Annual Board of Directors' Report

2016

prepared in accordance with the National Bank of Romania Order no. 27/2010, the National Securities Commission Regulation no.1/2006, the National Bank of Romania Regulation no. 5/2013 and Regulation (EU) no. 575/2013 and contains both Annual Board of Director's Report and Consolidated Annual Board of Directors' Report

YOUR BANK. YOUR TEAM

BRD

GROUPE SOCIETE GENERALE

CONTENTS

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, 2016, SG was holding 60.17% of the share capital.

Starting 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, 2016 the Bank had the following ratings:

Fitch Ratings *(rating date: 20-Oct-2016)*	Rating
Foreign-Currency Short-Term Issuer Default Rating	F2
Foreign-Currency Long-Term Issuer Default Rating	BBB+
Support Rating	2

Moody's *(rating date: 1-Sept-2016)*	Rating
Global Local Currency Short-Term Deposit	Prime
Global Local Currency Long-Term Deposit	Baa3
Foreign Currency Short-Term Deposit	Prime
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 head 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 150 years. With more than 145,000 employees, based in 66 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:

- *Retail banking in France* with the Société Générale branch network, Credit du Nord and Boursorama, offering a comprehensive range of multi channel financial services on the leading edge of digital innovation;
- *International retail banking, financial services and insurance* with a presence in emerging economies and leading specialised businesses;
- *Corporate and investment banking, private banking, asset management and securities services,* with recognized expertise, top international rankings and integrated solutions.

As at December 31, 2016, the ratings of Société Générale were:

- Standard and Poor's: A
- Moody's: A2
- Fitch: A

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 Română 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, financial services division (IBFS) that aims to offer a broad range of products and services to individuals, professionals and corporates, and whose 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.

2016 KEY FIGURES

	The Bank	2015	2016	Variation
Financial results	Net banking income (RONm)	2,474	2,634	+6.5%
	Operating expenses (RONm)	(1,310)	(1,310)	0.0%
	Cost of risk (RONm)	(631)	(461)	-26.9%
	Net profit (RONm)	445	728	+63.5%
	Cost / income ratio	52.9%	49.7%	-3.2 pt
	ROE	7.8%	11.8%	+4.0 pt
		Dec-15	Dec-16	Variation
Capital adequacy	Own funds (RONm)	4,857	5,212	7.3%
	RWA (RON bn)	26.9	26.4	-1.8%
	CAR	18.1%	19.8%	+9.3%
Loans and deposits	Total net loans (RON bn)	26.6	27.4	+2.8%
	Total deposits (RON bn)	41.3	42.3	+2.5%
Franchise	No of branches	829	810	(19)
	No of active customers (x 1000)	2,250	2,285	36

	The Group	2015	2016	Variation
Financial results	Net banking income (RONm)	2,595	2,778	+7.0%
	Operating expenses (RONm)	(1,385)	(1,388)	+0.2%
	Cost of risk (RONm)	(658)	(484)	-26.5%
	Net profit (RONm)	467	763	+63.4%
	Cost / income ratio	53.4%	50.0%	-3.4 pt
	ROE	7.8%	11.8%	+4.0 pt
		Dec-15	Dec-16	Variation
Capital adequacy	Own funds (RONm)	5,283	5,576	+5.6%
	RWA (RON bn)	27.7	27.4	-0.9%
	CAR(*)	19.1%	20.4%	+6.6%
Loans and deposits	Total net loans including leasing (RON bn)	27.6	28.5	+3.4%
	Total deposits (RON bn)	41.2	42.2	+2.5%

(*) according to Basel 3 including the impact of prudential filters (the Bank) and according to Basel 3 transitory provisions (the Group); 2016 own funds reflect the 2016 net profit and proposed dividends.

Note: Throughout this report, the loan outstanding amounts at December 31, 2015 have been restated for comparability purpose, thus, similar to the loan outstanding at December 31, 2016, they include municipal bonds. The December 31, 2015 amount in the individual and consolidated Financial Statements at December 31, 2016 has not been restated.

BRD SHARE

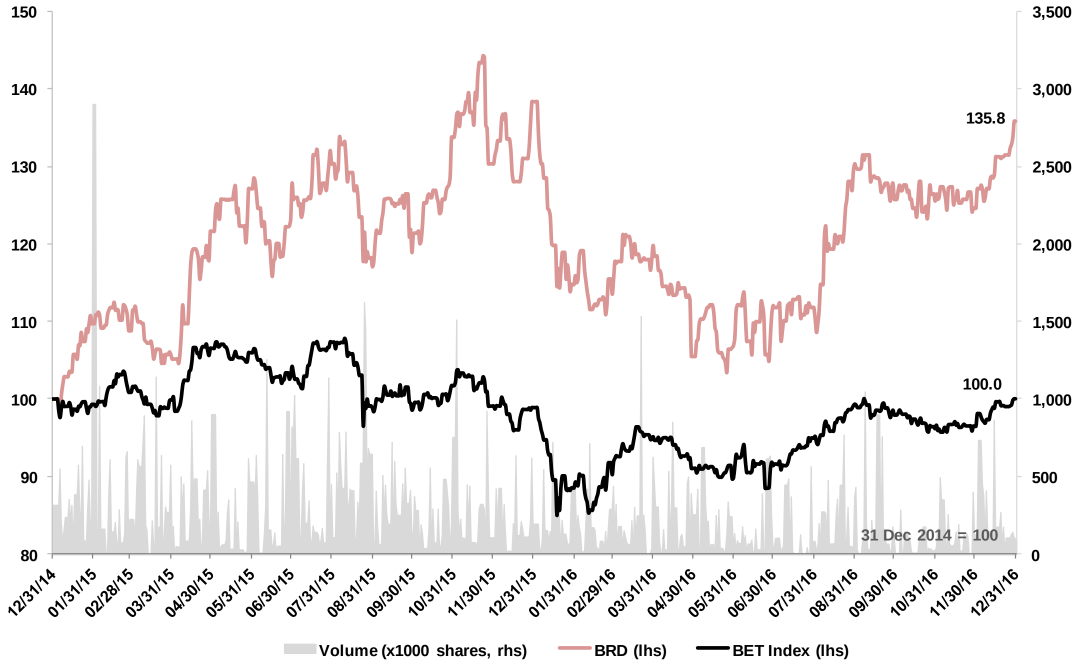
Starting with January 15th, 2001, the Bank's shares are listed in the Premium category of the Bucharest Stock Exchange. The shares are included in the BET, BET Plus, BET-XT, BET-XT-TR , BET-BK , BET-TR and ROTX indexes. The Bank's shares are ordinary, nominative, dematerialized and indivisible. According 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, 2016, was of 11.88 RON/share (RON 12.10/share at December 31, 2015). On the same date, the market capitalization was RON 8,279.19 million (December 31, 2015: RON 8,432.51 million).

During 2016 neither the Bank, nor its subsidiaries bought back own shares.

As of December 31, 2016 neither the Bank, nor its subsidiaries hold 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, 2016



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 decision, upon the Board of Directors' proposal and depends on the distributable profit and of the future capitalization needs of the Bank.

The Bank did not distribute dividends for financial years 2013 and 2014. For the financial year 2015, the value of the distributed dividends was of RON 223.0 million from the distributable net profit of RON 445.4 million, corresponding to a payout ratio of 50% and to a dividend per share of RON 0.32 given the number of ordinary shares of 696.9 million.

As at December 31, 2016, the amount of dividends effectively paid was RON 222.03 million representing 99.57% out of the total approved dividends.

For the financial year 2016, the Board of Directors has decided to propose to the General Meeting of Shareholders the payment of a dividend of RON 0.73 per share, corresponding to a payout ratio of 70% of the 2016 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 for profit distribution and dividend establish.

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

Constantly concerned by the principles of corporate governance, BRD - Groupe Société Générale has adopted and applies the provisions of Corporate Governance Code of the Bucharest Stock Exchange (BSE) since 2012. The result of the self-assessment of the compliance with the BSE's Code principles at the end of 2015 was subject of a current report published by the Bank on January 4, 2016, available to the interested parties on institutional site: https://www.brd.ro/en/stiri/important-events-5.

"The statement of compliance with the provisions of Corporate Governance Code of the BSE on December 31, 2016" is presented in Appendix, Exhibit 9.

Since 2012, 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.

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 paragraphs 4) and by the Bucharest Stock Exchange Code of Corporate Governance.

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

BOARD OF DIRECTORS

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

As at December 31, 2016, there was a vacant position in the Board of Directors.

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, 2016, the Board of Directors includes 2 independent members.

The year 2016 brought changes to the composition of the Board of Directors, as follows:

- The Ordinary General Shareholders Meeting on January 07, 2016 decided the election of Mr. Jean-Pierre Georges Vigroux as director for a 4-years mandate and his designation as independent director;
- The Ordinary General Shareholders Meeting on April 14, 2016 decided the renewal of the mandate as director of Mr. Philippe Charles Lhotte for a 4-years mandate, starting with September 13, 2016;
- On August 2016, Mr. Didier Charles Maurice ALIX passed away.

MEMBERS OF THE BOARD OF DIRECTORS AS AT DECEMBER 31, 2016

Giovanni Luca SOMA

Chairman of the Board of Directors

Member of the Audit Committee

Member of the Risks Management 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.

Term of mandate expires in: 2018

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

Information on mandates hold: 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, 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, Deputy Head of International Retail Banking.

Giovanni Luca Soma is currently Deputy Head of Europe Region, International Banking and Financial Services Division and Chief Executive Officer of Société Générale Consumer Finance, France.

Philippe Charles LHOTTE

Non-executive member of the Board of Directors

Date of birth: January 15, 1961

Year of the appointment in the BRD-Groupe Société Générale's Board of Directors: 2012.

Since November 5, 2012 until May 26, 2015, he was the Chairman of the Board of Directors of BRD-Groupe Société Générale.

Renewal of the mandate: 2016

Term of mandate expires in: 2020

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

Information on mandates hold: 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 non-executive mandate within BRD-Groupe Société Générale Group.

Biography: He is bachelor of Law at the University Paris 2 and graduate of the Institute of Political Studies in Paris; Mr. Philippe Charles Lhotte made his entire career within Société Générale Group.

Between 1987 and 1994, he held the position of Inspector within the General Inspection of Société Générale.

Between 1994 and 1997, he was Deputy Director of the Group Saint Germain-en-Laye, then Regional Director of Group Hérault (Montpellier), between 1998 and 2004.

Between January 2005 and November 2012, he was Chairman of the Board and CEO of SG Expressbank AD in Bulgaria.

Since 2012 to the end of October 2016, he held the positions of CEO of BRD–Groupe Société Générale.

Bernardo SANCHEZ INCERA

Non-executive member of the Board of Directors

Member of the Nomination Committee

Member of the Remuneration Committee

Date of birth: March 9, 1960

Year of first appointment in the BRD-Groupe Société Générale's Board of Directors: 2011

Renewal of the mandate: 2015

Term of mandate expires in: 2019

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

Information on mandates hold: 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 the Political Studies Institute in Paris and has an INSEAD Master of Business Administration.

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

From 1996 until 2009, he held several managerial positions, such as Chairman of Zara France, Manager of International Operations of Inditex Group, Chairman of LVMH Mode et Maroquinerie Europe and LVMH Fashion Group France, General Director of Vivarte Group, and CEO of Monoprix France.

In 2009, he joined Société Générale by taking over, starting with January 2010, the position of Deputy CEO in charge of the International Retail Banking Division (BHFM) and Specialised Financial Services. Starting September 1, 2014, he became Deputy CEO in charge of Retail Banking in France, International Retail Banking and Financial Services and Insurance. He is also member of the Executive Committee of the Group Société Générale.

Jean-Luc Andre Joseph PARER

Non-executive member of the Board of Directors

Member of the Remuneration Committee

Chairman of the Nomination 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

Term of mandate expires in: 2017

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 positions of Deputy Head of Structured Finance, Deputy Head of Specialized Finance, and then Head of Structured Finance Between 2001 and 2007, he held the position of Deputy Head of Debt Finance Division. In 2008, he became Head of Capital Markets and Financing division, then Head of the Global Finance division in 2009.

In 2012, he became Head of the Retail Banking outside France division (BHFM) and member of the Executive Committee of the 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 hold: 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 mandate hold: 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 Godis.

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.

Aurelian DOCHIA

Independent member of the Board of Directors

Chairman of the Audit Committee

Member of the Risks Management Committee

Member of the Remuneration Committee

Date of birth: March 8, 1950

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

Term of mandate expires in: 2018

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

Information on mandates hold: 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 non-executive mandate within BRD-Groupe Société Générale Group.

Biography: he graduated from the Bucharest Academy of Economic Studies. In1999, he got his PhD in Economics on National Economy Institute of the Romanian Academy.

During his career, he combined a solid professional expertise as consultant (for institutions such as the World Bank, the European Bank for Reconstruction and Development or OECD), with high-rank positions at the executive and legislative levels, as President of the National Agency for Privatization and member of the first freely elected Parliament (Constituent Assembly) of Romania, between 1990 and 1992.

Until May 2007, he was the General Manager of the subsidiary BRD/SG Corporate Finance and the coordinator of BRD-Groupe Société Générale's investment banking activities.

He held the position of Member of the Board of Directors with several entities part of the BRD Group, SIF Muntenia, State Ownership Fund (FPS), and the Romanian Centre for Economic Policies (CEROPE) - a non-governmental research centre.

Before 1990, he developed an academic career as researcher with the National Economy Institute of the Romanian Academy. He gave speeches at conferences and seminars, and published more than hundreds articles and studies.

He is Member of the Board of Directors at BRD Finance IFN S.A.

Jean – Pierre Georges VIGROUX

Independent member of the Board of Directors

Member of the Audit 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 hold: 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 - two non-executive mandates: he holds one within BRD-Groupe Société Générale and one outside the Société Générale Group.

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 România (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 Committe and Board of Directors – Central and Oriental Europe (1996-2001), Chairman of FIC (2003-2004).

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 ''Limits for the approval of loans and other 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 system and approves the financial planning.

The Board of Directors approves the Bank's strategy for general development, for identification of significant risks and management of such risks, 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 any time it is 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 2016

In 2016, 12 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. Giovani Luca Soma (Chairman of the Board of Directors), Mr. Jean-Luc Andre Joseph Parer (Member), Mr. Philippe Charles Lhotte (Executive Member), Mr. Petre Bunescu (Executive Member), Mr. Aurelian Dochia and Mr. Jean-Pierre Georges Vigroux (Independent Members), Mr. Ioan Cuzman (Member), took part to all the Board's meetings;

- Mr. Bernanrdo Sancez Incera (Member) took part to 9 meetings;

On the Board of Directors agenda the following subjects were included: Business and risk management strategy of the Bank, Bank's financial results, Risk management framework, BRD-Groupe Société Générale remuneration policy, reports on annual inventory, reports regarding the internal control, the Internal Capital Adequacy Assessment Process - ICAAP, the Compliance Policy, credits on area of competence of the Board of Directors, changes in the Bank's management, the renewal of a director mandate, modifications in internal regulations, 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, appointment of the Secretary of the Board of Directors, audit plan, reorganization of the Bank's structures (Head office and network).

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, on significant risks, on the main events that took place within BRD-Groupe Société Générale 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 2016, 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, in lei equivalent), as well as a general limit for the directors' and members of the Executive Committee remunerations, including additional remunerations, for 2016, amounting to RON 10.9 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, 2016**,** the Audit Committee consisted of 3 non-executive directors, of which 2 are independents. The members of the Audit Committee were: Mr. Aurelian Dochia (Independent Chairman), Giovanni Luca Soma (Member), and Jean-Pierre Georges Vigroux (Independent Member).

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

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

The Audit Committee assists the Board of Directors in performing its responsibilities in terms of internal control and financial audit. To this effect, the Audit Committee makes recommendations to the Board of Directors regarding the strategy and policy of the credit institution in the field of internal control and financial audit. 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 2016, 4 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. Aurelian Dochia and Mr. Giovani Luca Soma, took part to all the Committee's meetings;
- Mr. Jean-Pierre Georges Vigroux joined the Audit Committee in September 2016 and attended at 1 meeting of the Committee.

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, 2016, the Committee consisted of 3 non-executive directors, of which one is independent. The members were: Mr. Bernardo SANCHEZ INCERA (Chairman), Mr. Jean-Luc André Joseph PARER (Member) and Mr. Aurelian DOCHIA (Independent member).

The Remuneration Committee meets annually, or whenever necessary. In 2016, one meeting of the Remuneration Committee took place.

The attendance to the Remuneration Committee's meeting was of 100%.

