial institution, amounting RON 14,904,082, for the assignment of receivables held by the bank against REX Mamaia, amount which was compensated subsequently with the damages amounts owed by the Company to REX Mamaia. The value of the claims paid related to 2013, without taking into consideration the assignment of receivables amounts to RON 1,063,088.

- c) Other related party expenses:

<b>RON</b>	<b>2012</b>	<b>2013</b>
Rent expenses	1,119,095	918,325
Management services	-	122,210
Utilities and other administrative expenses	2,637,325	2,396,559
<b>Total</b>	<b>3,756,420</b>	<b>3,437,094</b>

As at 31 December 2013, rent expenses with related parties amounts RON 918,325 (31 December 2012: RON 1,119,095). During 2012, the Company did not register management services expenses. As at 31 December 2013, management's services amount to RON 122,210.

- d) Income from related party transactions:

<b>RON</b>	<b>2012</b>	<b>2013</b>
Income from related party transactions (Rent)	65,488	64,562

- e) Compensation with related parties:

<b>RON</b>	<b>2012</b>	<b>2013</b>
Compensations with related parties	558,038	717,916
<b>Total</b>	<b>558,038</b>	<b>717,916</b>

The Company has concluded compensation agreements with related parties for the services received with the receivable premiums. As at 31 December 2013, the amount of RON 717,916 was compensated against debts towards the following related parties: Medien Holding, Omega City

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**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements***All amounts in lei ("RON") unless otherwise stated***28 Related parties (continued)**

Business Center and Unirea Shopping Center. As at 31 December 2012, the amount of RON 558,038 was compensated against debts toward the following related parties: Baumeister, Unirea Shopping Center.

## f) Loans granted/received from related parties:

<i>RON</i>	<b>2012</b>	<b>2013</b>
Loans granted (Note 18)	100,927,050	105,999,859
Loans received/Investments (Note 19)	-	10,656,060
<b>Total</b>	<b>100,927,050</b>	<b>116,655,919</b>

<i>RON</i>	<b>2012</b>	<b>2013</b>
Interest for loans granted (Note 18)	9,487,556	15,673,896
Interest for loans received/Investments (Note 19)	-	244,774
<b>Total</b>	<b>9,487,556</b>	<b>15,918,670</b>

## g) Transactions with PAID:

<b>PAID transactions</b>	<b>2012</b>	<b>2013</b>
Net premiums income	536,483	1,691,021
Balance of premiums owed to PAID	2,618,665	10,063,536

As at 31 December 2013, the balance of premiums owed to PAID, which comprises the contribution payable to PAID for gross written premiums amounts to RON 10,063,536 (31 December 2012: RON 2,618,665). The value has increased compared to 2012 due to mandatory conclusion of property insurance, in force since 2013.

## h) Liabilities to related parties

As at 31 December 2013, the balance of liabilities towards related parties from services rendered by them and other related expenses amounts RON 1,700,847 (31 December 2012: RON 597,856), out of which:

	<b>31 December 2012</b>	<b>31 December 2013</b>
OMEGA CITY BUSINESS CENTER SRL	154,735	784,151
ASTRA NOVA SECURITY SA	96,687	366,586
INTERNATIONAL BUSINESS CENTER MODER SRL	141,416	216,415
UNIREA SHOPPING CENTER SA	108,875	183,426
Other related parties	96,144	150,269
<b>Total</b>	<b>597.857</b>	<b>1.700.847</b>



**S.C. ASIGURARE – REASIGURARE ASTRA S.A.****Notes to the separate financial statements*****All amounts in lei ("RON") unless otherwise stated*****28 Related parties (continued)**

## i) Receivables from related parties

As at 31 December 2013, the Company has receivables amounting to RON 242,041 (31 December 2012: RON 177,479) towards Grupul de Presa Roman, related to rental services provided.

