

Annual Board of Directors' Report

2018

prepared in accordance with the National Bank of Romania Order no. 27/2010, the Financial Supervisory Authority Regulation no.5/2018, the National Bank of Romania Regulation no. 5/2013 and contains both Annual Board of Directors' Report and Consolidated Annual Board of Directors' Report



GRUPE SOCIETE GENERALE

CONTENTS

1. THE COMPANY AND ITS SHAREHOLDERS	3
2. CORPORATE GOVERNANCE.....	8
3. HUMAN RESOURCES	28
4. CORPORATE AND SOCIAL RESPONSIBILITY.....	32
5. GROUP ACTIVITY AND RESULTS	36
6. RISK MANAGEMENT.....	46
7. CAPITAL MANAGEMENT AND ADEQUACY	55
8. INTERNAL CONTROL FRAMEWORK	59
9. CONCLUSIONS AND PERSPECTIVES FOR 2019.....	61
10. BOARD OF DIRECTORS PROPOSALS	62
APPENDIX 1: STATEMENT OF COMPLIANCE WITH THE PROVISIONS OF CORPORATE GOVERNANCE CODE OF BUCHAREST STOCK EXCHANGE (BSE).....	63
APPENDIX 2: NON-FINANCIAL STATEMENT	72

Note: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

1. THE COMPANY AND ITS SHAREHOLDERS

BRD – GROUPE SOCIÉTÉ GÉNÉRALE PROFILE

BRD - Groupe Société Générale („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”) bought a stake representing 51% of the share capital, increasing its holding to 58.32% in 2004, through the acquisition of the residual stake from the Romanian State. As at December 31, 2018, SG was holding 60.17% of the share capital.

Starting with 2001, BRD-Groupe Société Générale operates as an open joint-stock company, admitted to trading on a regulated market, according to the companies’ legislation, banking legislation, capital market regulations, provisions of the Articles of Incorporation and other internal regulations.

BRD identification data are the following:

- **Head Office: Blvd. Ion Mihalache No. 1-7, sect. 1, Bucuresti**
- **Phone/Fax: 021.3016100 / 021.3016800**
- **Sole registration number with the Trade Registry: 361579/10.12.1992**
- **Fiscal Code: RO 361579/10.12.1992**
- **Order number with the Trade Registry: J40-608-1991**
- **Number and date of registration in the Credit Institutions Register: RB - PJR - 40 – 007/18.02.1999**
- **Share capital subscribed and paid: 696.901.518 lei**
- **Regulated market on which the issued securities are traded: Bucharest Stock Exchange Premium Tier**
- **The main characteristics of securities issued by the company: ordinary shares with a nominal value of 1 RON**

EXTERNAL RATING

As at December 31, 2018 the Bank had the following ratings:

Fitch Ratings (last rating update: Jan-2019)	Rating
Foreign-Currency Short-Term Issuer Default Rating	F2
Foreign-Currency Long-Term Issuer Default Rating	BBB+
Support Rating	2

Moody's (last rating update: Sep-2018)	Rating
Domestic Currency Short-Term Deposit	Prime-2
Domestic Currency Long-Term Deposit	Baa2
Foreign Currency Short-Term Deposit	Prime-3
Foreign Currency Long-Term Deposit	Baa3

BRD GROUP („GROUP”) consolidates the following entities:

- BRD - Groupe Société Générale S.A.;
- BRD Sogelease IFN SA;
- BRD Finance IFN SA;
- BRD Asset Management SAI SA.

SOCIÉTÉ GÉNÉRALE PROFILE

Société Générale was set up in 1864 as a banking company, registered in France. Its registered office is located on 29 Boulevard Haussmann, 75009, Paris, France, and its shares are listed on the Paris Stock Exchange.

Société Générale is one of the largest European financial services groups. Based on a diversified universal banking model, the Group combines financial solidity with a strategy of sustainable growth, and aims to be the reference for relationship banking, recognised on its markets, close to clients, chosen for the quality and commitment of its teams.

Société Générale has been playing a vital role in the economy for over 150 years. With more than 147,000 employees, based in 67 countries, Société Générale accompanies 31 million clients throughout the world on a daily basis. Société Générale's teams offer advice and services to individual, corporate and institutional customers in three core businesses:

- *French Retail Banking* which encompasses the Societe Generale, Crédit du Nord and Boursorama brands, each offering a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- *International retail banking, insurance and financial services to corporates* with a presence in emerging economies and leading specialised businesses;
- *Global Banking and Investors Solutions*, which offers recognised expertise, key international locations and integrated solutions.

The latest credit ratings of Société Générale are available at <https://www.societegenerale.com/en/measuring-our-performance/investors/debt-investors/ratings>.

BRD POSITION WITHIN SOCIÉTÉ GÉNÉRALE

SG has been present in Romania since 1980, being the only significant bank from Western Europe that was present in Romania during the communist era.

In 1999, it takes part in the process of privatization of Banca Romana pentru Dezvoltare and acquires 51% of the bank's share capital.

Starting with this period, BRD lined up its operational procedures and business practices to those of the parent company.

BRD is part of the international network of Société Générale, managed by the International retail banking and financial services division (IBFS) that aims to offer a broad range of products and services to individuals, professionals and corporates. Its global development is built upon:

- The international universal banking and consumer credit networks, organised around three regions: Europe, Russia and Africa / Asia / Mediterranean Basin & Overseas;
- Three specialised businesses, leaders in their markets: Insurance, Car Renting and Fleet Management, Equipment and Vendor Finance.

2018 KEY FIGURES

The Bank		2017	2018	Change
Financial results	Net banking income (RONm)	2,641	2,981	+12.8%
	Operating expenses (RONm)	(1,388)	(1,400)	+0.9%
	Cost of risk (RONm)	376	246	-34.4%
	Net profit (RONm)	1,380	1,546	+12.0%
	Cost / income ratio	52.5%	47.0%	-5.6 pt
	ROE	20.6%	21.5%	+0.9 pt
RON bn		2017	2018	Change
Loans and deposits	Total net loans	27.9	28.9	+3.7%
	Total deposits	44.4	45.3	+2.1%
RON m		2017	2018	Change
Capital adequacy	Own funds	5,339	5,271	-1.3%
	RWA	27,023	26,951	-0.3%
	CAR*	19.8%	19.6%	-0.2 pt
Franchise	No of branches	760	723	(37)
The Group		2017	2018	Change
Financial results	Net banking income (RONm)	2,786	3,115	+11.8%
	Operating expenses (RONm)	(1,473)	(1,490)	+1.1%
	Cost of risk (RONm)	360	230	-35.9%
	Net profit (RONm)	1,415	1,563	+10.5%
	Cost / income ratio	52.9%	47.8%	-5.1 pt
	ROE	20.1%	20.8%	+0.7 pt
RON bn		2017	2018	Change
Loans and deposits	Total net loans including leasing	29.2	30.4	+4.0%
	Total deposits	44.2	45.2	+2.3%
RON m		2017	2018	Change
Capital adequacy	Own funds	5,673	5,543	-2.3%
	RWA	28,219	28,470	+0.9%
	CAR ^(*)	20.1%	19.5%	-0.6 pt

^(*)according to Basel 3; own funds for 2018 without current year result; own funds for 2017 incl. net result net of approved dividends

Note: Loans outstanding at December 31, 2017 has been restated for comparability purpose, thus, similar to the loans outstanding at December 31, 2018, it excludes reverse repo transactions held for trading purpose, which were included in other financial instruments held for trading.

BRD SHARE

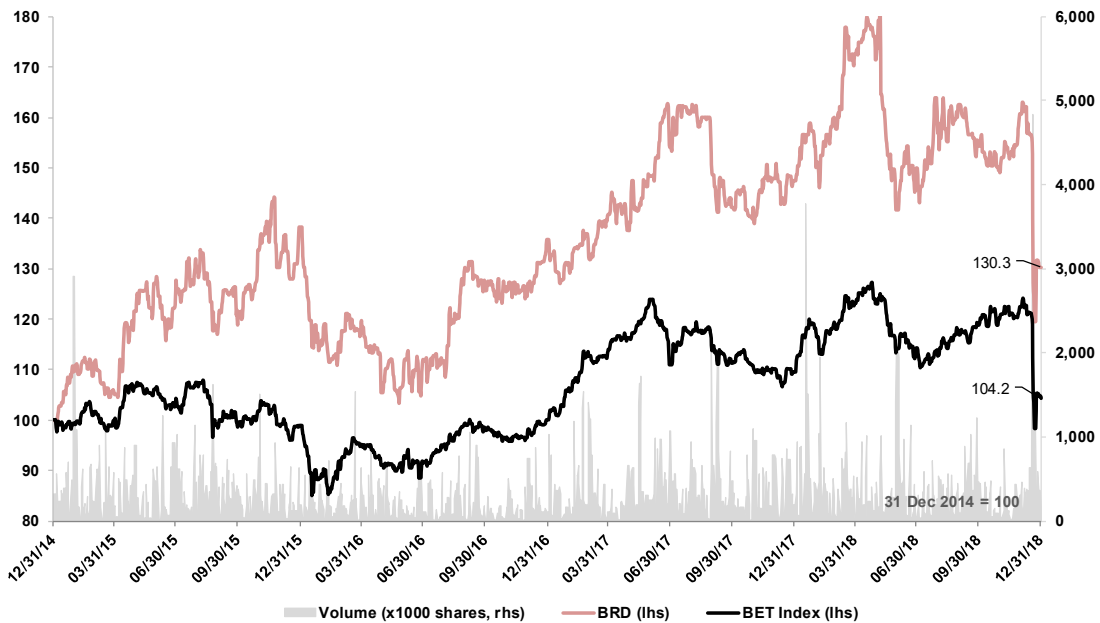
Starting with January 15th, 2001, the Bank's shares are listed in the Premium category of the Bucharest Stock Exchange. The shares are included in the BET, BET Plus, BET-XT, BET-XT-TR, BET-BK, BET-TR and ROTX indexes. The Bank's shares are ordinary, nominative, dematerialized and indivisible. According 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 Shareholders („AGA”), while complying with the legislation on the trade of shares issued by bank institutions.

The closing price for BRD share as at December 31, 2018, was of 11.40 RON/share (RON 12.90 RON/share at December 31, 2017). On the same date, the market capitalization was RON 7,944.7 million (December 31, 2017: RON 8,990.0 million).

During 2018 neither the Bank, nor its subsidiaries bought back own shares.

As of December 31, 2018 neither the Bank, nor its subsidiaries held own shares.

Evolution of BRD's share price versus the BET Index and BRD's volume of shares for the period December 31, 2014 – December 31, 2018



Source: Bloomberg

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, within maximum 6 months from the date of the General Assembly of Shareholders for deciding the dividends. In case the General Assembly of Shareholders does not establish the date when dividends are paid, these shall be paid in 30 days from the date when the decision of the General Assembly of Shareholders to establish dividends has been published in the Official Gazette of Romania, Part IV, the date from which the company is in delay.

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

The change in the volume of approved and distributed dividends for the last three years is presented below:

Dividends	2017	2016	2015
Distributable profit (RON million)	1,380.4	728.3	445.4
Total dividends (RON million)	1,142.9	508.7	223.0
Number of shares (millions)	696.9	696.9	696.9
Dividend per share (RON), nominal	1.64	0.73	0.32
Distribution rate from distributable profit	83%	70%	50%
Amount of dividends effectively paid by 31.12.2018	1,139.0	506.90	222.33
Percentage of dividends effectively paid by 31.12.2018	99.6%	99.6%	99.7%

For the financial year 2018, the Board of Directors has decided to propose to the General Assembly of Shareholders the payment of a dividend of 1.64 RON per share, corresponding to a payout ratio of 74% of the 2018 net profit of the bank.

The number of shares remained unchanged in the last 3 years.

DIVIDEND PAYMENT

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

Dividends are paid in accordance with the legal provisions and the General Assembly of Shareholders' resolution regarding profit distribution, dividend setting and the dividend payment procedure made available to the shareholders on the Bank's website.

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

RESEARCH AND DEVELOPMENT ACTIVITIES

There are no development and research activities performed by the Bank and by the Group.

2. CORPORATE GOVERNANCE

The BRD-Groupe Société Générale S.A.'s Corporate Governance Model is aligned with that of the parent company, Société Générale.

The Corporate Governance Model adopted by BRD ensures:

- observance of the shareholders' equal rights and treatment, by protecting and enforcing their prerogatives;
- setting of the role and observance of the rights of the groups of interest, other than the shareholders;
- setting the liability of the Board of Directors towards the credit institution and the shareholders, as well as its responsibility of supervising the activity of the Management committee;
- transparency and access to information, by the periodical publication, in a correct and real manner, of the relevant financial and operational information.

Constantly concerned by the principles of corporate governance, BRD - Groupe Société Générale has adopted and applied the provisions of Corporate Governance Code of the Bucharest Stock Exchange (BSE) since 2012. "The statement of compliance with the provisions of Corporate Governance Code of the BSE on December 31, 2018" is presented in Appendix 1.

BRD-Groupe Société Générale has its own Corporate Governance Code available to the interested parties on institutional site on section: <https://www.brd.ro/en/about-brd/shareholders-and-investors/corporate-governance>.

The corporate governance of BRD-Groupe Société Générale represents an ongoing process in which integrity, responsibility and transparency are fundamental elements in taking correct decisions and setting goals that contribute to increasing the confidence of shareholders in the company, economic efficiency, sustainable growth and financial stability.

As at December 31, 2018, Société Générale is the only significant shareholder of the Bank holding 60.1683% of the share capital.

THE GENERAL SHAREHOLDERS MEETING

The general shareholders meetings are an occasion for the members of the Board of Directors and the senior management to present to the shareholders the results obtained during their office, based on the responsibilities entrusted to them.

General shareholders meetings are ordinary and extraordinary. The Ordinary General Shareholders Meeting meets at least once a year, within no more than 4 months as of the end of the financial year, and the Extraordinary General Shareholders Meeting meets whenever necessary.

The Bank makes the best efforts, in compliance with the legal provisions in the field, to facilitate the shareholders' participation in the works of the General Shareholders Meetings, as well as the full exercise of their rights.

The Ordinary General Meeting decides on the annual financial statements (based on the reports presented by the Board of Directors and by the financial auditor), the dividend, election/ revocation of the members of the Board of Directors and of the financial auditor, fixing the minimum duration of the financial audit contract, established the remuneration due to the members of the Board of Directors for the current financial year, the budget and the business plan for the following financial year.

The Extraordinary General Shareholders Meeting decides on: change of the company duration, increase, decrease or completion of the share capital by issuance of new shares, change of the headquarters, merger or division, early dissolution of the Bank, issuance of bonds, conversion of a category of bonds into another category or into shares, approval of the Bank executive officers' signing the legal papers regarding the acquisition, alienation, rental, change or transformation into collaterals of the assets in the Bank's patrimony, the value of which exceeds the limits set forth by the applicable laws, designation of the capital markets on which the Bank's shares will be listed and traded, change of the main company object and activity.

The decisions on the amendment of the Articles of Incorporation shall be adopted in accordance with the principles of competence laid down in the Articles of Incorporation of the Bank.

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 procedures regarding the works of the General Shareholders Meeting are available to shareholders and other interested parties on the institutional site on section <https://www.brd.ro/en/about-brd/investors-and-shareholders/gsm-brd/procedure-organizing-and-running-gsm>.

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

In 2018, there were 2 General Shareholders Meetings (one Ordinary General Shareholders Meeting and one Extraordinary General Shareholders Meeting on April 19, 2018).

ADMINISTRATION AND MANAGEMENT OF THE BANK

BRD - Groupe Société Générale adopted a unitary management system that is fully consistent with the principles of good corporate governance, transparency of relevant corporate information, protection of shareholders and of other categories of concerned persons (stakeholders), as well as of an efficient operation on the banking market.

The management body, the Board of Directors and the Executive Officers (acting together in the Executive Committee), operates under rules of organization and functioning clearly defined in the "Directive on the organization and functioning of the management body".

The Management Body promotes high ethical and professional standards and a strong internal control culture.

The Board of Directors annually assesses the adequacy of the Management Body and its members based on the reports of the Nomination Committee, prepared in accordance with "Policy of selection, monitoring and succession planning of the management body members".

The composition, the size and the skills of the management body are well suited for the dimension and the complexity of the Bank's activity.

The members of the Management Body meet the eligibility conditions and criteria, established in the "Policy of selection, monitoring and succession planning of the management body members", required for an efficient administration/management of BRD-Groupe Société Générale:

- Have a good reputation and the necessary expertise to carry out their responsibilities in compliance with the rules of prudent and healthy banking practices;
- 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;
- Ensure the conditions of the collective competence of the management body for an efficient and highly performing administration of the Bank's activity;
- Commit sufficient time to their responsibilities as stipulated by the law and the statutory bodies;
- Show commitment and involvement in exercising their responsibilities conferred by the law and by the statutory bodies.

The selection of candidates for positions within the Management Body is made through a rigorous process as defined in "The policy for selection, monitoring and succession planning of the management body members".

The main objective of the selection process is to ensure the suitable candidates for the vacant positions in the Management Body or to ensure the succession of the existing members.

The selection of the candidates excludes any discrimination on gender, age, ethnicity or any other kind of discrimination, stipulated by the law.

Criteria such as reputation, theoretical knowledge and practical professional experience in specific areas of BRD's activities, diversity, ensures a stable and suitable structure of the management body.

The selection of independent directors is subject to compliance with the criteria stipulated by the Companies' Law no. 31/1990, the NBR Regulation no. 5/2013 on prudential requirements for credit institutions (article 7 paragraph 4) and by the Bucharest Stock Exchange Code of Corporate Governance.

The exercise of the responsibilities by members of the Management Body is subject of obtaining the NBR approval.

BOARD OF DIRECTORS

Starting with April 18, 2015, the Board of Directors is composed of 9 members, elected by the General Assembly of the Shareholders for a 4-years mandate.

The structure of the Board of Directors ensures a balance between executive and 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.

As at December 31, 2018, the Board of Directors includes 2 independent members.

The year 2018 brought changes to the composition of the Board of Directors, as follows:

- The Ordinary General Shareholders Meeting on April 19, 2018 decided:
 - the renewal of the mandate as director of Mr. Giovanni Luca SOMA, for a 4-years mandate, starting with October 24, 2018;
 - the election of Mr. François BLOCH as director for a 4-years mandate, starting with June 29, 2018;
- Mr. Bernardo SANCHEZ - INCERA renounced his mandate as member of the Board of Directors of BRD - Groupe Société Générale S.A. starting with June 21, 2018;
- Mr. Aurelian DOCHIA mandate as independent member of the board of directors of BRD - Groupe Societe Generale S.A. expired on August 5, 2018;
- the Board of Directors, decided, according to art. 137^{A2} of the Companies Law 31/1990 republished, with subsequent amendments:
 - on June 21, 2018 the nomination of Mr. Philippe Laurent Charles HEIM as Interim Member of the Board Directors;
 - on September 19, 2018 the nomination of Mrs. Liliana FELEAGA as Interim Independent Member of the Board Directors;

starting with the date of issuance of the prior approval by the NBR¹, until the first Ordinary General Shareholders Meeting is held.

¹ NBR approved the nomination of Mr. Philippe Laurent Charles HEIM as Interim Member of the Board Directors and of Mrs. Liliana FELEAGĂ as Interim Independent Member of the Board Directors on December 20, 2018.

MEMBERS OF THE BOARD OF DIRECTORS AS AT DECEMBER 31, 2018

Giovanni Luca SOMA

Chairman of the Board of Directors

Chairman of the Risks Management Committee

Member of the Audit Committee

Member of the Nomination Committee

Date of birth: August 21, 1960

Year of the appointment in BRD-Groupe Société Générale's Board of Directors: 2014.

Since May 26, 2015, he is Chairman of the Board of Directors of BRD-Groupe Société Générale.

Latest renewal of the mandate: 2018

Term of mandate expires in: 2022

He has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation, he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of mandates in companies established by the applicable law - he holds one executive mandate and one non-executive mandate within Société Générale Group.

Biography: He is a graduate of Business Administration, LUISS University in Rome and holds a Master's degree in Business Administration from the Turin School of Business Administration, an Auditor Diploma and an Expert Accounting Diploma from the Rome University.

During his career, he acquired a significant expertise in top management positions outside Société Générale Group (as Head of European Sales and Services for Hyperion Software Group, Managing Director of GE Capital Insurance Milan, Corporate Sales Director Italy of GE Capital Milan, CEO of Dial Italy, a subsidiary of Barclays Group, CEO of Hertz Lease Italy, Chairman of the Italian Automobile Rental Association). Within Société Générale Group, he held the following management positions: Group Regional Director of ALD Automotive Group - France, Chief Executive Officer of ALD International, Head of Societe Generale Consumer Finance and Operational Vehicle Leasing and Fleet Management.

Giovanni Luca Soma is currently Head of Europe Region, International Banking and Financial Services Division and Manager of Business Unit Europe (International Retail Banking).

Jean-Luc Andre Joseph PARER

Non-executive member of the Board of Directors

Chairman of the Nomination Committee

Member of the Remuneration Committee

Member of the Risks Management Committee

Date of birth: April 16, 1954

Year of first appointment in the BRD-Groupe Société Générale's Board of Directors: 2013

Latest renewal of the mandate: 2017

Term of mandate expires in: 2021

He has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of mandates in companies established by the applicable law - he holds one executive mandate and one non-executive mandate within Société Générale Group.

