

Board of Directors Report

on the individual financial statements prepared for the year ended December 31, 2011



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1. INTRODUCTION

This report was prepared in accordance with:

- o Order of the National Bank of Romania ("NBR") no. 13/2008 for approval of Accounting Regulations according to the European Directives, applicable to credit institutions, non-bank financial institutions and Guarantee Fund for Bank Deposits;
- o National Securities Commission (CNVM) Regulation no.1/2006 related to issuers and security operations, amended on.

BRD - Groupe Société Générale profile

BRD - Groupe Societe Generale ("BRD" or "the Bank") was set up on December 1st, 1990 as an independent bank with the legal status of a joint-stock company and with the share capital mainly held by the Romanian State; by taking over the assets and liabilities of Banca de Investitii (the Investment Bank).

In March 1999, Société Générale (SG) buys a stake representing 51% of the share capital, increasing its holding of shares to 58.32% in 2004, through the acquisition of the residual stake from the Romanian State.

Starting 2001, BRD-Groupe Société Générale operates as an open joint-stock company, according to the legislation on trading companies, bank legislation, provisions of the Articles of Incorporation and the other internal regulations.

Identification data of BRD are:

- o Head Office: B-dul Ion Mihalache nr. 1-7, sect. 1, Bucuresti
- o Tel/Fax: 3016100 / 3016800
- o Sole registration number with the Trade Registry: R 361579
- o Order number with the Trade Registry: J40-608-1991
- o **Regulated market on which the issued securities are traded:** Bucharest Stock Exchange 1st Category
- o Share capital subscribed and paid: 696.901.518 lei
- o The main characteristics of securities issued by the company: ordinary shares with a nominal value of 1 RON

According to articles 5 and 6 of Chapter II of the Articles of Incorporation, the Bank's object of activity can be summarized as being the performance of banking activities.



2. SECURITIES MARKET

Starting January 15th, 2001, the Bank's shares are listed on the Ist category of the Bucharest Stock Exchange and are included in the BET and BET-C indexes. The Bank's shares are ordinary, nominative, dematerialized and indivisible. According to the Articles of Incorporation, article 17, letter k, the shares of the Bank are traded freely on those capital markets set by General Assembly of the Shareholders ("AGA"), whereas complying with the legislation on the trade of shares issued by bank institutions.

The closing price of the BRD share on December 30, 2011, the last trading day of 2011, was of 10.71 RON/share. On the same date, the market capitalisation was 7,463.8 RON.

In addition, in November 2006, BRD issued bonds in RON, destined to non resident investors. The operation was performed on the Luxemburg market and amounts to RON 735 millions. The borrowing period was 5 years, and the interest rate was 7.75%. The bonds have been fully reimbursed in December 2011.

During 2011 BRD has not redeemed its shares.

Dividends

According to the Romanian legislation and the Articles of Incorporation, dividends are paid from the funds created for this purpose after the approval of the General Assembly of Shareholders ("AGA"), within maximum 60 days from the publication date of the AGA decision of approval of dividends in the Official Journal.

The net annual profit is distributed as dividends according to the decision of AGA. The change in the volume of approved and distributed dividends is presented as follows:

| | 2010 | 2009 | 2008 |
|---|----------|----------|--------|
| Distributable profit (RON million) | 501 # | 779 # | 1,353 |
| Total dividends (RON million) | 125 # | 195 # | 508 |
| Number of shares (millions) | 697 # | 697 # | 697 |
| Dividend per share (RON), nominal | 0.1796 # | 0.2795 # | 0.7283 |
| Distribution rate from distributable profit | 25% # | 25% # | 37% |

The distribution of dividends is made according to the General Assembly decision, upon the Board of Directors' proposal and it depends on the value of the distributable profit and on the future capitalization need of the Bank



2. SECURITIES MARKET (continued)

Payment of dividends

The dividends are distributed to the shareholders proportionally to their participation in the share capital. The dividend income is subject to withholding tax.

According to the Articles of Incorporation of the Bank, dividends are paid within no more than 2 months from the approval date of the annual financial statements for the year then ended, in cash or by bank transfer, according to the shareholders' decision.

Unclaimed dividends are prescribed within 3 years from the payment start date, according to legal provisions.

BRD started the payment of the 2010 dividends on June 10th, 2011.



3. ECONOMIC ENVIRONMENT 2011

The main macroeconomic factors that, in year 2011 had major impact on the banking activity:

- o The consumption prices index at the end of 2011, provided by the National Institute of Statistics is 3.14%, compared with December 31, 2010, reaching thus the target announced by the National Bank of Romania;
- Ouring 2011, the national currency has slightly depreciated compared to the euro by 0.8 %, in nominal terms;
- O During 2011 the Gross Domestic Product of Romania returned on a positive trend, the economic growth, in real terms, being of 2.5%, according to the data provided by the National Institute of Statistics;
- NBR has reduced, starting April 2011 the level of the minimum compulsory reserve, from 25% to 20% for foreign currencies resources, and maintained the level of 15% for RON;
- o In this context, NBR kept almost for the entire year the the monetary policy interest rate to 6,25%, and reduced its level by 25 bp in November 2011;
- o Increase in contribution to the Guarantee Fund of Deposits in Banking System (from 0,2% in 2010 to 0,3% in 2011) and set up of a supplementary special payment fund;

Thus, at the end of 2011 the Romanian banking system comprised 33 banks corporate Romanian entities and 8 branches of foreign banks, who owned assets worthing 354 billion RON and equity of 31 billion RON. According to the National Bank of Romania the domestic banking sector faced a difficult economic environment in 2011 as well, compounded in the latter part of the period under review by tensions stemming from the global sovereign debt crisis. The worsening of credit risk indicators led to renewed capital injections or, in some cases, to share capital reductions in order to cover losses. The banking sector overall continued to boast adequate capitalisation, as highlighted by the comfortable levels of solvency ratio (14.5%). The general risk ratio remaining on a downward path (to 43%) is indicative, however, of credit institutions' propensity for less risky investments, i.e. government securities, with adverse effects on profit ratios, given the declining returns on these investments. These developments and the higher provisioning costs triggered by the rise in non-performing loans made the banking sector further incur an overall loss, so that profitability indicators remained in negative territory in 2011 as well.

Credit activity during the year 2011 had a moderate nominal increase (5.4%) at banking system level, following lack of real signs of economic recovery.



4. EVOLUTION OF THE MAIN FINANCIAL INDICATORS

The 2011 financial results of BRD – Groupe Société Générale were influenced by both the persistence of a difficult economic environment and the changes occurred on the financial and banking market. BRD has tailored its strategy and operational measures to this context, managing to maintain its active customers' database and to enhance its operational efficiency.

The main elements of general assessment during 2011 are the following:

| Ratio | 2009 | 2010 | 2011 |
|--------------------------------------|-------|-------|-------|
| Gross operating income (RON million) | 1,964 | 2,166 | 1,850 |
| Net profit (RON million) | 779 | 501 | 465 |
| Return on equity (ROE) | 19.4% | 11.6% | 9.9% |
| Cost/income ratio | 42.6% | 38.8% | 42.7% |
| Capital adequacy ratio | 13.2% | 14.6% | 14.7% |
| Non-performing loans ratio (1) | 5.5% | 9.1% | 12.2% |
| Liquidity ratio (2) | 1.64 | 1.44 | 1.41 |

⁽¹⁾ loans classified as "Loss 2" (90 days past due and/or legal action)/total loans

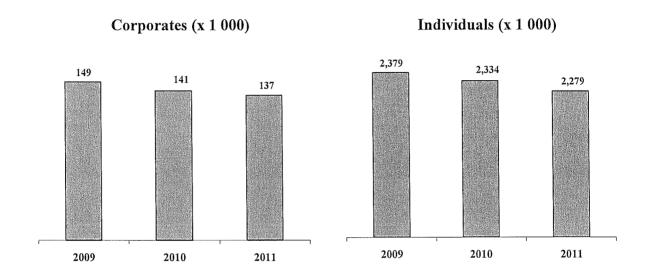
⁽²⁾ According to NBR regulations



5. COMMERCIAL ACTIVITY

Based on a strong network, with a flexible structure, BRD has continued in 2011 the actions for its optimizations. As at December 31th, 2011 the Bank had around 940 branches which ensured the distribution of its products throughout the whole country.