## 1) Reserve balance recorded in relation to related parties:

	<b>31 December 2012</b>	<b>31 December 2013</b>
Premiums reserve (a)	19,305,325	13,307,302
Claim reserve	74,693	260,758
Bonuses and rebates reserve (b)	10,523,316	36,778
Mathematical reserve	1,736,621	2,118,040

## (a) Premiums reserve

<b>RON</b>	<b>31 December 2012</b>	<b>31 December 2013</b>
INTERNATIONAL BUSINESS CENTER MODER SRL	635,597	915,418
ASTRA NOVA SECURITY SA	625,383	926,392
TNG REAL STATE MANAGEMENT SRL	608,246	902,827
ADASPED-PRESTARI-COMERT SRL	871,966	894,036
ADASPED INTERNATIONAL SA	873,543	895,496
ALPHA SPV SRL	873,699	898,925
ICSIM SA	870,849	894,243
MEDIEN-HOLDING SRL	870,253	892,762
GRUPUL DE PRESA ROMAN	873,469	893,448
BAUMEISTER SA	934,866	566,658
FOTBAL CLUB OTELUL	6,520,770	213,872
Other related parties	4,746,685	4,413,224
<b>Total</b>	<b>19,305,325</b>	<b>13,307,302</b>

(b) As at 31 December 2012, bonuses and claims reserve includes RON 8,716,163 related to insurance policies concluded with Fotbal Club Otelul.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

## **29 Subsequent events**

### **Financial recovery through special administration**

Under Decision no. 42 of 18 February 2014 implemented under Decision No 43/2014 and Decision 66/2014, the Financial Supervisory Authority (FSA) decided that a financial recovery procedure through special administration should be open, in line with Art. 8 paragraph. (1) b) in conjunction with Art. 7 letter a) of Law no. 503/2004 regarding the financial recovery, bankruptcy, dissolution and voluntary liquidation of insurance activity, as republished, and appointed KPMG Advisory SRL as Special Administrator of the Company.

According to Decision 42 it was ordered to suspend, for the duration of the financial recovery procedure through special administration, the legal duties of major shareholders and other significant persons, the voting rights to appoint and remove Supervisory Board members, the shareholder's right to dividends, the activity and the right to remunerate Supervisory Board members. The special administrator fully takes over the tasks of significant persons of the Company.

Pursuant to Decision no. 43/2014, the Special Administrator analysed the Company's activity and prepared a detailed report in connection with the Company's financial situation, indicating real and operative possibilities for financial recovery and the actions to be taken in this regard by the Special Administrator. The Special Administrator's report was submitted to FSA on 25 March 2014. The Action Plan included in the Administrator's Special Report was approved under FSA Decision no. 117/07.04.2014 (except for two of the measures included in the plan).

At the date when the financial statements were approved, the Company was in the financial recovery process, under special administration. The action plan prepared by the Special Administrator and approved under FSA Decision no. 117/07.04.2014 is in the implementation phase under special administration

### ***Share capital increase***

One of the measures included in the approved action plan is to increase the share capital with RON 490 million through an initial capital contribution of at least RON 70 million.

On 12 May 2014 the Extraordinary General Meeting of Shareholders ("EGMS") approved the delegation of the Special Administrator, the Board of Directors respectively (in the event that after the calling of the EGMS the Company's management would be resumed by the Board of Directors), of the prerogative to increase the share capital of the Company. The delegation of the share capital increase prerogative is valid for a maximum of one year after the date of resolution.. Special Administrator / Board of Directors may decide, under one or several resolutions, the Company's share capital increase through the issuance of new shares, with amounts that may not exceed in total the amount of RON 490,000,000.

On 27 June 2014, KPMG Advisory SRL, mandated as Special Administrator of ASTRA under FSA Decision No. 42 / 18.02.2014, and in consideration of Resolution no. 1 of 12 May 2014 adopted by EGMS, issued Decision no. 26 approving the Company's share capital increase by a cash contribution of RON 70,000,001.40, issuing a number of 26,315,790 registered shares with a nominal value of 2.66 RON / share. The share capital increased from RON 192,712,533.66 to RON 262,712,535.26.

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

#### **29 Subsequent events (continued)**

On 29 August 2014 the announcement to issue new shares (with grant preference and by cash contribution) for the share capital increase of S.C Astra Asigurare – Reasigurare S.A has been published. This was approved under ASF decision 1143 / 29.08. 2014.