Biography: he graduated HEC and holds a Master's degree in Law.

Mr. Parer began his career in September 1980 in Société Générale's General Inspection Department as Inspector and then Senior Inspector. In 1991, he joined Société Générale Corporate & Investment Banking where he occupied the following positions: Deputy Head of Specialized Finance, and then Head of Structured Finance.

In 2001, he was involved in setting up the Global Debt and Financing Business. In 2003, he became responsible for supervising the bank's Debt Capital Markets activities and in 2005 he was appointed Deputy Global Head of those activities. In 2007, he became Head of the Capital markets and Financing division, then Head of the Global Finance division in 2009.

In 2012, Mr. Parer became special advisor to the Group's International Retail Banking business and member of the Societe Generale's Management Committee.

In September 2012, Mr. Jean-Luc Parer became Head of the International Retail Banking division before being appointed Co-Head of International Banking and Financial Services in September 2013.

In September 2017, Mr. Jean-Luc Parer was appointed Advisor to the Deputy Chief Executive Officer.

He is also member of the Executive Committee of Société Générale Group.

Petre BUNESCU

Executive Member of the Board of Directors

Date of birth: November 15, 1952

Year of first appointment in the BRD - Groupe Société Générale's Board of Directors: 1999.

Between May 1, 2012 and November 5, 2012 he occupied the position of Interim Chairman of the Board of Directors.

Latest renewal of the mandate: 2015

Term of mandate expires in: 2019

He holds 300,000 shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation, he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of mandates in the companies established by the applicable law - he holds one executive mandate and one non-executive mandate within BRD-Groupe Société Générale.

Biography: he graduated the Academy of Economic Studies in 1975. In 2003, he got his PhD in Economics.

Between 1997 and 2006 he was a permanent member of the teaching staff of the Romanian Banking Institute and of the Financial and Banking Studies Institute, and between 2007 and 2011 he was an associate member of the teaching staff of the Romanian-American University in Bucharest.

In 1975, he became an employee of the Investment Bank, and in 1990 he was appointed as Deputy CEO of the Bucharest Branch. Once the Romanian Bank for Development was set up, on December 1st, 1990, he took over the position of Vice-Chairman and member of the Board of Directors and of the Executive Committee of the bank until July 1999. Between November 1997 and May 1998, he held the position of Interim Chairman of the Romanian Bank for Development. In the period 1998-2005 he represented BRD-Groupe Société Générale's interests in MISR – Romanian Bank as Member of the Board of Directors.

Until 2015 he was the Vice-Chairman of the Romanian Banking Association and member of the Board of Directors of Transfond SA.

Ioan CUZMAN

Non-executive member of the Board of Directors

Date of birth: October 3, 1944

Year of first appointment in the BRD-Groupe Société Générale's Board of Directors: 2007

Latest renewal of the mandate: 2015

Term of mandate expires in: 2019

He holds 3,500 shares in BRD-Groupe Société Générale's capital.

Information on the mandates held: According to the information provided through the statement of affiliation, he fulfils the conditions regarding the number of mandates in companies established by the applicable law – he holds one non-executive mandate within BRD-Groupe Société Générale.

He is also member of the Board of Director of West University Vasile Goldis.

Biography: he graduated from 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 associate professor.

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 Textiles 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.

Jean – Pierre Georges VIGROUX

Independent member of the Board of Directors

Chairman of the Audit Committee

Member of the Remuneration Committee

Date of birth: 31 July 1953

Year of the appointment in the BRD-Groupe Société Générale's Board of Directors: 2016

Term of mandate expires in: 2020

He has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation, he fulfils the conditions regarding the number of mandates established by the law - two non-executive mandates: he holds one within BRD-Groupe Société Générale and one outside the Société Générale Group.

He is also member of the Management Board of “Foundation 9”.

Biography: he graduated ESSEC France. He also studied Financial Audit at the CAFR University

Until September, 2014, Mr. Jean – Pierre Georges Vigroux held management positions such as: CEO Mazars Romania (2008-2014), partner responsible for Southeast Europe, Chairman of the Supervisory Board of Pricewaterhouse Coopers Central and Eastern Europe (2001-2004 and 2004-2006), founder and CEO of the Pricewaterhouse Coopers – Romania, member of the PricewaterhouseCoopers's Executive Committee and Board of Directors – Central and Oriental Europe (1996-2001), Chairman of FIC (2003-2004).

Benoît Jean Marie OTTENWALTER

Member of the Board of Directors

Date of birth: December 28, 1954

Year of the appointment in the BRD-Groupe Société Générale's Board of Directors: 2017

Term of mandate expires in: 2021

He has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation, he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of mandates established by the law - he holds one non-executive mandate within Société Générale Groupe.

Biography: he graduated the "French Ecole Polytechnique" and the "French Ecole Nationale de la Statistique et de l'Administration Economique (ENSAE)".

He has a vast experience acquired within Groupe Société Générale, in over 29 years, in areas such as risk management, capital markets and treasury and in interaction with the international banking regulators.

During his career, he held top management positions such as: Group Chief Risk Officer, Member of the Executive Committee at Societe Generale Group (2009 – June 2016), Deputy then Co-Head of the Corporates, Institutions and Advisory Division, Member of the Group Management Committee at Société Générale Corporate and Investment Banking Paris (2004 -2009), Head of Fixed Income, Currencies and Commodities Division on Société Générale Corporate and Investment Banking Paris (2001 - 2004), Deputy Head then Head of Treasury and Foreign Exchange on Société Générale Capital Markets Division Paris (1994 - 2000), Chief Administrative and Financial Officer then Head of Derivatives Department on Société Générale Strauss Turnbull London (1990 -1994), Back-office manager on Société Générale Paris (1988 -1990).

Other positions occupied: Ministry Of Economy And Finance (1979 -1988), Professor of Statistics and Econometrics, Director of Graduate Studies on Ecole Nationale de la Statistique et de l'Administration Economique (1985 – 1988), Economic Forecaster on INSEE - French National Statistical Office (1981 – 1985), Researcher in Econometrics, Research Unit on INSEE - French National Statistical Office (1979 - 1981).

François BLOCH

Executive Member of the Board of Directors (starting with June 29, 2018)

Date of birth: March 31, 1967

Year of the appointment in the BRD-Groupe Société Générale's Board of Directors: 2018

Term of mandate expires in: 2022

He has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation he fulfils the conditions regarding the number of mandates in companies established by the applicable law - he holds one executive mandate and one non-executive mandate within Société Générale Groupe.

He is also member of the Board of directors of Romanian Banking Association and Council of Banking Employers in Romania.

Biography: he is bachelor of the Ecole Nationale de la Statistique et de l'Administration Economique, Paris, in 1990, Mr. François BLOCH made his entire career within Société Générale and he held the following positions: Broker, then Head of the brokerage department on derivatives markets on Société Générale Elsassische Bank, Frankfurt(1990 - 1993); Deputy Head, then Head of the SG's subsidiary, FIMAT Banque, Zweigniederlassung Frankfurt(1993 -1997); Deputy Head of Risks, then Head of Risks, FIMAT International Banque Paris (1997 -2000); General Manager, FIMAT USA Inc. (2000-

2002); Deputy Chief Executive Officer - Member of the Board of Directors, FIMAT International Banque (2002-2007); Head of Strategy and Integration, Newedge (2008-2009) and Non-executive Member of the Board of Directors, Newedge Group (brokerage subsidiary of Société Générale) (2010-2012); Head of Credit Risk on Financial Institutions and Country Risks department, Société Générale (2009-2012).

Between 2012 and the end of October, 2016 he has held the positions of First Vice-President, then First Deputy Chairman of the Management Board, Member of the Management Board, and until July 2017, Member of the Board of Directors, Rosbank PAO.

Starting with 2012 to 2016 he exercised also the following directorships in Société Générale Group: Member of the Board of Directors, LLC Rusfinance Bank (subsidiary of Rosbank, specialized in car and point of sales financing), Member of the Board of Directors, Commercial Bank Deltacredit Joint Stock Company (subsidiary of Rosbank, specialized in mortgages loans), Member of the Board of Directors, Société Générale Strakhovanie (subsidiary of Société Générale, non - life insurance), Member of the Board of Directors, Société Générale Strakhovanie Zhizni (subsidiary of Société Générale, life insurance).

Since December 21, 2016, he holds the position of CEO of BRD - Groupe Société Générale SA.

Since July 1, 2017, he is member of the Société Générale Group Management Committee.

Philippe Laurent Charles HEIM

Interim Member of the Board of Directors (starting with December 20, 2018)

Chairman of the Remuneration Committee

Member of the Nomination Committee

Date of birth: April 03, 1968

Year of the appointment in the BRD-Groupe Société Générale's Board of Directors: 2018

Term of mandate expires on April 18, 2019 (first OGSM)

He has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation, he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of mandates established by the law - he holds one executive mandate and non-executive mandate within Société Générale Groupe.

Biography: is a graduate of National School for Administration (ENA), Paris Institute of Political Studies (Sciences-Po Paris), Philosophy (Sorbonne) and Paris School of Management (ESCP Europe).

He has vast experience in top management positions in banking field such as Deputy Chief Executive Officer of Société Générale (since May 2018), Société Générale Group Chief Financial Officer (March 2013 to May 2018), Member of the Board of Directors and CEO of Inter Europe Conseil – subsidiary of Société Générale specialized in credit operation (since 2013), Director of Sogecap (since May 2018), Deputy Group Chief Financial Officer and Head of Group Strategy (March 2012 to March 2013), Head of Société Générale Group Strategy (2009 to March 2012), Senior Banker - SG Corporate & Investment Banking (2007 to 2009), and public functions such as Deputy then Head of Cabinet of J.F. Copé, Minister for Budget & Government Spokesperson (2005 to 2006), Chief Budget Adviser of Nicolas Sarkozy, Minister of Economy, Finance and Industry (2004 to 2005), Adviser of Francis Mer, Minister of Economy, Finance and Industry (2003 to 2004), Deputy Trade Commissioner of the French Embassy in Singapore (2001 to 2003), several function within the Budget Department (1997 to 2001).

Liliana FELEAGA

Interim Independent Member of the Board of Directors (starting with December 20, 2018)

Member of the Audit Committee

Member of the Risk Management Committee

Date of birth: October 31, 1969

Year of the appointment in the BRD-Groupe Société Générale's Board of Directors: 2018

Term of mandate expires on April 18, 2019 (first OGSM)

She has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation, she fulfils the conditions regarding the number of mandates established by the law - two non-executive mandates - one within BRD-Groupe Société Générale and one outside the Société Générale Group.

She is also member of ASE's Board of Directors.

Biography: she graduated from the Bucharest University of Economic Studies (ASE). Starting with 2003 is University Professor Doctor and with 2005 is PhD supervisor. She has also an International Management Degree obtained on Toulouse University.

She has a vast academic experience (over 25 years in Bucharest University of Economic Studies - ASE). Currently Mrs. Feleaga is Dean of Accounting and Management Information Systems Faculty, member of the ASE's Board of Directors, member of Chamber of Financial Auditors of Romania, Member of International Association for Accounting Education and Research, Associate and Unique Director of Feleaga Contabilitate & Audit SRL.

ATTRIBUTIONS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The main competences of the Board of Directors, including those that cannot be delegated to members of the executive management, are set by law, by the Articles of Incorporation, Internal Regulations of the Bank, the "Directive on the management of approval of limits for loans and commitments", and also by the Directive "Regulation of organization and functioning of the management body". In cases permitted by the law, the General Assembly of Shareholders may delegate other attributions to the Board of Directors 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, 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 systems and approves the financial planning.

The Board of Directors approves the Bank's business and risks management strategy, and makes sure that the activity of the executive management complies with the approved strategy and policies.

The Board of Directors approves the organisational structure of the Bank, the risk management policy, the general remuneration policy of the employees, directors and officers of the Bank.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors meets whenever necessary, but at least once every 3 months.

The notices of the Board of Directors' meetings specify the place, date and the draft agenda for the 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.

On February 10, 2016, Mrs. Flavia Popa – Corporate Secretary was nominated as Secretary of the Board of Directors.

ACTIVITY OF THE BOARD OF DIRECTORS IN 2018

In 2018, 19 meetings of the Board of Directors took place, and the decisions of the Board were generally made with unanimity of votes.

The Directors attended to the Board of Directors' meetings as follows:

- Mr. Giovanni Luca Soma (Chairman of the Board of Directors), Mr. Jean-Luc Andre Joseph Parer (Member), Mr. Benoît Jean Marie Ottenwaelter (Member), Mr. Petre Bunescu (Executive Member) and Mr. Jean-Pierre Georges Vigroux (Independent Members) attended to all the Board's meetings;
- Mr. Ioan Cuzman (Member) attended to 18 meetings of 19 meetings;
- Mr. Bernardo Sancez Incera (Member), as long as he held the mandate, attended to 6 meetings of 7 meetings held;
- Mr. Aurelian Dochia (Independent Member), as long as he held the mandate, attended to all the meetings (9);
- Mr. François Bloch (Member), attended to all the Board's meetings organized after receiving the NBR approval (11);

NBR approved the nomination of Mr. Philippe Laurent Charles HEIM as Interim Member of the Board of Directors and Mrs. Liliana FELEAGA as Interim Independent Member of the Board Directors on December 20, 2018 after the last Board of Directors meeting from 2018.

On the Board of Directors agenda the following subjects were included: the financial statements, Audit Plan for 2018, Financial Markets Compliance Report for 2017 and the control plan for 2018, the report regarding the internal control for 2017, the Report on the measures taken in order to manage the significant risks during 2017, Modification of the Liquidity Risk Management Framework, Remuneration Policy, Risks' assessment for 2018, Risk Appetite Framework, Business and Risks Management Strategy for 2018-2020, the Internal Capital Adequacy Assessment Process - ICAAP for 2017, ICAAP Policy, Transparency and Publishing Requirements Report for 2017, Annual Report of Compliance Function for 2017, BRD Contribution to Societe Generale Group Recovery Plan 2018, the main axes for the bank's transformation, changes in the Bank's management, nomination of two interim director, modifications in internal regulations in its specific power, changes in the organizational structure, calls of the shareholders' meeting and all the notes related to the items on the agenda, changes in the structure of the committees set up to support the activity of the Board of Directors.

Also, on the Board of Directors agenda was presented Bank's Level Up Program who proposed an upgrade of Bank's business model and has been structured around 4 pillars (Corporate, Retail, Operations, IS and Projects) with transversal governance:

- **Corporate:** the Global Corporate Pole grouped all the corporate activities in the Head Office and Network so that they have an integrated segment-level approach and focus more on relevant sub-segments (SMEs, Large Corporates).
- **Retail:** aimed at simplifying the structure, empowering decision makers and aligning with the changes driven by the new Corporates structure.
- **Operations:** Operations Pole was created which grouped all the Back Office functions by transferring activities from other organizational structures and creation of new entities.
- **IS & Projects:** Business Solution Center Pole was created which grouped the Bank's IT activities, the strategy being driven by the need to become more Agile, increase Automation and implement APIs.

During its meetings, the Board of Directors is regularly updated on the economic, monetary and financial environment, on the evolution of the regulations in force, bank's financial and commercial results, significant risks, on the main events that took place within BRD and on the activity of

committees set up to support the activity of the Board of Directors: the Audit Committee, Risks Management Committee, Nomination Committee, and Remuneration Committee.

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

For 2018, the Ordinary General Assembly of Shareholders approved an individual remuneration for the non-executive members of the Board of Directors amounting to EUR 1,500 / month (gross amount), to which it is added 19.9% representing the contributions transfer, as well as a general limit for the directors' additional remunerations and officers' remuneration for 2018, amounting to RON 16,8 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 four committees that assist it in performing its attributions. The structure, the organisation and operation rules as well as the attributions of these committees are set and defined in the Committee Directive set up to support the Board of Directors.

AUDIT COMMITTEE

As at December 31, 2018, the Audit Committee consisted of 3 non-executive directors, of which 2 are independent. The members of the Audit Committee were: Mr. Jean-Pierre Georges Vigroux (Independent Chairman), Giovanni Luca Soma (Member), and Liliana Feleaga (Interim Independent Member).

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

The Audit Committee meets on a quarterly basis.

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. The Audit Committee responsibilities are presented in the Bank's Corporate Governance Code available to the interested parties on institutional site on section: <https://www.brd.ro/en/about-brd/shareholders-and-investors/corporate-governance>.

In 2018, 7 meetings of the Audit Committee took place, in which there were analysed the activity and reports of internal control and conformity, internal audit and external audit.

The members attended to the Audit Committee's meetings as follows:

- Mr. Jean-Pierre Georges Vigroux and Mr. Giovanni Luca Soma, attended to all the Committee's meetings;
- Mr. Aurelian Dochia (Independent Chairman of the Audit Committee), as long as he held the Independent Director mandate, attended to all the Committee's meetings (5).

NBR approved the nomination of Mrs. Liliana FELEAGA as Interim Independent Member of the Board Directors on December 20, 2018 after the last Audit Committee meeting on 2018.

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

REMUNERATION COMMITTEE

As at December 31, 2018, the Committee consisted of 3 non-executive directors, of which one is independent. The members were: Mr. Philippe Laurent Charles Heim (Chairman), Mr. Jean-Luc André Joseph Parer (Member) and Mr. Jean-Pierre Georges Vigroux (Independent member).

The Remuneration Committee meets annually, or whenever necessary. In 2018, 4 meetings of the Remuneration Committee took place.

The members attended to the Remuneration Committee's meetings as follows:

- Mr. Jean-Luc André Joseph Parer attended to all the meetings of the Committee;
- Mr. Aurelian Dochia, as long as he held the Independent Director mandate, attended to all the Committee's meetings (3);

- Mr. Bernardo Sanchez Incera (Chairman of the Remuneration Committee), as long as he held the Director mandate, attended to 1 of 2 Committee's meetings;
- Mr Jean-Pierre Georges Vigroux, attended to the only reunion organized after his appointment in the Committee.

NBR approved the nomination of Mr. Philippe Laurent Charles HEIM as Interim Member of the Board Directors on December 20, 2018 after the last Remuneration Committee meeting on 2018.

In order to perform the attributions entrusted, the Remuneration Committee analyses the Bank's remuneration policy which it submits to the Board of Directors for approval; it submits proposals regarding the individual remuneration of non-executive directors and the additional individual compensation of the directors entrusted with specific functions within the Board as well as the individual remuneration of the officers; it supervises directly the remuneration of the coordinators of the risks management and compliance functions; and it supervises the application of the principles of the staff remuneration policy and informs the Board of Directors in this respect.

The Remuneration Committee responsibilities are presented in the Bank's Corporate Governance Code available to the interested parties on institutional site on section: <https://www.brd.ro/en/about-brd/shareholders-and-investors/corporate-governance>.

RISKS MANAGEMENT COMMITTEE

As at December 31, 2018, the Committee consisted of 3 non-executive directors. The members were Mr. Giovanni Luca Soma (Chairman), Mr. Jean-Luc André Joseph Parer (Member), and Mrs. Liliana Feleaga (Interim Independent Member).

The Risks Management Committee meets on a quarterly basis or whenever necessary.

In 2018, 4 meetings of the Risks Management Committee took place.

The members attended to the Risks Management Committee's meetings as follows:

- Mr. Giovanni Luca Soma and Mr. Jean-Luc André Joseph Parer attended all the Committee's meetings;
- Mr. Aurelian Dochia, as long as he held the Independent Director mandate, attended to all the Committee's meetings (2);

NBR approved the nomination of Mrs. Liliana FELEAGA as Interim Independent Member of the Board Directors on December 20, 2018 after the last Risks Management Committee meeting on 2018.

At the meetings of the Risks Management Committee may participate, as permanent guests, the members of the Executive Committee, Chief Financial Officer, Risk Piloting Pole Executive Officer/Risk Deal Flow Pole Executive Officer, Retail Distribution Executive Officer, Top Corporates Executive Officer/Sales Manager Top Corporates, DPF Executive Officer, Corporate Secretary.

The Risks Management Committee assists the Board of Directors in defining the global risks strategy of the bank and the risk appetite and assists the Board of Directors in overseeing the implementation of such strategy.

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 Risks Management Committee responsibilities are presented in the Bank's Corporate Governance Code available to the interested parties on institutional site on section: <https://www.brd.ro/en/about-brd/shareholders-and-investors/corporate-governance>.

NOMINATION COMMITTEE

As at December 31, 2018, the Committee was composed of 3 non-executive directors of the Board of Directors: Mr. Jean-Luc André Joseph Parer (Chairman), Mr. Philippe Laurent Charles Heim (Member) and Mr. Giovanni Luca Soma (Member).

The Nomination Committee meets half-yearly or whenever necessary.

In 2018, 3 meetings of the Nomination Committee took place.

The members attended to the Nomination Committee's meetings as follows:

- Mr. Jean-Luc André Joseph Parer and Mr. Giovanni Luca Soma attended to all the Committee's meetings;
- No meetings were held as long as Mr. Bernardo Sanchez Incera was member.

NBR approved the nomination of Mr. Philippe Laurent Charles Heim as Interim Member of the Board Directors on December 20, 2018 after the last Nomination Committee meeting on 2018.

In exercising its powers, the Nomination Committee identifies, makes proposals and submits for approval by the Board of Directors, the nominees to fill positions within the management body; is involved in formulating the policy on the selection, evaluation and sequencing of the management body members, which it submits to the Board of Directors for approval; it assesses periodically and at least once a year the structure, size, composition and performance of the management body and makes recommendations to the Board of Directors on any modifications which it considers necessary.