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, 2016, the Committee consisted of 3 non-executive directors. The members were: Mr. Jean-Luc André Joseph Parer (Member), Mr. Giovanni Luca Soma (Member) and Mr. Aurelian Dochia (Independent Member).

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

In 2016, 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. Aurelian Dochia, took part to all the Committee's meetings;
- Mr. Jean-Luc André Joseph Parer attended at 3 meetings of the Committee;

At the meetings of the Risks Management Committee may participate, as permanent guests, the members of the Executive Committee, Chief Financial Officer, Risk Executive Officer/ Risk Deputy Executive Officer, PCR Executive Officer, CB&GLFI Deputy Executive Officers, DPF Executive Officer, DCP Director and the 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.

THE NOMINATION COMMITTEE

As at December 31, 2016, the Committee was composed of 3 non-executive directors of the Board of Directors: Mr. Jean-Luc André Joseph Parer (Chairman), Mr. Bernardo Sanchez Incera (Member) and Mr. Giovanni Luca Soma (Member).

The Nomination Committee meets half-yearly or whenever necessary.

In 2016, 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 took part to all the Committee's meetings;
- Mr. Bernardo Sanchez Incera attended at 1 meeting of the Committee;

In exercising its powers, the Nomination Committee identifies, makes proposals and submits for approval by the Board of Directors or the General Meeting of Shareholders, 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 only change in Executive Committee is the presence of Mr. Francois Bloch. Since December 2016 he exercises the position of CEO following the termination of the mandate as CEO of Mr. Philpge Charles Lhotte.

MEMBERS OF THE EXECUTIVE COMMITTEE AS AT DECEMBER 31, 2016

François BLOCH

CEO

Date of birth: March 31, 1967

Year of the appointment as CEO: 2016

He directly coordinates the following structures: Compliance Division, Permanent Control Division, General Secretariat, Human Resources Department and Internal Audit Department.

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

Information on mandates hold: 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 within BRD - Groupe Société Générale.

Biography: 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 Elsässische 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 , Member of the Board of Directors, Rosbank PAO.

Starting with 2012 to 2016 he exercised also the following non-executive 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.

Petre BUNESCU

Deputy CEO Finance / Treasury

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

He directly coordinates the following structures: Financial Department, Sourcing Division, Financial Markets Back Office Division, Banking Operations Pole and Legal Division.

Others information: can be consulted on section "Board of Directors' of the present Report.

Didier Luc Marie Dominique COLIN

Deputy CEO – Risks

Coordinator of the Risks Management function

Date of birth: April 20, 1963

Year of the appointment as Deputy CEO: 2013

He directly coordinates the Risk Management Pole.

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

Information on mandates hold: 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 within Société Générale Group.

Biography: graduated from University Paris IX Dauphine, with a degree in management sciences, and in 1990 he obtained a Master's degree in Business Administration at City University of New York, Business School B. Baruch, New York, USA.

He has an experience of over 26 years within Groupe Société Générale; he started in 1990 in Société Générale, USA Branch, as credit analyst.

Between 1991 and 1998, he held the position of internal auditor at General Inspection of Société Générale Paris.

In 1998, he became Financial Director of Société Générale, Branch USA, having under direct supervision 3 departments: Tax Planning, Accountancy and Financial and Management Reporting.

Between 1999 and 2000, he was Budget and Financial Director, being in charge with the redefinition and supervision of the budget process for all Société Générale Investment Banking activities in the USA.

Within Société Générale Canada, between 2000 and 2004, he supervised and managed the activities of the bank, first as Deputy Country Manager (2000-2001) and then as Country Manager (2001-2004).

Between 2004 and 2010, he was Risk Director and member of the Board of Directors of Komercni Banka (Czech Republic).

Between January 2011 and June 2013, he held the position of Director for Europe within International Retail Banking of Société Générale and he was in charge with the supervision of the retail activities of Société Générale in Central and Eastern Europe.

Jean-Luc Bernard Raymond GRASSET

Deputy CEO – Resources

Date of birth: September 11, 1954

Year of the appointment as Deputy CEO: 2011

He directly coordinates the following structures: Information System Department, Projects and Organisation Department, Real Estate, Security, Logistics and Banking Data Management divisions.

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

Information on mandates hold: 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 within Société Générale Group.

Biography: graduated from the University of Aix-en-Provence in 1977, having a license in Economic and Social Management. In 1979 he obtained DESS (Diploma in Specialised Higher Education) in Finance, Econometrics.

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

In 1991, he started a series of missions within Société Générale structures from abroad, as Development and Audit Manager (Ivory Coast), CEO (South Africa), and Ibank Implementation Manager (BRD-Groupe Société Générale).

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

Starting 2005 until 2010 he took over the position of Resources Manager at NSGB Egypt, where he coordinated 3 major organization projects.

Alexandru-Claudiu CERCEL-DUCA

Deputy CEO – Financial Markets

Date of birth: February 17, 1968

Year of the appointment as Deputy CEO: 2008

He directly coordinates 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 hold: 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 and one non-executive 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.

Gabriela - Stefania GAVRILESCU

Deputy CEO – Corporate Banking

Date of birth: December 20, 1956

Year of the appointment as Deputy CEO: 2011

She directly coordinates the Corporate Banking activity.

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

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

She is also member of the Board of directors of Romanian Banking Association.

Biography: graduated the Bucharest Economic Studies Academy – International Business Relations Department in 1980.

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

She joined Société Générale in 1993 as Commercial Director at the Bucharest Branch of Société Générale.

In 2000 she was named Executive Delegate Director for Large Corporate Clients.

In October 2009, she became Executive Director of the Large Corporate Customers Department.

Gheorghe MARINEL

Deputy CEO – Commercial/ Network/ Marketing

Date of birth: March 13, 1965

Year of the appointment as Deputy CEO: 2012

He directly coordinates the following structures: the Marketing and Product Management Department, Network Commercial Pole, Distribution Network Administration Pole, Bank Agency Network.

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

Information on mandates hold: 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 and one non-executive within Société Générale Group.

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 25 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.

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, and in the Directive ''Limits for the approval of loans and other 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 2016, 91 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 fulfill its mission, the main themes subject to debate in the committee are: operational risks, activity continuity and crisis management, permanent control, audit, conformity risk, IT security, deficiencies found in the supervision reports / minutes of the authorities.

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 banking book) and capital management, both at the Bank and at BRD-Groupe Société Générale Group level.

COMMITTEE FOR NEW PRODUCTS AND SIGNIFICANT TRANSFORMATIONS

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 and significant transformation of the activity that generates higher risks compared to the previous situation (legislative changes that impact the Bank's offer / activity / structure; changes in the Bank's activity, outsourcing).

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.

OTHER COMMITTEES: Crisis Committee, Safety and Occupational Health Committee, Users Steering Committee, Tracking Committee, Career Committee, Watch Provision Committees etc.

BRD - Groupe Société Générale's shares held by the members of the Board of Directors and of the Executive Committee as at December 31, 2016

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.

General Assemblies are ordinary and extraordinary. The Ordinary General Assembly of the Shareholders meets at least once a year, within no more than 4 months as of the end of the financial year, and the Extraordinary General Assembly of Shareholders meets whenever necessary. In 2016, there were 4 General Assemblies (2 Ordinary General Assemblies of Shareholders on January 7, 2016 and April 14, 2016 and 2 Extraordinary General Assemblies of Shareholders on January 7, 2016 and April 14, 2016).

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").

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

The shareholders can 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.

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

RIGHT TO DIVIDENDS

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

In 2016 it was developed the Dividend Policy, available to shareholders and other stakeholders on institutional on Corporate Governance section: //www.brd.ro/en/about-brd/investors-and-shareholders/corporate-guvernance/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 2016, the bank organised 1 meeting for presenting the preliminary financial results as at December 31, 2015 and 4 live audio webcasts for the interim financial results.

The financial calendar for the year 2017 is the following:

Preliminary financial results as at December 31, 2016 and meeting with journalists	February 09, 2017
Presentation of the preliminary financial results for 2016 and Q4-2016 to analysts and investors through live webcast	February 10, 2017
General Assembly of Shareholders	April 20, 2017
Communication of results as of 31 December 2016	April 20, 2017
Communication of results for the 1st Quarter 2017	May 4, 2017
Communication of results for the 1st Half 2017	August 2, 2017
Communication of results for the first 9 Months 2017	November 3, 2017

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.

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 to report the transactions made to the Bank.

3. HUMAN RESOURCES

KEY FIGURES 2016

- **8,420** employees at BRD Group level;
- **7,588** employees in BRD, with:
  - **1,085** external recruitments
  - **1,167** functional mobility
  - **15.5%** total turnover, out of which **9.8 %**voluntary turnover.

The number of active employees of the Group as of 2016 end was 7,605 (2015 end: 7,766) while number of active employees of the Bank as of 2016 end was 7,043 (2015 end: 7,208). The active employees are defined as the full time employees (excluding maternity leave and long-term sick leave).

In 2016, 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 there were: network reorganizations (territorial reorganizations, back office centralization, market re-segmentation), optimizing the structure of different departments at the headquarters, delivering support for special projects, etc.

CAREER MANAGEMENT

Throughout last year, meetings between HR and the 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 2016, 1,167 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.

There were also used online assessment tools of behavioral dimensions according to the Model of Leadership, as solutions to increase efficiency and quality of human resources processes. These instruments are consistent and complement each other, giving us a global objective perspective on career management, from recruitment, leadership development and team management, identifying training needs.

1,085 persons were recruited in 2016 from outside the Bank, mostly in the network, in order to expand the commercial capacity, and achieve the selling objectives of the Bank.

Employees' studies level is the following: 90% graduate studies, 10% undergraduate studies. The percentage of trade-union members is 41.9%.

TRAINING & RISK AWARENESS

In 2016, the training plan mainly aimed the improvement of commercial and risk management skills for all BRD employees, built around the following strategic axes:

- Developing and strengthening a risk culture awareness in BRD: e-learning programs in cooperation with Société Générale Group ("Fighting fraud awareness", "International sanctions", "KYC – for politically exposed persons") and local e-learning programs (SSM, KYC&AML, « Anti-money laundering and fight against terrorist financing »); personal data protection, 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 covers face-to-face sessions, practical exercises and e-learning modules.
- 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.).
- Modular management training programs, correlated with Group's values, based on a set of competencies in accordance with the level of expertise. Additionally, externally provided training sessions were designed, targeting the knowledge and the sharing of the best managerial and leadership practices.
- Tailor-made training programs for each business line are developed and updated according to the expressed business requirements and regulatory developments;
- Behavioural training programs (customer care, communication, sales & negotiation techniques);
- Other training programs, based on business requirements and regulations (such as CRS trainings, certification-trainings in the field of insurance for front-office employees, knowing banking applications which were implemented);

EMPLOYEE ENGAGEMENT AND IMPACT IN EDUCATIONAL ENVIRONMENT

Motivation and employee engagement continued to be one of the strategic axes of human resources department. 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 different employer branding activities among students through Campus Club program. It was created an integrated program of education and empowerment in the area of banking by involving BRD's experts both in designing and preparing the implementation, which will begin in 2017 (Mindcraft Academy by BRD), design and implementation of technical evidences, judging and employer brand presentation during actions taken with students associations, identification of project ideas for promoting employer brand and recruitment.

WORK/LIFE BALANCE

In 2016 the portfolio of partnerships accounts of approximately 450 suppliers who offer discounts to all BRD employees for a wide variety of products and services.

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

- Program "Bookster" a modern library on different areas: self development, social affairs, finance, success stories, hobbies, time management, literature, etc., where you can borrow books, read articles online or view different videos. This program was extended to the network in 2016.
- Organizing fairs for various events, for example: the 1st March (Martisor), Children's Day, Easter, Christmas, before starting school, etc.
- Organization of seminars on health topics (gastroenterology, obstetrics-gynecology, dermatology, etc.) or parenting.
- Improvement of working environment, methods tailored to different populations (recreation areas, fully equipped gym, etc.).

THE REMUNERATION POLICY AND PRACTICES

The Remuneration Policy is approved by the Board of Directors of BRD on the recommendation of the Remuneration Committee. The Remuneration Committee is a permanent advisory committee, which assists the Board of Directors in carrying out its responsibilities in terms of the development and supervision of the implementation of the Bank's remuneration policy and consists of three non-executive members of the Board of Directors, of which one member is an independent director. The Remuneration Committee shall meet annually or whenever necessary.

The duration of the mandate for the General Director is four years, respectively, the period of notice stipulated in the contract is 3 months prior to its termination, without compensation for unjust dismissal.

BRD REMUNERATION POLICY

- It 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;
- It promotes a sound and efficient risks management;
- It helps limit and control possible operational risks without encouraging any risks that exceed the Bank's risk tolerance level. The Bank encourages a prudential behaviour (not taking excessive risks);
- It 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 insures 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 is great enough and 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.

The Bank identifies the persons forming the specific Group (identified staff of the Bank) considering the provisions of the NBR Regulation no. 5/2013, Regulation (EU) no. 575/ 2013, Directive (EU) no. 36/2013 and the delegated Regulation (EU) no. 604/2014.

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 three 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 2016, according to the disclosure requirements covered by Art. 450, EU Regulation 575/2013 will be published at a later date, on the Bank's website.

4. Corporate and social responsibility

BRD applies the principles of corporate responsibility both in its activities and business lines, through a responsible management of bankers' profession and human resources management as well as its impact on the environment. The Bank also has an important role to play in supporting civil society, and is committed to support both NGOs working in the area of social development and projects in education, culture or sport.

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 10 million USD.

Responsibility to the community

Education

Teachers development programs. The level of education in Romania is in our focus because it is closely linked to the development and the competitiveness of our society. Romania is ranked 48 of 70 in PISA tests, with decreasing results from the previous test, in 2013.

In 2016, the main concern was to continue the strategy of involvement in the education system, considering that teachers are the ones who can improve this system. The quality of the education system cannot exceed the quality of its teachers. Therefore we decided to support the professional development of the teachers, in order to impact the system.

We continued the collaboration with the project "*Another way of teaching Physics*" program designed by the *Centre for Educational Evaluation and Analysis*, which reforms the way of teaching physics in secondary schools. This program promoting learning through investigation method has trained over 1,400 teachers so far and have made available to teachers, teaching methodological guides, notes and assessment tools.

Financial Education Programs. Together with *Junior Achievement Romania* we continued to explain to children that education is important and to show them the value of economic education in the long-term. In the fourth year of the "*Education gives value*!*"* project, there were over 100 BRD employees as volunteers who donated 395 working hours to 2, 400 students in classes with risk of school dropout.

We've started the financial education programme "Understanding Money" for primary schools, program developed by the Association for Promoting Education Performance. Through this program we want to contribute to better education of children about money and financial instruments.

Scholarships for journalists. We are also interested in building a new generation of journalists specialized in education, and we have continued BRD/ Superscrieri Scholarships in education. The project is at the second edition and offered 6 scholarships & mentorship program to young journalists to write about the educational system in Romania.

Technology and Innovation. Economic growth is closely related to innovation, especially technological creativity, and its absorption rate within society. That's why we started a series of programs to promote new technologies among youngsters.

"*Mindcraft – a BRD development kit'* is a program aiming to encourage young people to develop through technological creativity and innovation. Under the Mindcraft's umbrella BRD support for young people is reflected in partnerships with competitions and programs that encourage technological creativity: national robotics competition like *BRD Firsts Tech Challenge*, robotic lab like MINDCRFAT HUB opened inside the Polytechnic University in Bucharest, or the patronage of high school students' teams like Autovortex and heRObotics participating in robotic competition.

In the same time, BRD promise is reflected in programs to develop youth entrepreneurship through partnership with *Innovation Labs*, one of the most popular business accelerators in Romania. Here young people are encouraged to propose innovative ideas to a jury of specialists, a step towards their own business.

New Journalism. We are involved in supporting young journalism that brings a new standard of quality and creativity in the narrative journalism and nonfiction writings of Romania. We have been involved in supporting independent publishing platforms like *Republica* and *Decat o Revista* and, for the third year we are supporting “Superscrieri Awards” - the event which rewards the best nonfiction writings in Romania.

Together with *Friends For Friends Foundation* we want to contribute to the growth of a new generation of journalists. With this thought we organized together journalistic scholarships *Superscrieri / BRD for education*, that awards 6 teams of journalists who have documented and written press materials about the education system in Romania.

Also, animated by the same spirit to build a platform for young journalists, we’ve founded the cultural publication *Scena9.*

CULTURE

BRD is investing in culture with the belief that we need leaders and projects that remind us where we come from, who we are and where we go. We invest in music, visual arts, film, performing arts, in projects where young people can find development platforms. We support projects that provide wider public access to the culture but also projects that build new audiences, especially young audiences.