On 1 October 2014 the subscription period ended and the Special Administrator issued Decision no. 68/3 October 2014 rectified by Decision No 70/07.10.2014 which approved the capital increase from RON 192,712,533.86 to RON 257,797,193.08 by cash contribution in the amount of RON 65,084,659.22 representing a total of 24,467 .917 shares worth 2.66 RON / share.

As a result of the capital increase, the new value of the Company's share capital is RON 257,797,193.08 corresponding to a total of 96,916,238 shares with a nominal value of 2.66 RON / share. The new Company shareholders structure is:

- Nova Group Investments Romania SA, holding a total of 70,510,096 shares with a nominal value of 2.66 RON / share totaling RON 187,556,855.36, representing 72.754% of the share capital;
- Epsilon Estate Provider SRL, holding a total of 25,478,537 shares with a nominal value of RON 2.66 / share and a total value of EUR 67,772,908.42, representing 26.289% of the share capital;
- Other individuals and entities shareholders, holding a total of 927,605 shares with nominal value of RON 2.66 / share and a total value of 2,467,429.3 RON, representing 0.957% of the share capital.

Furthermore a decision has been made to cancel shares issued and not subscribed at this stage (the equivalent of 4,915,342.18 RON).

Currently, the Company is in the process of obtaining the ASF authorization for the first share capital increase and preparing for the second stage as well.

#### ***Significant Litigations***

The 805/2014 civil decision, issued on 14 October 2014 by the Bucharest Appeal Court, rejected Astra's appeal as baseless (case no. 11570/3/2013) against the National Company of Motorways and National Roads Romania SA (CNADNR).

The decision of the Court is enforceable, which means that in the next period CNADNR can proceed to collect the amounts ruled by the Court in December 2013 (approximately 95 million USD, including legal fees). Astra filed an appeal statement (registered at the Appeal Court on 15th of October) and a request to suspend the enforceable decision (request no. 3660/1/2014 registered on 15th of October 2014 at the High Court - file pending with hearings scheduled on the 5th of December 2014).

Furthermore, Astra sent a request to CNADNR to reschedule the payments obligations ruled by the Bucharest Court (civil sentence no. 7039/06.12.2013, file no. 11570/3/2014).

The Appeal Court settlement was not in Astra's favor and therefore requires additional capitalization; the decision of the Court is not final and irrevocable and Astra has already formulated an appeal. On 31 December 2013, the claim reserve for court file no. 11570/3/2013 (insurance policies issued to CNADNR) was RON 93,930,037. One of the operational measures proposed in the original plan of recovery was to deal with Romstrade contract litigation amicable

The civil sentence 1582/2014 (part of court file no. 16039/3/2013) issued by the Bucharest Court on 28 March 2014, partially accepted Eximbank's request on the guarantee insurance policy no. 453 / 02.02.2011 (insured SC Romstrade SRL). Astra was ordered to pay 15,628.279 RON (compared to initial

## **S.C. ASIGURARE – REASIGURARE ASTRA S.A.**

### **Notes to the separate financial statements**

***All amounts in lei ("RON") unless otherwise stated***

#### **29 Subsequent events (continued)**

claims of 34,400.00 RON). Both Astra and Eximbank appealed this decision on 13th June 2014, respectively 4th of July 2014. The Bucharest Court rejected Eximbank's appeal as unfounded but accepted Astra's (decision no. 963 / 2014 issued on 23rd of October 2014). Furthermore, Eximbank's request was fully rejected. This decision can be appealed within 30 days at the Appeal Court.

Combining business by financial consolidation of insurance portfolios with a life insurance entity on the Romanian market and Astra (part of the initial recovery plan) has not materialized so far.

The Special Administrator has started the process of identifying potential strategic investors. The interest shown by the represents a key factor in the Company's recovery.

**ADMINISTRATOR,**

**Name, Surname and signature**

**Stamp**

**By representative,**

**Name, Surname and signature**