The Nomination Committee responsibilities are presented in the Bank's Corporate Governance Code available to the interested parties on institutional site on section: <https://www.brd.ro/en/about-brd/shareholders-and-investors/corporate-governance>.

EXECUTIVE MANAGEMENT

The management and the coordination of the current 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 act together in the Executive Committee.

The Executive Committee is composed of the CEO and six Deputy CEOs. The Executive Committee is run by the CEO.

The year 2018 brought changes to the composition of the Executive Committee, as follows:

- Mrs. Gabriela Ștefania GAVRILESCU renounced to his position as Deputy CEO of BRD - Groupe Société Générale in order to take other responsibilities inside the bank starting with June 01,2018;
- NBR approved starting with June 29, 2018:
 - ✓ the nomination of Mr. Jérôme Yann BRUN as Deputy CEO Risks, and Mr. Yves Jean Guenole LALLEMAND as Deputy CEO Global Corporates;
 - ✓ Mr. François José ALDEGUER - Deputy CEO Resources, to exercise the additional responsibilities resulting from the coordination of new activities within the Bank, as a result of the changes occurred in the organizational structure of the Bank.

MEMBERS OF THE EXECUTIVE COMMITTEE AS OF DECEMBER 31, 2018

François BLOCH

CEO

Year of the appointment as CEO: 2016

He directly coordinates the following structures: General Secretariat, Compliance Department, Human Resources Department, Transformation Processes & Consulting Division and Internal Audit Department.

Others information: please see the section "Board of Directors" of the present Report.

Petre BUNESCU

Deputy CEO Finance / Treasury

Year of the first appointment in BRD's management: 1999

He coordinates the following structures: Financial Department, Sourcing Division, and Legal Department.

Others information: please see the section "Board of Directors" of the present Report.

Alexandru-Claudiu CERCEL-DUCA

Deputy CEO - Financial Markets

Date of birth: February 17, 1968

Year of the appointment as Deputy CEO: 2008

He coordinates the Financial Markets Pole including the following structures: Financial Markets Division, Securities Division, Financial Markets Operations Support Service and Financial Markets Research Service.

He has 1,030 shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of mandates established by the law- one executive mandate within BRD-Groupe Société Générale.

Biography: graduated the Economic Studies Academy - Cybernetics Faculty, in 1992, as well as various management and leadership training courses organized both by Société Générale and other banking institutions: Nomura Bank (London), Bank of America (San Francisco), or the Montreal University and London Business School.

He graduated the Executive Master of Business Administration (EMBA) - ASEBUSS Bucharest / University of Washington, USA.

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

Gheorghe MARINEL

Deputy CEO - Retail

Date of birth: March 13, 1965

Year of the appointment as Deputy CEO: 2012

He coordinates the following structures: Marketing and Product Management Department, Retail Distribution Department, Retail Transversal Management Center, European Funds, National Programs and Partnerships Department and has hierarchical authority on the Bank Network (Retail Regions).

He has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation, he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of mandates in companies established by the applicable law- one executive mandate within BRD- Groupe Société Générale.

Biography: graduated "Summa cum Laudae" from the Bucharest Economic Studies Academy - Finance and Accounting in 1991.

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

He has an experience of more than 26 years in the banking field, holding several positions in credit institutions such as Banca Comerciala Romana (1991-1993), Société Générale - Bucuresti (1993-1995) and ABN AMRO BANK Romania (1995-2001).

He joined BRD- Groupe Société Générale in 2001, occupying over time the following positions: project Manager - Network Reorganisation and Restructuring Project, Network Management Director and General Secretary.

François José ALDEGUER

Deputy CEO - Resources

Date of birth: June 12, 1960

Year of the appointment as Deputy CEO: 2017

He coordinates the following structures: Business Solution Center Pole, Information Security Division, Operations Pole, Real Estate Division, Security Division, Logistics Division and Business Intelligence Center Department.

He has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation, he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of mandates in companies established by the applicable law - one executive mandate within BRD Groupe - Société Générale.

Biography: He graduated from the University of Poitiers in 1983 and obtained a master Diploma in Finance and Project Management.

He has a professional experience of over 34 years of which 22 years in the Societe Generale Group.

In 1995, he began his collaboration with Societe Generale within Project and Organization department from Paris, as Consultant.

Later on, he occupied the following functions: Head of the "Collaborative Tools" Department (1997-2000), SG Equity - CRM project Manager (2000-2002), Senior Project Manager in SG International Banking Network (2002-2006), Head of Methods and Organization Department in SG International Universal Banking Network (2006-2011). Since 2011 to the end of January 2017, he has occupied the position of Chief Operations Officer (COO), Member of the Management Board of Société Générale Algérie.

Yves Jean Guenole LALLEMAND

Deputy CEO Global Corporates

Date of birth: December 17, 1967

Year of the appointment as Deputy CEO: 2018

He coordinates the Global Corporates Pole including the following structures: Senior Banker, Corporates Transversal Management Center, Top Corporates Coverage Division, SME Coverage Department, Sales management department, Corporates Credit Group Department, Structured Finance Division, Corporate finance Division, Global Transaction Banking Department.

He has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation, he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of mandates in companies established by the applicable law - one executive and one non-executive mandate within BRD Group.

Biography: He obtained a Master's Degree in Business Administration with HEC (Hautes Etudes Commerciales). He has a professional experience of over 26 years in Societe Generale Group.

In 1992 he began his collaboration with Société Générale within General Inspection Department as Inspector.

Later on, he occupied the following functions in Société Générale : Managing Director – Strategic and Acquisition Finance (June 1999 – September 2005), Global Head of Structured Leasing (October 2005- December 2006), Deputy Global Head of Infrastructure and Asset Finance (January 2007 – March 2013), Global Head of Corporate Clients and Member of the Management Board of the International Banking and Financial Services Division (April 2013 - August 2016) and Advisor to Societe Generale Splitska Banka Chairman of the Management Board (August 2016- September 2016). He also exercised the following directorships inside the SG Group: member of the Board of Directors of Societe Generale Algeria (from August 2014), Chairman of the Supervisory Board of SG Leasing Croatia (August 2016 - May 2017), Chairman of the Management Board of Societe Generale Splitska Banka (September 2016 – May 2017).

In May, 2017 he became Advisor to the Head of the European Region, Société Générale, function he held until August 2017.

In August, 2017, he joined BRD - Groupe Société Générale as Advisor of BRD's CEO.

Jérôme Yann BRUN

Deputy CEO Risks

Date of birth: February 3, 1977

Year of the appointment as Deputy CEO: 2018

He coordinates the following structures: Risk Piloting Pole, Risk Deal Flow Pole and Special Credit Management Department

He has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held: According to the information provided through the statement of affiliation, he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of mandates in companies established by the applicable law - one executive mandate within BRD Groupe - Société Générale.

Biography: He graduated from Grenoble Institute of Technology in 1999 and obtained an Advanced Master degree in Strategy and Engineering of International Businesses Finance, Marketing, Strategy, International Trades on ESSEC Business School, Paris, France.

Having an experience of over 18 years within Groupe Société Générale, he started in 2000 in Société Générale, Prague Branch, as credit analyst.

Between 2001 and 2003, he held the position of Risk projects coordinator in Komerčni Banka, one of the 3 large banks in the Czech Republic.

In 2003, he became Market Risk Analyst on precious metals in Société Générale.

Between 2005 and 2007, he was Head of Capital Market Credit department Komerčni Banka.

Since 2008 until 2011, he was Deputy Director of Credit Risk Assessment.

Between 2011 and 2016, he held the position of Chief Risk Officer in SKB Banka, Slovenia (the 3rd bank in Slovenia).

In 2016, he joined BRD - Groupe Société Générale by taking over, starting with September 2016, the position of Deputy Executive Risk Manager and then during June 2017 and June 2018 he occupied the Executive Risk Manager position.

ATTRIBUTIONS AND RESPONSIBILITIES

The executive officers are in charge of taking all the measures in relation to the company management, within the limits of the company's object of activity and in compliance with the powers exclusively reserved by law or by the Articles of Incorporation to the Board of Directors and the General Meeting of Shareholders.

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 that they coordinate, in compliance with the legal provisions, the Articles of Incorporation and the Internal Regulations of the Bank.

Within the limit of the powers and responsibilities set forth by the Board of Directors, the executive officers act jointly, organised in the Executive Committee, for a series of activities / operations specific to the activity of the Bank, detailed in the Articles of Incorporation, in the Internal Regulations of the Bank, the Directive on the management of approval limits for loans and commitments and in the Directive "Regulation of organization and functioning of the management body".

MEETINGS OF THE EXECUTIVE COMMITTEE

The meetings of the Executive Committee are held at least once every two weeks, or any time the activity of the Bank requires it.

In 2018, 100 meetings of the Executive Committee took place.

The decisions of the Executive Committee are made with the majority of the members' votes. Voting cannot be delegated within the meetings of the Executive Committee.

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

The Executive Committee provided the Board of Directors, regularly and comprehensively, detailed information about all the major 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 immediately to the Board of Directors.

COMMITTEES SET UP IN SUPPORT OF THE EXECUTIVE COMMITTEE

The committees set up to support the Executive Committee assist it in performing its attributions on various business lines, particularly on the operational activity of the Bank. The members of these committees are the members of the Executive Committee and the management of the structures impacted. The most important committees are:

INTERNAL CONTROL COMMITTEE

It is a permanent consultative committee, which has as main task to analyse the adequacy of the internal control framework, including business continuity and crisis management as regards organizing / functioning, by analysing the results obtained and the deficiencies found in the internal control activity. In order to fulfil its mission, the main themes subject to debate in the committee are operational risks, activity continuity and crisis management, managerial supervision, managerial supervision of accounts, audit, conformity and reputational risk, IT security, deficiencies found in the supervision reports / minutes of the authorities, protection of personal data.

ASSETS AND LIABILITIES COMMITTEE

It is a permanent consultative committee which assists the Executive Committee in performing its attributions related to the management of assets and liabilities structure, liquidity and funding sources management, structural risks management (interest rate risk and foreign exchange risk in the banking book) and capital management.

COMMITTEE FOR NEW PRODUCTS

It is a permanent consultative committee that ensures the identification, the analysis and the reliable measurement of risks associated to new products, offered to the Bank's clients, including material changes of the existent products.

PRICING COMMITTEE

It is a permanent consultative committee whose mission is to analyze and propose measures to the Bank's decisional bodies on pricing policy and strategy (commissions and fees, interest rates) regarding the bank's products, taking into consideration the budgetary targets, the competitive environment, the commercial strategy and market developments.

RETAIL RISK COMMITTEE

It is a committee whose mission is to formalize the measures proposed by Bank's structures in order to improve the Bank's retail lending activities.

CUSTOMER BOARD

It is a permanent consultative committee dedicated to customer experience, which aims to ensure at the level of the whole Bank the efficiency of the process of improving the quality of the experiences offered to the clients, from the perspective of the feedback received from the clients.

OTHER COMMITTEES: Crisis Committee, Safety and Occupational Health Committee, Projects Review Committee, Follow-up Committee, Career Committee, Communication Committee, Innovation Committee.

BRD - GROUPE SOCIÉTÉ GÉNÉRALE'S SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE COMMITTEE AS AT DECEMBER 31, 2018:

Name	Number of shares
Petre BUNESCU	300,000
Ioan CUZMAN	3,500
Alexandru - Claudiu CERCEL - DUCA	1,030
TOTAL	304,530

RIGHTS OF SHAREHOLDERS

BRD-Groupe Société Générale 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 Assemblies are called by the Board of Directors.

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 Financial Supervisory Authority - Financial Instruments and Investments Sector and of the Bucharest Stock Exchange ("BVB").

The shareholders can attend the General Assemblies 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 available to shareholders and other interested parties on the institutional site.

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.

The Dividend Policy is available to shareholders and other stakeholders on institutional on Corporate Governance section: <https://www.brd.ro/en/about-brd/investors-and-shareholders/corporate-governance/dividend-policy> immediately after the Board of Directors approval.

The dividend policy reconfirms the engagement of the Board of Directors to offers shareholders the opportunity to obtain a return for the invested capital and for the Bank the opportunity for a sustainable development.

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:

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

BRD-Groupe Société Générale set up and maintains a dedicate structure managing the relation with investors and other stakeholders.

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. 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 Financial Supervisory Authority. The quarterly financial reporting is made according International Financial Reporting Standards as adopted by the European Union - and in compliance with the regulations specific to the capital markets.

In order to communicate on its financial results, BRD-Groupe Société Générale organizes meetings/ live audio webcasts with financial analysts, investment consultants, brokers and investors. These meetings during which the 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 capital markets institutions. In 2018, the bank organised 1 meeting for presenting the preliminary financial results as at December 31, 2017 and 4 live audio webcasts for the interim financial results.

The financial calendar for the year 2019 is the following:

Preliminary financial results as at December 31, 2018 and meeting with journalists	February 07, 2019
General Assembly of Shareholders	April 18, 2019
Communication of results as of 31 December 2018	April 18, 2019
Communication of results for the 1st Quarter 2019	May 3, 2019
Communication of results for the 1st Half 2019	August 1, 2019
Communication of results for the first 9 Months 2019	November 6, 2019

OTHER CORPORATE GOVERNANCE ELEMENTS

CONFLICTS OF INTEREST

The main obligations fulfilled by the members of the Board of Directors and of the Executive Committee, imposed at the Bank level in order to prevent and avoid conflicts of interests, are:

- 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;
- 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;
- 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;

- members of the Management Body shall not take part in any deliberation when, in meetings of the Board of Directors/ Executive Committee, decisions are taken about third parties with whom they are in a conflict of interest by nature of their position;
- the obligation to respect professional secrecy with regard to the confidential information to which they have access, the debates and the decisions they have taken and which have not yet become public.

REGIME APPLIED TO RELATED PARTIES

The internal regulations establish a set of rules for identifying, monitoring and reporting the transactions with related parties.

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 insiders, 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, obligations have been set regarding reporting to the Bank every personal transaction carried out by every insider with BRD financial instruments.

TRANSACTIONS CARRIED OUT BY THE MANAGEMENT STAFF

According to the normative internal framework, persons discharging managerial responsibilities as well as persons closely associated with them (within the meaning of Article 25 of the MAR Regulation, members of the Board of Directors and members of the BRD Steering Committee) shall notify the issuer (General Secretary / Corporate Affairs) and the Financial Supervisory Authority (ASF) for each transaction performed on their behalf in connection with BRD's shares, BRD debt instruments or any other instruments related to the BRD issuer.

Notifications are made promptly and no later than three business days after the transaction date, since the total volume of transactions reaches the threshold set by the Financial Supervisory Authority (ASF).

The threshold is calculated by summing up all transactions made within one calendar year, without compensation.

3. HUMAN RESOURCES

KEY FIGURES 2018

- **6,882** active employees in BRD, with:
 - **1,258** external recruitments
 - **1,191** functional mobility
 - **18.2%** total turnover, out of which **12.9%** voluntary turnover.

The number of active employees of the Group as of 2018 end was 7,471 (2017 end: 7,568) while number of active employees of the Bank as of 2018 end was 6,882 (2017 end: 6,970). Active employees are employees present at work (excluding maternity leave and long - term sick leave).

In 2018, the Human Resources Department (HR) continued to deliver projects and actions in line with the strategic HR axes: career management, managerial development, employee engagement, efficiency and communication.

BUSINESS SUPPORT AND CONTINUOUS IMPROVEMENT

HR offered specific support in various business projects that aimed to optimize the structure of the Bank in order to be more efficient and provide quality services to our clients. The Bank's goal was to ensure efficient and dynamic structures, in order to maximize business results. Among the main projects: optimizing the structure of different departments in headquarters, territorial reorganization at network level (relocations, closures and merger of agencies) and delivering support for special projects, etc.

CAREER MANAGEMENT

Throughout last year, meetings between HR and employees continued in order to assess the potential of each employee and ensure they are occupying the right position according to their experience and skills. In 2018, more than 1,000 employees changed their position as a result of the Bank's internal mobility policy. Changes of functions were accompanied by specific training paths, which contain various learning methods.

Over 1,200 persons were recruited in 2018 from outside the Bank, mostly in the network, in order to fill existing vacancies, expand the commercial capacity, and achieve the selling objectives of the Bank.

90% of our employees have graduate studies and 10% undergraduate studies.

TRAINING & RISK AWARENESS

In 2018, the training strategy was mainly aimed at the improvement of commercial and risk management skills for all BRD employees, built around the following strategic axes:

- Developing a risk culture awareness in BRD through mandatory e-learning programs developed in cooperation with Société Générale Group ("International sanctions", "Information security", "Compliance principles in Société Générale", "Anti-money laundering / Counter-terrorist financing – Awareness) and local e-learning programs (SSM, KYC&AML, "Anti-money laundering and fight against terrorist financing", "GDPR", "Market abuse", "Fatca", "Anti-corruption", "KYC - fundamentals"); and local e-learning (SSM, "Physical security events"), increasing the number of case studies presented during face-to-face trainings;
- Integrated training programs for the new front office employees. These programmes are focused on product knowledge and product related risks, increasing behavioural competencies and commercial abilities development. The training approach includes face-to-face sessions and practical exercises.
- Business Academies adjusted to the bank's customer segments - Retail Individuals (mass-market & affluent), Retail Small Business, and Non-Retail. These trainings are modular

programs hierarchically customised, on different levels of complexity, covering three areas: offer, financial and risk analysis and skills - sales, communication, negotiation, etc.

- Tailor-made training programs for each business line developed and updated according to the expressed business requirements and regulatory developments;
- Behavioural training programs (customer care, communication, sales & negotiation techniques, complaints management, public presentation, stress management, conflict management, teamwork).
- Other training programs, based on business requirements and regulations:
 - ✓ risk awareness sessions for front office teams;
 - ✓ certification-trainings in the field of insurance and private pensions for front-office employees;
 - ✓ MiFID II e-learning courses.

EMPLOYEE ENGAGEMENT AND IMPACT IN EDUCATIONAL ENVIRONMENT

Employee's motivation and engagement continued to be one of the strategic axes of BRD. Actions for improving employees' motivation include: Human Resources meetings organized at an interval of minimum 18 months, increased volunteering actions among employees through Human Resources programs organized in universities both in Bucharest and in the country and high schools, employee's involvement in employer branding activities among university students using partnerships with: student NGOs, universities, schools and other NGOs. An integrated program of education and empowerment in the area of banking was implemented in some locations and partnerships with academic partners (Mindcraft Academy by BRD deployed in Bucharest in 2 universities, Baia Mare, Iasi, Brasov, Craiova, Timisoara, Galati) and 2 other locations have been identified for 2019.

The Mindcraft Academy program was extended to high schools - workshops on financial education, internships and career talks.

An application for an optional training is under development now – the objective is to develop a soft skills training related to competencies of the future, in partnership with Junior Achievement, Business Administration Faculty/ UB and other two universities.

WORK/LIFE BALANCE

"The BRD ID Matters!" is the project through which discounts are negotiated for BRD employees, formalized under a series of agreements. BRD employee rebate program is simple, easy to use and has one goal - to offer and promote the best deals.

In 2018, the portfolio of partnerships was reviewed and now we have approximately 100 top-level national partners, being thus accessible and easy to use for all employees. Efforts to extend the number of partnerships will be increased by involving colleagues from Retail in identifying partners.

At the same time, there were new initiatives, while other existing events were extended:

- "Bookster" is a modern library that delivers books directly to the office and provides an online platform where you can borrow books, read case studies online or watch TED videos or courses taught at top universities. We can choose among thousands of books on professional and personal development areas, social affairs, finance, success stories, hobbies, time management, literature, etc.
- Organizing fairs for various events, for example: the 1st of March (Martisor), Children's Day, Easter, Christmas, before starting school, etc.
- Organizing seminars on: health (ophthalmologic consultation, dental or body fitness assessments), Mindfulness ("Mindfulness Based Stress Reduction"), parenting ("My child's needs") or English communication (English through film workshop for employees)
- Improvement of working environment, methods tailored to different populations.

REMUNERATION POLICY AND PRACTICES

The BRD Remuneration Policy and Practices respects:

- local and EU regulations: Regulation 5/2013 BNR, CRD IV, 604/2014, MiFID II, Volker
- EU guidelines on sound remuneration policy and remuneration of sales staff
- Societe Generale policies

The Remuneration Policy is approved by the Board of Directors of BRD on the recommendation of the Remuneration Committee.

BRD REMUNERATION POLICY

- Is constantly adapted to the culture, growth and profitability objectives and to the long-term strategy of the Bank as well as its control framework;
- Promotes a sound and efficient risks management;
- Helps limit and control of possible operational risks without encouraging any risks that exceed the Bank's risk tolerance level. The bank encourages a prudent behavior (avoiding excessive risks);
- Recognises the individual and collective performance, while encouraging teamwork, ensuring a fair and competitive remuneration subject to strictly complying with the powers and performance; performance is assessed in a multiannual framework;
- In evaluation of individual performance, financial and non-financial criteria are considered, as: accumulated knowledge, personal development, contribution to the team's performance etc.

The Bank ensures a correct and competitive remuneration, by strictly complying with competences and performances, with 2 components correctly proportioned:

- fixed component
- variable component.

Fixed remuneration - reflects the relevant professional experience and organisational responsibility, according to the employee's Job Description as part of the employment terms. Fixed remuneration represents a sufficiently high proportion of the total remuneration to allow the application of a fully flexible policy on the components of variable remuneration, including the possibility of not paying any of its components.