In 2016, we rebuild our cultural publication www.Scena9.ro, a platform that charts the cultural scene in Romania and etch out the portrait of this new generation that makes our world go round. At Scena9, a team of young journalists bookmark cultural news, write about what is relevant, new, and yet to be discovered life, the goings on that enrich the local cultural landscape. They watch the new generation of makers from the widest possible range of fields, follow their projects and map their evolution.

The most important partnerships in 2016 in performing arts were with *Sibiu International Theatre Festival*, *Bucharest National Theatre Festival* and *Youth Theatre Festival Ideo Ideis* from Alexandria. We also organized theatre tours in several cities with 2 performances: "*Vanilla Skype*" a co-production Ideo Ideis and Theatre ACT from Bucharest and *"#minor*" – a production of Radu Stanca Sibiu Theatre, which talks about issues present in Romanian society today, and invite the public to dialogue.

Contemporary art. Our partnerships aimed on the one hand support the production of valuable contemporary art exhibitions and on the other hand the existence of educational program that explains the artistic projects.

Through our partnership with the *Art Gallery Eastwards Prospectus, we* brought in Romania, in 2016 two important artists: Tania Mouraud and Damir Ocko, the first being a complex artist precursor of art street, the second is a young Croatian artist who represented Croatia at the Venice Art Biennale in 2015.

Also for the first time we were the main partner of *White Night of the Galleries* event that celebrate contemporary art. We have organized in Rezidenta Scena9, our cultural hotspot, the main exposition of the event "No Men's Land" exhibition which brought together artists from 10 cities in Romania. We also organized guided tours and a workshop for children called "*What's the idea with contemporary art*."

Classical music is a way for us to share with the public the values we believe in: excellence, innovation, commitment.

SoNoRo Conac (Mansion) started from the idea of increasing the public awareness about the multitude of rehabilitated buildings, but in which no cultural events ever take place. These are fabulous, spectacular, elegant buildings which, nonetheless, are not used for cultural purposes. The concerts performed in various regions of Romania favour the cultural dialogue and are destined to a selected audience.

Stradivarius Tour is another project which combines artistic excellence with generosity. The project aims to bring classical music sound to a broader audience. Each year, the violinist Alexandru Tomescu include between 10 and 15 large and medium cities in Romania in his music Tour, at his concerts assisting thousands of people. During those tours, 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.

One of the most important partnerships is with the Princess Margareta of Romania Foundation for supporting the Young Talents program - over 30 young artists received scholarships and access to creative camps, competitions abroad, mentoring programs and promotion.

Other projects that we have started or continued in 2016 are related to the film industry. We are partners of the Festival "*Les Films de Cannes a Bucarest*", "Anonimul" and "FARAD" - a very young documentary film festival. In 2016 we started with Scena9 and film director Cristian Mungiu, *Camera9* program - a grant program for short films made by young filmmakers.

INVOLVEMENT MECHANISMS

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

Through the internal program called "*Superoameni pentru Supersanse*" aimed at salary donations, almost 1,000 employees donate monthly amounts that are then doubled by the Bank. In 2016 we continued the partnership with *Hope and Homes for Children Romania*, whose goal is that by 2020, there would not be any abandoned child in old-style state institutions.

In 2016, 407 children from vulnerable families were included in a prevention program from school dropout and family abandonment. Also, 56 representatives of the child protection authority participated in trainings and conferences related best practices on preventing child separation from family and school dropout. Also, the rehabilitation of the *Bucium Centre* for gifted children in Iasi has been finalised.

SPORTS

Be it tennis, football or handball, experienced athletes or young talents, BRD reaffirms its commitment to promoting sports in Romania. The most representative partnerships are: *BRD Nastase Tiriac Trophy* (6th edition), BRD Bucharest Open and the partnership with the Romanian Handball Federation. Together with the Romanian Handball Federation have created a training program for teachers who provide a valuable video on how to teach handball in high school classes.

ENVIRONMENT RESPONSIBILITY

Responsibility to protect the environment goes beyond legal mandatory issues, and represents a voluntary commitment of the Bank which aims at constantly reducing CO2 emissions coming from its own activities.

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 2016 BRD donated 43.9 tones of electric and electronic waste, being the largest contributor of the *Ateliere fara Frontiere* association.

5. GROUP ACTIVITY AND RESULTS

ECONOMIC AND BANKING ENVIRONMENT 2016

Romania's GDP increased by 4.7% in 2016 versus 2015. Local economy registered the highest growth since 2008. The growth was driven mostly by private consumption, boosted by the increase in disposable income, cut of taxes and a favourable interest rate environment. At the same time, investments increased their positive contribution to the economic growth compared to 2015.

Inflation rate remained in negative territory for a second year in a row, influenced by the cut of VAT rate from 24% to 20% in January 2016. As of 2016 end, the inflation rate reached -0.5% compared to 2015 end.

NBR maintained an accommodative monetary policy throughout 2016, keeping the key policy rate unchanged at 1.75%. The minimum reserve requirements for FX liabilities were reduced twice during the year, from 14% to 10% and maintained at 8% for RON liabilities.

As of Dec 2016 end, outstanding loans dynamic remained well behind the expectations which outlined at the beginning of the year. Loans granted to individuals increased by 4.5% (adjusted for the exchange rate variations) with their growth driven by RON-denominated housing and consumer loans. The disbursements made through "Prima Casa" Governmental programme still had a strong contribution to the advance of the housing loans, while the PIK law enforcement generated a reduction in demand for these types of loans, following the increase in the down payment by most of the banks.

Loans granted to companies declined, despite favourable interest rate environment and rapid advance of the economic activity. The stock of gross loans decreased by -1.7%, markedly influenced by the write-off and sales operations made by banks as a result of their continuous efforts of cleaning their balance sheets.

Banking system deposits growth remained strong, +7.3% against December 31, 2015 (adjusted for the exchange rate variations) mostly driven by household savings.

The risks related to the legislative initiatives approved in 2016, PIK Law and the Law on converting CHF - denominated loans into leu-denominated loans, based on historical exchange rates, reduced significantly following the resolutions of Romanian's Constitutional Court. More precisely, PIK law (payment in kind) can be applied only in exceptional cases characterized by unforeseen circumstances (i.e. the existence of hardship within the contract) with such circumstances remaining to be judged on a case-by-case basis by a court of law while the Law on converting CHF - denominated loans into leu-denominated loans based on the historical exchange rates was declared unconstitutional.

The ratio of non-performing loans, according to European Banking Authority definition, declined from 20.7% at 2014 end to 13.5% at 2015 end and further to 9.5% at 2016 end, supported by balance sheet cleaning operations.

The capitalisation of the Romanian banking system remained comfortable , with a capital adequacy ratio of 18.3% at 2016 end.

Return on equity reached 10.7% in 2016, compared to 11.8% in 2015.

MAIN ACHIEVEMENTS IN 2016

The positive trends on the retail segment continued in 2016 as shown by the increase in the number of active individuals customers as well as their improved average equipment, by the robust credit origination dynamics and by the higher market share on deposits.

In spite of intensive competition, lending volumes to large corporate clients registered a significant growth, as a result of BRD's deep and sustainable customer relationships on the segment.

BRD's main achievements in 2016:

- Strong client acquisition dynamics, with the number of active individual customers increasing by 37k in 2016 to 2.15 million;
- Continued digital transformation: stock of remote banking contracts (internet and mobile banking) for individuals up by 30% year on year;
- Individuals deposits increase above banking system, market share at 14.0% as of Dec 2016 end
- Solid growth in credit origination on retail and large corporate segments
- Leader on custody and depository services market (69% market share)
- Leader on factoring market with operations of EUR 822 million in 2016
- Co-Manager and Co-Bookrunner for the Ministry of Finance bond issue addressed to retail investors (over RON 700 million nominal value)
- Recognized innovation capacity, with MyBRDMobile awarded " mobile application of the year" by MasterCard and the newly launched credit card distinguished as "best product on the market" by e-finance
- "Best Trade Finance Bank in 2016" and "Safest Bank in Romania" awards by Global Finance

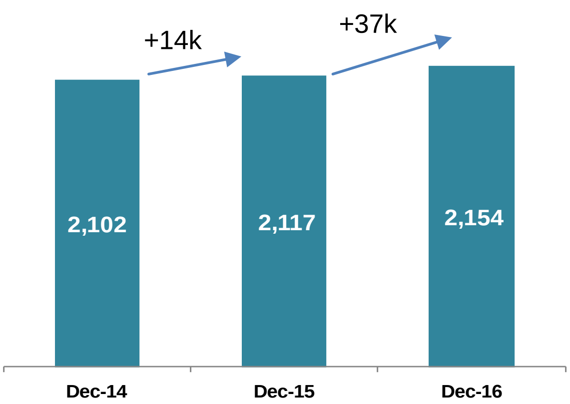
COMMERCIAL ACTIVITY

As at December 31st, 2016 the Bank had 810 branches (31.12.2015: 829 branches), ensuring the distribution of its products and services throughout the whole country.

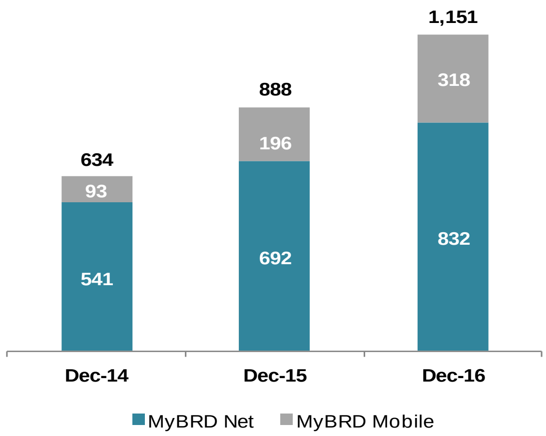
The Bank's number of active individual customers rose by 37,000 in 2016 reaching 2.15 million customers at 2016 end.

Moreover, the equipment rate for individuals continued to rise, from 3.95 at December 31, 2015 to 4.07 at December 31, 2016, benefitting from increasing demand for remote banking solutions.

Number of active individual customers* (x 1000)



Number of remote banking contracts for individual customers* (x 1000)



(*) Bank only (active clients are the clients who have at least one of the following types of bank products: active current account, active card, loan, deposit, savings account)

BRD held a market share of 12.9% of total assets at December 31, 2016.

	2014	2015	2016
TOTAL ASSETS	**12.4%**	**13.0%**	**12.9%**
LOANS	**13.7%**	**13.1%**	**13.2%**
Individuals	*16.9%*	*16.8%*	*16.9%*
Companies	*11.0%*	*9.8%*	*9.7%*
DEPOSITS	**14.2%**	**14.8%**	**14.0%**
Individuals	*13.3%*	*13.8%*	*14.0%*
Companies	*15.5%*	*15.9%*	*14.0%*

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

RON bln	Dec-14	Dec-15	Dec-16	vs. Dec-15
Retail	**17.3**	**18.2**	**19.1**	**5.5%**
Individuals	16.6	17.5	18.5	5.5%
Small business	0.7	0.6	0.7	4.4%
Non-retail	**9.5**	**8.9**	**8.7**	**-1.9%**
SMEs	4.6	3.2	2.6	-17.4%
Large corporate	4.9	5.7	6.0	6.8%
Total net loans	**26.8**	**27.0**	**27.8**	**3.1%**
Financial lease receivables	0.5	0.5	0.7	20.8%
Total net loans, including leasing	**27.3**	**27.6**	**28.5**	**3.4%**

The stock of net loans of BRD Group as of December 31, 2016 reached RON 28.5 RON billion, higher by 3.4% against December 31, 2015 due to the positive performance registered on individuals and large corporate segments.

On individuals' segment, net loans outstanding increased by 5.5% in 2016, driven by a further advance of unsecured consumer loans and housing loans. Unsecured consumer loan production, was up by 20.3% year on year to RON 4.0 billion, while the total loan production on the individuals' segment increased by 11.2% to RON 5.6 billion (from RON 5.0 billion in 2015).

On the non retail segment, the net loans outstanding amount contracted by 1.9%, year on year, adversely impacted by the decline of net loans to SMEs. Lending to large corporate remained on an ascending trend, up by 6.8% against December 31, 2015, in spite of intensive competition on the segment.

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

RON bln	Dec-14	Dec-15	Dec-16	vs. Dec-15
Retail	**21.4**	**23.6**	**26.0**	**10.0%**
Individuals	18.2	20.2	22.5	11.4%
Small business	3.2	3.5	3.5	2.1%
Non-retail	**14.6**	**17.5**	**16.2**	**-7.7%**
SMEs	5.8	6.4	6.3	-0.3%
Large corporate	8.8	11.2	9.8	-12.0%
Total deposits	**36.0**	**41.2**	**42.2**	**2.5%**

Outstanding customer deposits increased by +2.5% versus December 31, 2015 with an important rise on retail deposits, up +10.0% versus December 31, 2015, despite the low level of interest rates. Non retail deposits contracted year on year, in a context of very comfortable liquidity situation. Market share on the individuals' segment increased to 14.0% at December 31, 2015 from 13.8% at December 31, 2015.

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, 2016, BRD Sogelease net outstanding of leasing financing was RON 664 million, increasing by 20.8% against 2015. New leasing production reached RON 526 million, compared to RON 325 million in 2015, higher by 62% year on year, significantly outperforming the market.

Based on the favourable evolution of several economic sectors in 2016, BRD Sogelease succeeded a good diversification of financing, managing a balanced portfolio by type of financed assets. The rigorousness in the selection of the partners also sustained the consolidation of a healthy and durable portfolio going forward.

According to the latest statistics issued by the Financial Companies Association in Romania (ALB) at September 30, 2016, BRD Sogelease ranked 4th within the top of financial leasing companies in Romania, with a market share of 7.7%.

The confirmation of this successful year was brought by the award "Best in financial leasing in 2016" received by BRD Sogelease at the end of 2016 from “Piata Financiara” magazine.

BRD FINANCE IFN SA

BRD Finance results in 2016 revealed a positive evolution: the net loan portfolio increased by 12.5% reaching RON 455 million, while the loan production recorded a strong improvement, up 16.7% due to increases on all type of products (revolving, consumer and car loans). Net banking income reached RON 89.6 million, up 9% compared to 2015.

The performance is sustained by the continuation of the commercial strategy based on the consolidation and development 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 12.07% at the end of 2016. The company had RON 2.8 billion assets under management at the end of 2016. Operating revenues summed RON 14.1 million in 2016, up by 12% versus previous year.

BRD Asset Management offers 7 different open-end funds diversified in terms of portfolio structure, risks and target yield, recommended investment period. Among those, BRD Simfonia, BRD Obligatiuni (denominated in RON), BRD Eurofond (denominated in Euro) and BRD USD Fond (denominated in USD) invest in fixed income and money market instruments and have no stock holdings. BRD Diverso is a balanced fund with investments in Central and Eastern Europe stock markets, the rest being invested mainly in money market and fixed income instruments. BRD Actiuni fund is focused on stocks, as well as BRD Index which is an index tracker fund.

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, 2016 and the comparative periods.

FINANCIAL POSITION – ASSETS

The total assets at December 31, 2016 increased by 3% for the Bank and by 3.4% for the Group vs 2015 end.

The structure is presented below:

THE BANK

Assets (RONm)	**Dec-14**	**Dec-15**	**Dec-16**	**% total**	**vs. Dec-15**
Cash and current accounts with Central Bank	7,190	8,820	7,140	14.1%	-19.0%
Loans and advances to credit institutions	1,236	2,288	1,971	3.9%	-13.8%
Net loans and advances to customers	26,461	26,648	27,385	54.1%	2.8%
Other financial instruments	9,053	10,295	12,947	25.6%	25.8%
Tangible and intangible assets	1,027	985	976	1.9%	-1.0%
Other assets	212	157	239	0.5%	52.6%
Total assets	**45,180**	**49,193**	**50,658**	**100.0%**	**3.0%**

THE GROUP

Assets (RONm)	**Dec-14**	**Dec-15**	**Dec-16**	**% total**	**vs. Dec-15**
Cash and current accounts with Central Bank	7,190	8,820	7,140	13.8%	-19.0%
Loans and advances to credit institutions	1,263	2,315	1,998	3.9%	-13.7%
Net loans and advances to customers	26,777	27,014	27,839	53.7%	3.1%
Financial lease receivables	549	549	664	1.3%	20.8%
Other financial instruments	9,019	10,277	12,947	25.0%	26.0%
Tangible and intangible assets	1,041	999	988	1.9%	-1.1%
Other assets	242	205	306	0.6%	49.3%
Total assets	**46,081**	**50,179**	**51,881**	**100.0%**	**3.4%**

LOANS AND ADVANCES TO CUSTOMERS

The net loans' outstanding amount to customers increased compared to previous year driven by the positive performance registered on individuals and large corporate segments.