The clientele¹ base remains robust, with a slightly decreasing trend in the number of active individual client, which was reversed in the fourth quarter of 2011. Moreover, the commercial activity was focused on increasing the cross-selling rate (number of products/client) and clients' loyalty, strongly stimulated by the contribution of innovative products (cards "A la carte", contactless cards...) and internet baking.



The Group's commercial offer includes a complete portfolio of financial, banking products and consultancy and services designed for both private and corporates customers.

Evolution of deposits and loans to individuals was as follows:

| | | | | RON millions |
|----------|------------|------------|------------|--------------|
| | 31.12.2009 | 31.12.2010 | 31.12.2011 | 2011/2010 |
| Deposits | 14,606 | 14,682 | 15,197 | +4% |
| Loans | 16,038 | 16,044 | 16,283 | +1% |

The lending activity slightly increased in 2011, in a still difficult economic environment, BRD Maintained positions on credits to households with a production mainly fueled by housing loans ("Prima casa") and refinancing programs ("Restart').

Individuals' deposits increased in 2011 by 4%, the increasing factor being the term deposits.

¹ Active clients are clients who have at least one operation in the last 3 months



5. COMMERCIAL ACTIVITY (continued)

Evolution of deposits and loans to corporates was as follows:

| | | | | RON millions |
|----------|------------|------------|------------|--------------|
| | 31.12.2009 | 31.12.2010 | 31.12.2011 | 2011/2010 |
| Deposits | 14,919 | 15,212 | 14,978 | -2% |
| Loans | 17,211 | 17,119 | 17,237 | 1% |

The corporates loans proved a good resilience in all segments in a very competitive market.

Concerning the corporate customers' deposits, these have slightly decreased, especially due to large entities segment, the resources collected from them being more volatile and depending on the interest rate.

Evolution of the loan portfolio, according to the currency of issue, in the period 2009 - 2011 is as follows:

| | | | | | million | RON |
|---------------------------|------------|------|------------|------|------------|------|
| | 31.12.2009 | % | 31.12.2010 | % | 31.12.2011 | % |
| GROSS LOANS | 33,249 | 100 | 33,164 | 100 | 33,520 | 100 |
| Loans in local currency | 15,203 | 45.7 | 14,691 | 44.3 | 14,833 | 44.3 |
| Loans in foreign currency | 18,046 | 54.3 | 18,472 | 55.7 | 18,687 | 55.7 |

The Bank is considering further development of the range of products offered taking into account its customers' needs.

The main components of net banking income had the following evolution:

| | | | | RON millions |
|-----------------------|------------|------------|------------|--------------|
| | 31.12.2009 | 31.12.2010 | 31.12.2011 | 2011/2010 |
| Net banking income, | 3,416 | 3,538 | 3,227 | -9% |
| out of wich | | | | |
| - net interest income | 1,609 | 1,856 | 1,702 | -8% |
| - net commissions | 1,297 | 1,258 | 1,248 | -1% |

Bank revenues are not dependent on a single customer or group of customers, consequently there is no risk that losing a client will significantly affect income levels.



5. COMMERCIAL ACTIVITY (continued)

Further, BRD is the second bank in Romania, in terms of banking assets, holding the following market shares at 31 December 2010 and December 31, 2011:

| | 31.12.2010 | 31.12.2011 |
|------------------------------------|------------|------------|
| | (%) | (%) |
| Total assets | 13.9 | 13.6 |
| Loans to corporate customers | 14.2 | 13.1 |
| Deposits from corporate customers | 17.8 | 16.7 |
| Loans to individual customers | 15.7 | 15.7 |
| Deposits from individual customers | 14.1 | 13.5 |



6. FINANCIAL POSITION ANALYSIS

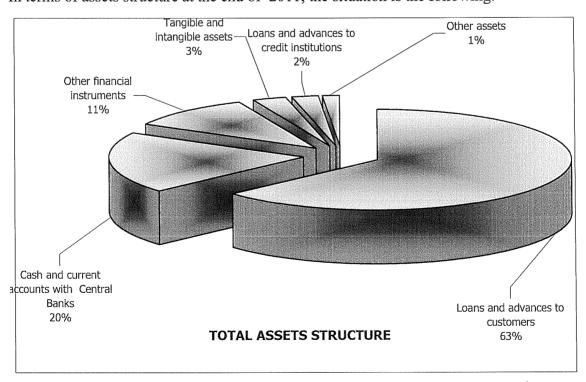
In accordance with NBR Order no 13/2008, amended and supplemented, the Bank applies Accounting Regulations according with European Directives, applicable to credit institutions, presentation of balance sheet items being according to these regulations.

Financial position – assets

The total assets increased by 1% as at Decemeber 31st, 2011 compared to prior year, and by 3.5% compared with Decemeber 31st, 2009. The main elements evolution was as follows:

| Assets (RON millions) | 2009 | 2010 | 2011 | 11/10 |
|---|--------|--------|--------|-------|
| Loans and advances to customers | 30,745 | 29,755 | 30,447 | 2% |
| Cash and current accounts with Central Bank | 9,846 | 10,038 | 9,402 | -6% |
| Other financial instruments | 2,276 | 4,052 | 5,073 | 25% |
| Tangible and intangible assets | 1,401 | 1,393 | 1,391 | 0% |
| Loans and advances to credit institutions | 1,600 | 1,693 | 995 | -41% |
| Other assets | 526 | 563 | 719 | 28% |
| Total assets | 46,394 | 47,494 | 48,028 | 1% |

In terms of assets structure at the end of 2011, the situation is the following:





Receivables from customers

The net loans amounting to RON 30 447 millions represents 63% of the total operations reflected in the balance sheet.

Cash in hand, current accounts with the Central Bank and loans and advances to credit institutions

The Banks liquid assets, including cash in hand and current account with the Central Bank recorded a decrease of 6% compared to December 31st, 2010, and continue to represent around 20% of the total finacial position. The most important weight of this balance sheet item is held by the minimum compulsory reserve with the National Bank of Romania.

Securities and financial assets

The significative increase of these elements is determined by the climb in treasury bills portfolio, classified as available for sale by 18%, their balance being of 4,568 RON millions as at December 31st, 2011, compared to 3,861 RON millions by the end of prior year. Moreover, the BRD portfolio also included trading intruments amounting to 213 RON millions.

Tangible and intangible assets

The net fixed assets amounted as at December 31st, 2011 to RON 1,391 millions, out of which the most important share is represented by land and buildings (72%). Most of the buildings are recently constructed or modernized and are situated all over the country, in most of the cities

Capital investments during 2011

Fixed assets aquisitions made in 2011 were of around 137 million RON, the main component being represented by the investments in IT systems.

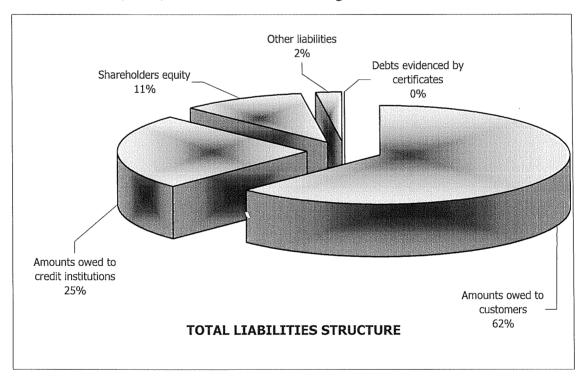


Financial position - liabilities

The comparative statement of liabilities, for the financial years 2009 – 2011 is as follows:

| Liabilities and shareholders equity (RON millions) | 2009 | 2010 | 2011 | 11/10 |
|--|--------|--------|--------|-------|
| Amounts owed to customers | 29,271 | 29,625 | 30,078 | 2% |
| Amounts owed to credit institutions | 10,813 | 11,276 | 11,832 | 5% |
| Shareholders equity | 4,454 | 4,761 | 5,107 | 7% |
| Other liabilities | 1,121 | 1,097 | 1,011 | -8% |
| Debts evidenced by certificates | 735 | 735 | - | -100% |
| Total liabilities and shareholders equity | 46,394 | 47,494 | 48,028 | 1% |

On December 31st, 2011, liabilities had the following structure:



Amounts owed to customers

These operations represent 63% of total liabilities; a 21% increase has been registered as compared to the previous year, mainly due to collecting term deposits from individual customers. On December 31st, 2011, the value of the operations was RON 30,078 millions.