Variable remuneration - reflects sustainable and risk-adjusted performance as well as the performance that exceeds the necessary performance to fulfil the duties provided for in the employee's Job Description as part of the employment terms.

Variable remuneration:

- It is not guaranteed or carried forward automatically from one year to another. The variable component distribution mechanisms do not guarantee the granting of sums over several years. Thus, the variable remuneration is subject to a fair annual review process;
- The guaranteed bonuses are prohibited. BRD personnel is not overly dependent on bonuses;
- It does not limit the Bank's ability to strengthen its capital base;
- It is not paid through means or methods that facilitate the circumvention of the regulations in force;
- It does not encourage taking risks which influence the Bank's risk profile;
- It also takes into consideration all current or future risks;
- Payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct.

The Bank may decide to reduce or not even grant the variable remuneration if it cannot be supported in accordance with the overall financial situation of the Bank, of the structure in which the activity is carried out and the employee concerned.

The variable remuneration is considerably reduced if the Bank records a poor or negative financial performance, taking into account both the current remuneration as well as the reductions in payments related to the sums due, as previously determined, including malus or clawback agreements signed. Up to 100% of the variable remuneration is subject to malus or clawback signed agreements.

For different types of jobs, it is possible to use different schemes for granting the variable remuneration. There is a maximum limit defined for the variable component, which may not exceed 100% of the fixed component of the total remuneration.

For sales staffs, commercial objectives are set to take into account the rights and interests of the consumers, so that:

- Sales process is in the client's interest;
- They do not promote the provision of a specific product/ service or a category of products/ services over others products/ services such as products/ services which are more profitable for the institution or for an employee, to the detriment of the consumer.

The special principles applicable to the categories of identified staff are:

- The variable remuneration may decrease or not even be paid at all.
- The personnel members are paid, or receive the rights related to, the variable remuneration, including the deferred part thereof only if the variable remuneration can be supported in accordance with the Bank's overall financial situation and if it can be justified in accordance with the performance of the Bank, the structure in which the activity is carried out and the individual concerned.
- The personnel members receive the rights of the deferred part of the variable remuneration, subject of the fulfillment of the minimum performance requirements.
- A major part, which, in all cases, accounts for at least 40% of the variable remuneration component, is deferred for a period of at least 3 years. For identified staff, at least 50% of any variable remuneration shall consist of shares or equivalent, which are subject to an appropriate retention policy, designed to harmonise the incentives with the Bank's long-term interests.
- The personal strategies for risk hedging or insurance policies related to remuneration and liability to counteract the risk alignment effects stipulated in the personnel remuneration agreements are prohibited. One may insure the currency risk using derivatives.

Financial data for 2018, according to the disclosure requirements covered by Art. 450 (h), EU Regulation 575/2013 will be published at a later date, on the Bank's website.

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

a) Remuneration of the members of executive Committee (including CEO)

Remuneration is composed from monthly fix remuneration and variable annual remuneration granted as performance bonus. For management expatriate staff are granted some benefits according to Societe Generale policy, in order to facilitate their living with families in Romania.

b) Remuneration of the members of the Board of Directors

For 2018, the Ordinary General Assembly of Shareholders approved an individual remuneration for the non-executive members of the Board of Directors amounting to EUR 1,500 / month + 19.9% to compensate for tax transfer (gross amount, in lei equivalent).

General limit for the directors' and members of the Executive Committee remunerations, including additional remunerations, for 2018, amount to RON 16.8 million, gross amount (compensation for tax transfer included).

4. CORPORATE AND SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) within BRD consolidates the role the bank has assumed as a bank in society: a trusted partner for its clients, committed to help them realizing their goals and driving positive transformation for the economy and the future of Romanian society.

BRD's CSR policy supports development, innovation and sustainability for both the bank and its stakeholders, being one of the four essential pillars of Level Up, the strategic development program assumed by the bank at the end of 2017.

RESPONSIBILITY APPLIED TO BUSINESS LINES

EQUATOR PRINCIPLES

BRD applies the Equator Principles since 2009. This commitment taken by Société Générale Group provides, for the social and environmental risk assessment of projects, the allocation of over USD 10mn.

In 2017, Société Générale pledged to help raise EUR 100bn in financing for the energy transition between 2016 and 2020 and to report regularly the achievements.

SG Group also adopted in 2018 exclusion policies for oil exploration and extraction activities from desert areas and Arctic zone.

RESPONSIBILITY TO THE COMMUNITY

EDUCATION

FINANCIAL EDUCATION PROGRAMS

BRD has continued for the third year (2016 – 2018) the financial education programme "Understanding Money for Kids" for primary and gymnasium schools, program developed by the Association for Promoting the Performance in Education.

Through this program, over 10 000 financial education exercise notebooks and manuals were designed, printed and distributed, explaining children what money are, how they are spent, saved, borrowed or invested today, basic economics notions, information about actual methods of payments, about how technology and bank can work together and about the good practices to manage your own budget.

With the help of teachers, many of the children realized practical projects like websites, bank agencies or ATM mock-ups, simulations for saving products or "business plans", which were presented every year during Bucharest Small Bankers Olympics.

CULTURE

BRD invests in classical music, visual arts, and performing arts and in projects that promote and help to develop the young generation. BRD supports projects that provide wider public access to the culture and projects that build new audiences, especially young audiences.

In 2018, BRD launched **Fundatia9**, a non-profit initiative that aims to support the leaders and the projects of the new generation of creators and teachers, by offering them affirmation programs and platforms. The bank provided Fundatia9 with resources, but also with the know-how developed in the past years, as incubator for cultural and educational projects, and platforms of ideas. These platforms are now placed under the guidance of an independent Directory Board, to be curated and extended.

These are: **Scena9**, the platform for cultural journalism founded in 2015, already an important voice on the Romanian cultural scene, and **Rezidenta BRD Scena9**, a cultural center dedicated for the young generations of contemporary culture creators, that accommodates, finances and produces an interdisciplinary cultural program.

Rezidenta BRD Scena9, hosted or co-produced over 60 cultural events in 2018 where over 10 000 people participated. These events are from a wide range of ideas, debates, conferences, and contemporary art exhibitions of documentary photography or children workshops.

Fundatia9 developed *Fondul de Cinema "Lucian Pintilie"* program, created in memory of this important Romanian director. The fund has the purpose to honor the memory of the big filmmaker and to offer support to author movies, signed by Romanian debutant directors, under the spirit of Pintilie cinematography. In 2018, the Foundation awarded 3 scholarships to young Romanian cineastes.

PERFORMING ARTS

The most important partnerships in 2018 in performing arts are with *Sibiu International Theatre Festival*, *Bucharest National Theatre Festival* and *Youth Theatre Festival Ideo Ideis* from Alexandria.

CONTEMPORARY ART

BRD was for the fourth year the main partner of *White Night of the Galleries*, event that celebrates contemporary art. BRD organized at Rezidenta BRD Scena9, a cultural hotspot, the main exposition of the event dedicated to independent cultural spaces. BRD has also organized guided tours and children workshops for the exhibit "*What's the idea with contemporary art.*" In addition, Rezidenta BRD Scena 9 is a space that favoured contemporary arts and photography in 2018, by producing and hosting another 3 exhibitions.

CLASSICAL MUSIC is a way for BRD to share with the public the values the BRD team believes in: excellence, innovation, commitment.

SoNoRo Conac (Mansion) is a series of 10-15 musical chamber concerts that started from the idea of increasing the public awareness about the multitude of rehabilitated buildings, but in which no cultural events ever took place. These are fabulous, spectacular, elegant buildings that, nonetheless, are not used for cultural purposes.

Stradivarius Tour is another project that combines artistic excellence with generosity. The project aims to bring classical music to a broader audience. The violinist Alexandru Tomescu included in 2018 musical tour, 16 large and medium cities in Romania, at which thousands of people attended. During these tour, people are encouraged to contribute financially to support "*Enescu Academy*" - a project aiming to bring artistic education to children from the north part of Romania.

Choral music was in BRD's focus in 2018, through "*Playing for Philharmonie de Paris*" project, organized by Societe Generale Group. In this unique program, over 300 amateur musicians, employees of the Group, prepared next to professional musicians to sing on the scene of Paris Philharmonics. 32 BRD and subsidiaries employees, amateur musicians got involved in this project and dedicated their time to musical training. BRD also offers support to professional musical choirs as: Royal Choir, Armonia Choir and Radio Choir for Kids.

Along with *Princess Margareta of Romania Foundation*, BRD supports for 10 years now the Young Talents program, where over 30 young artists received scholarships and access to creative camps, competitions abroad, mentoring programs and promotion.

NEW JOURNALISM

For the fifth year, BRD supports young journalism through the partnership with *Friends For Friends Foundation* for "*Superscrieri Awards*" - the event that rewards the best nonfiction writings in Romania and for "*Superscrieri Days*" - a series of events, workshops that bring together experienced journalists, young journalism platforms and their public.

Together with *Friends For Friends Foundation*, BRD wants to contribute to the growth of a new generation of journalists.

TECHNOLOGY AND INNOVATION

BRD supports Romania's development through technology and innovation, by engaging efforts into preparing the key actors (new generation, IT& tech specialists and entrepreneurs) for a digital society. BRD's focus is on projects with direct impact on the Romanian youth, as they are the most "native and naturally" prepared to build a digital future.

BRD's main brand programs in the field of technology and innovation are:

"MINDCRAFT – BRD development hub" is a platform-program aiming to encourage young people to develop through technological creativity and innovation. Under the **MINDCRAFT's** umbrella, BRD's support for young people is reflected in partnerships with competitions and programs that encourage technological creativity: national robotics competitions like BRD First Tech Challenge, 2 robotic labs opened inside the Polytechnic University of Bucharest (one for pupils from FTC competition system and one for students and young entrepreneurs in technology), Innovation Labs and RIDS (Romanian Institute of Data Science).

BRD First Tech Challenge program makes robotics and technology accessible in high schools all around the country. It challenges students to design, build and program robots and teachers to adopt teaching methods focused on pragmatic learning.

In the first 3 editions (2016-2018) the competition comprised 145 high schools, with over 2000 students and 400 teachers activating in robotics teams. By 2022, BRD First Tech Challenge will help 250 high schools and more than 200,000 students to develop tech and robotics skills.

At the same time, BRD's promise is reflected in programs for developing youth entrepreneurship through partnership with *Innovation Labs*, the biggest business accelerator for young entrepreneurs in Romania. Young people are encouraged to develop tech products and to open their own business under the mentorship of specialists from Romanian business environment.

Another project that combines education and technology was "*The Power of Imaginary*" a project developed by BRD with CINETIC (International Creative Innovation Research and Education Center) and the young scenographer Adrian Damian. This represents an interactive installation that uses technology (i.e. neuronal headsets, holograms), to measure brain activity during reading. The installation was made available for the wide public during a vast type of cultural events as Gaudeamus Book Fair, Sibiu International Theater Festival, and International Theater Day (at Odeon Theater).

SPORTS

Be it tennis or handball, experienced athletes or young talents, BRD reaffirmed its commitment to promote sports in Romania. The most representative partnerships are WTA Tournament BRD Bucharest Open and the partnership with the Romanian Handball Federation.

SOCIAL INVOLVEMENT MECHANISMS

BRD tried to create mechanisms through which employees, but also its customers and partners, can become involved in a permanent manner.

In July 2018, BRD launched *Ziua V, BRD first internal volunteering program*. The program offers BRD employees the opportunity to choose when and how to get involved, but also the community causes they feel connected to and which they want to support through volunteering.

The program is based on a special online platform, populated with volunteering projects from different areas and domains, from where the employees can choose according to their preferences. In order to facilitate employees involvement in volunteering actions, the bank allocated 1 day/ year/ employee, when employees can choose to leave the office, and go to volunteer for the community. 6 months from the launch of Ziua V program, 37 volunteering projects took place all over the country, involving over 1,400 volunteering employees.

Through BRD payroll-giving program "*Superoameni pentru Supersanse*", BRD financed in 2018 educational and child abandonment prevention programs developed by *Hope and Homes for Children Romania* Foundation. To this program participated more than 700 employees who donated monthly amounts, amounts which were doubled afterwards by the Bank. In 2018, this project allowed the inclusion of 280 children and youth from disadvantaged communities into school and pre-school prevention program. 50 children and youth that are in charge with adult responsibilities at home, have been included in "Little big people" project and received support to develop competences to become

independent. 40 youth in difficulty received excellence scholarships from BRD, that allow them to continue their studies and follow their passions.

In line with our corporate social responsibility, in 2018, BRD's Christmas corporate gift for clients was to redirect the annual budget assigned to client gifts for the project building the First Oncology and Radiotherapy Hospital for Children in Romania, developed by Daruieste Viata Association.

RESPONSIBILITY TO THE ENVIRONMENT

The Bank also generates environmental impacts through its business activity. Aware of its responsibility in this respect, the Groupe Société Générale applies its environmental policy in terms of its own activities; such policy involves the control and improvement of its direct impact on the environment, in association with its various stakeholders. As part of its 2014-2020 carbon reduction programme, Société Générale has decided to reduce its CO2 emissions by 20%.

BRD takes also measures to diminish its negative impact on environment.

In the last 3 years, BRD had the following quantities of CO2 emissions:

Tonnes CO ₂	Total emissions CO ₂		
	2016	2017	2018
Emissions CO ₂	20 897*	19 353*	19 282

**CO2 emissions or carbon footprint are calculated according to a number of specific emission factors, which vary from one year to other. For comparability purpose between years, the calculations are repeated each year for previous years too, using the emission factors of the reporting year.*

COLLECTION AND RECYCLING OF WASTE IN BRD

BRD implemented a program of collection and recycling of waste from electric and electronic equipment, in partnership with the associations *Recolamp* and *Ateliere fara Frontiere*. In 2018, BRD donated 180 kg of lighting bulbs to *Recolamp* and 17 tons of electric and electronic waste to *Ateliere fara Frontiere Association*, being the largest contributor of the association.

5. GROUP ACTIVITY AND RESULTS

ECONOMIC AND BANKING ENVIRONMENT 2018

Romania's GDP growth decelerated compared to one year ago, but remained rather strong, reaching +4.1% in 2018 compared to +7.0% in 2017. The key driver of the economic growth remained the private consumption, which benefitted from major increases in salaries and pensions, coupled with low unemployment rate, thus keeping households tendency for consumption at a high level. By contrast, investment continued to be weak and the foreign demand weighted on growth, reflecting the slowdown in the dynamics of exports of goods and services compared to that of imports.

The annual inflation rate reached 3.3% YoY at December 2018, similar to 2017 dynamics, re-entering within National Bank of Romania's target (2.5% \pm 1 pp), after decreasing from the 5.4% pick level seen at the end of June 2018.

Given the inflation expectations throughout the year, NBR maintained an accommodative monetary policy in 2018, leaving the key policy rate unchanged at 2.5% since May 2018 as well as the minimum reserve requirements, at 8% for both RON and FX liabilities.

On the banking market, 2018 brought a favourable evolution in lending, together with the further expansion of savings, while the quality of banks' assets continued to improve. Loans granted to private sector (individuals and companies) increased by +7.4%* versus 2017 end, benefitting from a favourable economic context (increasing wages, still relatively low level of interest rates). Loans to individuals recorded a strong advance on a yearly basis (+9.1%* YoY), while loans to companies accelerated towards the year-end (+5.7%* YoY). By destination, housing loans inched higher by +11.0%* compared to 2017 end, supported by Prima Casa; consumer loans' advance reached +6.9%* YoY. Deposits growth remained elevated year on year, +8.5%*, marked by a solid advance on both segments: individuals (+10.5%* YoY) and companies (+6.1%* YoY).

The ratio of non-performing loans for the banking system (according to European Banking Authority) continued to decline, reaching 4.95% at December 2018 end compared to 6.41% at December 2017 end, supported by balance sheet cleaning operations.

The capitalisation of the Romanian banking system remained comfortable, with a capital adequacy ratio of 19.66% as of 2018 end.

*Variations at constant foreign exchange rate

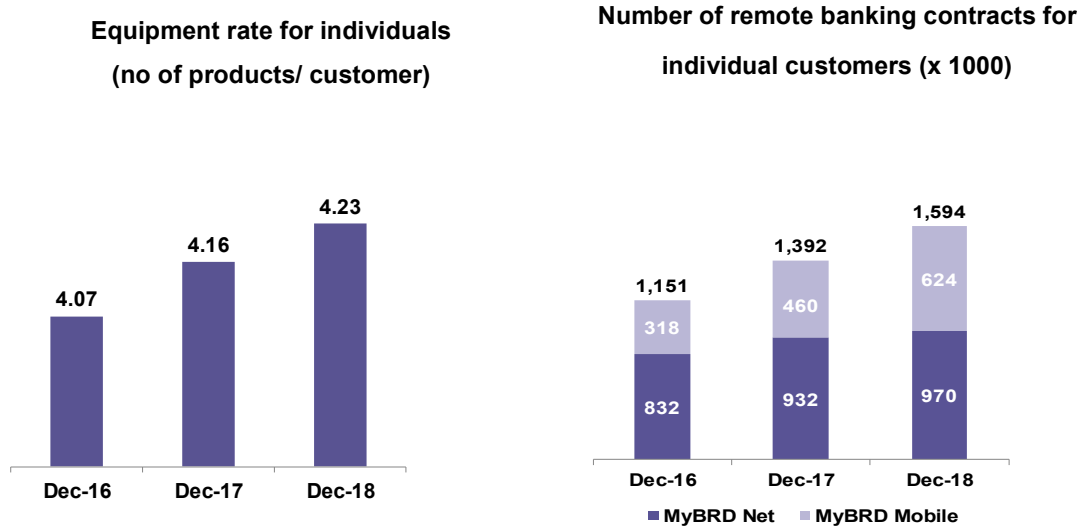
AWARDS RECEIVED IN 2018

- “Bank of the Year in Romania” awarded by The Banker for the year 2018
- “Bank of the Year in Romania” awarded by Euromoney for the year 2018
- “e-product” award from eFinance for ContALL, the first bank account aggregator on the Romanian market (MyBRD Mobile)
- “Best Trade Finance Provider in Romania”, “Best Sub-custodian Bank in Romania” and “Best FX Provider” awarded by Global Finance
- Best Sub-custodian Bank in Romania according to the Sub-custody Survey 2018 of Global Investor Group
- “Custodian Bank with the largest portfolio of financial instruments administered in 2018”, by Bucharest Stock Exchange
- “Best investment fund” awarded by Piata Financiara for the Simfonia mutual fund managed by BRD Asset Management
- “Friendliest bank for youth”, awarded by Mastercard

COMMERCIAL ACTIVITY

As at December 31, 2018 the Bank had 723 branches (31.12.2017: 760 branches), ensuring the distribution of its products and services throughout the whole country.

Moreover, the equipment rate for individuals continued to rise, from 4.16 at December 31, 2017 to 4.23 at December 31, 2018, benefitting from increasing demand for remote banking solutions.



BRD held a market share of 12.0% of total assets at December 31, 2018, according to the Bank's internal calculations.

	2016	2017	2018
TOTAL ASSETS	12.9%	12.5%	12.0%
LOANS	13.2%	12.8%	12.1%
<i>Individuals</i>	16.9%	16.9%	16.1%
<i>Companies</i>	9.7%	8.7%	8.1%
DEPOSITS*	14.1%	13.4%	12.6%
<i>Individuals</i>	14.0%	13.8%	13.2%
<i>Companies</i>	14.3%	13.0%	11.9%

* Deposits include public administration

The structure of the customer **loans** at Group level evolved as follows over the last three years:

RON bln	Dec-16	Dec-17	Dec-18	vs. Dec-17
Retail	19.2	20.8	21.6	3.7%
Individuals	18.5	20.2	21.0	3.9%
Small business	0.7	0.6	0.6	-3.6%
Non-retail	7.7	7.6	8.0	4.9%
SMEs	2.6	2.5	2.3	-7.7%
Large corporate	5.1	5.2	5.7	10.9%
Total net loans	26.9	28.5	29.6	4.0%
Financial lease receivables	0.7	0.7	0.8	4.6%
Total net loans, including leasing	27.5	29.2	30.4	4.0%

Note: Non-retail loan outstandings at December 31, 2016 and December 31, 2017 have been restated for comparability purpose, thus, similar to the non-retail loan outstanding at December 31, 2018, they exclude reverse repo transactions held for trading purpose, which were included in other financial instruments held for trading.

The net loans outstanding of BRD Group, including leasing receivables, increased by 4.0% versus 2017 end thanks to positive contributions from both retail and non-retail segments.

On individuals' segment, the stock of net loans increased by 3.9% thanks to housing loans (up by 4.7%) and unsecured consumer loans (up by 7.0%).

Non-retail loans outstanding was up by 4.9%, year on year, mostly thanks to the large corporate segment. As regards SMEs, in 2018, BRD granted more than EUR 100 million financing to SMEs through various national and European programmes, thus actively contributing to the sustainable development of the SME sector in Romania. It co-financed more than 140 investment projects with EU grant component, through loans amounting to EUR 54 million, of which around half to the agricultural sector under the National Programme for Rural Development (PNDR). BRD also continued to support Romanian farmers by granting 3,200 APIA bridge loans, totaling over EUR 35 million.