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 18% versus December 31, 2016 for both the Bank and the Group. The most important component of this aggregate, the minim reserves held with the Central Bank, decreased by 14% from RON 4,275 million as of December 31, 2015 to RON 3,670 million as of December 31, 2016, following the NBR decision to cut the reserve requirements for foreign currency liabilities from 14% as of December 2015 to 10% as of December 2016.

OTHER FINANCIAL INSTRUMENTS

Other financial instruments mostly represent treasury bills and bonds issued by the Romanian Government which are accounted as available for sale and trading instruments, and also derivatives. This item accounts for 25% of the total assets and increased by 26% compared to December 31, 2015.

TANGIBLE AND INTANGIBLE ASSETS

The tangible and intangible assets accounted for circa 2% of the total assets. The most important share is represented by land and buildings, which accounted for 66% of tangible and intangible assets for the Bank and 65% for the Group.

Total value of investments made by the Group in 2016 was of approximately RON 120 million for the Bank and RON 122 million for the Group, compared to RON 92 million for the Bank and RON 96 million for the Group in 2015. IT investments represented around 70% of the total. There is no capitalized research and development expenditure.

FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities, for the period 2014 – 2016 is as follows:

THE BANK

Liabilities and shareholders equity (RONm)	**Dec-14**	**Dec-15**	**Dec-16**	**% total**	**vs. Dec-15**
Amounts owed to credit institutions	3,001	1,049	670	1.3%	-36.1%
Amounts owed to customers	36,041	41,272	42,291	83.5%	2.5%
Other liabilities	646	891	1,330	2.6%	49.3%
Shareholders equity	5,492	5,981	6,367	12.6%	6.5%
Total liabilities and shareholders equity	**45,180**	**49,193**	**50,658**	**100.0%**	**3.0%**

THE GROUP

Liabilities and shareholders equity (RONm)	**Dec-14**	**Dec-15**	**Dec-16**	**% total**	**vs. Dec-15**
Amounts owed to credit institutions	3,699	1,801	1,633	3.1%	-9.3%
Amounts owed to customers	35,954	41,179	42,193	81.3%	2.5%
Other liabilities	677	942	1,382	2.7%	46.8%
Shareholders equity	5,750	6,257	6,674	12.9%	6.7%
Total liabilities and shareholders equity	**46,081**	**50,179**	**51,881**	**100.0%**	**3.4%**

AMOUNTS OWED TO CUSTOMERS

The Group, as well as the Bank, benefit of a high financial autonomy and a stable funding base. Amounts owed to customers increased by 2.5% compared to December 31, 2015 and accounted for 93% of the total liabilities at Bank level and 95% at Group level.

AMOUNTS OWED TO THE CREDIT INSTITUTIONS

Amounts owed to credit institutions represent mainly borrowings from International Financial Institutions and the Parent, and stood at circa 2% of the total liabilities for the Bank and 4% for the Group at December 31, 2016

BRD Group's borrowings from Société Générale totalled circa RON 0.9 billion (2.2% of total liabilities).

SHAREHOLDERS' EQUITY

The shareholders' equity increased by circa 7% versus December 31, 2015 for the Bank and the Group, due to the current year result.

The structure of the shareholders' equity evolved as follows:

THE BANK

Shareholders' equity (RONm)	**Dec-14**	**Dec-15**	**Dec-16**	**vs. Dec-15**
Share capital	2,516	2,516	2,516	0.0%
Reserves from revaluation of available for sale assets	342	380	277	-27.2%
Reserves from defined pension plan	10	12	(5)	-137.4%
Retained earnings and current result	2,625	3,073	3,580	16.5%
Total shareholders' equity	**5,492**	**5,981**	**6,367**	**6.5%**

THE GROUP

Shareholders' equity (RONm)	**Dec-14**	**Dec-15**	**Dec-16**	**vs. Dec-15**
Share capital	2,516	2,516	2,516	0.0%
Reserves from revaluation of available for sale assets	342	380	277	-27.2%
Reserves from defined pension plan	10	12	(5)	-137.4%
Retained earnings and current result	2,831	3,300	3,836	16.2%
Non-controlling interest	52	49	50	2.3%
Total shareholders' equity	**5,750**	**6,257**	**6,674**	**6.7%**

LIQUIDITY POSITION

Both the Bank and the Group maintained very comfortable liquidity levels in 2016.

The net loans/deposits ratio reached 64.8% at December 31, 2016 (from 64.6% at December 31, 2015) for the Bank and 67.6% for the Group (from 66.9% at December 31, 2015), including financial lease receivables.

2016 FINANCIAL RESULTS

The comparative income statement of the Bank for the period 2014 – 2016 is presented below:

RONm	2014	2015	2016	16/15
Net banking income,	**2,498**	**2,474**	**2,634**	**6.5%**
out of which				
- net interest income	1,496	1,422	1,481	4.2%
- net commissions	737	718	737	2.6%
- other banking income	266	333	416	24.8%
Operating expenses	**-1,255**	**-1,310**	**-1,310**	**0.0%**
- staff expenses	-615	-612	-643	5.1%
- non-staff expenses	-640	-698	-667	-4.4%
Operating profit	**1,243**	**1,164**	**1,324**	**13.8%**
Net cost of risk	-1,193	-631	-461	-26.9%
Gross result	50	533	863	62.0%
Net result	**43**	**445**	**728**	63.5%

The comparative income statement of the Group for the period 2014 – 2016 is presented below:

RONm	2014	2015	2016	16/15
Net banking income,	**2,623**	**2,595**	**2,778**	**7.0%**
out of which				
- net interest income	1,585	1,516	1,586	4.6%
- net commissions	765	750	773	3.1%
- other banking income	273	330	419	27.0%
Operating expenses	**-1,328**	**-1,385**	**-1,388**	**0.2%**
- staff expenses	-656	-655	-688	5.1%
- non-staff expenses	-672	-731	-700	-4.2%
Operating profit	**1,295**	**1,210**	**1,390**	**14.9%**
Net cost of risk	-1,215	-658	-484	-26.5%
Gross result	80	552	907	64.3%
Net result	**68**	**467**	**763**	63.4%
Profit attributable to equity holders of the parent	63	466	758	62.6%

BRD Group net banking income reached 2,778 million RON in 2016, up by +7.0% versus 2015. Despite persistent low interest rate environment, net interest income increased by +4.6%, driven by volume growth on the retail segment and positive structure shifts. Net fees and commissions were up by 3.1%, thanks mostly to higher revenues from cards, insurance and internet and mobile banking subscriptions. Other banking income rose by 27.0% year on year, with a substantial contribution from VISA Europe transaction (RON 103 million, recorded in the second quarter). Excluding non-recurring items, the growth in net banking income amounted to 3.0%

Operating expenses remained quasi stable year on year (+0.2% versus 2015) as the increase in staff expenses was offset by savings realised on other costs categories. The cost/income ratio improved by 3.4 percentage points, to 50.0% in 2016 compared to 53.4% in 2015.

Risks costs were substantially lower versus 2015 (-26.5%, to RON 484 million from RON 658 million in 2015) reflecting the continued improvement in the asset quality. The ratio of non-performing loans (according to EBA methodology) was reduced by 2.8 percentage points to 10.5% as of December 31, 2016 from 13.3% as of December 31, 2015, supported by balance sheet cleaning operations through write-offs and sales of non-performing loans. The coverage of non-performing loans (according to EBA methodology) was increased from 69.3% at December 31, 2015 to 76.6% at December 31, 2016.

BRD Group's net profit reached RON 763 million, up by 63.4% compared to 2015, driven by higher net banking income, disciplined cost control and lower risk costs. Return on equity stood at 11.8% (+4.0 percentage points compared to 2015). Excluding non-recurring items return on equity reached 10.1%. Return on assets increased by 0.5 percentage points from 1.0% in 2015 to 1.5% in 2016. Net profit for the Bank increased to RON 728 million, up 63.5% from RON 445 million in 2015.

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 important 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, together with the risk management standards of Société Générale.

Risk management objectives and Risk Appetite

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

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

- to contribute to the business development by optimizing its overall risk-adjusted profitability in accordance with its risk appetite
- to guarantee the Bank's sustainability as a going concern, through the implementation of an efficient system for risk analysis, measurement and monitoring
- to encourage diversification of risks with the aim of keeping a balanced risk-return profile for all activities of BRD group entities
- to comply with regulatory capital requirements

This takes the form of:

- clear principles for governing, managing and reporting risks
- determining and formally defining the risk appetite
- effective risk management tools
- a risk culture that is cultivated and established at each level of the Bank

The risk management principles are aligned to the legislative and regulatory rules in force and reflect practices and standards of good conduct and ethics accepted by the banking industry.

The Bank is exposed to the risks inherent to its core businesses. Given the diversity and changes in the Bank's activities, its risk management strategy focuses on the following main categories of risks, 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

The risk appetite is the expression of the level of risk that BRD is willing to accept in order to deliver its business objectives. The risk appetite is set in order to ensure the long term viability of BRD by assuming risks which are well understood and within BRD's risk bearing capacity.

Bank's risk appetite statement is structured along two dimensions: quantitative and respectively qualitative. The Bank defines its quantitative risk appetite by reference to three main strategic dimensions - *Profitability, Capital Adequacy and Creditworthiness* - 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 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 Group's risk profile.

RISK MANAGEMENT GOVERNANCE

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

- Strong managerial involvement 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 key risk related information 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

BRD risk management is governed by the Board of Directors, assisted by the Audit Committee and the Risk Management Committee. The Risk Management Function is operationally in charge with the implementation of an effective and efficient risk management framework, developing standards, policies, methodologies and tools for the identification, evaluation, monitoring and control of significant risks and ensuring that the Board of Directors and/or its Risk Committee and the Executive Committee receive regular communications/ reports on the evolution of the Bank's risk profile.

The Risk and Finance departments, which are independent from the business departments, are dedicated to risk management and control activities under the authority of the Executive Committee.

Specialized committees are also assisting the Board of Directors and the Executive Committee to accomplish 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 regards to the risk appetite and the global risk strategy and assists it in the monitoring of the risk strategy implementation.

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.

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 and Significant Changes of Activity Committee* mission is to make sure that all the risks associated with the launch of new products, new activities or externalized 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 Risk Retail 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 Steering Committee supports the Executive Committee to follow-up the Bank's projects.

RISK GOVERNANCE PRINCIPLES

The key objective of risk management is to ensure that all risks are managed in the best possible way for all stakeholders. Risk management 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 Managerial Supervision, which is the responsibility of all business units. The Managerial Supervision is coordinated by the Permanent Control Division.

The *second line* of defense is represented by the functions overseeing risks, which provide support to the business/operational functions in executing their duties. The second line functions are Finance Department, Risk Management Department, Permanent Control Division, Compliance Division, Legal Division and Information Systems Division. The results of the risk management process are formalized through reports submitted to the Board of Directors and the Executive Committee, the Audit Committee and regulatory bodies.

The *third line* of defense is represented by the independent assurance provided by the Internal Audit function. The Internal Audit function reports to and operates under the mandate of the Board of Directors. The BRD risk management principles, procedures and infrastructures and their implementation are independently reviewed and monitored by Internal Audit.

ORGANIZATION

Risk Department

The organization of the risk function is established on the principle that risk assessment departments must be independent from the operating divisions. The Bank's centralized risk management function is performed at the level of the Risk Management Department, which has the following main responsibilities:

- Draws up, proposes and contributes to the implementation of the Bank's risk management strategies and policies.
- Performs the identification, analysis, assessment and direct management of the following risks: credit risk, risks associated with credit risk and market risk.
- Is responsible for maximizing recovery of distressed or non performing credit exposures, including by legal measures.

Finance Department

The Finance department is responsible for the management of the liquidity risk and structural risks (interest rate risk and FX risk in banking book). As coordinator of the budgeting and planning processes, it ensures that the financial risk and business strategies are aligned. Finance department is also responsible with the capital management, aggregation of the capital requirements and capital adequacy assessment and reporting.

Other departments

The management of operational risk is performed within the Permanent Control Division, which, as main responsibility, defines and implements the Bank's strategy in operational risk management, business continuity and crisis management. In the context of operational risk, legal risk is managed by the Legal Division, while information security risk is managed by Information Security Department.

The Compliance Division deals with compliance and reputational risks.

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, currency exchange rates or interest rates, 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 of legal framework may lead to increased pressure in the banking environment

The uncertainty and lack of predictability of legal changes (such as the insolvency law for individuals and the Payment in Kind law) 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 transaction execution, products and services, innovation, reputation and price. 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, as institutions involved in a broad range of financial services have been acquired by or merged into other firms. Such changes could result in the Group'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

BRD's credit risk management is well integrated with SG's risk management processes. Some of the main principles employed in managing credit risk are as follows:

- client credit due diligence maintaining conservative underwriting standards
- diversified credit portfolio on client, industry, and product-specific concentrations being assessed and managed against our risk appetite
- 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 personal guarantees
- use of an internal rating system for corporate counterparties
- 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
- regularly monitoring and reporting to senior management on the quality of credit portfolios
- regular independent review of lending activities by the Bank's Internal Audit department
- identification and management of non-performing loans and assessment of workout activity using objective indicators

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 risks are concentrated on the Romanian State and consist of the portfolio of treasury bills, placements with the Central Bank for liquidity purposes (including the obligatory reserves) 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 Group'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. Security, 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, certificates of deposit, debt securities, shares, agricultural warehouse receipts, bill of lading);
- Non-financial collateral (Real estate, machinery and equipment, inventory, intangibles, receivables, payment instruments). To be noted that real estate valuations have to be verified by the competent units, independently from the credit approval process.
- Guarantees (surety ship contracts, letters of guarantee, financial guarantees issued by guarantee funds, sovereign guarantees, endorsements, credit risk insurance). 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.

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 inventory are accepted as customary collateral). Risk department is responsible for approving the operational procedures for regular valuation of guarantees and collaterals.

Real estate collaterals are regularly valuated. The market value of real estate collaterals is estimated by certified evaluators that can be either external or internal valuators. The valuation is performed in accordance with the International Valuation Standards and ANEVAR Guide. The Bank uses the following valuation methods: market approach, cost approach or income approach, at least two approaches being used simultaneously, out of which one is market 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 negative evolution. BRD monitors the risks associated with the valuation activity via implemented internal controls.

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.

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 and eligibility criteria, etc.), revaluation of the collaterals, regular monitoring through risk profile 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, 2016. Exposures to credit risk as of December 31, 2016 and December 31, 2015 is presented in appendix, Exhibit 6.

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, 2016.

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 main tool used in managing the interest rate risk is the gap analysis, along with a measure of the balance sheet sensitivity to yield curve shifts. The gaps between outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models based on clients' historic behaviour patterns, as well as conventional assumptions relating to certain balance sheet items. Sensitivity is defined as the variation in the net present value of future residual fixed rate cash flows (surplus or deficit) for a 1% parallel upward shift in the yield curve (i.e. this sensitivity does not relate to the sensitivity of the annual net interest margin). A set of limits is applied to such sensitivity and the compliance within those limits is monitored by ALCO on a monthly basis.

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, 2016.

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 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 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, 2016.

OPERATIONAL RISK

Operational risk is defined as the risk of incurring losses or not realizing the estimated benefits as a result of inadequate processes or deficiencies caused by internal factors (internal regulations, staff, internal systems) or external factors (economic context, banking system evolutions, disasters, fires, assaults, etc). It includes events of low probability, but with high loss severity. Operational risk so defined includes legal risk and excludes strategic risk and reputation risk.

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

- identification, analysis and evaluation, control and monitoring of operational risks;

- implementation of measures meant to improve and strengthen the control system, in order to prevent/reduce operational risk losses;
- regulatory compliance regarding calculation of capital requirements for operational risk.

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 and Significant Changes of Activity, which ensures the assessment of operational risks associated with new products, outsourcing of activities and significant transformations of activity
- Crisis management and business continuity plan

In 2016, the Group operational risk strategy focused on the following axes:

- Automation of operational risk flows (declaration, monitoring, reconciliation, etc), through the implementation of a dedicated tool, in order to improve collection, analysis, declaration and monitoring of operational risks
- Running of BIA, continuously updating BCP crisis scenarios as well as closely following up the annual tests and training / awareness of staff
- Improvement of communication on operational risk for all bank's entities
- Training and awareness programs targeting the personnel involved in operational risk management
- Enhancement of antifraud control culture

As member of the Societe Generale Group, BRD is using since 2008 the Advanced Measurement Approach (AMA) for the calculation of operational risk capital requirement.