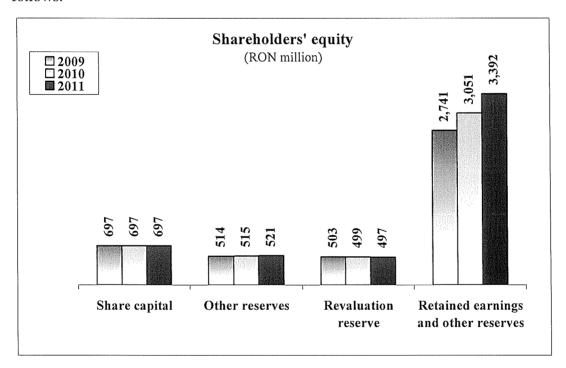


Amounts owed to credit institutions

Debts to credit institutions represent 25% of total liabilities, and consist of sight receivables from correspondent accounts, bank deposits, due amounts coming from operations with cards, term receivables from deposits and financial borrowings from other banks, that, otherwise, are the most important.

Shareholders' equity amounts to RON 5,107 million, registering a 7% increase as compared to 2010, especially due to retaining 75% of year 2010 profit.

The evolution of the shareholders equity elements for the period 2009-2011 looks as follows:



Liquidity

The Bank has maintained a balanced structure of resources and investments, even considering that the Romanian market does not yet offer opportunities for medium and long term financing.

The loans/deposits ratio was as at December 31, 2011 at a constant level compared to prior year, namely 111%.



Assessment of research and development

The only development activities of the Bank are those related to software.

Financial results

The net result of the 2011 financial year is RON 465 million.

The comparative position of the bank results for the period 2009-2011 is presented below:

| | | | | RON millions |
|-----------------------|------------|------------|------------|--------------|
| | 31.12.2009 | 31.12.2010 | 31.12.2011 | 2011/2010 |
| Net banking income, | 3,416 | 3,538 | 3,227 | -9% |
| out of wich | | | | |
| - net interest income | 1,609 | 1,856 | 1,702 | -8% |
| - net commissions | 1,297 | 1,258 | 1,248 | -1% |
| Operating expenses | -1,456 | -1,372 | -1,377 | 0% |
| Operating profit | 1,960 | 2,166 | 1,850 | -15% |
| Net cost of risk | -1,018 | -1,563 | -1,289 | -19% |
| Gross profit | 941 | 603 | 561 | -7% |
| Net profit | 779 | 501 | 465 | -7% |

The evolution of the net banking income has been influenced, on one hand, by the decrease in interbank interest rates, which directly affected the net interest margin (-9%) and, on the other hand, by a good resilience of commissions, net commissions income being quite stable.

The operational expenses have been maintained at prior year's level due to limited increase in personnel expenses and decrease in othe operational expenses, following the implementation of an optimization program.

The cost/income ratio had a level of 43%, significantly lower than the banking system average.

The net cost of risk remained high, even if its level decreased compared to 2010, an improvement being noticed on individual clients' segment, while the SMEs continued to be affected by the difficult macroenomic environment. In this context the non-performing loans ratio has continued to be lower than the banking system average ratio.



7. HUMAN RESOURCES

The number of employees of the Bank, as at December 31, 2011 was of 8,245. Given the nature of the activity of credit institutions, the qualification of bank employees is high, 88% with higher education.

Within the Bank there was only one trade union organization, founded in March 2003 which brings together 4,342 members, representing about 50% of staff.

The work relations are regulated by the Collective Labour Contract. The negotiations on the Collective Labour Contract for 2011 took place during the period November 2010 – February 2011, between representatives of both employers and labour union. The Collective Labour Contract was registered with the Labour and Social Protection Office of Bucharest on February 16th, 2010 and it became effective starting with the same date.

During 2011, there were more than 400 new employees and almost 95% of the personnel followed minimum one training.

Under the umbrella of the strategic program Ambitions 2015, during 2011, within the Human Resources Department, a series of activities and projects were developed targeting the development of human capital, promoting a new leadership model and optimisation of the working model.

Thus, the 2011 strategic directions concerning the human resources have looked upon career management, high potential employees, professional training especially management training, improvement in organisational culture, performance evaluation system, and also acrivities optimisation.

Among the major projects developed in 2011 one can mention the second edition of the Employees Satisfaction Barometer, presentations and local action plans following the results of the Organizational Diagnosis study, identification of high potential employees and building their development road map, the carry-over of the management academy and annual evalution meetings, starting the implementation of a new evaluation application, but also supporting the internal reorganisation processes, for example the set-up of the new Regional Customer Services Centres.

The personnel internal mobility has remained at a significant level (12%), thus reflecting the adaptability of the structure to the present macroeconomic context.

In the same time, the number of promotions has remained constant compared to 2010, representing 7% of the total personnel.

Concerning the employees' *training*, at BRD level, the training programs set up in the career maps have continued in 2011, bu also new training projects meant to sustain the business were put in place (eg the "Commercial School" – training programs for the selling force designed to improve the quality of the services rendered to the customers). Moreover, during the Management Academy program, about 900 managers have been trained, most of the training modules being developed in 2011. The average number of training days per employees reached 5 days.

In 2011, the human resources policy concerning the salary package has remained the same. The BRD Group has continued to reward performance, both at group level and at individual level, adapted to the current macroeconomic context.



8. CORPORATE GOVERNANCE

The corporate governance of BRD – Group Societe Generale ("BRD" or "the Bank") represents the set of principles underlying the framework through which the Bank is managed and controlled.

ADMINISTRATION AND MANAGEMENT OF THE BANK

BRD-Groupe Société Générale has adopted the unitary system of administration in full harmony with the principles of good corporate governance, transparency of relevant corporate information, protection of the shareholders and of other categories of concerned persons (stakeholders), as well as of an efficient operation on the banking market.

BOARD OF DIRECTORS

The Board of Directors is made up of 11 members, elected by the General Assembly of the Shareholders for a 4-year term of office.

The structure of the Board of Directors ensures a balance between the executive and the non-executive members, so that no person or limited group of persons can dominate, in general, the decision-making process of the Board of Directors. It includes three executive and eight non-executive members, among which one independent non-executive member.

In 2011 the mandates of the following Board members have been renewed for a period of 4 years: Petre Bunescu; Sorin — Mihai Popa, Didier Alix, Jean Louis Mattei, Bogdan Baltazar, Dumitru Popescu, Ioan Cuzman and Sorin Marian Coclitu

Mr Bernardo SANCHEZ INCERA took over the vacant position of member of the Board of Directors of BRD, following Mrs Anne FOSSEMALLE giving up her term of office.

Mrs. Anne Marion BOUCHACOURT has been nominated as member of the Board, following the vacancy brought by the expiration of Mr. Aurelian DOCHIA mandate.



Members of the Board of Directors (as at 31.12.2011)

Guy Marie Charles POUPET

Chairman - CEO

Member of the Management Committee

Born on January 5, 1952

Residence: Bucharest, 1st district

With an experience of over 35 years within the Societe Generale Group, he first started in 1975 as inspector, then, in 1983, took over the management of the group Le Havre – Societe Generale France, as deputy manager. In 1987, he became the Deputy CEO of Banco Supervielle Societe Generale in Argentina and, in 1992, he took over the position of CEO of Societe Generale de Banques in Senegal. In 1995 he was appointed IT Project Manager within the International Division of Societe Generale, and in 1998 he took over the position of Head of Securities and Stock Market - Societe Generale Nantes. He resumed his international career within the Group in 2002, by taking over the position of Vice-Chairman and Deputy - CEO of Komerçni Banka in the Czech Republic and, as of 2004, the position of Vice-Chairman and CEO of NSGB (National Societe Generale Bank) in Cairo – Egypt.