The customers' **deposits** structure at Group level evolved as follows over the last three years:

RON bln	Dec-16	Dec-17	Dec-18	vs. Dec-17
Retail	26.0	27.8	29.8	7.1%
Individuals	22.5	24.0	25.5	6.1%
Small business	3.5	3.8	4.3	13.5%
Non-retail	16.2	16.4	15.4	-6.0%
SMEs	6.3	6.6	6.3	-4.9%
Large corporate	9.8	9.7	9.1	-6.8%
Total deposits	42.2	44.2	45.2	2.3%

Deposits from customers increased by 2.3% versus 2017 end pushed by the retail segment largely due to inflows in current accounts, which were up by 21% on rising disposable income. Non retail deposits declined in a context of comfortable liquidity position.

For the evolution of the main components of the net banking income please refer to "Financial results" section.

SUBSIDIARIES ACTIVITY

BRD SOGELEASE IFN SA

As of December 31, 2018, BRD Sogelease net outstanding of leasing financing increased by 4.5% to RON 761 million from RON 728 million at the end of 2017. New leasing production reached RON 520.5 million, with commercial vehicles and passengers having the highest weight, followed by construction and industry, equipment for agriculture, IT and medical.

BRD FINANCE IFN SA

BRD Finance results in 2018 continued the positive evolution from the previous years: the net loan portfolio increased by 9% reaching RON 577 million, while the loan production also recorded an improvement of 9% to RON 670 million due to increases on products like consumer loans and car loans. Net banking income reached RON 102.4 million, up 6% compared to 2017.

The performance was sustained by the continuation of the commercial strategy based on the consolidation of key partnerships, combined with the constant optimization of internal processes and a strict control of costs and risks.

BRD ASSET MANAGEMENT SA

BRD Asset Management is one of the most important actors on the Romanian UCITS market, with a market share of 12.77%* at the end of December 2018. The company had RON 2.75bn assets under management at December 2018.

BRD Asset Management offers 7 different open-end funds, all with their specific portfolio structure, risks and target yield and recommended investment period. Among these, BRD Simfonia, (denominated in RON), BRD Euro Fond (denominated in Euro) and BRD USD Fond (denominated in USD) invest mainly in fixed income and money market instruments, while BRD Obligatiuni concentrates on corporate bonds. BRD Diverso (denominated in RON and EUR) is a balanced fund with investments in equities, money market and fixed income instruments. The objective of the fund is that the value of the unit fund does not fall below 90% of the protected value, using a Constant Proportion Portfolio Insurance (CPPI) strategy. BRD Actiuni (denominated in RON and Euro) is focused on Romanian stocks, while BRD Index is an equity fund focusing on CEE markets.

** market share computation based on total open-end funds assets under management*

FINANCIAL POSITION ANALYSIS

The below financial position analysis is made based on the separate and consolidated financial statements prepared according to the International Financial Reporting Standards, for the period ended December 31, 2018 and the comparative periods.

FINANCIAL POSITION – ASSETS

The total assets at December 31, 2018 increased by 1.1% for the Bank and by 1.4% for the Group versus December 31, 2017.

The structure is presented below:

THE BANK

Assets (RONm)	Dec-16	Dec-17	Dec-18	% total	vs. Dec-17
Cash and current accounts with Central Bank	7,140	7,682	6,022	11.1%	-21.6%
Loans and advances to credit institutions	1,496	2,487	3,298	6.1%	32.6%
Net loans and advances to customers	26,398	27,873	28,893	53.4%	3.7%
Other financial instruments	14,408	14,093	14,533	26.9%	3.1%
Tangible and intangible assets	976	992	1,004	1.9%	1.3%
Other assets	239	365	339	0.6%	-7.1%
Total assets	50,658	53,491	54,089	100.0%	1.1%

THE GROUP

Assets (RONm)	Dec-16	Dec-17	Dec-18	% total	vs. Dec-17
Cash and current accounts with Central Bank	7,140	7,682	6,022	10.8%	-21.6%
Loans and advances to credit institutions	1,523	2,506	3,316	6.0%	32.3%
Net loans and advances to customers	26,852	28,469	29,603	53.1%	4.0%
Financial lease receivables	664	728	761	1.4%	4.6%
Other financial instruments	14,408	14,108	14,552	26.1%	3.1%
Tangible and intangible assets	988	1,002	1,014	1.8%	1.2%
Other assets	306	433	452	0.8%	4.4%
Total assets	51,881	54,927	55,719	100.0%	1.4%

Note: Loans and advances to customers and Loans and advances to credit institutions at December 31, 2016 and December 31, 2017 have been restated for comparability purpose, thus, similar to the amounts at December 31, 2018, they exclude reverse repo transactions, which were included in other financial instruments held for trading.

LOANS AND ADVANCES TO CUSTOMERS

The net loans outstanding amount to customers increased by 3.7% for the Bank and by 4.0% for the Group (excluding leasing) compared to previous year, due to both retail and non-retail segments positive performance.

CASH, CURRENT ACCOUNTS WITH THE CENTRAL BANK AND LOANS AND ADVANCES TO CREDIT INSTITUTIONS

Cash and current accounts with the central bank and loans and advances to credit institutions decreased by 8.3% versus December 31, 2017 for the Group.

The minimum reserve requirements held with the Central Bank increased by 1.9% from RON 3 562 million at December 2017 to RON 3 631 million at December 2018.

OTHER FINANCIAL INSTRUMENTS

Other financial instruments mostly represent treasury bills and bonds issued by the Romanian Government. This aggregate includes financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss, derivatives and other instruments held for trading, investments in associates and subsidiaries as well as non-current assets held for sale. These items represented 26.1% of Group assets as of December 31, 2018 end, slightly increasing compared to the previous year end.

TANGIBLE AND INTANGIBLE ASSETS

The tangible and intangible assets (out of which land and buildings represent the largest part, 56% of this aggregate) account for 1.8% of the total Group assets.

The total value of investments (additions of Property, Plant and Equipment, Investment Properties, and Intangible assets) amounted to approximately RON 146 million for the Bank and RON 148 million for the Group in 2018, compared to RON 148 million for the Bank and the Group in 2017. There is no capitalized research and development expenditure.

FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities, for the period 2016 – 2018 is as follows:

THE BANK

Liabilities and shareholders equity (RONm)	Dec-16	Dec-17	Dec-18	% total	vs. Dec-17
Amounts owed to credit institutions	670	935	314	0.6%	-66.4%
Amounts owed to customers	42,291	44,387	45,316	83.8%	2.1%
Other liabilities	1,330	1,141	1,132	2.1%	-0.8%
Shareholders equity	6,367	7,028	7,327	13.5%	4.3%
Total liabilities and shareholders equity	50,658	53,491	54,089	100.0%	1.1%

THE GROUP

Liabilities and shareholders equity (RONm)	Dec-16	Dec-17	Dec-18	% total	vs. Dec-17
Amounts owed to credit institutions	1,633	2,138	1,604	2.9%	-25.0%
Amounts owed to customers	42,193	44,220	45,217	81.2%	2.3%
Other liabilities	1,382	1,201	1,240	2.2%	3.3%
Shareholders equity	6,674	7,369	7,657	13.7%	3.9%
Total liabilities and shareholders equity	51,881	54,927	55,719	100.0%	1.4%

AMOUNTS OWED TO CUSTOMERS

The Group, as well as the Bank, continue to enjoy a stable and solid funding base. Amounts owed to customers increased by 2.1% for the Bank and by 2.3% for the Group, compared to December 31, 2017 and accounted for 84% of the total liabilities and shareholders' equity at Bank level and 81% at Group level. Customers' deposits increase was largely generated by higher inflows in current accounts.

AMOUNTS OWED TO THE CREDIT INSTITUTIONS

Amounts owed to credit institutions represent mainly borrowings from International Financial Institutions and the Parent, and stood at 2.9% from total liabilities and shareholders' equity for the Group at December 31, 2018.

BRD Group's borrowings from Société Générale totalled RON 1.1 billion (2.3% of total liabilities).

SHAREHOLDERS' EQUITY

The shareholders' equity increased by 4.3% compared to December 31, 2017 for the Bank and by 3.9% for the Group (up by 5.1% for the Bank and by 5.0% for the Group, compared to January 1, 2018 shareholders' equity, after applying IFRS 9 FTA impact) due to higher full year result.

The structure of the shareholders' equity evolved as follows:

THE BANK

Shareholders' equity (RONm)	Dec-16	Dec-17	Dec-18	vs. Dec-17
Share capital	2,516	2,516	2,516	0.0%
Other reserves	272	62	(3)	n.a.
Retained earnings and capital reserves	3,580	4,451	4,815	8.2%
Total shareholders' equity	6,367	7,028	7,327	4.3%

THE GROUP

Shareholders' equity (RONm)	Dec-16	Dec-17	Dec-18	vs. Dec-17
Share capital	2,516	2,516	2,516	0.0%
Other reserves	272	66	3	-95.4%
Retained earnings and capital reserves	3,836	4,733	5,092	7.6%
Non-controlling interest	50	53	47	-12.8%
Total shareholders' equity	6,674	7,369	7,657	3.9%

LIQUIDITY POSITION

Both the Bank and the Group maintained a comfortable liquidity position in 2018.

The net loan/deposit ratio reached 63.8% at December 31, 2018 (from 62.8%* at December 31, 2017) for the Bank and 67.2% for the Group (from 66.0% at December 31, 2017), including financial lease receivables.

* Net Loan/deposit ratio at December 31, 2017 was restated for comparability purposes following the reclassification of reverse repo transactions held for trading from loans outstanding to other financial instruments held for trading.

2018 FINANCIAL RESULTS

The comparative income statement of the Bank for the period 2016 – 2018 is presented below:

RONm	2016	2017	2018	18/17
Net banking income	2,634	2,641	2,981	12.8%
- net interest income	1,481	1,604	1,869	16.5%
- net commissions	737	726	759	4.5%
- other banking income	416	311	352	13.3%
Operating expenses	-1,310	-1,388	-1,400	0.9%
- staff expenses	-643	-691	-716	3.6%
- non-staff expenses	-667	-697	-684	-1.8%
Operating profit	1,324	1,254	1,581	26.1%
Net cost of risk	-461	376	246	-34.4%
Gross result	863	1,630	1,828	12.1%
Net result	728	1,380	1,546	12.0%

The comparative income statement of the Group for the period 2016 – 2018 is presented below:

RONm	2016	2017	2018	18/17
Net banking income	2,778	2,786	3,115	11.8%
- net interest income	1,586	1,719	1,989	15.7%
- net commissions	773	763	797	4.5%
- other banking income	419	303	329	8.5%
Operating expenses	-1,388	-1,473	-1,490	1.1%
- staff expenses	-688	-739	-768	3.9%
- non-staff expenses	-700	-734	-722	-1.7%
Operating profit	1,390	1,313	1,626	23.8%
Net cost of risk	-484	360	230	-35.9%
Gross result	907	1,672	1,856	11.0%
Net result	763	1,415	1,563	10.5%
Profit attributable to equity holders of the parent	758	1,406	1,556	10.6%

BRD Group 2018 net banking income reached RON 3,115 million, up by 11.8% YoY, on broad based revenue growth. Net interest income increased by 15.7% YoY, reflecting volume growth in both customer loans and deposits, and the favorable interest rate environment. Net fees and commissions advanced by 4.5% YoY, mostly on dynamic trends on card activity and depository and custody services, as well as transaction volume growth.

Operating expenses totaled RON 1,490 million, increasing only marginally on a yearly basis (1.1% YoY), with reduced cumulated contributions to Bank Deposit Guarantee and the Resolution Funds almost compensating higher staff expenses (3.9% YoY, related to salary and other benefits adjustments, in a tight labor market) and increasing IT costs, driven by transformation related investments.

BRD Group registered a very strong operating performance, with gross operating result increasing by 23.8% YoY compared to 2017. Cost/Income ratio was further improved to 47.8% (-5.1 pts) compared to 52.9% in 2017.

The risk profile of the loan book continued to be upgraded: NPL ratio kept trending downwards, to 4.6% at 2018 end vs. 6.8% at 2017 end, reflecting write-off operations and sales of non-performing loans as well as the good control of risk at loan origination. Coverage ratio remained at adequate level, at 74.2% at Dec 2018 end, unchanged compared to 2017 end (non-performing loans, according to EBA definition). Net cost of risk registered RON 230 million write-backs in 2018 vs. RON 360 million in 2017.

In this context, BRD Group net profit reached RON 1,563 million in 2018, higher by 10.5% YoY on further business growth, improved operating performance and net cost of risk write-backs. This performance led to a return on equity of 20.8% in 2018 compared to 20.1% in 2017. Return on assets reached 2.8% in 2018 (vs. 2.6% in 2017). The Bank registered similar trend, with net profit amounting to RON 1,546 million, up by 12.0% from RON 1,380 million in 2017.

Neither Bank's nor the Group's revenues depend on a single or group of connected customers; hence there is no risk that the loss of a customer might significantly affect the income level.

No subsequent events were identified after the reporting date.

6. RISK MANAGEMENT

Risk management within BRD is based on an integrated concept that takes into account the statutory and regulatory norms as defined and required by the NBR and European Supervisory Bodies, the risk management standards of Société Générale, together with the best practices accepted by the banking industry.

RISK MANAGEMENT OBJECTIVES AND RISK APPETITE SETTING

Risks are managed within a continuous process of identification, assessment, monitoring, reporting and control, considering risk limits, approval authorities, segregation of duties and other risk mitigation techniques.

The main objectives of the Bank's risk management strategy are:

- To support the business development by ensuring that business objectives are pursued in a risk-controlled manner, with due consideration for the stated risk appetite
- To ensure the Bank's sustainability as a going concern, through the implementation of an efficient system for risks analysis, measurement, monitoring, reporting and mitigation
- To encourage risks diversification with the aim of keeping a balanced risk-return profile for all activities of BRD group entities
- To maintain adequate capital levels as per regulatory requirements and internal assessment
- To promote a Bank-wide strong risk awareness and risk management culture

In order to identify all the risks (financial and non-financial) to which BRD is exposed and which are inherent to its activity, a comprehensive risk assessment exercise is performed on an annual basis. Therefore, the Bank's risk management strategy focuses on the following categories of risks identified as significant, any of which could adversely affect its business, results of operations and financial situation:

- Credit risk and associated risks
- Liquidity risk
- Structural risks (interest rate risk and foreign exchange risk in the banking book)
- Market risk in trading book
- Operational risk
- Compliance risk
- Reputational risk
- Strategic risk
- Excessive leverage risk

Based on the results of the risk assessment exercise and with due consideration for its strategic objectives, the Bank defines the risk appetite framework and the risk appetite statement.

The risk appetite represents the aggregate level and types of risk that BRD is willing to assume, a priori and within its risk capacity, to achieve its strategic objectives and business plan.

The risk appetite statement sets the Bank's approach towards taking on and managing risks and is structured along two dimensions: quantitative and respectively qualitative. At aggregate level, the risk appetite is defined by reference to the main strategic dimensions - *Profitability, Capital Adequacy, Creditworthiness, Liquidity and Leverage* - on the basis of the annual strategic planning, in order to ensure alignment of risk, capital and performance targets, which allows the Bank to:

- Set capital adequacy goals with respect to risk, considering strategic focus and business plans
- Assess risk-bearing capacity with regard to internal and external (regulatory) requirements
- Apply stress testing to assess the impact on the capital demand, capital base and liquidity position

The aggregate risk appetite is further cascaded down to material risk categories and where appropriate, to business lines. The qualitative statements are defined to complement the quantitative part of the risk appetite, setting the overall tone for BRD's approach to risk taking.

Key indicators for determining risk appetite and their evolution are regularly monitored over the year in order to detect any events that may result in unfavorable developments on the Bank's risk profile.

RISK MANAGEMENT GOVERNANCE

The Bank's risk management governance is based on the following dimensions:

- Risks are taken within the defined risk appetite approved by the Board of Directors
- Strong involvement of the Bank's management body in the risk management system and promotion of risk culture, throughout the entire organizational structure, from the Board of Directors down to operational teams
- Clearly defined internal rules and procedures
- Communication of information regarding risk management across the organization in a timely, accurate, comprehensible and meaningful manner
- Continuous supervision by an independent risk function to monitor risks and to enforce rules and procedures

Risk governance relies on the three lines of defense model, which reinforces segregation of duties between various control functions.

The *first line* of defense is represented by the business units which are primarily responsible for the ongoing management of the risks arisen in conducting their daily activities, taking into account the Bank's risk appetite and its policies, procedures and controls. The Business Integrity Support Division provides support to business units for the implementation of managerial supervision, ensuring monitoring and reporting of results at Bank wide level.

The *second line* of defense is represented by the independent functions overseeing risks, which are responsible for further identifying, measuring, monitoring, and reporting risks, ensuring compliance with internal and external requirements and providing support to the business/operational functions in executing their duties. The second line functions which perform the management of significant risks are as follows:

- Risk Management Structures are responsible for direct management of credit risk, risks associated with credit risk, market risk and operational risk and oversee the evolution of all significant risks within BRD
- Finance Department, which manages liquidity risk, structural risks (interest rate risk and FX risk in banking book), strategic risk and excessive usage of leverage effect risk. As coordinator of the budgeting and capital planning processes, it ensures that the liquidity, capital and business strategy are consistent with the risk appetite statement
- Legal Department, which is accountable for the legal risk management, while Business Solution Center Pole and Information Security Division manage IT risks (as components of operational risk)
- Deontology and AML Division, which manages the compliance and reputational risks

Although the responsibility for the management of risks within the Bank is shared between the structures of the second line of defence (as mentioned above), Risk Management Structures perform the role of the centralized risk management function, by delivering the Bank's wide holistic view on all risks, ensuring that the risk strategy is complied with.

The *third line* of defense is represented by the internal audit function, which provides independent review and objective assurance on the quality and effectiveness of the Bank's internal control system, the first and second lines of defense and the risk governance framework. Internal audit function reports to and operates under the mandate of the Board of Directors.

Risk management is governed by the management body of the Bank and assisted by the Audit Committee and the Risk Management Committee. Specialized committees also assist the Executive Committee in accomplishing their risk management and control responsibilities.

Board of Directors

The Board of Directors approves the risk and business strategy of BRD, sets the risk appetite and tolerance levels and ensures that the Executive Committee properly transposes them at operational level.

Audit Committee

The Audit Committee plays a crucial role in the assessment of the quality of the internal control. It is responsible for examining the internal framework for risk monitoring to ensure its consistency and compliance with procedures, laws and regulations in force.

Risk Management Committee

The Risk Management Committee advises the Board of Directors with regard to Bank's overall current and future risk appetite, oversees senior management's implementation of the risk strategy, reports on the state of risk culture in the Bank and interacts with and oversees the activity of the centralized risk management function.

Executive Committee

The Board of Directors delegates the day to day management of BRD to the Executive Committee. The Executive Committee is responsible for the implementation of the strategies approved by the Board of Directors and ensures that a proper organization and informational flows are in place.

Main specialized committees assisting the Executive Committee

The *Assets and Liabilities Committee* has the main objective of ensuring the management of assets and liabilities structure, liquidity and funding sources management, structural risks management (interest rate risk and foreign exchange risk in banking book) and capital management.

The *Crisis Committee* ensures the management of the crisis situations and defines the necessary resources and organization to face such situations.

The *New Products Committee's* mission is to make sure that all the risks associated with the launch of new products, new activities or outsourced activities or their significant changes, are correctly identified, analyzed and assessed.

The *Internal Control Committee* has as main objective the assessment of the effectiveness of the internal control system.

The *Retail Risk Committee* has as main objective the analysis of the measures proposed by relevant structures in order to improve the performance of retail lending activity and the monitoring of the associated risk indicators.

The *Projects Review Committee* supports the Executive Committee to follow-up the Bank's projects.

MAIN RISK FACTORS

The economy and financial markets continue to display high levels of uncertainty, which may materially and adversely affect the Bank's business and financial situation

Banking business is highly sensitive to changes in financial markets and economic conditions. BRD could be confronted with a significant deterioration in market and economic conditions resulting from, in particular, regional recessions, crises affecting capital or credit markets, liquidity constraints, currency exchange rates or interest rates evolution, inflation or deflation, sovereign debt rating downgrades. Such occurrences, which may develop quickly and may not be hedged, could affect the operating environment for financial institutions for short or extended periods and have a material adverse effect on the bank's financial situation, results of operations or cost of risk.

Unpredictability and uncertainty of legal framework may lead to increased pressure in the banking environment

The uncertainty and lack of predictability of legal changes (such as tax on financial assets, regulation for interest rates ceiling, broadening the Payment in Kind law to the loans granted through "Prima Casa" program, defining certain conditions which establish a priori the "unpredictability" status, removal of the executory nature of loan agreements, mortgage agreements or any deeds issued for securing the loan) could have an adverse effect on financial institutions and, hence, on BRD's business, financial situation and results of operations.

The Bank operates in a highly competitive environment, with a trend towards consolidation

The financial services industry is intensely competitive, and is expected to remain so. Competition refers to digital transformation, the speed of answering to the customers' requests, products and services, innovation, reputation, price and IT resources. Pricing pressures may increase in these and other areas in the future as some competitors seek to obtain market share by reducing prices.

In addition, certain sectors of the financial services industry have become more concentrated, considering the mergers and acquisitions of institutions involved in a broad range of financial services. Such changes could result in the Bank's remaining competitors benefiting from greater capital resources or other advantages, such as the ability to offer a broader range of products and services, which may enhance their competitive position.

CREDIT RISK MANAGEMENT

Credit risk management is regulated through a set of internal documents, which transpose local and EU regulations, SG Group policy and risk management best practices in the internal framework.