7. CAPITAL MANAGEMENT AND ADEQUACY

OWN FUNDS

CONSOLIDATION PERIMETER

BRD Group consolidation perimeter, for prudential purposes, complies with prudential consolidation requirements as defined in Regulation (EU) No 575/2013 (CRR), Part One, Title II, Chapter 2, Section 3. The entities to be consolidated for prudential purposes are defined according to Articles 4 (1) (3), (16) to (27), 18 and 19 of CRR.

Pursuant to Article 4 of CRR, entities that are consolidated in the prudential reporting are determined based on the type of activity: credit institutions, investment firms, ancillary services undertakings and financial institutions. In contrast, in accordance with 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 Article 19 of CRR. In accordance with Article 19 (1) of CRR, the entities may be excluded from the scope of prudential consolidation where total assets and off-balance sheet items are smaller than the smallest of the following amounts: EUR 10 million or 1% of total assets and items off-balance sheet of the parent company.

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

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

BRD Corporate Finance SRL (non-financial subsidiary) and BRD Asset Management SAI SA (excluded based on Article 19 (1)), are accounted in the prudential consolidation at equity method.

The own funds are based on the statement of financial position prepared in accordance with IFRS and published in the financial statements. The basis for calculating own funds is the prudential consolidation perimeter as presented above. The reconciliation of consolidated balance sheet according to IFRS financial statements, and the balance sheet prepared for prudential consolidation purposes is presented in Appendix, Exhibit 1.

OWN FUNDS

BRD Group regulatory own funds as at December 31, 2016 amounted to RON 5,576 million (RON 5,283 million as at December 31, 2015) and consisted only of common equity capital (CET1). The regulatory own funds structure is presented in Appendix, Exhibit 2.

Common Equity Capital (CET1):

- **Eligible Capital** includes the nominal share capital and the hyperinflation adjustment of share capital, accounted until December 31, 2003 according to IAS 29 "Reporting in Hyperinflationary Economies". As at December 31, 2016, the share capital amounted to RON 696.9 million, unchanged versus December 31, 2015. 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 adjustments from IFRS implementation as accounting basis, from January 1, 2012;
  - 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 available for sale instruments 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, 2016 essentially involve the following:

- Estimated dividend payments. For financial year 2016, the dividends proposed by the Board of Directors for approval by General Shareholders' Meeting amount to RON 508.7 million, corresponding to a payout ratio of 70% from the 2016 net profit of the bank.
- Goodwill and intangible assets net of associated tax – deducted 100% from CET 1.
- Deferred tax assets that rely on future profitability arising from temporary differences (net of related deferred tax liability) exceeding 10% of CET1 of the Bank must be deducted from CET1. In addition a threshold of 17.65% is applied (15% during the transitional period) for the combined deduction of significant investments and deferred tax assets arising from temporary differences in accordance with Article 36 (1) (c), Article 38 and Article 48 (2) of CRR. The amount below the thresholds is risk weighted by 250%. At the reporting date, BRD Group did not exceed any of the thresholds mentioned above.
- Significant investments in financial sector entities must be deducted from CET 1 in accordance with Article 48 (2) of CRR, if they exceed, in total, 10% of CET 1 (this rule complements the combined thresholds mentioned above). The amount below the threshold is risk weighted by 250%. Other equity holdings in financial sector entities are also deducted if, in total, they are higher than 10% of CET 1. At the reporting date, BRD Group did not exceed any of the thresholds mentioned above therefore no deduction was applied for regulatory capital calculation.
- Contingent or any foreseeable tax charges related to CET 1 reserves taxable upon utilization to cover losses or risks.

As at December 31, 2015 and December 31, 2016, the Bank had no Additional Tier 1 capital instruments issued and outstanding.

Other regulatory deductions/adjustments related to CET 1 elements during the transitional period involve:

- According to Articles 81 - 84 of CRR, limited recognition of accounting minority interests is applied and only related to regulated and eligible consolidated entities (credit institution and investment firms). Minority interests related to consolidation of a not eligible or not regulated entity must be excluded from the calculation of consolidated regulatory capital. Therefore, in accordance with the CRR transitional arrangements, 20% of not eligible minority interests (i.e. related to consolidation of BRD Finance) must be phased-out from CET 1 yearly until 1 January 2018.
- According to CRR, there are no filters applied to the inclusion of OCI unrealized gains or losses in CET 1. Nevertheless, according to the national implementation of transitory rules, in 2016, unrealized gains (net of related tax) from fair value adjustments recorded in OCI were partially included in CET 1 (60%).

As at December 31, 2015 and December 31, 2016, the Bank had no Tier 2 capital instruments.

The regulatory own funds structure and solvency ratio, both fully loaded and phased-in, are presented in Appendix, Exhibit 2. The Exhibit 3 in Appendix presents further details on the transitional own funds. Description of the main elements and features of regulatory capital instruments is provided in Appendix, Exhibit 4.

CAPITAL REQUIREMENTS

From a regulatory perspective, capital requirements refer to:

- credit risk, in respect of all business activities, 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 requirements 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 requirements for general position risk are calculated using the Maturity-based method and capital requirements for credit valuation adjustment risk are 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, capital requirements being allocated by the Société Générale Group at sub-consolidated entities level based on the internal methodology that takes into account net banking income and history of operational risk losses. The risk exposure and related capital requirements by types of risk are presented in Appendix, Exhibit 5.

Since January 1, 2014, the Basel 3 framework sets minimum requirements for CET 1 ratio and Tier 1 ratio, also. According to local transposition the minimum requirements for CET 1 ratio is 4.5% and for Tier 1 is 6%. The total own funds requirements as per Art. 92 of CRR, including CET1, AT1 and Tier 2 capital is 8%.

In addition to regulatory ratios above, starting 2016, NBR request to BRD Group is to maintain additional own funds to cover risks resulting from internal assessment and SREP (supervisory review and evaluation process) amounting to 3.94% of RWA during 2017 (2.7% during 2016). Therefore the TSCR ratio (total SREP capital requirements) requirement is 11.94 % for 2017 and subject to further evaluation.

Overall capital requirements (OCR) represent the total SREP requirements and capital buffers that BRD should hold on the top of the regulatory ratios:

- 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. The buffer will be mandatory and fully effective as of 1 January 2019 and amounting to 2.5% of total RWA.
- A Countercyclical Buffer may be imposed during periods of excessive credit growth when system-wide risk is building up. This buffer will operate both at a national level and at a bank-specific level (the latter having regard to the geographic spread of a bank's operations). The Countercyclical Buffer will be capped at 2.5% of total RWA and may be calibrated in steps of 0.25 percentage points or multiples of 0.25 percentage points. Starting with 1 January 2016, according to NBR Order 12/2015 the level of countercyclical buffer is established at 0%.
- Other systemically important institutions (O-SIIs) identified by NBR which have been authorized in Romania, may be subject to a O-SII Capital Buffer of up to 2% of the total RWA, taking into account the criteria for the identification of the O-SII. The O-SII Buffer will be met from CET 1 and is applicable starting with 1 January 2016. According to NBR Order 11/2015, BRD was identified as O-SII and the applicable level of O-SII Capital Buffer starting with 1 January 2016 is 1%.
- In order to prevent and mitigate long-term non-cyclical systemic or macro prudential risks where there is a risk of disruption in the financial system with the potential to have serious negative consequences for the financial system and the real economy, a Systemic Risk Buffer may be applied by NBR to all institutions, or to one or more subsets of those institutions with similar risk profiles in their business activities. This buffer may be applied starting with 1 January 2014, but until now the local regulator did not set a systemic risk buffer. The systemic risk buffer will be met with CET 1 capital (up to 3% or higher, but capped at 5% from total RWA).

The summary of the capital adequacy at December 31, 2015 and December 31, 2016 is presented below.

	Bank		Group	
RON m	**2015**	**2016**	**2015**	**2016**
Eligible CET1	5,366	5,587	5,624	5,869
Eligible CET1 after adjustments	5,504	5,729	5,762	6,011
Total Tier 1 capital	4,857	5,212	5,283	5,576
Total Tier 2 capital	0	0	0	0
Total own funds	**4,857**	**5,212**	**5,283**	**5,576**
Capital requirements				
Credit risk (including counterparty risk)	1,918	1,888	1,980	1,967
Market risk	26	19	24	19
Operational risk	192	190	196	192
Credit valuation adjustment (CVA) risk	13	13	13	13
Total capital requirement	**2,149**	**2,110**	**2,213**	**2,192**
Risk weighted assets				
Credit risk (including counterparty risk)	23,975	23,601	24,744	24,592
Market risk	322	236	303	238
Operational risk	2,397	2,370	2,446	2,406
Credit valuation adjustment (CVA) risk	168	166	168	166
Total risk exposure amount	**26,862**	**26,373**	**27,661**	**27,402**
Regulatory Capital Adequacy Ratio	**18.08%**	**19.76%**	**19.10%**	**20.35%**
Tier 1 ratio	**18.08%**	**19.76%**	**19.10%**	**20.35%**

LEVERAGE RATIO

DESCRIPTION OF THE PROCESSES USED TO MANAGE THE RISK OF EXCESSIVE LEVERAGE

BRD implemented the leverage ratio computation starting 2014 and is using it to assess the risk of excessive leverage. The leverage ratio reached 9.53% as at 31 December 2016 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.

DESCRIPTION OF THE FACTORS THAT HAD AN IMPACT ON THE LEVERAGE RATIO DURING THE PERIOD TO WHICH THE DISCLOSED LEVERAGE RATIO REFERS

Compared to December 31, 2015, the leverage ratio increased from 8.88% to 9.53%, due to the 5% increase in Tier 1 capital and the 2% decline of the total leverage ratio exposure.

Total leverage ratio exposure declined by RON 1bn as a result of the decrease in off-balance sheet exposure by 29% (by RON 2.7bn), which was partly offset by the increase in securities financing transaction exposures (repo style transactions), which rose 2x (by RON 0.8bn) and in on-balance sheet exposure by 2% (by RON 0.9bn).

According to the new Delegated Regulation EU 2015/62 which is applied starting with September 2016, for purposes of calculating LR exposures value of the repo transactions includes an add-on for counterparty credit risk and the off-balance sheet exposures are calculated by multiplying the notional value with credit conversion factor applicable (similar conversion factors to treatment of exposures in standardized approach, except minimum threshold of 10%). The changes brought by the new regulation led to a decrease of value of off-balance sheet exposures in the calculation of leverage indicator.

The reconciliation of accounting assets and leverage ratio exposure is presented in Appendix, Exhibit 7 and the computation of the leverage ratio is disclosed in Appendix, Exhibit 8.

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, excluding prudential filters.

Based on the Risk and Business General 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

The internal control framework within BRD is structured on 3 levels:

- The first level is represented by the functions that own and manage risks, respectively business units.
- The second level is represented by the functions overseeing risks, respectively the risk management and compliance functions.
- The third level is represented by the function providing independent assurance, respectively the internal audit function.

The first level of control is performed by business units, which are responsible for ensuring that a risk and control environment is established as part of day-to-day operations, at each structure/ activity level.

The second and third levels of control are performed by the 3 independent control functions, as follows:

- Risk management function ensures the management and control of the risks identified through specific assessment processes. Significant risks that are managed at the level of the risk management function are: credit risk (including concentration risk and residual risk), market risk in the trading book, structural risks (interest rate risk and FX risk in the banking book), liquidity risk and operational risk.
- Compliance function ensures the management of compliance risk and reputational risk.
- Internal audit function ensures an objective analysis of the bank's activities, for an independent assessment of risk management, of the internal control system, of the management and operational processes, in order to support the achievement of the proposed objectives and issue recommendations for improving the efficiency of these activities.

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 2017

In 2016, BRD delivered a very good commercial and financial performance, marked by strong client acquisition dynamics, solid growth in credit origination on retail and large corporate segments, disciplined costs control and reduced cost of risk, all of these contributing to a significantly higher net profit in 2016 as compared to 2015.

The economic outlook for 2017 appears favorable, with GDP growth expected to stay robust. Private consumption looks set to remain the backbone of economic growth, propelled by a new round of fiscal stimulus. Positive private demand prospects and low borrowing costs will also most likely constitute an impetus for companies to further increase investment spending. Inflation should increase gradually over the year, on account of vibrant consumption, ongoing increase in wage pressures and fading out of the effect of past indirect tax cuts.
Household borrowing demand should continue to be the major driver of lending activity, while loans to enterprises growth pace will be tightly correlated with private investment dynamics.

In this context, and building on a strong commercial set-up, an improved risk profile, as well as comfortable capital and liquidity positions, BRD is well prepared to seize market opportunities in order to further develop its lending activities on all segments. On the savings side, BRD targets to maintain a solid market share on the retail segment, while on non retail the approach will continue to be pragmatically adjusted depending on the evolution of the overall liquidity situation of the bank.
With strong competitive pressures weighing on prices, the bank will mostly rely on volume increase and a higher contribution of growth relays in order to increase its revenues. In parallel, BRD will continue its efforts aiming at further enhancing processes, in order to continue to improve its operational efficiency. Besides, the cost of risk further normalization (sustained by a supportive economic environment, the good quality of the new loan production, and an enhanced collection strategy) is to favorably influence the bank's profitability trajectory.

Further details on the bank's perspectives and objectives are presented in the budget for 2017 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, 2016, made of:

   - Separate and consolidated statement of financial position;
   - Separate and consolidated income statement;
   - Separate and consolidated statement of other comprehensive income;
   - Separate and consolidated statement of changes in equity;
   - Separate and consolidated statement of cash flows;
   - Notes to the separate and consolidated financial statements.

2) Approval of the profit distribution and setting of the dividend for 2016. The proposed gross dividend is of 0.73 lei / share. The dividends will be paid on May 30, 2017.

3) Discharge of the Board of Directors.

Francois BLOCH

Chief Executive Officer

Petre BUNESCU

Deputy Chief Executive Officer

Stephane FORTIN

Chief Financial Officer

Exhibit 1: Reconciliation of consolidated balance sheet as per IFRS financial statements and consolidated balance sheet within prudential scope (RON 000)

December 31, 2016

	Consolidated balance sheet	Prudential restatements (1)	Accounting balance sheet within the prudential scope	*Cross ref. Exhibit 2*
ASSETS				
Cash in hand	1,800,529	(1)	1,800,528	
Due from Central Bank	5,339,460	-	5,339,460	
Due from banks	1,998,271	-	1,998,271	
Derivatives and other financial instruments held for trading	1,203,282	-	1,203,282	
Loans, gross	31,414,527	-	31,414,527	
Impairment allowance for loans	(3,575,822)	-	(3,575,822)	
Loans and advances to customers	27,838,705	-	27,838,705	
Finance lease receivables	663,517	-	663,517	
Financial assets available for sale	11,609,855	(24,855)	11,585,000	
Investments in associates and subsidiares	134,071	26,920	160,991	
Property, plant and equipment (including investment property)	847,526	(95)	847,431	
Goodwill	50,130	-	50,130	*1*
Intangible assets	90,250	(57)	90,193	2
Deferred tax asset	65,060	-	65,060	
Other assets	240,836	(1,249)	239,587	
Total assets	**51,881,492**	**663**	**51,882,155**	
LIABILITIES AND SHAREHOLDERS' EQUITY				
Due to banks	531,601	(0)	531,601	
Due to customers	42,192,749	1,725	42,194,474	
Borrowed funds	1,101,558	-	1,101,558	
Derivative financial instruments	211,032	-	211,032	
Current tax liability	142,082	(395)	141,687	
Deferred tax liability	710	-	710	
Other liabilities	1,027,927	(659)	1,027,268	
Total liabilities	**45,207,659**	**670**	**45,208,329**	
Share capital	2,515,622	-	2,515,622	*3*
Other comprehensive income	272,047	-	272,047	*4*
of which reserves from revaluation of available for sale assets net of tax	*276,697*	-	*276,697*	
of which reserves from defined pension plan net of tax	*(4,650)*	-	*(4,650)*	
Retained earnings and other reserves	3,835,793	(7)	3,835,786	*5*
	-	-	-	
Non-controlling interest	50,371	-	50,371	*6*
	-	-	-	
Total equity	**6,673,833**	**(7)**	**6,673,826**	
Total liabilities and equity	**51,881,492**	**663**	**51,882,155**	

(1) *Prudential restatements refer to treatment differences of subsidiaries excluded from prudential consolidation scope.*

Exhibit 1: Reconciliation of consolidated balance sheet as per IFRS financial statements and consolidated balance sheet within prudential scope (RON 000)