He graduated from the Political Studies Institute in Paris. He has a Bachelor Degree in Public Law and a Degree from the University Centre for European Communities Studies, delivered by the Paris University.

Since January 1st, 2010, he has been Chairman and CEO of BRD.

He also holds the following positions: Chairman of the Board of Directors of BRD Finance IFN SA, Member of the Board of Directors of ALD Automotive SRL, Chairman of the Council of Mobiasbanca - Groupe Societe Generale S.A and Member of the Board of Directors of Societe Generale European Business Services SA, BRD Societate de administrare a Fondurilor de Pensii Private S.A. and BRD Asigurari de Viata S.A.

Sorin - Mihai POPA

Member of the Board of Directors

Delegate CEO

Born on September 5, 1964

Residence: Bucharest, 1st district

Other positions held: member of the Board of Directors of BRD Sogelease IFN, After his internship in the commercial and accounting field, he works as inspector with the Pitesti Financial Administration, between 1990 and 1993. He becomes an employee of Societe Generale – Bucharest Branch in 1993, where he successively fills in the positions of Corporate Controller and of Executive Officer of the branch between 1996 and 1999.



He is then appointed Head of the Network Department within BRD-Groupe Société Générale, until 2003 when he takes over the position of Deputy CEO and becomes member of the Board of Directors of BRD. As of 2002, he manages directly the process of restructuring, reorganisation and modernisation of the network, and as of 2004 he coordinates the process of development of BRD and of densification of its agency network.

On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011.

Staring September 16, 2011 he is Delegate CEO.

He graduated from the Finance – Accounting Faculty – Economic Studies Academy in Bucharest and he holds an International Management Degree, delivered by the Business Management Institute within Ecole Supérieure de Gestion – Toulouse, France.

In 2005, the magazine "Saptamâna Financiara" awards him the "Banker of the Year" trophy.

In 2008, he receives the "Mr RON" award from "Saptamâna Financiara", for "The Most Spectacular Development" regarding the development of the agency network of BRD in 2007.

Petre BUNESCU

Member of the Board of Directors

Deputy CEO

Born on November 15, 1952

Residence: Bucharest, 3rd District

In 1975, he becomes an employee of the Investment Bank, and in 1990 he is appointed as Deputy CEO of the Bucharest Branch. Once the Romanian Bank for Development is set up, on December 1st, 1990, he takes over the position of Vice-Chairman and member of the Board of Directors and of the Management Board of the bank until July 1999. Between November 1997 and May 1998, he holds the position of Interim Chairman of the Romanian Bank for Development. Since August 1999, he has been Deputy CEO and member of the Board of Directors of BRD - Groupe Societe Generale.

On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011.

He is the Vice-Chairman of the Romanian Banking Association and member of the Board of Directors of Transfond SA. In the period 1997-2006, he was a permanent member of the teaching staff of the Romanian Banking Institute and of the Financial and Banking Studies Institute, and in 2007 he became an associated member of the teaching staff of the Romanian-American University in Bucharest.

He graduated from the Economic Studies Academy in 1975. In 2003, he got his PhD in Economics.



Didier Charles Maurice ALIX

Non-executive member of the Board of Directors

Born on August 16, 1946

Residence: Paris, France

He joined SOCIÉTÉ GÉNÉRALE in 1971.

Between 1972 and 1979, he was an inspector with the General Inspection and became the head of the Central Risk Control structure. In 1984, he was appointed Manager of the Levallois Group, then, in 1987, of the Paris Opera Group.

Between 1991 and 1993, he was assigned at the Specialised Financing Division, seconded at Franfinance, the consumer financing subsidiary, as CEO. In 1993, he was appointed Deputy Manager of the French Network, and Manager in 1995.

In 1998, he was appointed Deputy CEO in charge of private and corporate clients. Between 2006 and 2009, Didier ALIX was appointed Deputy CEO of the Societe Generale Group.

On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011.

He graduated from the Political Studies Institute in Paris and has a degree in Economic Sciences.

Jean-Louis MATTEI

Non-executive member of the Board of Directors

Chairman of the Audit Committee

Chairman of the Remuneration Committee

Born on September 8, 1947

Residence: Paris, France

In 1973, he joined the Societe Generale Group and, in time, filled in the following positions: Controller with the Agencies' Division in Provence area, Training Manager – HR Division, Officer in charge of the Cost Laboratory (study of costs and profitability) within the Technical Management Division, Officer in charge with Management Control within the Organisation and Informatics Department within the Management Technique Division, Officer for the Africa Overseas Area.

Since 1998, he has been the Head of BHFM – the structure that coordinates the activity of the commercial banks - subsidiaries of Societe Generale in Central and Eastern Europe, the Mediterranean area, Africa and the French Overseas territories.

He has a degree in law and public services, and a diploma from the Centre of Higher Education in Banking.

On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011.



Anne Marion BOUCHACOURT

Non-executive member of the Board of Directors of BRD

Memeber of Remuneration Committee

Born in 1958

Residence: Paris, France

In 1981 she was appointed as councellor at PricewaterhouseCoopers, and she became in 1990 Financial Services Director within this entity.

In 1999 she was appointed Vice-President for Gemini Consulting.

Between 2002 and 2004 she was Vice-President for Solving International and the person in charge with banking practice.

In 2004 she was appointed as Human Resources manager in Société Générale Corporate & Investment Banking (SG CIB), and since 2006 she has been the Head of Human Resources for Group Societe Generale.

On April 14, 2011 she has been appointed as a Member of the Board of Directors of BRD.

She graduated from Ecole Superieure de Commerce Paris, has a licence in accounting expertise and a Diploma in financial management for capital markets issued by Dauphine University.

Bernardo Sanchez INCERA

Non-executive member of the Board of Directors of BRD

Born on March 9, 1960

Residence: Paris, France

Between 1984 and 1992, he was a customer consultant and deputy manager of the corporate branch La Defense of the Credit Lyonnais bank. Until 1994, he held the position of manager and chairman of the Credit Lyonnais subsidiary in Belgium. Between 1994 and 1996, he was Deputy Manager of the JOVER bank.

From 1996 until 2009, he held several managerial positions, such as Chairman of Zara France, International Operational Director of Inditex Group, Chairman of LVMH Mode et Maroquinerie Europe and LVMH Fashion Group France, General Director of Viavarte Group, Executive General director of Monoprix France.

In 2009 he joined Societe Generale as Delegated CEO in charge of the International Retail Banking Division (BHFM) and of the Specialised Financial Services activity.

He graduated the Institute of Political Studies in Paris and has a Master in Business Administration INSEAD

He is a Member of the Board of Directors of BRD starting April 14, 2011.



Bogdan BALTAZAR

Non-executive member of the Board of Directors of BRD

Born on September 22, 1939

Residence: Bucharest, 2nd district

Between 1971 and 1981 he worked at the Ministry of Foreign Affairs as 1st Diplomatic Secretary and then as Manager of the Africa Division. He went back to the Ministry of Foreign Affairs in 1990, as General Manager of the Northern and Southern America Divisions. Between 1990 and 1991, he was a spokesman for the Government, and then, until 1996, a Senior Banking Adviser, coordinator of the group for Romania in the EBRD Headquarters - London. From 1997 until 1998, he was Vice-president of the State Property Fund (FPS).

Between 1998 and 2004, he was Chairman of the Board of Directors of the Romanian Bank for Development, after privatization called BRD-Groupe Societe Generale.

On April 18, 2007, he was re-elected director of BRD for a 4-year term of office.

He is known as publicist and analyst, and he participates with studies, analyses and communications regarding the banking restructuration / privatisation in numerous financial and banking forums: Crans Montana, Frankfurt, Atena, Salonika, Sofia, Viena, London, Bucharest, as well as "Invest – România" in London, Toronto, Istanbul, Viena, etc.

He graduated from the Polytechnics University in Bucharest and he als a PhD in Economy from the City University of New York.