Some of the main principles employed in managing credit risk are presented below:

- client credit due diligence maintaining prudent underwriting standards
- well formalized processes for credit approval, including a strictly defined mechanism of delegated credit competencies and approval limits; credit approval authorities are assigned to individuals according to their qualifications, experience and training
- use of well-defined origination criteria by type of customer, including thorough knowledge of borrowers as well as the purpose and structure of the credit, in-depth analysis of sources of repayment and risk mitigation through requests for collaterals or guarantees
- use of an internal rating system for non-retail counterparties
- diversified credit portfolio, specific concentrations being assessed and monitored through a set of limits on single-name, economic sectors, geographical/regions, transactions/products, credit risk mitigations techniques (defined in line with the Bank's risk appetite)
- segregation of duties between front office and back office activities
- review and approval by senior management of new products and significant changes to activities/ processes
- ongoing follow-up of credit exposures, at single and group level
- identification and management of non-performing loans and assessment of workout activity using objective indicators
- regular monitoring and reporting to senior management on the quality of credit portfolios
- regular monitoring of credit risk profile compared with the risk appetite approved by the Board of Directors
- regular independent review of lending activities by the Bank's Internal Audit function

BRD exposure to credit risk is derived from its commercial, treasury and trading activities, the commercial activities representing the core business of the Bank.

Exposures on sovereign risk are concentrated on the Romanian State and consist of the portfolio of treasury bills, placements with the Central Bank for liquidity purposes (including the minimum reserve requirements) and the guarantees received from the Romanian State for Prima Casa program.

Exposures on banks are limited and generated by money market and trading activities.

Undertaking of credit risk is part of the Bank's risk management strategy based on its risk appetite. Societe Generale's credit policy is based on the principle that approval of any credit risk undertaking must be based on sound knowledge of the client and the client's business, an understanding of the purpose and structure of the transaction and the sources of repayment of the debt. Credit decisions must also ensure that the structure of the transaction will minimize the risk of loss in the event the counterparty defaults.

CREDIT RISK MITIGATION TECHNIQUES

BRD has a cash flow based lending approach, meaning the Bank expects debt to be serviced primarily through the future cash flow/income generated by the debtor. Collateralization, in the form of collateral (funded protection) or guarantee (unfunded protection), is accepted merely to mitigate credit risk and it cannot serve as a substitute for the borrower's ability to meet obligations.

The Bank accepts the following main types of securities:

- Financial collateral (cash, deposits, Romanian Government bonds, shares, agricultural warehouse receipts, bill of lading)
- Non-financial collateral (real estate, machinery and equipment, inventories, intangibles, receivables, payment instruments)
- Guarantees (surety ship contracts, letters of guarantee, letters of comfort, financial guarantees issued by guarantee funds and Eximbank, sovereign guarantees, endorsements, credit risk insurance)

Mortgages are the most frequent type of accepted collaterals. Nevertheless, the collateral structure is further diversified subject to the type of financing (e.g. for working capital financing, receivables and inventories are accepted as customary collateral).

Risk department is responsible for approving the operational procedures for regular valuation of guarantees and collaterals.

Real estate collaterals

The market value of real estate collaterals is estimated by certified evaluators that can be either external or internal valuers. The valuation is performed in accordance with the International Valuation Standards and ANEVAR Standards and Recommendations. To be noted that real estate valuations have to be verified by the competent units, independently from the credit approval process.

The Bank uses the following valuation methods for real estate: market approach and income approach.

Revaluation is performed yearly in case of commercial/ industrial/ agricultural real-estate and plots of land and at least once every 3 years, for residential real estate. Higher frequency reevaluation is performed when the real estate market displays a significant negative evolution. BRD monitors the risks associated with the valuation activity via implemented internal controls.

Guarantees

The credit risk mitigation effect of guarantees is closely linked to the guarantor's creditworthiness and the secured amount must be reasonably proportionate to the economic performance capabilities of the protection provider.

The main guarantor for BRD's clients is the Romanian State, which intervenes to sustain credit activity by national wide guarantee programs implemented through the intermediation of Guarantee Funds (FNGCIMM or FGCR) or Eximbank, main exposure of this type being generated by Prima Casa program. Another category of guarantors is represented by commercial banks (local or foreign), issuing LGs in favor of BRD clients. BRD's indirect exposures on each guarantor are assessed using the same principles as for direct credit exposures of BRD.

Residual risk management

The Bank systematically manages the residual risk (that could materialize in situations when credit risk mitigation techniques are less efficient than expected) through the collateral policy (prudent validity, acceptance and eligibility criteria), regular revaluation of the collaterals, regular monitoring through specific risk indicators and capital requirement as residual risk is embedded in the methodologies developed as part of ICAAP Policy.

Detailed information on credit risk is found on Notes 41.1 to the consolidated and separate financial statements as of and for the year ended December 31, 2018.

LIQUIDITY RISK

Liquidity risk is defined as the risk of not being able to meet expected and unexpected, current and future cash flow or collateral requirements when they fall due and at a reasonable price.

The Group manages the exposure to the liquidity risk using a specific framework designed to manage it both under normal day-to-day conditions and in the event of a potential liquidity crisis.

The liquidity risk management approach starts at the intraday level managing the daily payments flows, forecasting and managing cash flows, and factoring in the access to central bank monetary policy operations and standing facilities. It then covers a longer term perspective, comprising the maturity profile of all assets and liabilities and the funding strategy.

BRD maintains a liquidity buffer of unencumbered, high quality liquid assets as an insurance against a range of liquidity stress scenarios. A contingency funding plan is designed to protect the stakeholders' interests and to ensure positive outcome in the event of a liquidity crisis.

In terms of governance, the Board of Directors establishes the liquidity risk appetite and tolerance, reviews and approves the liquidity risk strategy and liquidity risk management framework at least on an annual basis and ensures that Executive Committee manages liquidity risk effectively.

The Executive Committee, assisted by Assets & Liabilities Committee (ALCO), develops the liquidity strategy and designs the liquidity risk management framework in accordance with the liquidity risk appetite and tolerance in order to ensure that the Bank maintains sufficient liquidity, continuously reviews information on the liquidity position of the Bank and reports to the Board of Directors on a regular basis, implements the liquidity risk strategy and ensures that appropriate controls, procedures and information flows are in place to support the strategy implementation and follow-up.

The liquidity risk position, under normal conditions, is measured at consolidated level using the static liquidity gaps indicator which is defined as the difference between the expected future outflows and inflows related to the current transactions (no new business included), determined for each time bucket and currency based on the contractual maturity of the transactions, or, for non-maturing products, based on a maturity modeled using historical client behavior or a conventional maturity.

For each budgeting and planning exercise, the future funding needs are assessed starting from the actual liquidity position and budgeted evolution of assets and liabilities. When a deficit is expected, funding solutions are assessed and appropriate actions are planned.

BRD performs liquidity risk stress tests on a quarterly basis in order to identify and quantify its exposures to possible liquidity stresses, analyzing potential impacts on the cash flows and liquidity position. BRD employs two stress test methodologies, one for a 30 days horizon with focus on the short term survival of the Bank in a time of liquidity crisis and the other for a 6 months horizon, assessing the Bank's resilience and ability to continue to function in times of prolonged stressed liquidity conditions.

Detailed information on liquidity risk is found on Notes 41.3 to the consolidated and separate financial statements as of and for the year ended December 31, 2018.

INTEREST RATE RISK AND FOREIGN EXCHANGE RISK IN THE BANKING BOOK (STRUCTURAL RISKS)

Structural exposure to interest rate and foreign exchange rate risks encompasses all exposures resulting from commercial activities, their hedging and the proprietary transactions of the Group.

The interest rate and exchange rate risks pertaining to trading activities are monitored separately and excluded from the structural risk measurement and management scope.

The general principle is to reduce structural interest rate and exchange rate risks to the greatest extent possible. 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 interest rate risk is managed through two metrics: balance sheet sensitivity to yield curve shifts and net interest income sensitivity, the former one being implemented in 2018. The gaps between outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models based on clients' historic behavior patterns, as well as conventional assumptions relating to certain balance sheet items. Balance sheet sensitivity is defined as the variation in the net present value of future residual fixed rate cash flows (surplus or deficit) for two steering scenarios of +/- 10 bps parallel shift in the yield curve and for two stressed non parallel yield curve shifts. A set of limits is applied to balance sheet sensitivity and the compliance within those limits is monitored by ALCO on a monthly basis. Complementing indicative limits are in place for net interest margin sensitivity, which will become binding after 1 year observation period.

Detailed information on interest rate risk is found on Notes 41.2 to the consolidated and separate financial statements as of and for the year ended December 31, 2018.

MARKET RISK IN TRADING BOOK

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices.

Market risk management is well integrated within Bank's and Societe Generale Group's risk management, BRD pursuing market risks on a prudent approach, the objective being to ensure profitable market activities but undertaking risk levels and capital needs as low as possible. Therefore, Bank's trading portfolio represents a small weight of Bank's total risk exposure and contains highly liquid instruments which are traded with good rated counterparts.

Some of the main principles followed by BRD when addressing market risk are:

- Compliance with internal framework and local and European regulations
- Functional independence from business lines
- Definition and/or validation of different methodologies, metrics, parameters and controls for all products or activities generating market risk in trading book
- Control on definition, approval and parameterization of traded products
- Definition, calibration and approval of risk metrics limits
- Daily analysis and reporting to the operative management of exposures and their compliance with the approved limits
- Synthetic communication to Bank's management presenting the trading book exposures and market risk evolutions
- Strong support from the Société Générale Group

Detailed information on market risk is found on Notes 41.2 to the consolidated and separate financial statements as of and for the year ended December 31, 2018.

OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes the following sub-categories: legal risk, risk related to information technology and model risk, but excludes the strategic and reputational risks.

The Bank's operational risk management system was developed and strengthened over the years and allows:

- Identification, analysis and evaluation of operational risks, their control and follow up
- Applying measures meant to improve and strengthen the control framework, in order to prevent/reduce operational risk losses
- Ensuring adequate capital requirements for covering exposure to operational risks

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

Operational risk management tools put in place at BRD are:

- Historical operational risk losses database
- Key risk indicators (KRI)
- Risk and control self-assessment process (RCSA)
- Scenario analysis
- Managerial Supervision of processes (MS)
- Fraud identification and prevention system
- Committee for New Products, which ensures the assessment of operational risks associated with new products for banks' clients, outsourcing of activities and significant modifications of the existing products offered to the bank's clients
- Crisis management and business continuity plan

In 2018, the Bank's operational risk strategy focused on the following axes:

- Enhancement of operational risk culture through management awareness and staff training
- Review New Product Committee Process
- Involvement in review of bank processes, by coordinating the assessment of risk and controls
- Design an Escalation Procedure for Major Incidents according PSD2 (EU Payment Service Directive)
- Review of Operational Risk Management tools (KRIs, RCSA) having a process-based approach
- Conduct the business impact analysis (BIA) considering the crisis scenarios relevant for BRD and update of the back-up solutions meant to ensure the business continuity, based on a methodology compliant with the international standards in the field; monitoring of the business continuity and crisis management tests and exercises scheduled as per the yearly calendar and optimization of the business continuity and crisis management mechanisms; strengthen the awareness / staff training programs on the specific topics, to respond as efficiently as possible to unexpected crisis events and to minimize their impact on the bank's clients, staff, activities and assets; systematic update of the BRD's business continuity strategy to the regulatory and SG Group's requirements in the area
- Revise and optimise internal controls to prevent frauds in both retail and non-retail activities.

STRATEGIC RISK

The strategic risk represents the risk of diverging from the projected financial and operational results due to unplanned and unforeseen obstacles, events or courses of action.

Recent pace of changes in regulations and legislation and quickly shifting customer behavior generate increasingly more important strategic risks, as financial institutions need to quickly adapt their strategy and tactical decisions to a moving market.

Given the significant impact that delayed response and wrong planning can have on the profitability and solvency of the bank, the strategic risk is deemed to be of significant importance and, as such, closely monitored and managed.

The annual planning and budgeting exercises, together with the yearly restatement of the Business and Risk Management Strategy ensure that the business strategy of the bank is timely adapted to changes in macroeconomic conditions, and closely matches the customers' and industry's trends, thus ensuring that planned results will be closely matched by actual performance.

RISK OF EXCESSIVE LEVERAGE

The risk of excessive leverage represents the risk of a financial institution taking on exposures well above its risk bearing capacity, as quantified by the available Tier 1 capital.

While higher levels of leverage at credit institutions compared to other operating institutions may generally be justified due to banks' function of providing liquidity to claimholders and their special abilities with respect to managing risky assets through diversification, excessive levels of leverage make them exceedingly prone to shocks and hampers their loss absorbing capacity.

The Basel III reforms introduced a simple, transparent, non-risk based leverage ratio to act as a credible supplementary measure to the risk-based capital requirements. The leverage ratio is two-fold.

- Restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes that can damage the broader financial system and the economy
- Reinforce the risk-based requirements with a simple, non-risk-based "backstop" measure

The leverage ratio is a new monitoring tool which allows assessment of the risk of excessive leverage, implemented by BRD in 2014. The ratio has been in the 8% - 9% area for the subsequent periods (based on the transitional definition of CET1 capital), well above the 3% minimum requirement .

7. CAPITAL MANAGEMENT AND ADEQUACY

CONSOLIDATION PERIMETER

The basis for calculation of own funds is the consolidated prudential perimeter.

BRD Group consolidation perimeter for prudential purposes is defined in accordance with Regulation (EU) No 575/2013 (CRR), Part One, Title II, Chapter 2, Section 3.

The consolidated entities for prudential scope are identified based on the criteria as per Articles 4 (1) (3), (16) to (27), 18 and 19 of CRR. According to Article 4 of CRR, entities consolidated in the prudential reporting must have one of the following types of activity: credit institution, investment firm, ancillary services undertaking and/or other financial institution.

In contrast, in accordance with BRD Group's IFRS financial statements, all entities controlled directly or indirectly (including non-financial entities, insurance companies, etc.) are fully consolidated. Additional exclusion of subsidiaries from prudential consolidation perimeter is based on criteria from Article 19 of CRR. Non consolidated subsidiaries are included in the prudential consolidated statements based on equity method.

Based on the above, the prudential consolidation perimeter of BRD Group includes the parent company BRD - Groupe Société Générale S.A and two fully consolidated subsidiaries:

- BRD Sogelease IFN S.A.
- BRD Finance IFN S.A.

OWN FUNDS

BRD Group regulatory own funds as at December 31, 2018 amounted to RON 5,543 million (excluding current year net result) compared to RON 5,673 million as at December 31, 2017 (own funds at December 31, 2017 include net year result, net of approved dividends in the General Meeting of Shareholders) and consist of common equity capital (CET1).

Common Equity Capital (CET1) is formed of:

- Eligible Capital includes the nominal share capital and the hyperinflation adjustment of share capital accounted until December 31, 2003. As at December 31, 2018, the share capital amounted to RON 696.9 million, unchanged versus previous periods. The hyperinflation adjustment amounted to RON 1,819 million.
- Eligible Reserves include:
 - Retained earnings, which represent the undistributed profits of previous periods and retained earnings arising from IFRS implementation adjustments.
 - Other reserves: legal reserves, reserves for general banking risks or other reserves established by the law and share based payment reserves.
- Other comprehensive income (OCI) includes unrealized gains and losses from changes in the fair value of debt instruments at fair value through other comprehensive income and from re-measurement of defined benefit liability arising from the post-employment benefit plan.

Regulatory deductions from CET 1 applicable as at December 31, 2018 essentially involved the following elements:

- Goodwill and intangible assets net of associated tax – deducted 100% from CET 1.
- Contingent or any foreseeable tax charges related to CET 1 reserves taxable upon utilization to cover losses or risks.

Other regulatory deductions/adjustments have been applied to CET 1 elements during the transitional period ended 31 December 2017:

- Minority interests related to consolidation of a not eligible or not regulated entity are excluded from the calculation of consolidated regulatory capital. In accordance with the CRR transitional

arrangements, 20% of not eligible minority interests (i.e. related to consolidation of BRD Finance) were phased-out yearly from CET 1 until 31 December 2017.

- OCI unrealized gains or losses were fully included in regulatory CET 1 capital starting 2018 as the transitional period ended at 31 December 2017.

As at December 31, 2018 and December 31, 2017, the Bank had no Additional Tier 1 or Tier 2 capital instruments issued and outstanding.

CAPITAL REQUIREMENTS

From a regulatory perspective, capital requirements cover:

- credit risk, in respect of all business activities, but excluding the trading book business
- operational risk, foreign exchange risk and settlement risk in respect of all business activities
- position risk in trading book and
- credit valuation adjustment risk of OTC derivative instruments.

The calculation of credit risk capital requirement takes into account the transaction risk profile and is computed according to the standardized approach (CRR Part 3, Title 2, Chapter 2) using the Financial Collateral Comprehensive Method and information regarding credit assessments performed by external credit assessment institutions (ECAI).

The capital requirement for general position risk is calculated using the Maturity-based method. Capital requirement for credit valuation adjustment is determined using the standardized method.

The capital requirement for operational risk is calculated according the CRR, Part 3, Title 2, Chapter 4, using advanced measurement approaches (AMA). BRD, as a member of the Société Générale Group, uses AMA to measure operational risk since 2008 based on the SG internal methodology and calculation. The allocation of operational risk capital requirements to the sub-consolidated entities is based on net banking income and history of operational risk losses.

On top of the total regulatory ratio of 8% set by Art 92 from CRR, starting 2016, based on NBR requirements, BRD Group maintains additional own funds to cover risks resulting from internal assessment and SREP (supervisory review and evaluation process) amounting to 5.06% of RWA during 2018 (3.94% during 2017). Thus, the TSCR ratio (total SREP capital requirements) requirement for BRD Group was 13.06% for 2018.

Overall capital requirements (OCR) represent the total of SREP requirements and capital buffers, namely:

- A Conservation Buffer in CET 1 capital intended to absorb losses during periods of stress, phased in by 0.625% of total RWA yearly starting 1 January 2016. This buffer is mandatory and fully effective from 1 January 2019 and amounts to 2.5% of total RWA. As at 31 December 2018 the buffer requirement was 1.875%
- A Countercyclical Buffer that may be imposed during periods of excessive credit growth when system-wide risk is building up and is capped at 2.5% of total RWA. Starting with 1 January 2016, according to NBR Order 12/2015 the level of countercyclical buffer was established at 0%.
- Other systemically important institutions (O-SIIs) identified by NBR which have been authorized in Romania, may be subject to an O-SII Capital Buffer of up to 2% of the total RWA. BRD was identified as O-SII by NBR and O-SII Capital Buffer is 1% starting with 1 January 2016.
- A Systemic Risk Buffer was imposed, according to NBR Order 4/2018, starting with 30 June 2018, with the aim of supporting the adequate management of credit risk and enhancing banking sector resilience to unanticipated shocks, amid unfavourable structural circumstances. The buffer is applied to all exposure and is calibrated at 0%, 1% or 2%, depending on the past 12-months averages of the non-performing loans ratio and the coverage ratio. The value applicable for BRD for 2018 was 1%. The capital requirement for

structural buffers is determined as the max of O-SII buffer and systemic risk buffer. Therefore, as an O-SII buffer of 1% was already applied, the systemic risk buffer introduction had no effect on the capital requirements for BRD.

The summary of the BRD Group and Bank capital adequacy is presented below.

RON m	Bank		Group	
	2017	2018	2017	2018
Eligible CET1	5,824	5,785	6,117	6,052
Eligible CET1 after adjustments	5,845	5,781	6,142	6,055
Total Tier 1 capital	5,339	5,271	5,673	5,543
Total own funds	5,339	5,271	5,673	5,543
Capital requirements				
Credit risk (including counterparty risk)	1,998	1,940	2,090	2,057
Market risk	13	21	13	21
Operational risk	146	182	149	186
Credit valuation adjustment (CVA) risk	5	14	5	14
Total capital requirement	2,162	2,156	2,258	2,278
Risk weighted assets				
Credit risk (including counterparty risk)	24,971	24,244	26,123	25,706
Market risk	164	264	164	263
Operational risk	1,822	2,272	1,866	2,328
Credit valuation adjustment (CVA) risk	66	172	66	172
Total risk exposure amount	27,023	26,951	28,219	28,470
Regulatory Capital Adequacy Ratio	19.76%	19.56%	20.10%	19.47%
Tier 1 ratio	19.76%	19.56%	20.10%	19.47%

Note: Own funds at 2017 end include net profit, net of approved dividends; own funds at 2018 end exclude net result of the year. CAR incl. net profit, net of dividends (subject to GSM approval) was 20.92% (Group) and 21.05% (Bank) at 2018 end.

LEVERAGE RATIO

Following CRD IV implementation, BRD computes and reports leverage ratio which is designed specifically to limit the risk of excessive leverage in credit institutions and was introduced as a complementary tool to the regulatory capital adequacy ratio.

The leverage ratio reached 8.98% as at 31 December 2018 at Group level, a level which is well above the 3% minimum requirement tested by the Basel Committee during the parallel run period.

The sustainable level of leverage ratio results from the strong capital base, namely high level Common Equity Tier 1 capital and a balance-sheet structure specific to the universal bank business model with core focus on retail activities.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

In accordance with Article 148 of the Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, as subsequently amended and NBR Regulation no. 5/2013 on prudential requirements for credit institutions, BRD has in place a process for internal assessment of capital adequacy to risks.