December 31, 2015

	Consolidated balance sheet	Prudential restatements (1)	Accounting balance sheet within the prudential scope	*Cross ref. Exhibit 2*
ASSETS				
Cash in hand	1,339,602	(1)	1,339,601	
Due from Central Bank	7,480,319	-	7,480,319	
Due from banks	2,314,800	(0)	2,314,800	
Derivatives and other financial instruments held for trading	1,218,112	-	1,218,112	
Loans, gross	30,744,036	-	30,744,036	
Impairment allowance for loans	(4,002,565)	-	(4,002,565)	
Loans and advances to customers	26,741,471	-	26,741,471	
Finance lease receivables	549,354	-	549,354	
Financial assets available for sale	9,208,959	(18,040)	9,190,919	
Investments in associates and subsidiares	121,787	24,856	146,643	
Property, plant and equipment (including investment property)	866,597	(97)	866,500	
Goodwill	50,130	-	50,130	*1*
Intangible assets	82,617	(70)	82,548	2
Deferred tax asset	19,194	-	19,194	
Other assets	185,668	(1,206)	184,462	
Total assets	**50,178,610**	**5,442**	**50,184,053**	
LIABILITIES AND SHAREHOLDERS' EQUITY				
Due to banks	781,180	-	781,180	
Due to customers	41,098,674	6,467	41,105,141	
Borrowed funds	1,099,793	-	1,099,793	
Derivative financial instruments	153,210	-	153,210	
Current tax liability	1,463	(426)	1,037	
Deferred tax liability	539	-	539	
Other liabilities	786,308	(593)	785,715	
Total liabilities	**43,921,167**	**5,448**	**43,926,615**	
Share capital	2,515,622	-	2,515,622	*3*
Other comprehensive income	392,750	-	392,750	*4*
of which reserves from revaluation of available for sale assets net of tax	*380,308*	-	*380,308*	
of which reserves from defined pension plan net of tax	*12,442*	-	*12,442*	
Retained earnings and other reserves	3,299,819	(6)	3,299,813	*5*
	-	-	-	
Non-controlling interest	49,252	-	49,252	*6*
	-	-	-	
Total equity	**6,257,443**	**(6)**	**6,257,437**	
Total liabilities and equity	**50,178,610**	**5,442**	**50,184,052**	

(1) *Prudential restatements refer to treatment differences of subsidiaries excluded from prudential consolidation scope.*

Exhibit 2: Regulatory own funds and solvency ratios (RON 000)

December 31, 2016

REGULATORY OWN FUNDS	Fully Loaded	Phased-In	*Cross ref. Exhibit 1*	*Cross ref. Exhibit 3*
Common Equity Tier 1 (CET1)instruments and reserves				
Eligible capital	2,515,622	2,515,622	*3*	*1*
Reserves and accumulated profits	2,907,494	2,907,494	*5*	*2*
Other comprehensive income	272,047	272,047	*4*	*3*
Funds for general banking risk	170,762	170,762	*5*	*3a*
Accounting minority interest	50,371	50,371	*6*	*5*
Current year result (net of any foreseeable charge or dividend)	254,762	254,762	*5*	*5a*
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**6,171,058**	**6,171,058**		
Additional value adjustments (negative amount)	(15,064)	(15,064)		
Intangible assets (net of related tax liability)	(144,382)	(144,382)	*1,2*	*8*
Foreseeable tax charges relating to CET1 items	(275,078)	(275,078)		*25b*
Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	(50,371)	(160,209)		
- of which related to OCI gains	-	(129,986)	*4*	*26*
- of which related to minority interest eligibility	(50,371)	(30,223)	*6*	*5*
Total regulatory adjustments to Common equity Tier 1 (CET1)	**(484,895)**	**(594,733)**		
Common Equity Tier 1 (CET1) capital	**5,686,163**	**5,576,325**		
Tier 1 capital (T1 = CET1 + AT1)	**5,686,163**	**5,576,325**		
Tier 2 capital instruments				
Tier 2 (T2) capital before regulatory adjustments				
Amount to be deducted / added to Tier 2 capital with regard to regulatory adjustments				
Total regulatory adjustments to Tier 2 (T2) capital				
Tier 2 (T2) capital				
Total capital (TC = T1 + T2)	**5,686,163**	**5,576,325**		
Total risk weighted aseets	**27,401,808**	**27,401,808**		
Common Equity Tier 1 Ratio	**20.75%**	**20.35%**		
Tier 1 Ratio	**20.75%**	**20.35%**		
Total capital ratio	**20.75%**	**20.35%**		

Exhibit 2: Regulatory own funds and solvency ratios (RON 000)

December 31, 2015

REGULATORY OWN FUNDS	Fully Loaded	Phased-In	*Cross ref. Exhibit 1*	*Cross ref. Exhibit 3*
Common Equity Tier 1 (CET1)instruments and reserves				
Eligible capital	2,515,622	2,515,622	*3*	*1*
Reserves and accumulated profits	2,661,004	2,661,004	*5*	*2*
Other comprehensive income	392,750	392,750	*4*	*3*
Funds for general banking risk	170,762	170,762	*5*	*3a*
Accounting minority interest	49,252	49,252	*6*	*5*
Current year result (net of any foreseeable charge or dividend)	246,751	246,751	*5*	*5a*
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**6,036,141**	**6,036,141**		
Additional value adjustments (negative amount)	(10,130)	(10,130)		
Intangible assets (net of related tax liability)	(128,588)	(128,588)	*1,2*	*8*
Foreseeable tax charges relating to CET1 items	(340,590)	(340,590)		*25b*
Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	(49,252)	(273,883)		
- of which related to OCI gains	-	(254,183)	*4*	*26*
- of which related to minority interest eligibility	(49,252)	(19,701)	*6*	*5*
Total regulatory adjustments to Common equity Tier 1 (CET1)	**(528,561)**	**(753,192)**		
Common Equity Tier 1 (CET1) capital	**5,507,581**	**5,282,949**		
Tier 1 capital (T1 = CET1 + AT1)	**5,507,581**	**5,282,949**		
Tier 2 capital instruments				
Tier 2 (T2) capital before regulatory adjustments				
Amount to be deducted / added to Tier 2 capital with regard to regulatory adjustments				
Total regulatory adjustments to Tier 2 (T2) capital				
Tier 2 (T2) capital				
Total capital (TC = T1 + T2)	**5,507,581**	**5,282,949**		
Total risk weighted aseets	**27,660,718**	**27,660,718**		
Common Equity Tier 1 Ratio	**19.91%**	**19.10%**		
Tier 1 Ratio	**19.91%**	**19.10%**		
Total capital ratio	**19.91%**	**19.10%**		

Exhibit 3: Transitional own funds (RON 000) (1/3)

December 31, 2016

	TRANSITIONAL OWN FUNDS	AMOUNT	AMOUNTS SUBJECT TO PRE- REGULATION (EU) NO 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) NO 575/2013
Common Equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	2,515,622	-
	of which: Instrument type 1	2,515,622	-
	of which: Instrument type 2	-	-
	of which: Instrument type 3	-	-
2	Retained earnings and other reserves	2,907,494	-
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	272,047	-
3a	Funds for general banking risk	170,762	-
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	-
	Public sector capital injections grandfathered until 1 January 2018	-	-
5	Minority Interests (amount allowed in consolidated CET1)	-	20,148
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	254,762	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**6,120,687**	**20,148**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(15,064)	-
8	Intangible assets (net of related tax liability) (negative amount)	(144,382)	-
9	Empty Set in the EU	-	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	-
11	Fair value reserves related to gains or losses on cash flow hedges	-	-
12	Negative amounts resulting from the calculation of expected loss amounts	-	-
13	Any increase in equity that results from securitised assets (negative amount)	-	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-
15	Defined-benefit pension fund assets (negative amount)	-	-
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	-
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
20	Empty Set in the EU	-	-
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-
20b	of which: qualifying holdings outside the financial sector (negative amount)	-	-
20c	of which: securitisation positions (negative amount)	-	-
20d	of which: free deliveries (negative amount)	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	-	-
22	Amount exceeding the 15% threshold (negative amount)	-	-
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-
24	Empty Set in the EU	-	-
25	of which: deferred tax assets arising from temporary differences	-	-
25a	Losses for the current financial year (negative amount)	-	-
25b	Foreseeable tax charges relating to CET1 items (negative amount)	(275,078)	-
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	-	(129,986)
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-	(129,986)
	Of which: ... filter for unrealised loss 1	-	-
	Of which: ... filter for unrealised loss 2	-	-
	Of which: ... filter for unrealised gain - reserves from reevaluation of avaible for sale asset	-	(131,846)
	Of which: ... filter for unrealised gain - reserves from defined pension plan	-	1,860
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	-	-
	Of which: ...	-	-
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-
28	**Total regulatory adjustments to Common equity Tier 1 (CET1)**	**(434,524)**	**(129,986)**
29	**Common Equity Tier 1 (CET1) capital**	**5,686,163**	**(109,838)**

Exhibit 3: Transitional own funds (RON 000) (2/3)

December 31, 2016

	TRANSITIONAL OWN FUNDS	AMOUNT	AMOUNTS SUBJECT TO PRE- REGULATION (EU) NO 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) NO 575/2013
Additional Tier 1 (AT1) capital: Instruments			
30	Capital instruments and the related share premium accounts	-	-
31	of which: classified as equity under applicable accounting standards	-	-
32	of which: classified as liabilities under applicable accounting standards	-	-
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-	-
	Public sector capital injections grandfathered until 1 January 2018	-	-
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-
35	of which: instruments issued by subsidiaries subject to phase out	-	-
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	-
AddItlonal Tier 1 (AT1) capItal: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	-	-
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short posi- lions) (negative amount)	-	-
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the insti- tution has a significant investment in those entities (amount above the 10% threshold net of eligible short positions) (negative amount)	-	-
41	Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	-	-
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-	-
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc	-	-
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	-	-
	Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc	-	-
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR	-	-
	Of which: … possible filter for unrealised losses	-	-
	Of which: ... possible filter for unrealised gains	-	-
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	-
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	-
44	**Additional Tier 1 (AT1) capital**	**-**	**-**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**5,686,163**	**(109,838)**
Tier 2 (T2) capItal: Instruments and provisions			
46	Capital instruments and the related share premium accounts	-	-
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-	-
	Public sector capital injections grandfathered until 1 January 2018	-	-
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-
49	of which: instruments issued by subsidiaries subject to phase out	-	-
50	Credit risk adjustments	-	-
51	**Tier 2 (T2) capital before regulatory adjustments**	-	-
Tier 2 (T2) capItal: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
54a	Of which new holdings not subject to transitional arrangements	-	-
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements	-	-
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regu- lation (EU) No 575/2013 (i.e. CRR residual amounts)	-	-
56a	Residual amounts deducted from Tier 2capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-	-
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc	-	-
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regu- lation (EU) No 575/2013	-	-
	Of which items to be detailed line by line, e.g. reciprocal cross holdings in at1 instruments, direct holdings of non significant investments in the capital of other financial sector entities , etc	-	-
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR	-	-
	Of which: ... possible filter for unrealised losses	-	-
	Of which: filter for unrealised gain - reserves from reevaluation of avaible for sale asset	-	-
	Of which: filter for unrealised gain - reserves from defined pension plan	-	-
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	-
58	**Tier 2 (T2) capital**	**-**	**-**
59	**Total capital (TC = T1 + T2)**	**5,686,163**	**(109,838)**

Exhibit 3: Transitional own funds (RON 000) (3/3)

December 31, 2016

	TRANSITIONAL OWN FUNDS	AMOUNT	AMOUNTS SUBJECT TO PRE- REGULATION (EU) NO 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) NO 575/2013
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/ 2013(i.e. CRR residual amounts) Of which: ... items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability , indirect holdings of own CET1, etc) Of which: ... items not deducted from AT1 items (Regulation (EU) No 575/2013residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.) Items not deducted from T2 items (Regulation (EU) No 575/2013residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own t2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)		
60	**Total risk weighted assets**	**27,401,808**	
Capital ratios and buffers			
61	**Common Equity Tier 1 (as a percentage of risk exposure amount)**	**20.75%**	
62	**Tier 1 (as a percentage of risk exposure amount)**	**20.75%**	
63	**Total capital (as a percentage of risk exposure amount)**	**20.75%**	
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conser- vation and countercyclical buffer requirements , plus systemic risk buffer, plus the systemically important institution buffer (G-SII or 0-SII buffer), expressed as a percentage of risk exposure amount)	1.63	
65	of which: capital conservation buffer requirement	0.63	
66	of which: countercyclical buffer requirement	N/A	
67	of which: systemic risk buffer requirement	N/A	
67a	of which: Global Systemically Important Institution (G-811) or Other Systemically Important Institution (0-811) buffer	1.00	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	10.05	
69	[non relevant in EU regulation]		
70	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		
Capital ratios and buffers			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	27,039	
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the insti- tution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	142,844	
74	Empty Set in the EU	-	
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	65,380	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
Capital Instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Exhibit 3: Transitional own funds (RON 000) (1/3)

December 31, 2015

	TRANSITIONAL OWN FUNDS	AMOUNT	AMOUNTS SUBJECT TO PRE- REGULATION (EU) NO 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) NO 575/2013
Common Equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	2,515,622	-
	of which: Instrument type 1	2,515,622	-
	of which: Instrument type 2	-	-
	of which: Instrument type 3	-	-
2	Retained earnings and other reserves	2,661,004	-
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	392,750	-
3a	Funds for general banking risk	170,762	-
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	-
	Public sector capital injections grandfathered until 1 January 2018	-	-
5	Minority Interests (amount allowed in consolidated CET1)	-	29,551
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	246,751	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**5,986,890**	**29,551**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(10,130)	-
8	Intangible assets (net of related tax liability) (negative amount)	(128,588)	-
9	Empty Set in the EU	-	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	-
11	Fair value reserves related to gains or losses on cash flow hedges	-	-
12	Negative amounts resulting from the calculation of expected loss amounts	-	-
13	Any increase in equity that results from securitised assets (negative amount)	-	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-
15	Defined-benefit pension fund assets (negative amount)	-	-
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	-
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
20	Empty Set in the EU	-	-
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-
20b	of which: qualifying holdings outside the financial sector (negative amount)	-	-
20c	of which: securitisation positions (negative amount)	-	-
20d	of which: free deliveries (negative amount)	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	-	-
22	Amount exceeding the 15% threshold (negative amount)	-	-
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-
24	Empty Set in the EU	-	-
25	of which: deferred tax assets arising from temporary differences	-	-
25a	Losses for the current financial year (negative amount)	-	-
25b	Foreseeable tax charges relating to CET1 items (negative amount)	(340,590)	-
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	-	(254,183)
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-	(254,183)
	Of which: ... filter for unrealised loss 1	-	-
	Of which: ... filter for unrealised loss 2	-	-
	Of which: ... filter for unrealised gain - reserves from reevaluation of avaible for sale asset	-	(246,718)
	Of which: ... filter for unrealised gain - reserves from defined pension plan	-	(7,465)
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	-	-
	Of which: ...	-	-
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-
28	**Total regulatory adjustments to Common equity Tier 1 (CET1)**	**(479,309)**	**(254,183)**
29	**Common Equity Tier 1 (CET1) capital**	**5,507,581**	**(224,632)**

Exhibit 3: Transitional own funds (RON 000) (2/3)

December 31,2015

	TRANSITIONAL OWN FUNDS	AMOUNT	AMOUNTS SUBJECT TO PRE- REGULATION (EU) NO 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) NO 575/2013
Additional Tier 1 (AT1) capital: Instruments			
30	Capital instruments and the related share premium accounts	-	-
31	of which: classified as equity under applicable accounting standards	-	-
32	of which: classified as liabilities under applicable accounting standards	-	-
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-	-
	Public sector capital injections grandfathered until 1 January 2018	-	-
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-
35	of which: instruments issued by subsidiaries subject to phase out	-	-
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	-
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	-	-
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short posi- lions) (negative amount)	-	-
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the insti- tution has a significant investment in those entities (amount above the 10% threshold net of eligible short positions) (negative amount)	-	-
41	Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	-	-
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-	-
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc	-	-
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	-	-
	Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc	-	-
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR	-	-
	Of which: … possible filter for unrealised losses	-	-
	Of which: ... possible filter for unrealised gains	-	-
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	-
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	-
44	**Additional Tier 1 (AT1) capital**	**-**	**-**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**5,507,581**	**(224,632)**
Tier 2 (T2) capital: Instruments and provisions			
46	Capital instruments and the related share premium accounts	-	-
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-	-
	Public sector capital injections grandfathered until 1 January 2018	-	-
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-
49	of which: instruments issued by subsidiaries subject to phase out	-	-
50	Credit risk adjustments	-	-
51	**Tier 2 (T2) capital before regulatory adjustments**	-	-
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
54a	Of which new holdings not subject to transitional arrangements	-	-
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements	-	-
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regu- lation (EU) No 575/2013 (i.e. CRR residual amounts)	-	-
56a	Residual amounts deducted from Tier 2capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-	-
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc	-	-
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regu- lation (EU) No 575/2013	-	-
	Of which items to be detailed line by line, e.g. reciprocal cross holdings in at1 instruments, direct holdings of non significant investments in the capital of other financial sector entities , etc	-	-
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR	-	-
	Of which: … possible filter for unrealised losses	-	-
	Of which: filter for unrealised gain - reserves from reevaluation of avaible for sale asset	-	-
	Of which: filter for unrealised gain - reserves from defined pension plan	-	-
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	-
58	**Tier 2 (T2) capital**	**-**	**-**
59	**Total capital (TC = T1 + T2)**	**5,507,581**	**(224,632)**