Dumitru POPESCU

Non-executive member of the Board of Directors

Born on March 15, 1953

Residence: Bucharest, 2nd district

He has got 30 years of experience in the banking, financial, academic, administrative fields, both in operation and management, at the macro and microeconomic levels, and he filled in the following positions: Deputy Secretary of State in the Ministry of Economy and Finance – Economic Strategy and Orientation Department, National Coordinator of Technical and Economic Assistance for Romania, State Advisor of the Deputy Prime Minister, Secretary of State – Chairman of the Romanian Agency for Restructuring, Vice-Chairman of TEC MIACO, a Romanian-American Enterprise Fund, Project Manager within PSAL II – a World Bank Program for Romania, Senior Consultant for the Chairman of APAPS within the programme "High Technical Assistance for Evaluating the Effects of Privatization in Romania", Senior Consultant for the United States Agency for International Development within a project regarding a complex analysis of the agricultural system in Romania.

He has 27 years of experience in the university field, now a professor at the Academy of Economic Studies in Bucharest in the fields of economic and financial analysis of companies. He is also the author of 14 books and 45 articles of financial analysis.



On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011.

Sorin Marian COCLITU

Independent member of the Board of Directors

Member of the Audit Committee

Member of the Remuneration Committee

Born on July 16, 1948

Residence: Bucharest, 6th district

Positions held in other companies: Chairman – CEO of Fondul Român de Garantare a Creditelor pentru Intreprinzatorii Privati, General Secretary of the SIF Muntenia Shareholders' Representative Council.

Sorin Marian Coclitu is an economist and, over the years, filled in the following positions: economist with SC Grivita Rosie, main inspector within the State Planning Committee – Synthesis Division, expert with the Ministry of National Economy – Secretariat for Privatization, consultant with the Strategy and Reform Council – Government of Romania, Sub-Secretary of State - Ministry of Economy and Finance, and Advisor of the President and General Manager of the Coordination, Strategy and Control Department with the National Privatization Agency.

He graduated the Economic Computation and Economic Cybernetics Faculty within the Economic Studies Academy in Bucharest.

On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011 and, at the same time, the General Assembly appointed him as an independent director of BRD.

Ioan CUZMAN

Non-executive member of the Board of Directors

Born on October 3, 1944

Residence: Arad, Arad County

As of 1981, he filled in the positions of: economist with the Enterprise Electrobanat Timisoara, Financial Office Manager with the Machine-Tools Factory in Arad, Deputy Commercial Manager with the Confections Factory in Arad, Sub-prefect of Arad County, University Lecturer at the West University in Timisoara, Chairman – CEO at Fondul Proprietatii Private no. 1 Banat-Crisana.

On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011.



He graduated the Faculty of Economic Sciences; section "Economics of industry, constructions and commerce" within the West University in Timisoara.

He has a PhD in Economics and is an assosciate professor.

BRD shares held by the members of the Board of Directors as at December 31st, 2011

| Name: | Number of shares |
|---------------|------------------|
| Petre BUNESCU | 325,000 |
| Ioan CUZMAN | 3,500 |
| TOTAL | 328,500 |

Attributions and responsibilities of the Board of Directors

The main attributions of the Board of Directors, including those that cannot be delegated to members of the executive management, are set by law and by the Articles of Incorporation. In cases permitted by law, the General Assembly of Shareholders can delegate to the Board of Directors other attributions, as well.

The Board of Directors sets the main business and development directions of the bank and supervises the activity of the bank and of the executive management structure, and also has the ultimate responsibility for the operations and the financial strength of the bank. The Board of Directors decides on the accounting and financial control system and approves the financial planning.

The Board of Directors approves the general strategy of development of the bank, of identification of significant risks and of management of such risks, and makes sure that the activity of the executive management structure complies with the approved strategy and policies.

The Board of Directors approves the organisational structure of the bank, risk management policy, general remuneration policy regarding the employees, as well as the directors and officers of the bank.

The members of BRD's Board of Directors meet the eligibility conditions and criteria required for an efficient administration of BRD, meaning they:

- o Have a good reputation and carry out their business in compliance with the rules of prudent and healthy banking practices;
- O Have the professional experience that implies theoretical and practical knowledge adequate to the nature, extent and complexity of the banking business and of the entrusted responsibilities, as well as experience in a management position, acquired in an entity comparable, in terms of size and activity, to the bank;
- o Ensure the conditions of the collective competence of the Board for an efficient and highly performing administration of the bank's activity.

To designate an independent director, the Board of Directors and the General Assembly of the Shareholders take into account the compliance with the independence criteria stipulated by the Companies' Act no. 31/1990.



Meetings of the Board of Directors

The Board of Directors meets any time it is necessary, but at least once every 3 months.

The notices of meeting of the Board of Directors specify the place, date and draft of the agenda of the respective meeting, and no decision can be made regarding unexpected issues, except for emergency cases and provided they are ratified by the absent members at the next meeting.

Minutes are drafted for each meeting and include the names of the participants, the order of the deliberations, the decisions made, the number of votes cast and the separate opinions.

Activity of the Board of Directors in 2011.

In 2011, 10 meetings of the Board of Directors took place, and the decisions of the Board were made with the unanimity of the votes.

On the Board of Directors agenda the following subjects were included: the General Development Strategy of the Bank in 2011, identification and management of significant risks, Liquidity strategy, BRD Remunaration policy, Reports on annual inventory, Reports regarding the internal control framework, Reports regarding Bank/Group results, Memos regarding changes in Bank Management, Modifications in internal regulations etc.

During its meetings the Board of Directors was regularly informed on the economic, monetary and financial environment, on the evolution of the regulations in force, on significant risks, on the the activity of Audit Committee and Risk Management Committee, as well as on the main events that took place within BRD.

Remuneration of the members of the Board of Directors

For 2011, the Ordinary General Assembly of Shareholders approved a remuneration for the non-executive members of the Board of Directors amounting to EUR 1,500 / month (gross amount, in lei equivalent), as well as a general limit for the directors' and executive officers' additional remunerations for 2011, amounting to RON 8 million, gross amount.

COMMITTEES SET UP IN SUPPORT OF THE BOARD OF DIRECTORS

In order to develop and maintain good practices of business administration, the Board of Directors set up three committees that assist it in performing its attributions, and for which organisation and operation rules are set and defined in the internal regulations.



Audit Committee

The Audit Committee is made up of 3 non-executive directors, one of which is independent, elected by the Board of Directors from among its members: Jean-Louis MATTEI (Chairman), Dumitru POPESCU (Member), and Sorin Marian COCLITU (Independent Member).

The members of the Audit Committee have the experience required for their specific attributions within the Committee.

The Audit Committee meets at least once a half-year.

The Audit Committee assists the Board of Directors in performing its responsibilities in terms of internal control and financial audit. To this effect, the Audit Committee makes recommendations to the Board of Directors regarding the strategy and policy of the credit institution in the field of internal control and financial audit.

In 2011, 2 meetings of the Audit Committee took place, where it was analysed the internal control activity of the bank.

After each meeting, minutes were drafted, specifying the aspects that required improvements, as well as recommendations for their application.

Remuneration Committee

It is a committee set up to support the Board of Directors, in order to elaborate and supervise the implementation of the remuneration policy of the Group.

The Committee is made up of 3 non-executive directors, one of which is independent, elected by the Board of Directors from among its members: Jean-Louis MATTEI (Chairman), Anne Marion BOUCHACOURT (Member), and Sorin Marian COCLITU (Indipendent Member).

It meets annually or any time necessary.

In order to perform the attributions entrusted, the Remuneration Committee presents to the Board of Directors, for approval, the proposed policy of remuneration within BRD, the proposals of remuneration of the directors and officers; it supervises the application of the principles of the Group staff remuneration policy and informs the Board of Directors in this respect.

Risk Management Committee

Chaired by the CEO, the Risk Management Committee meets on a quarterly basis or more often, if necessary. Its objective is the management of significant risks, risks with high impact on the assets and/or image of the bank (credit risk, market risk, liquidity risk, operational risk, and reputational risk), as well as the risks associated to the outsourced activities.



The committee is made up of the members of the Management Board and the officers in charge of the internal structures, with an important role in risk management.

In 2011, 4 meetings of the Risk Management Committee took place.