The Bank performs periodically an evaluation of internal capital adequacy to risks by comparing the available own funds with internal capital requirements. The general framework for ICAAP is updated annually and the capital adequacy monitoring is performed on a quarterly basis.

A risk assessment is performed annually, and involves the evaluation of all risks to which the Bank may be exposed and the identification of the significant risks.

The internally evaluated capital requirement is determined using „Pillar 1 plus” approach, where the capital requirements for the following risks are added to the regulatory capital requirements:

- Credit risk concentration, residual risk from usage of credit risk mitigation techniques, risk related to foreign currency lending to unhedged borrowers and risks arisen from applying less sophisticated approaches
- Interest rate risk in banking book
- Funding risk
- Strategic risk
- Other significant risks: reputational risk, compliance risk, model risk, risks external to credit institutions.

For the purposes of the internal capital adequacy assessment, the available own funds are considered equal to the regulatory own funds.

Based on the Business and Risk Management Strategy and on the Risk Appetite, the Bank makes projections of the own funds and capital requirements on a three years horizon in order to ensure their adequacy, both in normal course of business and under stress situations.

8. INTERNAL CONTROL FRAMEWORK

Internal Control System relies on the three lines of defense model, which reinforces segregation of duties between various control functions.

The *first line* of defense is represented by the business units which are primarily responsible for the ongoing management of the risks arisen in conducting their daily activities, taking into account the Bank's risk appetite and its policies, procedures and controls. The Business Integrity Support Division (BIS) provides support to business units for the implementation of managerial supervision, ensuring monitoring and reporting of results at Bank wide level.

The *second line* of defense is represented by the independent functions overseeing risks, which are responsible for further identifying, measuring, monitoring, and reporting risks, ensuring compliance with internal and external requirements and providing support to the business/operational functions in executing their duties. The second line functions which perform the management of significant risks are as follows:

- Risk Management Structures (RISC), which is responsible for direct management of credit risk, risks associated with credit risk, market risk operational risk and overseeing the evolution of all significant risks within BRD
- Finance Department, which manages liquidity risk, structural risks (interest rate risk and FX risk in banking book), strategic risk and excessive usage of leverage effect risk. As coordinator of the budgeting and capital planning processes, it ensures that the liquidity, capital and business strategy are consistent with the risk appetite statement.
- Legal Department, which is accountable for the legal risk management, while Business Solution Center Pole and Information Security Division manage IT risks (as components of operational risk)
- Deontology and AML Division, which manages the compliance and reputational risks

Although the responsibility for the management of risks within the Bank is shared between the structures of the second line of defense (as mentioned above), Risk Management Structures performs the role of the centralized risk management function, by delivering the Bank's wide holistic view on all risks, ensuring that the risk strategy is complied with.

As part of the risk management function, BRD has in place a Level 2 control structure that has the following responsibilities:

- Assessing the relevance, effectiveness and quality of first-level controls (based on the results of Level 1 controls - managerial supervision, cross-checks and / or operational controls) selected and / or based on samples;
- Detection of malfunctions in the exercise of the first level of control, analysis and correction of the identified anomalies, and improvement of the quality of the control environment;
- Certifying that all managerial supervision controls are well defined, executed and effective and that identified anomalies have been the subject of a correction and / or improvement plan

The *third line* of defense is represented by the internal audit function, which provides independent review and objective assurance on the quality and effectiveness of the Bank's internal control system, the first and second lines of defense and the risk governance framework. Internal audit function reports to and operates under the mandate of the Board of Directors

The main instruments implemented at BRD level for ensuring an efficient internal control system are:

- Transposition of the Bank's strategies/policies/processes into written regulations (norms, policies, instructions, work procedures) and their periodic review
- Raising awareness of each operational level regarding the necessity to control operations and apply working procedures adapted to the nature and volume of activity, taking into account all risk types
- A clear decision process and allocation of responsibilities and authority limits, by hierarchical levels and organizational structures, including appropriate segregation of duties at all organizational levels, in order to prevent assignment of conflicting responsibilities

- A continuous process of identification, assessment, mitigation, monitoring and reporting of material risks
- A compliance program
- An audit plan
- Timely reporting of the deficiencies identified in the internal control system to the appropriate management level, who should address the issues promptly
- Timely reporting of material internal control deficiencies to management body.

The internal control framework described above it is applicable to the financial reporting processes and provides reasonable assurance on the reliability of financial reporting, compliance with applicable laws and regulations, as well as with the internal policies and procedures.

It is the Board of Directors' assessment that the Group has adequate internal control and risk management arrangements in place with regard to the Group's risk profile and strategy.

9. CONCLUSIONS AND PERSPECTIVES FOR 2019

In 2018, BRD delivered broad-based revenue growth pushed by strong commercial dynamics, as reflected by the advance of loans and volumes. The positive operational performance led to solid profitability, also thanks to prudent risk management and the good quality of the loan book.

In 2019, the banking system is expected to face a deteriorating environment marked by slowing economic growth and legislative uncertainty denting into investor confidence. In particular, the tax on banks' financial assets is likely to restrict access to credit for all economic actors in Romania and to weigh heavily on banking system profitability, should the Emergency Government Ordinance 114/2018 remain in the initial form.

In this context, BRD remains committed to preserving its franchise by continuing to deliver high quality banking services to its customers and by focusing on achieving its 2020 strategic objectives. As a reminder, at the beginning of 2018, BRD announced that it would be embarking on a transformation programme based on four pillars: Retail, Corporate, Operations and Information Systems & Projects. Last year, the bank built the foundations of this transformation plan, and in 2019, it is to accelerate its development by further focusing on improving customer journey by customizing value proposition, building a complete retail omnichannel platform, streamlining processes and ensuring an agile project delivery to business lines.

Further details on the bank's perspectives and objectives are presented in the budget for 2019 which is submitted for approval to the General Assembly of Shareholders.

10. BOARD OF DIRECTORS PROPOSALS

- 1) Considering the present report, we submit for the approval of the General Assembly of the Shareholders of BRD the separate and consolidated financial statements prepared according to the International Financial Reporting Standards as adopted by the European Union, for the period ended December 31, 2018, made of:
 - Separate and consolidated statement of financial position;
 - Separate and consolidated income statement;
 - Separate and consolidated statement of comprehensive income;
 - Separate and consolidated statement of changes in equity;
 - Separate and consolidated cash flow statement;
 - Notes to financial statements.

- 2) Approval of the profit distribution and setting of the dividend for 2018. The proposed gross dividend is of 1.64 lei / share. The dividends will be paid on May 31, 2019.

- 3) Discharge of the Board of Directors.

Giovanni LUCA SOMA
Chairman of the Board of Directors



Francois BLOCH
Chief Executive Officer



Stephane FORTIN
Chief Financial Officer



APPENDIX 1: STATEMENT OF COMPLIANCE WITH THE PROVISIONS OF CORPORATE GOVERNANCE CODE OF BUCHAREST STOCK EXCHANGE (BSE)

PROVISION	COMPLY WITH	PARTIAL COMPLY WITH	DO NOT COMPLY WITH	REASON FOR FAILURE TO COMPLY WITH
Section A – Responsibilities				
A.1. All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	X			
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quotate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	X			
A.3. The Board of Directors or the Supervisory Board should have at least five members.	X			
A.4. The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered	X			

<p>independent in character and judgement in practice and according to the following criteria:</p> <p>A.4.1. Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous five years.</p> <p>A.4.2. Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years.</p> <p>A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director.</p> <p>A.4.4. Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it.</p> <p>A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity.</p> <p>A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it.</p> <p>A.4.7. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director.</p> <p>A.4.8. Not to have been a non-executive director of the</p>				
---	--	--	--	--

company for more than twelve years. A.4.9. Not to have family ties with a person in the situations referred to at points A.4.1. and A.4.4.				
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	X			
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	X			
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	X			
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	X			
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	X			
A.10 The corporate governance statement should contain information on the precise number of the independent members of the Board of	X			

Directors or of the Supervisory Board.				
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		X		The Board of Directors has set up a Nomination Committee. The Nomination Committee is formed of non-executives members of the Board which are considered independent in character and have the capacity to act independent in the process of analysing and making the nominalization proposals for the positions within the management body.
Section B - Risk management and internal control system				
B.1 The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven an adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	X			
B.2. The audit committee should be chaired by an independent non-executive member.	X			
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	X			
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with	X			

identified internal control failings or weaknesses and their submission of relevant reports to the Board.				
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	X			
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	X			
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	X			
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	X			
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	X			
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	X			
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	X			
B.12. To ensure the fulfilment of the core functions of the internal audit department, it should	X			

<p>report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.</p>				
<p>Section C - Fair rewards and motivation</p>				
<p>C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.</p> <p>The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause.</p> <p>The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review.</p> <p>Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.</p>		<p>X</p>		<p>Information on the remuneration of the management body are subject to Bank's Remuneration Policy, an extract from this Policy is presented in the Annual Report.</p> <p>Within Annual Report are presented also information on the mandate of the CEO.</p>

Section D - Building value through investors' relations				
<p>D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:</p> <p>D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures.</p> <p>D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;</p> <p>D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;</p> <p>D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;</p> <p>D.1.5. Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such</p>	X			

<p>information should be published within a timeframe that enables investors to make investment decisions;</p> <p>D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;</p> <p>D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.</p>				
<p>D.2. A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.</p>	X			
<p>D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.</p>	X			
<p>D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.</p>	X			
<p>D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.</p>	X			

D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	X			
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	X			
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	X			
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	X			
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	X			

APPENDIX 2: NON-FINANCIAL STATEMENT

DESCRIPTION OF THE ACTIVITY

BRD Groupe Société Générale was established on 1 December 1990 as an independent commercial bank under legal frame of joint-stock company, with majority capital owned by Romanian State, by taking over the assets and liabilities of Bank of Investments.

In March 1999, Société Générale has bought a stock package representing 51% from social capital, increasing its holding up to 58,32%, by purchasing in 2014, the package that was still owned by Romanian State.

SG was holding 60,17% from BRD's social capital on 30th September 2018. The French Bank, one of the largest in the Euro Zone, with 147,000 employees in 67 countries and more than 31 million customers worldwide, has transferred in Romania the know-how that has enabled BRD to become one of the leaders of Romanian Market.

Since 2001, BRD-Groupe Société Générale operates as open joint-stock company, being admitted to trading on a regulated market, in accordance with the law of commercial companies, with banking legislation, capital market legislation, provisions of the Constitutive Act and other internal regulations.

BRD Groupe Société Générale is the third Romanian bank in terms of assets and fifth largest company by market capitalization at the Bucharest Stock Exchange.

The bank is present in all sectors of the economy, offering a large choice of services.

The bank uses innovative technologies and develops activities to provide its customers - from children and students to families, from small entrepreneurs to large corporations – with personalized products, comfort and safety.

Its range of products and services covers, in addition to classical financing for individuals and businesses, also cash management, internal and external factoring, co-financing and advice for accessing European funds, advisory in M&A, capital market services. The bank is the leader of the Romanian factoring market and in the top of the Romanian syndicated loans market.

BRD has succeeded in creating a financial group that offers, in connection with the business lines of Société Générale Group, expertise in investment banking operations such as M&A's and structured finance, financial and operational leasing (BRD Sogelease and ALD Automotive Romania), asset management (BRD Asset Management), life insurance (BRD Asigurari de Viata), consumer loans (BRD Finance). BRD is also present, through BRD Pensii, in the market of private pension funds. The bank is a substantial player in the large corporate banking market and number 1 in Romania in the competitive factoring market.

After the privatization, beginning with 2004, the bank implemented a policy aiming at the development of its retail arm, building a strong network of 723 branches across the country. As a first on the Romanian market, BRD launched various concepts of branches, adapted to different type of customers and locations (standard branches, express branches in malls, public institutions, universities or at the countryside). The Group (bank + subsidiaries) counts today 7 471 employees.

BRD is one of the leaders of the retail banking market. The financial performance of the bank is on a upwards trend, with a strong NBI of RON 3,117 billion and a net profit of RON 1,565 million at the end of 2018. The number of internet and mobile banking subscribers advanced by +15% versus 2017 end, with the adoption of mobile banking rising fast (number of MyBRD Mobile subscribers rose by +36%).

Moreover, with the launch of ContAll, an account aggregator feature allowing MyBRD Mobile users to have a comprehensive and quick overview of all the bank accounts they hold at both BRD and other banks, BRD positioned its client offer at the forefront of banking innovation. Customers can now consult, in a single place, complete information regarding their current account balance, transaction history, loans, credit cards, term deposits and saving accounts.

At the end of 2017, BRD launched Level Up, the internal development program, aligned with Societe Generale's long-term strategy "Transform to Grow". Level Up is following four implementation directions: how satisfied are our clients, the degree of involvement and responsibility of our teams,

how can we sustain our business performance and what can we do for the development of the communities where we work.

CORPORATE SOCIAL RESPONSIBILITY

Our Corporate social Responsibility (CSR) consolidates the role we assumed as a bank in society: a trusted partner for our clients, committed to helping them realise their goals and driving positive transformation for the economy and the future of Romanian society.

BRD's CSR policy supports development, innovation and sustainability for both the bank and its stakeholders, being one of the four essential pillars of Level Up, the strategic development program assumed by the bank at the end of 2017.

Group Commitments and CSR topics

As part of Société Générale Group, BRD conduct its business with the utmost respect for the values and principles under:

- the Universal Declaration of Human Rights and its additional commitments;
- the fundamental conventions of the International Labour Organization (ILO);
- the UNESCO World Heritage Convention;
- the Guidelines for Multinational Enterprises of the OECD (Organisation for Economic Co-operation and Development);
- the United Nations Guiding Principles on Business and Human Rights

In addition, Société Générale has shown its proactive commitment since 2000 to the following public or private initiatives:

- 2000: founding member of the Wolfsberg Group;
- 2001: joined the United Nations Environment Programme Finance Initiative (UNEP-FI);
- 2003: joined the United Nations Global Compact, which encourages companies to integrate principles relating to human rights, working conditions and the fight against corruption;
- 2007: adopted the Equator Principles;
- 2014: support for the Green Bond Principles;
- 2014: Lyxor signed the Principles for Responsible Investment
- 2015: signed a Global Agreement on Fundamental Rights with UNI Global Union;
- 2015: launched the "Positive Impact Manifesto" of the UNEPFI;
- 2015: joined the "Soft Commodities Compact" of the Banking Environment Initiative (with the Consumer Goods Forum) to fight tropical deforestation;
- 2015: subscribed to the "Principles for Mainstreaming Climate Actions within Financial Institutions", launched during COP21;
- 2016: signed the Women's Empowerment Principles – WEP, Professional Equality Charter of United Nations, and the International Labour Organization's Global Business Charter on Disability
- 2017: Adoption of the Principles for Positive Impact Finance (UNEP-FI);
- 2017: Supporting the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD);
- 2018: Societe Generale is the first French bank to join the Climate Bonds Partner Programme, an international network of financial actors working with Climate Bonds to shift investment towards a low-carbon and climate resilient economy.

In 2018, for the first time, Societe Generale has been classed Best French Bank in RobecoSAM's CSR* ranking. The Group was ranked eight out of the 133 European banks included in the study.

The Group also received in 2018 the following positive rankings from other extra-financial ratings agencies: "A" by MSCI, "Outperformer" by Sustainalytics and "Prime" by ISS-Oekom.

In 2017 Société Générale launched a survey with a broad range of stakeholders including internal (staff members) and external (customers, shareholders, investors, NGOs, etc) in order to shape and strengthen its CSR vision.

The conclusions of this consultation process, enabled the creation of a materiality matrix with six key pillars of development, that build and reinforce the new CSR policy of the Group, which has been integrated into the 2017-2020 Societe Generale strategic plan.

The six smart priorities of the Group translate into:

- three general themes (*customer satisfaction, employer responsibility, ethics and governance, including the management of environmental, social and governance (ESG) risks*)
- two more specifically CSR themes (*climate change, supporting societal trends*)
- a transversal theme (the development of Africa).

This new reinforced vision was shared with all subsidiaries and started being integrated and implemented according to local specifications also in BRD, starting with the end of the year 2017.

BRD's 2018 nonfinancial declaration reports on five indicators from priority areas, which have been reported for the Société Générale Extra-financial Report, upon a methodology used by the Group, in line with GRI-G4 standard.

I. CUSTOMER SATISFACTION

Throughout its activities, the Bank aims to build customer relationships based on trust, responsibility and ethics. As a bank, BRD contributes to the sustainable economic, social and environmental development of the economy in which operates. Being responsible and ethical means responding quickly to customers' needs whilst protecting the long-term interests of all stakeholders, through strict compliance with the applicable rules. It also means focusing on the way in which we achieve results as we do with the results themselves.

Customer satisfaction is regularly surveyed by leading independent service providers. Societe Generale conducts quarterly surveys for each of the main customer segments (individual, professional and corporate customers), in order to assess their level of satisfaction. These polls reveal the overall and detailed level of customer satisfaction across every aspect of the banking relationship.

Those tools use the Net Promoter Score (NPS) together with an analysis of overall and specific satisfaction.

Each year, a few thousands of individuals, professional customers and SMEs are thus polled on behalf of BRD about their recommendation intention and their overall satisfaction, as well as key aspects of customer satisfaction such as how their enquiries are handled and how well the services offered suit their needs and projects.

This initiative has been supplemented, starting with Q4 2018 with continuous studies to evaluate client satisfaction following their interactions with different touchpoints of the bank. These feedbacks are collected in real-time (max 48 H) and they help us to act promptly in order to transform discontented client into satisfied clients.

We have also contact point with customers and dedicated services that respond to the claims and suggestions: call centre (MyBRD Contact) with dedicated line for emergencies, on line on social media (Facebook), dedicated email and address to write to Customer Relations Department.

The term for responding to a complaint depends on its complexity.

If the Bank's response does not fully meet the customer's request, the client is informed in writing of its right to address the competent authorities or to resort to alternative dispute resolution mechanisms (CSALB Alternative Dispute Resolution Centre, The Alternative Dispute Resolution Entity in the Non-Banking Financial Sector - SAL-FIN, etc.).

In 2018, we have received at the level of Customer Relations Department 9 520 complaints, suggestions and requests.

CLIENT SATISFACTION	2016	2017	2018
Response time following a complaint (days)	30	30	30
Ombudsman response time in case of disagreement (CSALB) (days)	90	90	90
Number of mediation requests	19	60	106
Cases handled by the ombudsman (CSALB)	19	60	106
Cases handled by the ombudsman (CSALB), decision issued	5	28	22

II. ETHICS AND GOVERNANCE

RESPECT FOR HUMAN RIGHTS

BRD is committed to maintain and improve the systems and processes that enable it to ensure that human rights are respected in its operations and its human resources management, in its supply chain, and in its products and services.

In 2018 there have been no staff training of BRD's employees on human rights issues, and so far, we have not identified human rights violations and we have not assessed the risks of respecting human rights.

Société Générale are guided by the following conventions, standards and initiatives:

- the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights;
- the Fundamental Conventions of the International Labour Organization (ILO), which cover, in particular, the elimination of forced labour and child labour, discrimination in employment as well as the freedom of association and the effective recognition of the right to collective bargaining;
- the United Nations Guiding Principles on Business and Human Rights;
- OECD Guidelines for Multinational Enterprises;
- the United Nations Global Compact.

The Bank is determined to act with integrity and in compliance with the applicable laws in all its activities. Several policies developed at the Group level include provisions that directly or indirectly uphold human rights.

A notable example is the Code of Conduct, in which BRD undertakes to respect human rights and to comply with the rules laid down by the ILO. The same applies to policies and processes developed by BRD in connection with its obligations to combat money laundering, terrorist financing and corruption.

CULTURE AND PROFESSIONAL CONDUCT

BRD has adopted the conduct and cultural directory lines and rules of Societe Generale Group. The trust invested by BRD clients, shareholders and partners into the bank and the personnel of the bank, represents the fundament for building and preserving a long-term successful relationship.

The Code of Conduct reunites a set of strict rules and guidelines that aim to promote the values of BRD and Societe Generale Group, at internal level and in relation with stakeholders involved in bank activity.

These values promote: moral integrity and honesty, professionalism and transparence, respect for implemented legislation and internal regulations, avoiding of conflicts of interest, impartiality and non-discrimination, ensuring confidentiality, prevention and fight against corruption, money laundering and financing of terrorist acts, social responsibility.

In 2018, all bank's employees have been involved in professional conduct and culture program, which had as main objectives: the development of the degree of awareness for cultural and professional conduct in BRD, reaching the highest standards for service quality, integrity and conduct, which represent key-factors to differentiate from competitors.

A total of 6,830 BRD employees participated at 885 sessions, 2 hours each.

Code of Conduct is available and applicable for all employees, including relevant and affiliated people, for initiated people and for BRD employees in charge with bank's activity on financial markets.

ANTI-CORRUPTION FIGHT

Société Générale Group performs its activity in an ethic manner and in concordance with all applicable laws, including anti-corruption, anti-bribery and anti-lobbyism regulations, in all the countries where the Group operates.

As part of the Group, BRD joined Societe Generale's code, principles and regulations concerning anti-corruption. Any act of corruption or any act of traffic of influence is strictly forbidden in BRD.

At BRD level, there are assessments of the risks related to corruption, both from the point of view of the local entity of the associated risks (eg the monitoring of the e-learning sessions carried out for the bank staff and the evaluation of the results) and as part of the annual exercises carried out at the Societe General Group level on Anti-Bribery and Corruption Risk Assessment.