Exhibit 3: Transitional own funds (RON 000) (3/3)

December 31, 2015

	TRANSITIONAL OWN FUNDS	AMOUNT	AMOUNTS SUBJECT TO PRE- REGULATION (EU) NO 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) NO 575/2013
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/ 2013(i.e. CRR residual amounts)		
	Of which: ... items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts)		
	(items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability , indirect holdings of own CET1, etc)		
	Of which: ... items not deducted from AT1 items (Regulation (EU) No 575/2013residual amounts)		
	(items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)		
	Items not deducted from T2 items (Regulation (EU) No 575/2013residual amounts)		
	(items to be detailed line by line, e.g. Indirect holdings of own t2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)		
60	**Total risk weighted assets**	**27,660,718**	
Capital ratios and buffers			
61	**Common Equity Tier 1 (as a percentage of risk exposure amount)**	**19.91%**	
62	**Tier 1 (as a percentage of risk exposure amount)**	**19.91%**	
63	**Total capital (as a percentage of risk exposure amount)**	**19.91%**	
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conser-vation and countercyclical buffer requirements , plus systemic risk buffer, plus the systemically important institution buffer (G-SII or 0-SII buffer), expressed as a percentage of risk exposure amount)	N/A	
65	of which: capital conservation buffer requirement	N/A	
66	of which: countercyclical buffer requirement	N/A	
67	of which: systemic risk buffer requirement	N/A	
67a	of which: Global Systemically Important Institution (G-811) or Other Systemically Important Institution (0-811) buffer	N/A	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	N/A	
69	[non relevant in EU regulation]		
70	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		
Capital ratios and buffers			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	89,813	
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the insti- tution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	127,350	
74	Empty Set in the EU	-	
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	23,817	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
Capital Instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Exhibit 4: Capital instruments main features template

Ref	Heading	
1	Issuer	BRD-Groupe Societe Generale
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ROBRDBACNOR2
3	Governing law(s) of the instrument	Romanian law
	Governing law(s) of the instrument	Romanian law
4	Transitional CRR rules	CET1
5	Post-transitional CRR rules	CET1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital (RON million, as of most recent reporting date)	2,516
9	Nominal amount of instrument	10
9a	Issue price	N/A
9b	Redemption price	N/A
10	Accounting classification	Capital
11	Original date of issuance	NA
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Full discretion
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Ful discretion
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The most subordinated claim in case of liquidation
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

(1) Insert 'N/A' if the question is not applicable

Exhibit 5: Regulatory capital requirements (RON 000)

Type of risk	2015 Risk exposure amount / RWA	2015 Own funds requirements	2016 Risk exposure amount / RWA	2016 Own funds requirements
Credit and counterparty risk	24,744,142	1,979,531	24,592,184	1,967,375
Central governments or central banks	14,362	*1,149*	*77,296*	*6,184*
Regional governments or local authorities	509,729	*40,778*	*479,818*	*38,385*
Institutions	731,991	*58,559*	*533,902*	*42,712*
Corporates	10,697,515	*855,801*	*10,485,974*	*838,878*
Retail	7,674,374	*613,950*	*8,732,452*	*698,596*
Secured by mortgages on immovable property	1,648,349	*131,868*	*1,443,765*	*115,501*
Defaulted items	1,759,455	*140,756*	*1,168,907*	*93,513*
Collective investments undertakings	56,678	*4,534*	*41,620*	*3,330*
Equity	357,487	*28,599*	*310,498*	*24,840*
Other items	1,294,202	*103,536*	*1,317,951*	*105,436*
Market risk	303,442	24,275	238,096	19,048
Position risk	233,443	*18,675*	*207,189*	*16,575*
Foreign exchange risk	69,999	*5,600*	*30,908*	*2,473*
	-	-	-	-
CVA risk	167,506	13,400	165,887	13,271
	-	-	-	-
Operational risk	2,445,628	195,650	2,405,641	192,451
	-	-	-	-
Total capital requirements	**27,660,718**	**2,212,857**	**27,401,808**	**2,192,145**
	-	-		-
Regulatory capital		**5,282,949**		**5,575,266**
Regulatory Capital Adequacy Ratio (%)		**19.10%**		**20.35%**

Exhibit 6: Exposure to credit risk (RON 000)

December 31, 2016

Exposure Types	Gross exposure	Specific credit risc adjustements	Credit risk exposure	CRM techniques (of which): Residential Real Estate Collateral	Financial Collateral	Unfunded credit protection	Exposure value after CRM technics and CCF	Risk weighted assets
Sovereign risk exposures	17,805,726	(1)	17,805,725	-	-	3,786,626	21,592,351	77,296
Multilateral development banks	-	-	-	-	-	42,282	42,282	-
Institutions exposures	1,375,090	-	1,375,090	-	-	18,239	1,393,329	299,494
Loans and advances to customers	31,236,260	(3,688,626)	27,547,634	4,127,678	(312,214)	(3,847,147)	23,388,273	17,112,550
Collective investment units	41,620	-	41,620	-	-	-	41,620	41,620
Equity participations	187,279	-	187,279	-	-	-	187,279	310,498
Other assets	3,082,656	(67,619)	3,015,037	-	-	-	3,015,037	1,317,951
On balance sheet exposures	**53,728,631**	**(3,756,246)**	**49,972,385**	**4,127,678**	**(312,214)**	**(0)**	**49,660,171**	**19,159,410**
Sovereign risk exposures	17,739	(368)	17,372	-	(69)	(0)	8,476	-
Multilateral development banks	-	-	-	-	-	31	6	-
Institutions exposures	413,137	(752)	412,385	-	-	53,019	288,193	104,480
Financing, guarantees, acceptances and ot	16,294,553	(443,716)	15,850,837	2,856	(414,108)	(53,050)	5,356,589	5,068,195
Off balance sheet exposures	**16,725,429**	**(444,836)**	**16,280,593**	**2,856**	**(414,177)**	**-**	**5,653,265**	**5,172,675**
Credit Risk Exposure	**70,454,061**	**(4,201,082)**	**66,252,978**	**4,130,534**	**(726,391)**	**(0)**	**55,313,436**	**24,332,085**
Derivatives	457,842	-	457,842	-	-	-	457,998	234,175
Repo	1,461,174	-	1,461,174	-	(1,424,028)	-	37,146	25,924
Counterparty Credit Risk Exposure	1,919,172	-	1,919,172	-	(1,424,028)	-	495,144	260,099
Total exposures	**72,373,233**	**(4,201,082)**	**68,172,150**	**4,130,534**	**(2,150,419)**	**(0)**	**55,808,580**	**24,592,184**

December 31, 2015

Exposure Types	Gross exposure	Specific credit risc adjustements	Credit risk exposure	CRM techniques (of which): Residential Real Estate Collateral	Financial Collateral	Unfunded credit protection	Exposure value after CRM technics and CCF	Risk weighted assets
Sovereign risk exposures	17,256,817	-	17,256,817	-	-	3,455,192	20,712,009	14,362
Multilateral development banks	-	-	-	-	-	34,645	34,645	-
Institutions exposures	2,088,126	-	2,088,126	-	-	17,025	2,105,151	430,474
Loans and advances to customers	30,934,489	(4,110,486)	26,824,003	4,713,744	(206,908)	(3,506,862)	23,110,233	16,895,918
Collective investment units	56,678	-	56,678	-	-	-	56,678	56,678
Equity participations	236,473	-	236,473	-	-	-	236,473	357,487
Other assets	2,649,764	(51,685)	2,598,078	-	-	-	2,598,078	1,294,202
On balance sheet exposures	**53,222,347**	**(4,162,171)**	**49,060,175**	**4,713,744**	**(206,908)**	**0**	**48,853,267**	**19,049,123**
Sovereign risk exposures	27,699	-	27,699	-	(68)	6,325	17,155	-
Multilateral development banks	-	-	-	-	-	0	0	-
Institutions exposures	408,805	(646)	408,158	-	-	70,643	320,512	129,282
Financing, guarantees, acceptances and othe	13,070,191	(305,447)	12,764,745	1,764	(322,063)	(76,968)	5,475,469	5,163,847
Off balance sheet exposures	**13,506,695**	**(306,093)**	**13,200,602**	**1,764**	**(322,131)**	**(0)**	**5,813,136**	**5,293,129**
Credit Risk Exposure	**66,729,042**	**(4,468,264)**	**62,260,777**	**4,715,508**	**(529,039)**	**(0)**	**54,666,404**	**24,342,252**
Derivatives	525,358	-	525,358	-	-	-	525,928	307,223
Repo	734,676	-	734,676	-	(640,008)	-	94,668	94,668
Counterparty Credit Risk Exposure	1,260,604	-	1,260,604	-	(640,008)	-	620,596	401,890
Total exposures	**67,989,645**	**(4,468,264)**	**63,521,381**	**4,715,508**	**(1,169,047)**	**(0)**	**55,287,000**	**24,744,142**

Exhibit 7: Summary reconciliation of accounting assets and leverage ratio exposures (RON 000)

Summary reconciliation of accounting assets and leverage ratio exposures

		Applicable Amount 31-Dec-2016	Applicable Amount 31-Dec-2015
1	Total assets as per published financial statements	51,881,491	50,178,610
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-21,935	-15,093
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	0	0
4	Adjustments for derivative financial instruments	145,717	255,201
5	Adjustment for securities financing transactions (SFTs)	27,892	0
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	6,728,233	9,458,128
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	0	0
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	0	0
7	Other adjustments	-266,885	-368,353
8	**Leverage ratio total exposure measure**	**58,494,515**	**59,508,493**

Exhibit 8: Leverage ratio common disclosure (RON 000)

		CRR leverage ratio exposures 31-Dec-2016	CRR leverage ratio exposures 31-Dec-2015
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	50,108,649	49,182,662
2	(Asset amounts deducted in determining Tier 1 capital)	-289,432	392,901
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	49,819,217	48,789,761
	Derivative exposures		
4	Replacement cost associated with *all* derivatives transactions (ie net of eligible cash variation margin)	301,501	276,549
5	Add-on amounts for PFE associated with *all* derivatives transactions (mark-to-market method)	156,498	249,379
EU-5a	Exposure determined under Original Exposure Method	0	0
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0	0
8	(Exempted CCP leg of client-cleared trade exposures)	0	0
9	Adjusted effective notional amount of written credit derivatives	0	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
11	**Total derivatives exposures (sum of lines 4 to 10)**	**457,998**	**525,928**
	SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	1,461,174	734,676
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
14	Counterparty credit risk exposure for SFT assets	27,892	0
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	0	0
15	Agent transaction exposures	0	0
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	0	0
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**1,489,066**	**734,676**
	Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	16,725,429	13,506,695
18	(Adjustments for conversion to credit equivalent amounts)	-9,997,196	4,048,566
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**6,728,233**	**9,458,128**
	Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0	0
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	0	0
	Capital and total exposure measure		
20	**Tier 1 capital**	5,576,325	5,282,949
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	58,494,515	59,508,493
	Leverage ratio		
22	**Leverage ratio**	9.53%	8.88%
	Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	0	0

Exhibit 9: 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-quorate) 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 independent in character and judgement in practice and according to the following criteria: *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.* *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*	*X*		

for the previous five (5) years. *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.* *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.* *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.* *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.* *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.* *A.4.8. Not to have been a non-executive director of the 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	*X*		

Board secretary responsible for supporting the work of the Board.			
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 Directors or of the Supervisory Board.	*X*		
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 and 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 identified internal control failings or weaknesses and their submission of relevant reports to the Board.	*X*		
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.		*X*	*The Regulation of organization and functioning of the Audit Committee was updated with this responsibility and was approved on the Board of Directors meeting on February 2017.*
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*	*The internal framework applicable to the related party transactions is subject to a complex review process. This process concerns, but is not limited to, setting the limits for which the competence of approval of these transactions belongs to the Board of Directors. The approval is always preceded by an opinion of*

			the Audit Committee. The deadline for the implementation is the end of the 1st half of 2017.
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 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.	*X*		
Section C - Fair rewards and motivation			
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. *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.* *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.* *Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.*		*X*	*Information on the Bank's Remuneration policy, including information on the remuneration of the identified persons and information on the mandate of the CEO are presented in the Annual Report.* *Currently the Remuneration policy is in a process of reviewing; one of the objectives of this process is to fulfil some of the requirements of the BSE Corporate Governance Code that are covered partially. The estimated time for approval of the new Remuneration Policy is 4th quarter of 2017.*

Section D - Building value through investors' relations			
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: *D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures.* *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;* *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;* *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;* *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 information should be published within a timeframe that enables investors to make investment decisions;* *D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;* *D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.*	*X*		

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.	*X*		
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.		*X*	*The Bank intends to adopt a Policy with respect to forecasts and to publish it on the institutional website, until the end of the 1^{st} half of 2017.*
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.	*X*		
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	*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*		

List of subsidiaries and of controlled entities of BRD - Groupe Societe Generale as of December 31, 2016 (*)

(*) according to art. 2, point 1.6 of Law no 297/2004 on the capital market

No	Name	Field of activity	Type of entity
1	BRD Sogelease IFN SA	Financial leasing	Subsidiary
2	BRD Finance IFN SA	Other credit activities	Subsidiary
3	BRD Corporate Finance SRL Suspended activity starting October 1, 2014	Business and management consultancy	Subsidiary
4	BRD Asset Management SAI SA	Funds management	Subsidiary

Name of BRD - Groupe Societe Generale SA related parties, as of December 31, 2016

(1/6)

1 ALD AUTOMOTIVE SRL
2 ALD INTERNATIONAL
3 ALIAS INVESTMENT
4 ALTE PARTICIPATII CALIFICATE BRD- GROUPE SOCIETE GENERALE
5 BALANCE TARGET FUND LIMITED
6 BANCO SOCIETE GENERALE BRASIL S.A.
7 BANCO SOCIETE GENERALE MOCAMBIQUE SA
8 BANK REPUBLIC, GEORGIA
9 BANKA SOCIETE GENERALE ALBANIA SH.A.
10 BANKY FAMPANDROSOANA VAROTRA SG
11 BANQUE DE POLYNÉSIE
12 BC MOBIASBANCA
13 BIROUL DE CREDIT
14 BOURSORAMA SA
15 BRD ASIGURARI DE VIATA SA
16 BRD ASSET MANAGEMENT S.A.I. S.A.
17 BRD CORPORATE FINANCE SRL
18 BRD FINANCE IFN S.A.
19 BRD SOCIETATE DE ADMINISTRARE A FONDURILOR DE PENSII PRIVATE SA.
20 BRD SOGELEASE ASSET RENTAL
21 BRD SOGELEASE IFN S.A.
22 CENTRE INTERBANCAIRE RÉGIONAL RHÔNE ALPES
23 CINQUIÈME LEASE
24 CODIES SECURITIES SA
25 COMPAGNIE FONCIÈRE DE LA MÉDITERRANÉE (CFM)
26 COMPAGNIE GÉNÉRALE D'AFFACTURAGE
27 CREDIT DU NORD
28 DC MORTGAGE FINANCE NETHERLAND BV
29 DESCARTES TRADING
30 ELÉAPARTS
31 EURO SECURED NOTES ISSUER (ESNI)
32 FACTORING KB, A.S
33 FCPR SG A
34 FCT NEO
35 FCT R&B BDDF PPI
36 FIDITALIA S.P.A
37 FILIALE BRD- GROUPE SOCIETE GENERALE
38 FONDUL ROMAN DE GARANTARE A CREDITELOR PENTRU INTREPRINZATORII PRIVATI SA
39 FONDUL ROMAN DE GARANTARE A CREDITULUI RURAL
40 GENEFIM
41 GENEFIMMO HOLDING
42 GÉNÉFINANCE
43 GENEGIS I
44 GENEGIS II
45 GIBEAUBOURG
46 GLORY IRISH HOLDING
47 GO LEASE
48 HU LEASE
49 IMMO GAZ BELFORT
50 IMMO GAZ LYON
51 IMMO GAZ ROANNE
52 IMMO GAZ SENS
53 IMMO-GAZ-NANTES
54 INORA LIFE LTD
55 INTER EUROPE CONSEIL
56 KOMERCNI BANKA A.S.
57 KOMERCNI POJISTOVNA
58 LB INERNATIONAL FONDS LIMITED (LBIF)
59 LISTOPLAC
60 LYXOR ASSET MANAGEMENT