EXECUTIVE MANAGEMENT

The operational management and the coordination of the daily activity of the bank is delegated by the Board of Directors to the executive officers.

The executive officers of the bank are elected by the Board of Directors, among directors or from outside the Board, and together they represent the Management Board.

The Management Board is made up of the CEO, Delegate CEO and the Deputy CEOs. The Management Board is run by the CEO who is also the Chairman of the Board of Directors.

Members of the Management Board (as at December 31st, 2011)

Guy Marie Charles POUPET

Chairman - CEO

He has direct authority over all the structures and activities in the Bank and, as at December 31, 2011, the following structures were directly subordinated to him: General Secretariat, Human Resources, and internal control related structures.

Sorin Mihai POPA

Member of the Board of Directors

Delegate CEO

In the President - CEO absence he has the authority over all the Group structures.

As at December 31, 2011, the following structures were directly subordinated to him: Private Banking, and Network Development and Studies.

Petre BUNESCU

Member of the Board of Directors

Deputy CEO

As at December 31, 2011, he was coordinating the following structures: Finance, Banking Operations, Legal and Financial Markets Back Office.



Alexandru-Claudiu CERCEL-DUCA

Deputy CEO – Coordinating: Financial markets structure

Member of the the Management Board

Born on February 17, 1968.

Residence: Bucharest, 1st district.

He coordinates the activity of the Financial Market Structure, made up of the following departments: Financial Markets, Services for financial investments and Management of Assets.

Between 1992 and 1993, he was a sales manager in the field of communications products. He has worked within BRD since 1993, and filled in the positions of Treasury Officer, FX technical analyst, FX trader, Treasury Deputy Manager, Market Operations Manager and Executive Officer of Financial Markets.

He graduated the Economic Studies Academy - Cybernetics Faculty, in 1992, as well as various management and leadership training courses organised both by Societe Generale and other banking institutions: Nomura Bank (London), Bank of America (San Francisco), or the Montreal University and London Business School. He graduated from the Executive Master of Business Administration (EMBA) - ASEBUSS BUCHAREST / UNIVERSITY OF WASHINGTON, USA.

Jean-Luc Bernard Raymond GRASSET

Deputy CEO – Coordinating: the Resources structure

Member of the the Management Board

Born on September 11, 1954

Residence: Bucharest, 1st district

He graduated from the University of Aix-en-Provenceof in 1977, having a licence in Economic and Social Management. In 1979 he obtained DESS (Diploma in Specialised Higher Education) in Finance, specialty Econometrics.

In 1980, he joined Societe Generale within the Group Nantes sur Loire. Between 1981 and 1989 he had several responsabilities within the Organisation Department in Paris, regarding marketing, coordination and projects implementation, among which the most important was the change in the banks' core-banking system and banks' reorganization.

In 1991, Jean-Luc started a series of missions within Societe Generale structures from abroad, as Development and Audit Manager (Ivory Coast), CEO (South Africa), Ibank Implementation Manager (BRD).

Between 2003 and 2005 he returned to Paris, within BHFM, as Supervisor for a group of SG African subsiaries.

Starting 2005 till 2010 he took over the job of Resources Manager at NSGB Egipt, where he coordinated 3 major organization projects.



As at December 31, 2011, he was coordonating the following structures: IT Studies and Development, IT Infrastructure and Production, Projects and Organisation, Buildings Administration, Logistics and Security.

Gabriela Stefania GAVRILESCU

Deputy CEO - Coordinating: Corporate Banking Structure (Large Corporate Customers)

Member of the the Management Board

Born on December 12, 1956

Residence: Bucharest, 2nd district.

She graduated form Bucharest Economic Studies Academy – International Economic Relations Department in 1980.

Starting 1991, she enreached her professional expertise through several trainings in Societe Generale and other external structures such as World Bank, DC Gardner or London Business School.

Between 1987 and 1993 she has several positions at the National Bank of Romania, BCR and Banca Comerciala Ion Tiriac.

She has joined Societe Generale in 1993 in the Bucharest Branch of Societe Generale as Commercial Director.

In 2000 she was named as Executive Delegate Director for Large Corporate Clients, where she was coordinating a team of 60 people involved in various activities such as management and development of clients' portfolio and business, commercial policy and large clients strategy, structured lending, European funds and International Financing Institutions.

In October 2009, she became Executive Director of Large Corporate Customers Department, and starting beginning 2011 she has been appointed Member of the BRD Management Board.

She directly coordinates Corporate Banking structure.

Gheorghe MARINEL

Deputy CEO: – Coordinating: Commercial/ Marketing/ Network structure (as at December 31, 2011 this position was under NBR validation)

Member of the the Management Board (subsequent to NBR validation)

Born on March 13, 1965

Residence: Voluntari, Ilfov County



He graduated "Summa cum Laudae" from the Bucharest Economic Studies Academy – Finance and Accounting in 1991.

In 1992 he obtained a diploma Master of Business Administration (in Management) from Ecole Superieure de Gestion - Toulouse, France, and in 1999 a diploma of Executive MBA – ASSEUSS, University of Washington, USA.

He followed several management and leadership trainings.

He has an experience of more than 20 years in the banking field, occupying several positions in credit institutions such as: Banca Comerciala Romana (1991-1993), Societe Generale – Bucuresti (1993-1995) and ABN AMRO BANK Romania (1995-2001).

He has joined BRD- Groupe Societe General in 2001, occupying the following positions: project Manager – Network Reorganisation and Restructuring Project, Network Management Director and General Secretary.

Starting October 2011 he has been appointed as Deputy CEO Commercial/ Marketing/ Network.

He coordinates directly the following structures: Strategy and Marketing, Commercial Network, General Management of the Network.

BRD shares held by the members of the Management Board as at December 31st, 2011

| Name | Number of shares | |
|-----------------------|------------------|--|
| Petre BUNESCU | 325 000 | |
| Claudiu CERCEL - DUCA | 1,030 | |
| TOTAL | 326 030 | |

Attributions and responsibilities

Each executive officer is vested with all the powers to act on behalf of the Bank and to represent it in the relationships with third parties, in any circumstances related to the activities they coordinate, in compliance with the legal provisions and the Articles of Incorporation.

Within the limit of the powers and responsibilities set for the Board of Directors, the executive officers act jointly, organised in the Management Board, for a series of activities / operations specific to the activity of the bank, detailed in the Articles of Incorporation and in the Internal Regulations of the bank.



Changes in the structure of the Management Board in 2011

On September 15th, 2011 the Board of Directors decided to nominate Mr Sorin – Mihai POPA as Delegate CEO and to nominate Mr. Gheorghe MARINEL as Deputy CEO (under the condition of the National Bank of Romania approval).

On February 15th, 2012 Mr. Gheorghe MARINEL received the approval from the National Bank of Romania.

Meetings of the Management Board

The meetings of the Management Board are held at least once every two weeks, or any time the activity of the bank requires it.

The decisions of the Management Board are made with the absolute majority of the votes cast by its members. Voting cannot be delegated within the meetings of the Management Board.

The minutes of the meeting are signed by the officers who attended the meeting immediately after their drafting.

The Management Board provided the Board of Directors regularly and comprehensive detailed information about all the important aspects of the bank's activity, including risk management, potential risk assessment and compliance matters, measures taken and recommended, irregularities found while performing its attributions. Any major event is communicated at once to the Board of Directors.

RIGHTS OF THE SHAREHOLDERS

BRD respects the rights of its shareholders and ensures equal treatment for all of them.

Voting right

The bank's shares are indivisible and confer equal rights to their holders, each share entitling to one vote in the General Assembly of Shareholders.

General Assemblys are called by the Board of Directors.

General Assemblys are ordinary and extraordinary. The Ordinary General Assembly of the Shareholders meets at least once a year, within no more than 5 months as of the end of the financial year, and the Extraordinary General Assembly of Shareholders meets whenever necessary. In 2010, there was an Ordinary General Assembly of Shareholders and an Extraordinary General Assembly of the Shareholders, on April 14th, 2011.