In the field of anti-fraud, in 2018, the specialized department inside BRD emphasized on the renewal and streamlining of internal controls, in order to prevent fraud, both on retail and on non-retail activity.

An e-learning training session was launched at the end of the 3rd quarter (Anti-bribery and Corruption (ABC)) (6.30 hours), with the main topics on risk management A B C. The training was finalized with a test at the end of 2018, with a completion rate of 96.2%.

For 2019, the bank is planning to organize face-to-face anti-fraud training courses for BRD retail network and to implement new security and fraud-prevention mechanisms on the area of electronic transactions.

OTHER CORPORATE GOVERNANCE ELEMENTS

CONFLICTS OF INTEREST

The main obligations fulfilled by the members of the Board of Directors and of the Executive Committee, imposed at the Bank level in order to prevent and avoid conflicts of interests, are:

- 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;
- 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;
- 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;
- members of the Management Body shall not take part in any deliberation when, in meetings of the Board of Directors/ Executive Committee, decisions are taken about third parties with whom they are in a conflict of interest by nature of their position;
- the obligation to respect professional secrecy with regard to the confidential information to which they have access, the debates and the decisions they have taken and which have not yet become public.

REGIME APPLIED TO RELATED PARTIES

The internal regulations establish a set of rules for identifying, monitoring and reporting the transactions with related parties.

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 insiders, 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, obligations have been set regarding reporting to the Bank of every personal transaction carried out by every insider with BRD financial instruments.

TRANSACTIONS CARRIED OUT BY THE MANAGEMENT STAFF

According to internal normative framework, persons holding managerial responsibilities as well as persons closely associated with them (within the meaning of Article 25 of the MAR Regulation, members of the Board of Directors and members of the BRD Steering Committee) shall notify the issuer (General Secretary /Corporate Affairs) and ASF for each transaction performed on their behalf in connection with BRD's shares, BRD debt instruments or any other instruments related to the BRD issuer.

Notifications are made promptly and no later than three business days after the transaction date, since the total volume of transactions reaches the threshold set by ASF.

The threshold is calculated by summing up all transactions made within one calendar year, without compensation.

DIGITAL SECURITY

In Digital Security, BRD Groupe Societe Generale is fully aligned to the global Groupe policies implemented for managing cybersecurity.

In BRD, the activity is managed by CISO – Director of Information Security Direction.

To fight cybercrime, the Bank has implemented solutions to protect the assets and transactions of its customers (Individuals and Legal Entities).

BRD Groupe Societe Generale constantly strives to adapt its security measures to enhance the protection of its customers against statistic continuously growing information security threats.

As an example, BRD Groupe Societe Generale is one of the few Romanian commercial banks offering a free security solution for its Remote Banking applications, for both Legal Entities and Individuals.

During 2018 also, the Information Security Division has been engaged in rising the awareness of BRD staff on the risks in information security, through multiple impact presentations.

Starting December 2015, BRD Groupe Societe Generale SA has a PCI DSS certification as „Service Provider Level 1”.

Starting March 2018, the Department of Information Systems in BRD Groupe Societe Generala SA has an ISO 27001:2013 certification.

PERSONAL DATA PROTECTION

BRD Groupe Societe Generale is particularly sensitive to personal data protection. As a trusted partner and custodian of its customers' personal data, BRD Groupe Societe Generale processes and uses the customer data solely to provide high quality services and products in accordance with customer expectations from the Bank.

In order to comply with the new data protection regulations and to underline its commitment for personal data protection, BRD Groupe Societe Generale created a new “Data Protection” service within its Information Security Direction, responsible for all aspects related to the protection of personal data and private life. The primary mission of this function is to advise and inform all Societe Generale entities on data protection requirements, to assist and respond to requests received from Group subsidiaries and to act as the contact point for the national supervisory authority ANSPDCP.

The data protection function must be consulted whenever a new data processing operation is implemented or changed. In accordance with local and European regulations, internal instructions describe the rules and procedures applied to guarantee the customer and employee data protection.

Any processing operation involving personal data must be accompanied by specific and appropriate guarantees for the security of the respective processing.

BRD Groupe Societe Generale has also established appropriate procedures to ensure that data subjects' rights (customers, employees) to access their personal data are respected. These procedures are transposed into the forms dedicated to personal data collection and in the general and

specific terms and conditions for Bank's products and services, including how to exercise the rights. Customers can also access all the necessary information about the protection and use of their personal data on the Bank's website.

Regarding the employee data, BRD Groupe Societe Generale has adopted personal data protection rules for both employees and candidates to a position within the Bank.

The Binding Corporate Rules (BCR) apply to every Societe Generale Group entity around the world and are designed to ensure an adequate and uniform level of protection for the personal data and privacy of employees and prospective hires that are part of the HR management process.

Starting October 2017, BRD Groupe Societe Generale has also appointed a Data Protection Officer in the view of continuously monitoring compliance with applicable legislation to ensure data subjects that personal data entrusted to the Bank is adequately protected in data processing operations.

At the same time, BRD Groupe Societe Generale SA has provided a training program to its employees in the field of personal data processing. In 2018, the employees of the Bank were trained through e-learning and the key employees took also part in classroom courses provided by specialized consultants within the Bank's GDPR implementation program.

III. RESPONSIBLE EMPLOYER

In 2018, the banking landscape continues undergoing profound change, including evolving customer and stakeholder expectations, the emergence of new technologies and the regulatory framework, which are transforming BRD's businesses and the skills required to work in. For BRD Groupe Societe Generale, this means seizing this opportunity to grow and develop its employees. Their ability to adapt their skills and ways of working is critical to the sustainability of the businesses.

Our Bank's corporate culture is based on the values it promotes to best serve its customers (team spirit, innovation, responsibility and commitment), the behaviour and skills they inspire and the conduct to be followed by those who work in these businesses.

Human rights, diversity, anti discrimination policy, gender equality

In BRD, the general policy is to treat everyone, man or woman, with the same respect, providing each one with the equal chance of getting recruited, promoted, rewarded, formed, and based only on the personal qualities.

Diversity is an important component of the Bank's strategy and is based on an efficient, independent performance management system that assures the valorisation of employees attributes from the perspective of skills and competencies;

When making hiring and fixed individual rights, the Bank will ensure equality of opportunity and treatment for all employees without discrimination, direct or indirect according to criteria of race, color, national origin, ethnicity, religion, origin social, age, or union activity, sex, sexual orientation, genetic characteristics, handicap, family situation or responsibility, or any other criteria that have the purpose or effect of not offering, reduce or cancel the recognition, use or exercise of rights under the collective Labor Agreement

Decisions related to salaries, benefits, training, work assignments, promotions, disciplinary measures or dismissal is based solely on employee performance, not on personal characteristics, race, origin, gender, religion, sexual orientation or political opinion

Adequate working conditions and respect for the employees' dignity – on developing the Collective Employment Agreement and the internal regulatory documents of the Bank, the aim is to ensure appropriate labor conditions for the activity, and in terms of social protection, occupational health and safety, as well as to respect the employees' dignity and conscience.

The following are acknowledged for all the employees:

- The right to collective negotiation;
- The right to personal data protection;
- The right of protection against illegal firing;
- Right of protection against all forms of harassment;
- Other rights specified by the laws in force.

There is a collective labor agreement in BRD, which is the result of annual negotiations between the management and the employees' union (39% syndication degree).

BRD tools and special programs:

- Recruitment (post profile, selection criteria)
- Promotion (criteria, specific programs)
- Remuneration (criteria, compensation packages and benefits)
- Career Management (Specific Programs)
- Assessment (skills, rating system)
- Dismissal (criteria, compensatory packages)

These tools take into account: the needs of the bank; Qualification, professional experience; Professional performance; Technical, commercial, managerial skills; Professionalism, team spirit, innovation.

In BRD Women are not a minority population, they actually represent 75% of all personnel (at the end of 2018). They also occupy a significant number of managerial positions (68% of the total managerial positions).

- 605 women are in maternity leave (11% of all women). When returning from maternity leave, they receive an integration training according to agreement with the direct manager
- Because the number of employed women is high, most of them having ages between 26-42 years old (61%), BRD organizes special events dedicated to them that aims personal and professional development and well-being.

The number of employees of the Group was 7471 as of 2018 end (7568 at 2017 end) while the number of active employees of the Bank was 6882 as of 2018 end (6970 at the 2017 end).

The Bank also recognizes and supports the benefits of the diversity of the management body and considers it an essential element in the protection and expansion of the competitive advantage, given that through diversity, maximum efficiency and performance can be achieved, increasing innovation and cooperation both within the management body and within the bank. In this context, the bank has adopted and implemented a diversity policy.

In this respect, a balance is desired to be achieved, so that the members of the management body have theoretical knowledge and practical experience regarding: financial markets; framework and regulatory requirements; strategic planning and understanding of the bank's strategy and business plan and their realization; risk management (identification, evaluation, monitoring, control and reduction of the main types of risk, including past activity / attributions); accounting and audit; assessing the effectiveness of the governance framework, establishing effective governance, supervision and control mechanisms; the interpretation of the financial information of a credit institution, the identification of fundamental issues on the basis of such information and appropriate controls and measures.

The Nomination Committee evaluates and reviews the composition of the governing body annually and at any time, the committee may propose to improve any aspect of its diversity.

During the year 2018 there were several changes in the governing body, including the appointment of new members (a female representative was elected within the Board of Directors). They ensure diversity of age, geography, experience and expertise in various fields of activity.

More details on the changes that took place at the level of the management body are available in the Administrators' report.

The management of the performance

The Human Resources Department pays particularly close attention to employees' commitment, which improves team's performance. Recognising each individual's contribution to the Group's long-term performance, ensuring well-being at work and drawing on the teams' diversity are all-essential to maintaining employees' ties to the company and improving efficiency.

The management of the performance lays on three major pillars:

- Clear and measurable objectives based on suitable job description.
- Continuous feedback and individual development plan.
- A serious and transparent process of valuation of the employee, both on the results and on how they were accomplished

The evaluation process is a way to manage and develop competencies aiming to:

- Discuss on the expected level of objectives' achievement according to deadlines and means defined at the start of the year as well as the working environment.
- Assess results and how they were accomplished given job accountabilities and objectives set for the year.
- Identify acquired competencies.
- Identify training needs and assure professional development.

Here after our key indicators on Human Resources for 2018:

Indicator	2017	2017 % from total employees/FTE	2018	2018 % from total employees/FTE
Total number of female employees on permanent contracts	5.082	66	5.062	67
Total number of female employees on fixed-term contracts	695	9	628	8
Total number of male employees on permanent contracts	1.714	22	1.688	22
Total number of male employees on fixed-term contracts	159	2	143	2
Total number of employees	7.650	100	7.521	100
Number of female employees present on permanent contracts (FTE)	4.441	64	4.463	65
Number of female employees present on fixed-term contracts (FTE)	686	10	623	9
Number of male employees present on permanent contracts (FTE)	1.701	24	1.673	24
Number of male employees present on fixed-term contracts (FTE)	158	2	142	2
FTE	6.986	100	6.901	100
Number of work-study participants present during the year	730	10	656	10
Number of work accidents (as defined by local regulation)	4	0	4	0
Number of employees who had an annual performance evaluation	5.921	85	5.921	86

Training	2017		2018	
Total number of hours of training	164.568		296.459	
Total number of hours of training for female employees (classroom and elearning)	124.919		223.972	
Total number of hours of training for male employees (classroom and elearning)	39.649		72.488	
Average number of training hours per employees who attended at least one training session during the year	30		37	
Number of female employees who attended at least one training session during the year	3.994		5.980	
Number of male employees who attended at least one training session during the year	1.424		2.100	
Number of employees who have completed at least one training course in the year	5.418		8.080	
Percentage of employees who had an annual performance evaluation	96%		99%	

Other details about HR strategy are available in Board of Directors Report report at the Chapter dedicated to Human Resources.

IV. CLIMATE CHANGE

Environmental & social impact of business activities

In the face of climate change and ecological upheaval, the preservation of environmental balances is becoming a challenge. In 2015, ahead of the COP21 climate change conference, the Groupe Société Générale committed to aligning its financing portfolio to the global warming trajectory laid out by the International Energy Agency (IEA), which sets out a 2 °C scenario (2DS), by 2020.

In 2017, Societe Generale pledged to help raise €100 billion in financing for the energy transition between 2016 and 2020 and to report regularly on achievements.

The Group also adopted in 2018 exclusion policies for oil sands and Arctic oil exploration and extraction activities.

Equator Principles

BRD applies the Equator Principles since 2009.

Adopted by the Group in 2007, and revised in 2013, the Equator Principles (EP) are one of the underlying initiatives of the Environment & Social (E&S). To ensure that they are followed,

BRD has special internal procedures and tools. The EP serve common framework for the financial sector to identify, evaluate and manage the E&S risks of projects.

Sector Policies

BRD focused its initial efforts on clarifying and implementing its climate strategy within the mining & coal sector. Actions have already been carried out for the energy sector (sector policy, stop new funding for coal and coal-fired power plant projects, etc.). Societe Generale has developed a methodology for monitoring its credit exposure to the coal sector for the purposes of implementing its commitment to the IEA's 2DS plan for 2020 and BRD is reporting every semester about the implementation of this sector policy.

Environmental impact of own activities

Responsibility to protect the environment goes beyond legal mandatory limits and represents a voluntary commitment of the Bank, which aims to constantly reduce CO2 emissions coming from its own activities. Such policy involves the control and improvement of its direct impact on the environment, in association with its various stakeholders.

To measure environmental indicators (on an annual periodicity) BRD use Planethic – an internal online tool managed by Societe Generale (which includes at least all consolidated entities of Société Générale Group and also all companies that are more than 50% owned by SG Group).

Planethic Reporting measure indicators from 6 areas of interests for environment and uses multiple units of measure:

- Energy
- Buildings Management system (number of buildings, number of occupants, surfaces and types of surfaces – offices, sales offices, dining facilities, parking areas...)
- Paper
- Transport
- Waste
- Water

The indicators (measured and reported by different departments in BRD) are centralized and processed through the application, so that in the end a general indicator can be calculated for environment, which can be expressed by the carbon footprint.

BRD Indicator	2017	2017 relative to total occupants	2018	2018 relative to total occupants
Electricity consumption from suppliers (kwh)	29.273.241	3.568	29.623.582	*3.918
Gas consumption (kwh)	24.837.502	3.027	24.624.251	3.257
Heat consumption (kwh)	3.092.288	4.307	3.060.028	4.340
Distances travelled for business trips by plane	1.348.042	164	1.478.650	**196
<i>Distances travelled for business trips by plane -SHORT-haul(<500km)</i>	569.657	69	695.827	92
<i>Distances travelled for business trips by plane -MEDIUM-haul(> 500 km < 1600 km)</i>	180.600	22	126.566	17
<i>Distances travelled for business trips by plane -LONG-haul (> 1600 km)</i>	597.785	73	656.257	87

Distances travelled for business trips by car	9.368.709	1.142	8.870.460	1.173
Total quantity of paper used (kg)	741.496	90	682.924	90
Total quantity of waste produced (kg) of which:	***400.565	49	443.240	59
recycled wastes (paper, cardboard and WEEE)	62.385	8	41.940	6
non-recycled wastes	338.180	41	401.300	53
Water consumption (m3)	***71.175	9	69.123	9
Surface area (m2)	238.756	29	231.578	31
Number of occupants (employees+providers effectively at work)	8.205		7.560	
Number of buildings	794		749	

* In 2018, due to technical failures, part of the electricity consumption values had to be estimated, more than in 2017; as a result, the value of this indicator is approximate and possibly higher than in reality and than 2017.

** This indicator refers to the majority (85%) of the Bucharest-Paris business trips needed to align the (commercial and technical) Société Générale strategy and in recent years the air travel has become more and more advantageous.

*** After publication of the report of 2017 we have made a number of corrections indicators and values appear here changed.

The consumption of gas and heat is in accordance with the ambient temperature.

Société Générale decided to reduce its CO2 emissions by 20% between 2014 -2020 and, from 2017, to include its waste in the Group's carbon footprint.

BRD takes also measures to diminish its negative impact on environment and the table below shows the evolution of CO2 emissions over the last 3 years:

Tonnes CO ₂	Total emisions CO ₂			Total emisions CO ₂ /occupants		
	2016	2017	2018	2016	2017	2018
Emissions CO ₂	*20.897	*19.353	19.282	*2.5	*2.4	2.5

*CO2 emissions or carbon footprint are calculated according to a number of specific emission factors, which vary from one year to other.

The total amount of each emission is calculated with the consumptions of paper (tons of paper bought), electricity (kWh consumed), business trips (Km done by plane, train, cars), waste (tons of waste collected (paper, steel, wood, WEEE,...), etc.. reported for which we apply specific emissions factors.

For paper we applied the ADEME emissions factors for all the Group

For electricity we applied AIE emissions factors (by countries)

For plane we applied DEFRA emissions factors for all the Group.

In order to make a comparison between years, the calculations are repeated for previous years as well by using the emission factors of the reporting year.

The increase of the first four indicators on the environment (explained above) led to a slight increase in the carbon footprint, although the absolute value of carbon emissions decreased each year.

Collection and recycling of waste in BRD

BRD implemented a program of collection and recycling of waste from electric and electronic equipment, in partnership with the associations *Recolamp* and *Ateliere fara Frontiere*. In 2018, BRD donated 180 kg of lighting bulbs to *Recolamp* and 17 tons of electric and electronic waste to *Ateliere fara Frontiere Association*, being the largest contributor of the association. Paper waste is also the subject of collection and recycling in BRD (149 tonnes of paper+cardboard recycled in 2018).

V. RESPONSIBILITY TOWARDS THE DEVELOPMENT OF THE ROMANIAN SOCIETY

There is a significant need in the Romanian Society, to identify and to provide support for new development pillars, such as education, culture and innovation. These are the pillars we have labeled at BRD level, as essentials for building a future we can be proud of, but also for facilitating the access of young generations to complementary resources they need to progress.

This is the reason why in 2018 we have chosen to support: education and technology, culture and volunteering for the benefit of the communities where we run our business.

The amount we invested in 2018 in these projects is **12 116 260 RON** (9 228 650 RON in 2017).

For a number of years, Societe Generale has been pursuing an in-depth digital transformation involving all of its staff. In 2018, the Group received the award : No.1 company for digital transformation in the French eCAC40 Awards, after 2017 when it was ranked second.

BRD aligns with SG efforts in **Technology and innovation field**, engaging efforts into preparing key actors (new generation, IT& tech specialists and entrepreneurs) for a digital society. The projects supported by BRD go in the direction of STEM education and take place under the umbrella of the platform program: MINDCRAFT – development hub BRD.

The main projects are **BRD First Tech Challenge**, **2 Robotics Laboratory** organized in Polytechnic University of Bucharest (one for pupils in FTC competition system and one for students and young entrepreneurs in technology), **Innovation Labs** and **RIDS** (Romanian Institute of Data Science) **Partnership**. Together, these projects influence over 45 000 beneficiaries: pupils, students, teachers, young entrepreneurs in technology.

Education is a hot topic on our agenda because it is the one opening the road towards all the other domains and is at the base of the whole mechanism that makes our society work. A world without education – formal, alternative, complementary or other type – is a world without a future. We can't build without a solid base, and this base is education.

In education we have a wide range of programs from Financial education where 10 000 children from primary schools learned about money, to programs taking place in Universities, or scholarships & mentorship program to young journalists together with Friends for Friends Foundation.

In culture, we continued to support the projects of the new generation of creators, but also the big theatre festivals (Sibiu International Theatre Festival, National Theatre Festival), film festivals (Les Films de Cannes a Bucarest, One World), or bookfairs (Gaudeamus).

The main platform created in 2018 is **Fundatia 9**, a non-governmental organization having BRD as founding partner. Being the partner of Fundatia 9, we provide them resources, but also the know-how we have developed in the past years, as incubator for cultural projects and platforms of ideas. These on-line platforms are now placed under the guidance of an independent Directory Board, to be curated and extended. They are: **Scena9**, the platform for cultural journalism founded in 2015, already an important voice on the Romanian cultural scene, and **Rezidenta BRD Scena9**, a cultural center dedicated for the young generations of contemporary culture creators, that accommodates, finances and produces an interdisciplinary cultural program.

The first new project launched by Fundatia 9 is **Fondul de Cinema “Lucian Pintilie”**, created in memory of this big Romanian director, departed in 2018. The fund has the purpose to honor the memory of the big filmmaker and to offer support to author movies, signed by Romanian debutant directors, under the spirit of Pintilie cinematography. The first generation of young creators sponsored through Pintilie Fund will finalize their film productions in 2019.

In July 2018, we have launched **Ziua V, BRD first internal volunteering program**, in order to stimulate the involvement of our employees in volunteering projects that generate change in local communities. Even more, the bank allocated 1 day/ year/ employee, when employees can choose to leave the office, and go to volunteer for the community. The program is based on a special online platform, populated with volunteering projects from different areas and domains, from where the employees can choose according to their preferences. 6 months from the launch of Ziua V program, 37 volunteering projects took place all over the country, involving over 1400 volunteering employees.

In line with our corporate social responsibility, in 2018, BRD's Christmas corporate gift for clients was to redirect the annual budget assigned to client gifts for the project building the First Oncology and Radiotherapy Hospital for Children in Romania, developed by Daruieste Viata association.

More details about those programs are in the Annual Board of Directors' Report.