Name of BRD - Groupe Societe Generale SA related parties, as of December 31, 2016

(2/6)

61 LYXOR ASSET MANAGEMENT JAPAN CO LTD
62 LYXOR MASTER FUND
63 LYXOR PAULSON EVENT DRIVEN FUND 1 LIMITED
64 LYXOR SEED FUND PCC
65 NEWEDGE REPRESENTACOES LTDA (NEWEDGE BRAZIL)
66 NEWEDGE BROKER INDIA PTE LTD
67 NEWEDGE FINANCIAL HONG KONG LTD
68 OHRIDSKA BANKA AD SKOPJE
69 ORPAVIMOB
70 PAIEMENTS & SERVICES
71 PARIS TITRISATION
72 PASCAL FUNDO DE INVESTIMENTO MULTI MERCADO - INVESTIMENTO NO EXTERIOR
73 PAYLIB SERVICES
74 PJSC ROSBANK
75 QUATRIÈME LEASE
76 RISING LEASE FIVE
77 RISING LEASE FOUR
78 RISING LEASE ONE
79 RISING LEASE SEVEN
80 RISING LEASE SIX
81 RISING LEASE THREE
82 RISING LEASE TWO
83 SAINT GERMAIN FUNDO DE INVESTIMENTO MULTIMERCADO
84 SCI VIRY CHATILLON
85 SEPAMAIL.EU
86 SERVICES EPARGNE ENTREPRISE (S2E)
87 SG AMERICAS SECURITIES HOLDINGS, LLC
88 SG AMERICAS, INC.
89 SG AUSTRALIA HOLDINGS LTD
90 SG CINEMA 2
91 SG DE BANQUES AU SÉNÉGAL
92 SG DE BANQUES EN CÔTE D'IVOIRE
93 SG DE BANQUES EN GUINÉE
94 SG DE BANQUES EN GUINÉE EQUATORIALE
95 SG EURO CT
96 SG EUROPEAN MORTGAGE INVESTMENTS
97 SG EXPRESS BANK
98 SG FINANCIAL SERVICES HOLDING
99 SG HAMBROS LIMITED (HOLDING)
100 SG LEASING (HONG KONG) LIMITED
101 SG PRIVATE BANKING (SUISSE) S.A.
102 SG SECURITIES (SINGAPORE) PTE LTD
103 SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD (HONG-KONG)
104 SG SECURITIES JOHANNESBURG
105 SG SECURITIES KOREA CO., LTD.
106 SG SERVICES
107 SGA SOCIÉTÉ GÉNÉRALE ACCEPTANCE N.V. ("SGA")
108 SGAM 4D GLOBAL ENERGY DEV. CAPITAL FUND PLC
109 SGAM AI KANTARA MOROCCO
110 SGAM EASTERN EUROPE HOLDING V LIMITED
111 SGE HOLDINGS INC
112 SGFP MEXICO, S. DE R.L. DE C.V.
113 SILVAPER
114 SKB BANKA
115 SOCIAL GENERAL CAPITAL CANADA INC
116 SOCIÉTÉ DE LA RUE EDOUARD VII
117 SOCIETE FRANCAISE DE VENTE ET FINANCEMENT DE MATERIELS TERRESTRES, MARITIMES SOFRANTEM
118 SOCIÉTÉ GÉNÉRALE AUSTRALIA PTY LTD
119 SOCIETE GENERALE (CANADA)
120 SOCIÉTÉ GÉNÉRALE (CHINA) LIMITED

Name of BRD - Groupe Societe Generale SA related parties, as of December 31, 2016

121 SOCIETE GENERALE (THAILAND) LTD
122 SOCIETE GENERALE ACCEPTANCE NV CURACAO NETHERLAND
123 SOCIÉTÉ GÉNÉRALE ALGÉRIE
124 SOCIETE GENERALE AMSTERDAM BRANCH
125 SOCIETE GENERALE ASIA LTD
126 SOCIETE GENERALE BANK AND TRUST S.A. LUXEMBOURG
127 SOCIETE GENERALE BANKA MONTENEGRO A.D.
128 SOCIETE GENERALE BANKA SRBIJA
129 SOCIETE GENERALE BRUXELLES BRA
130 SOCIETE GENERALE BURKINA FASO
131 SOCIETE GENERALE CALÉDONIENNE DE BANQUE
132 SOCIETE GENERALE CAMEROUN
133 SOCIETE GENERALE CAPITAL CANADA INC
134 SOCIETE GENERALE CHINA
135 SOCIETE GENERALE CONGO
136 SOCIETE GENERALE CORPORATE INVESTMENT BANKING
137 SOCIETE GENERALE DE BANQUE AU LIBAN S.A.I.
138 SOCIÉTÉ GÉNÉRALE DE PARTICIPATIONS
139 SOCIETE GENERALE DPC ASSETS CORP
140 SOCIETE GENERALE EUROPEAN BUSINESS SERVICES
141 SOCIETE GENERALE EUROPEAN BUSINESS SERVICES SA
142 SOCIETE GENERALE EXPRESS VARNA
143 SOCIETE GENERALE FACTORING S.P.A.
144 SOCIETE GENERALE FACTORING SLLC BULGARIA
145 SOCIETE GENERALE FINANS
146 SOCIETE GENERALE IMMOBEL
147 SOCIETE GENERALE INTERNATIONAL LIMITED
148 SOCIÉTÉ GÉNÉRALE INTERNATIONAL MOBILITY MANAGEMENT SA
149 SOCIÉTÉ GÉNÉRALE INVESTMENTS (U.K.) LIMITED
150 SOCIETE GENERALE LONDON
151 SOCIETE GENERALE MAROCAINE DE BANQUES
152 SOCIETE GENERALE MAURITANIE
153 SOCIETE GENERALE NANTES - TITRES
154 SOCIETE GENERALE NEW YORK
155 SOCIETE GENERALE PARIS
156 SOCIETE GENERALE PRIVATE BANKING SUISSE
157 SOCIETE GENERALE S.A. FRANKFURT AM MAIN
158 SOCIÉTÉ GÉNÉRALE SAUDI ARABIA JSC
159 SOCIETE GENERALE SCF
160 SOCIÉTÉ GÉNÉRALE (NORTH PACIFIC) LTD
161 SOCIETE GENERALE Securities Japan Limited
162 SOCIETE GENERALE SECURITIES SERVICES
163 SOCIÉTÉ GÉNÉRALE SECURITIES SERVICES HOLDING
164 SOCIETE GENERALE SECURITIES SERVICES POLAND
165 SOCIETE GENERALE SECURITIES SERVICES SPA MILANO
166 SOCIETE GENERALE SFH
167 SOCIETE GENERALE TCHAD
168 SOCIETE GENERALE TOKYO
169 SOCIETE GENERALE VIENNA
170 SOCIETE GENERALE WARSHOVIE
171 SOCIETE GENERALE ZURICH
172 SOCIETE GENERALE-SPLITSKA BANK
173 SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN
174 SOGE PERIVAL I
175 SOGE PERIVAL II
176 SOGE PERIVAL III
177 SOGE PERIVAL IV
178 SOGECAMPUS
179 SOGECAP
180 SOGEFINANCEMENT

Name of BRD - Groupe Societe Generale SA related parties, as of December 31, 2016

(4/6)

181 SOGEFONTENAY
182 SOGEMARCHE
183 SOGENER ADMINISTRAÇAO E SERVIÇOS LTDA
184 SOGÉPARTICIPATIONS
185 SOGINFO - SOCIÉTÉ DE GESTION ET D'INVESTISSEMENTS FONCIERS
186 SOLYS
187 SOUTHEAST ASIA COMMERCIAL JOINT STOCK BANK
188 TCW RECYCLABLE SEED FUND PC
189 TENDER OPTION BOND PROGRAM (TAXABLE AND TAX-EXEMPT)
190 TH INVESTMENTS (HONG KONG) 1 LIMITED
191 TH INVESTMENTS (HONG KONG) 5 LIMITED
192 TRANSACTIS
193 UNION INTERNATIONALE DE BANQUES
194 UNION INTERNATIONALE DE BANQUES SA TUNIS
195 VALMINVEST
196 ALD AUTOMOTIVE ITALIA
197 BANCO CACIQUE SA
198 BANCO PECUNIA SA
199 BERGER COLIN Edith Marie Louise Fernande
200 BLOANCA GHEORGHE
201 BLOCH YAEL
202 BLOCH ADRIEN
203 BLOCH BENJAMIN
204 BLOCH FRANCOIS
205 BLOCH ISABELLE
206 BLOCH JOACHIM
207 BLOCH MANUEL
208 BLOCH ODILE
209 BUNESCU Adiel Milven
210 BUNESCU Laura Persida
211 BUNESCU Lidia
212 BUNESCU Livia Denisa (casatorita COJOCARIU)
213 BUNESCU PETRE
214 BUNESCU Sorin Dragos
215 BUNESCU Theodor Catalin
216 CERCEL Adriana Florina
217 CERCEL- DUCA ALEXANDRU- CLAUDIU
218 CERCEL -DUCA LAURENTIU ANDREI
219 CERCEL- DUCA MIRUNA ALEXANDRA
220 CERCEL Justin
221 CGI NORTH AMERICA INC
222 COLIBRI & GANESHA
223 COLIN DIDIER LUC MARIE DOMINIQUE
224 COLIN DOMITILE MARIE
225 COLIN GUENAELLE YVONNE
226 COLIN MAYLIS ANNE ELISABETH
227 COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS
228 COSMA Georgeta
229 CUZMAN EMIL DUMITRU
230 CUZMAN EMILIA MARIA
231 CUZMAN IOAN
232 CUZMAN PIERANGELA NICOLLE -MARIA
233 DIA BUSINESS MANAGEMENT SRL
234 DOCHIA AURELIAN
235 DOCHIA EMILIA
236 DOCHIA SILVIU
237 DORILA MADALINA
238 ESSOX SRO (Republica Ceha)
239 EURO BANK SA (Polonia)
240 FORTIN STEPHANE BENOIT

Name of BRD - Groupe Societe Generale SA related parties, as of December 31, 2016

241 FOUCRIER LHOTTE Hueguette
242 GAVRILESCU ALIN
243 GAVRILESCU GABRIELA STEFANIA
244 GAVRILESCU GRIGORE
245 GRASSET JEAN-LUC BERNARD RAYMOND
246 GRASSET Robert Jacques
247 HANSEATIC BANK (GERMANIA)
248 KOMITSKA ANNA ROUMENOVA
249 KOMITSKA YANNA LOKMADJIEVA
250 KOMITSKA YOANA MIHAILOVA
251 KOMITSKY MIHAIL ROUMENOV
252 KOMITSKY ROUMEN MIHAYLOV
253 KOMITSKY STEFKA NIKOLOVA MIHAYLOVA
254 KOTIK IVAN
255 KOTIK JACUB
256 KOTIK KRYSTOF
257 KOTIK JAN
258 KOTIK MARTIN
259 KOTIKOVA EVA
260 KOTIKOVA KATERINA
261 LHOTTE CLAUDE
262 LHOTTE PHILIPPE CHARLES
263 LIURCA Mariana
264 LLC RUSFINANCE BANK
265 MARIN VIOREL
266 MARIN ANA
267 MARIN DANA TEODORA
268 MARINEL Ana Maria
269 MARINEL Bogdan
270 MARINEL GHEORGHE
271 MIHAILESCU ŞTEFANIA TEODORA
272 MIHAILESCU GABRIELA
273 MIHAILESCU VIRGILIU-LAURENŢIU
274 NICULESCU ELENA
275 NICULESCU IOAN CONSTANTIN IOSIF
276 NIKOLAY SVETLOZAROV MITOV
277 NUFERILOR 22A IMO SRL
278 NUMBER WINE CONSULTING SRL
279 PĂIUSAN IOAN
280 PĂIUSAN LARENŢIU VALENTIN
281 PĂIUSAN LUMINI?A MARIA
282 PĂIUSAN SERGIU
283 PARER JEAN-LUC ANDRE JOSEPH
284 PUJO NATHALIE
285 PURCĂREA Diana
286 PURCĂREA GEORGIANA
287 PURCĂREA Irina
288 PURCĂREA Mihaela
289 PURCĂREA MIHAI
290 PURCĂREA Mircea
291 PYUN COLIN CHRISTINA MEE CHUNG
292 RINAUDO GRASSET JOSETTE FRANCINE
293 Rucom SP LTD
294 SANCHEZ INCERA BERNARDO
295 SC AERON CONSTRUCT SRL
296 SC PEPI SRL
297 SG CONSUMER FINANCE
298 SOCIETE GENERALE EXPRESSBANK
299 SOGECAP France
300 SOMA GIOVANNI LUCA

Name of BRD - Groupe Societe Generale SA related parties, as of December 31, 2016

(6/6)

301 SPINDLER Yolande Lucie
302 VIGROUX Frederic Xavier
303 VIGROUX JEAN – PIERRE GEORGES
304 VODENICHAROV ALEXANDER SVILENOV
305 SAVU DORIN
306 SAVU IOANA CRISTINA
307 SAVU PAUL CRISTIAN
308 SAVU NECULAE
309 SAVU RADA
310 SAVU DRAGOS-GEORGIAN
311 PROFIX CARD SRL
312 DHOSTE ERIC
313 DHOSTE PATRICIA
314 DHOSTE ANNE -SOPHIE
315 DHOSTE ANNE -CHARLOTTE
316 MOISE Oana Monica
317 REY Marc Claude Christophe
318 Le PICARD MARIE SOPHIE, dupa casatorie DUPONT-JUBIEN
319 LISANDRU ADRIAN
320 LISANDRU ADINA GILDA
321 LISANDRU IOANA ARINA
322 LISANDRU ANA MARIA
323 LISANDRU NICULAE
324 LISANDRU ELENA
325 MAMULEA Ana-Maria Cristina
326 MAMULEA Dragos
327 MAMULEA Romeo
328 STOICA Cornelia Mihaela
329 STOICA Marius
330 DUMITRACHESCU Carmen Corina
331 FORTIN Stephane
332 VINATORU Corneliu Claudiu
333 VINATORU Lavinia Miana

BRD

GROUPE SOCIETE GENERALE

TRANSLATION

DECLARATION

Acting as directors of BRD - Groupe Société Générale SA, in accordance with *Article 30 of the Accounting Law no. 82/1991 republished and with art 112[1] paragraph.1 c of the CNVM Regulation no. 1/2006 with subsequent amendments,* we assume responsibility for preparing the separate and consolidated financial statements for the year ended December 31, 2016 and confirm, to the best of our knowledge, the following:

a) The accounting policies used in preparing the separate and consolidated financial statements for the year ended December 31, 2016 are in accordance with accounting regulations applicable to credit institutions, as per Order no. 27/2010 for approving the Accounting Regulations in accordance with International Financial Reporting Standards, applicable to credit institutions, issued by the National Bank of Romania, with subsequent amendments;

b) The financial statements present a true and fair view of the financial position, financial performance and other information related to the activity of BRD and its subsidiaries included in the financial statements consolidation process;

c) BRD - Groupe Société Générale SA operates on a going concern basis;

d) The Board of Director's Report on the financial statements mentioned above includes a fair review of the development and performance of the Bank and Group, as well as a description of the main specific risks and uncertainties.

Giovanni Luca SOMA
Chairman of the Board of Directors

Petre BUNESCU
Member of the Board of Directors
and Deputy Chief Executive Officer

Turn BRD
Bdul. Ion Mihalache nr. 1-7,
011171 București, România
Tel:+4021.301.61.00
Fax:+4021.301.66.36
http://www.brd.ro

BRD-Groupe Société Générale S.A.
CAPITAL SOCIAL ÎN RON: 696.901.518 lei;
R.C. J40/608/19.02.1991; RB - PJR - 40 - 007 /18.02.1999;
C.U.I./C.I.F. RO361579
Prelucrare înscrisă în registrul de evidența a prelucrărilor de date cu caracter personal sub. nr. 1788.
Atestat CNVM nr. 255/06.08.2008, înregistrată în Registrul Public al CNVM cu nr. PJR01INCR/400008