The notice of meeting is sent at least 30 days before the date set, in compliance with the legal provisions regarding the publicity and notification of the National Securities Commission ("CNVM") and of the Bucharest Stock Exchange ("BVB").



In order to ensure equal treatment and full and equitable exercise of the shareholders' rights, the bank makes available to them all the information related to the General Assembly of Shareholders and to the adopted decisions, both by mass communication means and in the special section on its own Internet page (www.brd.ro).

The shareholders can participate in the works of the General Assemblys personally, through a representative or they can vote by correspondence. Forms of power of attorney and vote by correspondence are made available to the shareholders in the special section on the bank's own Internet page.

The procedures regarding the works of the General Assembly of the Shareholders are submitted to the shareholders' approval, in order to ensure an orderly and efficient development of such works.

Within the General Assemblys of the Shareholders, dialogue between the shareholders and the members of the Board of Directors and/or executive management is allowed and encouraged. Each shareholder can ask the directors questions regarding the activity of the bank.

Right to dividends

Each share of the bank, held by a shareholder at the registration date (set according to the specific regulations and approved by the General Assembly of Shareholders) entitles the shareholder to dividends for the prior financial year, in the quantum and conditions established by the General Assembly of Shareholders.

In 2011, the General Assembly approved the distribution of a gross dividend of RON 0.17957 lei /share and established the dividend distribution procedure.

Right to information

BRD makes sure its shareholders have access to relevant information, so that they may exercise all their rights in an equitable manner. The communication strategy of the bank relies on the following principles:

- a. Equal access to information for all shareholders and immediate availability of relevant information;
- b. Meeting deadlines for the publication of the results;
- c. Transparency and coherence of the provided information.

BRD set up and maintains an adequate structure for its relation with the investors, in general, and with its own shareholders, in particular. The staff of this structure has the necessary knowledge to carry out this activity and periodically attend professional training courses aimed at the development of their professional skills specific to this activity.



Shareholders / investors may send their requests to the bank through e-mail or over the telephone, at the contact data displayed on the institutional site. Also, all the shareholders receive an annual individual letter of information regarding their shares and the dividends due to them for the ended financial year.

The relevant information is published on the bank's Internet page, both in Romanian and in English.

For the information of shareholders and investors, the bank sets at the beginning of the year a financial reporting calendar, which it sends to the Bucharest Stock Exchange and to the National Securities Commission. Financial reporting is made according to the accounting regulations imposed through the NBR Order no. 13/2008 for the approval of the Accounting Regulations compliant with the European Directives, applicable to credit institutions, non-banking financial institutions and to the Bank Deposit Guarantee Fund (on a quarterly basis), as well as to the highest financial reporting standards – the International Financial Reporting Standards (IFRS) (on an annual basis) – and in compliance with the regulations specific to the capital market.

In order to communicate on its financial results, BRD organises meetings with financial analysts, investment consultants, brokers and investors. These meetings during which the annual results of the bank are presented are an opportunity for Bank management and the financial market analysts to exchange opinions. The same policy of transparency has been adopted regarding the communication with the rating agencies and with the capital market institutions.

Financial calendar for the year 2012 is the following:

| Presentation of preliminary results as at December 31, | February 14, 2012 |
|--|-------------------|
| 2011 during the meeting with analists | |
| Annual General Assembly of Shareholders | April 26, 2012 |
| Presentation of annual results for 2011 | April 26, 2012 |
| Presentation of quarterly results Q1 | April 30, 2012 |
| Presentation of quarterly results Q2 | July 30, 2012 |
| Presentation of quarterly results Q3 | November 6, 2012 |

OTHER CORPORATE GOVERNANCE ELEMENTS

1. Conflicts of interest

In 2011, there were no identified conflicts of interests between the members of the Board of Directors or of Management Board and the interests of the bank.



The main obligations respected by the members of the Board of Directors and of the Management Board, imposed at the bank level in order to prevent and avoid conflicts of interests at such level, are:

- o the obligation to act only in the interest of the bank and to make decisions without allowing themselves to be influenced by any own interests that could occur in their activity;
- o -the obligation to keep the confidentiality of any fact, data or information which they became aware of while performing their duties, understanding that they do not have the right to use or reveal such information either during or after the end of their activity;
- o the obligation to inform other members of the Board of Directors and the internal auditors of any operation in which they have direct or indirect interests, which are contrary to the interests of the bank, and not to take part in any deliberation regarding such operation.

2. Transactions with affiliated persons

The internal regulations establish a set of rules to be observed by all members of the Board of Directors, members of the executive management and employees of the bank when performing their own transactions, and also in order to avoid any real or apparent (potential) conflict of interest.

The approval of the loans to affiliated private and corporate persons falls within the competence of the Board of Directors.

3. Insider trading

In order to set a preventive and secured action framework for market operations performed by persons who, on account of their position within the bank, have access to privileged information, the bank established and applied a series of professional ethics rules which must be observed by directors, executive officers and other initiated persons, in order to avoid the breach of the legal framework applicable to trading with financial instruments issued by BRD.

In addition, for the purpose of protecting persons who have access to privileged information, trading financial instruments issued by BRD is forbidden before publication of the periodical reports of the Bank. Also, there have been set obligations to report to the Bank the transactions made.

The characteristics of the internal control and of the risk management system in relation to the finanial reporting process are described in chapter 9 - Risk Management.



9. RISK MANAGEMENT

Framework

The Bank approaches risk prudently, in line with its long-term strategy. The risk management policies and activities are designed in line with the practices of Société Générale and focus on identifying and assessing risks as early as possible. The bank implements this approach by means of the risk management function that is independent from the business. The implementation combines centralizing the risk management policies and decentralizing risk control and follow-up.

Risk governance

The Bank's Board of Directors (BoD) sets the strategic risk view, which is then translated into policies by the Executive Committee (EC). A part of the EC's responsibilities are delegated to two main committees, namely the Risk Management Committee (RMC) and the Asset and Liabilities Committee (ALCO).

The Central Risk Control Unit (CRCU) is responsible for monitoring and managing the credit risk, the operational risk and a part of the market risks, while the Financial Department monitors and manages the liquidity risk and the "banking book" interest risk.

Risk Management Function

The Risk Management Committee (RMC) is the most senior structure with attributions, delegated by the MC, in credit, market and operational risk management. The committee is made up of the Chairman CEO, the Deputy CEOs, the head of CRCU and other departments and divisions heads of the bank. RMC follows up periodically the main aspects related to risk management, including:

- o Risks generated by the launch of new activities and products;
- o Credit risk concentration on industries and counter parties;
- o Level of default by customer and portfolio;
- o Watch list customers:
- o Cost of risk and its future evolution;
- o Use of derivatives;
- Exposure to sovereign risk;
- o Losses from operational risks;
- Business continuity planning.

The risk management function is accomplished on two-levels:

- o Transversal risk management extended to the territorial and departmental levels;
- o Risk control made by the Central Risk Control Department (CRCU)

CRCU is directly subordinated to the Chairman - CEO. The credit risk management function is extended to the local level by the network through the risk controllers, who have dual reporting lines to the network line structures and to the head of CRCU.



9. RISK MANAGEMENT (continued)

Assets and Liabilities Management

The Assets and Liabilities Committee (ALCO) manages the Bank's balance sheet. The ALCO members come from the finance, treasury, risk function, as well as from the business areas. Its main objective is the managing of the exposure to foreign exchange, interest banking book liquidity risks and, consequently, the protection of the bank's capital and profitability against such risks.

Credit risk

Credit risk is mainly the risk that a counter party may fail to fulfill its payment obligations towards the Bank and also that a counterparty's or an issuer's credit quality may deteriorate.

The Banks's management of credit risk is well integrated with Societe Generale's risk management processes. Some of the main principles employed in managing credit risk are as follows:

- Review and approval by senior management of new products and activities involving risks;
- Use of well-defined credit-granting criteria by type of customer, including thorough knowledge of the borrower as well as the purpose and structure of the credit, and of the source of repayment; the request of collateral or personal guarantees to mitigate credit risk;
- Well formalized processes for credit approval, including a clear system of delegated approval limits;
- Ongoing follow-up of exposures, at single or group level, if such may be the case;
- o Regularly monitoring and reporting to senior management the quality of the credit portfolios;
- o Regular internal independent review of lending activity by the Internal Audit position;
- o Identification and management of non-performing loans and various other workout situations, using objective indicators.

The Bank's primary exposure to credit risk arises through the loan, including leasing and guarantees it issues..



9. RISK MANAGEMENT (continued)

Corporate credit risk

The main features of lending to commercial customers are as follows:

- Consolidation of the exposures to a single obligor: consolidation of all direct and indirect exposures to a given relationship first at the Romanian level and then worldwide (SG);
- O Use of the internal rating system: the Bank's internal rating system is a version of Societe Generale's rating system, customized and calibrated to the local business environment.
- o Transfer of non-performing customers to a division independent from the business.

Retail credit risk

Lending to individuals and to certain small and medium-sized enterprises is approached in a standardized manner, by designing products in line with identified market needs. Thus, the credit products are aimed at an identified target customer segment and have standard risk acceptance criteria attached, implemented by means of credit scores. BRD constantly monitors the risk of this portfolio, using objective and verifiable criteria, such as the debt service. Once a customer has reached a certain number of days of delay, the exposure is transferred to the responsibility of a well equipped recovery unit that is independent from the originating business function.

Interest rate risk and foreign exchange risk in the banking book (structural risks)

The interest rate and foreign exchange risks incurred both by the commercial activities and proprietary activities (transactions regarding the shareholders' equity, investments and issues of bonds) are hedged, to the extent possible, on an individual basis or by means of macro-hedging techniques, the remaining part is maintained within pre-established limits at prudent levels.

The main tool used in managing the interest rate risk is the gap analysis, along with a measure of the balance sheet sensitivity to the movements in the market interest rates. A set of limits is applied to such sensitivity and the compliance within those limits is monitored by ALCO on a monthly basis.

For the foreign exchange position (banking and trading book), the Bank has a set of limits set at prudent levels, monitored daily by CRCU.



9. RISK MANAGEMENT (continued)

Liquidity risk

The liquidity risk is associated with the incapacity to meet one's payment obligations on the due date, with reasonable costs.

The bank's liquidity management has two major components:

- o monitoring the liquidity position and estimating the financing needs of the bank on the short, medium and long term, based on forecasts, and identifying the adequate financing solutions;
- o contingency planning including ongoing assessment of potential trends, events and uncertainties that could impact on the Bank's liquidity position.

For foreign currencies funding, the Bank's liquidity management is well integrated with Société Générale.

ALCO validates the basic principles for the organisation and management of liquidity risk, validates the Bank's financing programs, examines the reports on the future liquidity position, reviews the contingency scenarios and proposes appropriate actions to the Executive Committee.

Operational risk

Operational risk is the risk of losses resulting from inadequate or failed internal procedures, human errors, system-related errors and also external events.

The Bank employs the following three methodologies in managing operational risk: Risk and Controls Self-Assessment Methodology (RCSA); Operational Loss Data Collection (OLDC); and Key Risk Indicators Methodology (KRI).

RCSA is a structured preventive approach for identifying and assessing risks and implementing appropriate actions to prevent the risks identified and assessed as unacceptable, given the Bank's tolerance to such risks. OLDC is a methodology that allows for the systematic collection of operational risk losses exceeding a certain threshold, followed by direct reporting to the senior management. KRI is an approach using a set of indicators (by areas assessed as high risk) whose monitoring indicate possible adverse changes in the operational risk profile and triggers appropriate actions.

Besides these risk management methodologies, the Bank mitigates certain operational risks through insurance policies.



10. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

BRD development strategy is to conduct its activities respecting the environment, the human rights and freedoms and values of the Romanian society.

According to the policies of Société Générale Group, BRD involvement in projects of social solidarity and community environment arises internally through a responsible resources management and externally by controlling its own actions against the environment and by commitments made to the community.

Social solidarity

The most important BRD priorities in this field concerns: education, promoting and supporting talented young people, the fight against dropping out of school and the professional insertion of the persons excluded from the labour market, health.

A few of the 2011 projects:

- o Week of solidarity: 230 BRD employees have become donors for the internal program of salary donations "Change a destiny. Give value to life." Their contribution to the program, doubled by the Bank, reaches almost 20 000 euro/Year. The total amount raised 2011 by the 1 500 donor employees engaged in the programme, reaches 200 000 euro. The money will be used for the education and labour market insertion of children and young people in need.
- O Citizen Awards 2011: More than 500 employees have voted on-line the project "Each child goes to kindergarten" promoted by the Association Ovidiu Rom. Due to their vote, the NGO has received the 2nd award of the competition Citizen Awards, representing funding amounting to 40 000 euro. This money allowed the organisation to include some more 80 children from poor communities in their program for preventing dropping out of school.
- Do you want to be Santa Claus: 2 350 children in need sent letters to all the Santas in BRD, who offered them presents 59 000 euro is the amount invested by the Bank's employees in this project for childrens' presents.

Culture

BRD has continued in 2011 its traditional partnerships with National Opera in Bucharest and Village Museum "Dimitrie Gusti", but has also supported museums art exhibitions and classical music concerts. The most important cultural axis in 2011 BRD strategy was the relationship with the French Cultural Centers in Romania.

Sport

For 11 years, BRD has been the Official Partner of the Romanian Cycling and Triathlon Federation and the sponsor of the Romanian Cycling Tour.

BRD has also become in 2011, Official Partner of the Romanian Handball Federation.

Tennis is also a very imporatnt axis in sponsorship strategy of BRD.



10. SOCIAL AND ENVIRONMENT RESPONSIBILITY (continued)

Besides the traditional BRD Futures circuit, the Bank has also become for three consecutive years (2011 – 2013) the Main Partner of international tennis tour "BRD Nastase Tiriac Trophy" – the most important sporting event in Romania in 2011.

Within a three year partnership (2010 - 2012), the Bak has continued to support the program dedicated to football talented children developed at Hagi Academy.

Environmental responsibility

BRD - Groupe Société Générale bought in 2011 carbon credit certificates, compensating thus, all C02 emissions for the year 2010. The investment in this environmental program reaches 630 000 euro.

BRD initiative is according to the policy of Société Générale, which has decided to completely neutralize its CO2 emmissions till 2012.

Volunteer in this program BRD has started mid 2010 the project "Plan Carbon" which which focuses on 3 main directions:

- 1. optimised consumption (especially electricity, paper, fuel),
- 2. increase of the energetic efficacy of the buildings
- 3. decrease in the negative impact of the IT activity on the environment.

In the mean time, several projects have been started aiming to improve the reporting process, implementation of national recycling programs, and the development within BRD of eco-responsible practices.

Since the launch of Plan Carbon, BRD has made significant investments especially in IT projects, videoconferencing systems, energy optimization and purchasing carbon certificates.

BRD also favours the eco behaviours of its collaborators and builds trustworthy relations with its suppliers, based on the development of eco-responsible practices, as well.

BRD undertakes to enforce its commitments and to make continuous progresses.



11. PROFIT DISTRIBUTION AND DISCHARGE OF THE BOARD OF DIRECTORS

Considering the aspects presented in this report, we submit for the approval of the General Meeting of the Shareholders of BRD:

- a) The individual financial statements of 2010, made up of:
 - Balance sheet;
 - Profit and loss account;
 - Informative data;
 - Statement of non-current assets;
 - Statement of changes in equity;
 - Cash flow statement;
 - Accounting policies and explanatory notes;
- b) Distribution of the profit of RON 465,265,368, as follows:

RON

Dividends payable to shareholders

116,316,342

Retained earnings

348,949,026

Given the above, the evolution of the dividend per share is presented below:

| | 2010 | 2011 | 2011/2010 |
|---|---------|--------|-----------|
| Dividend per share (RON/share) | 0.17957 | 0.1669 | -7% |
| Distribution rate of the distributable profit | 25% | 25% | |

c) Discharge of the Board of Directors

The Board of Directors Report and financial statements, together with explanatory notes are attached to this report.

President – Chief Executive Officer

Head of Financial Department

Guy Charles Marie POUPET

Stephane FORTIN

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