

Annual Board of Directors' Report

2023

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

CONTENTS

1. THE COMPANY AND ITS SHAREHOLDERS	3
2. CORPORATE GOVERNANCE.....	8
3. HUMAN RESOURCES	30
4. GROUP ACTIVITY AND RESULTS	35
5. RISK MANAGEMENT.....	45
6. CAPITAL MANAGEMENT AND ADEQUACY	53
7. INTERNAL CONTROL FRAMEWORK	57
8. CONCLUSIONS AND PERSPECTIVES FOR 2024.....	59
9. BOARD OF DIRECTORS' PROPOSALS	60
APPENDIX 1: STATEMENT OF COMPLIANCE WITH THE PROVISIONS OF CORPORATE GOVERNANCE CODE OF BUCHAREST STOCK EXCHANGE (BSE).....	61
APPENDIX 2: NON-FINANCIAL STATEMENT	67

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

1. THE COMPANY AND ITS SHAREHOLDERS

BRD – GROUPE SOCIÉTÉ GÉNÉRALE PROFILE

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

In March 1999, Société Générale ("SG") bought a stake representing 51% of the share capital, increasing its holding to 58.32% in 2004, through the acquisition of the residual stake from the Romanian State. As at December 31, 2023, 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:** 1-7 Blvd. Ion Mihalache, sect. 1, Bucharest
- **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 RON
- **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, 2023, the Bank had the following ratings:

Fitch (last rating update: December-2023*)	Rating
Foreign-Currency Short-Term Issuer Default Rating	F2
Foreign-Currency Long-Term Issuer Default Rating	BBB+

Moody's (last rating update: September-2023**)	Rating
Domestic Currency Short-Term Deposit	Prime-2
Domestic Currency Long-Term Deposit	Baa1
Foreign Currency Short-Term Deposit	Prime-2
Foreign Currency Long-Term Deposit	Baa1

* Fitch affirmed LT IDR at 'BBB+' with Stable Outlook

** Moody's affirmed Bank's LT and ST foreign currency deposit rating to Baa1/Prime-2 in Oct. 2021 and change the outlook to stable from negative. On the last update of credit analysis, as of Sep 2023 end, rating and outlook remained unchanged.

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

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

SOCIÉTÉ GÉNÉRALE PROFILE

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

Société Générale is one of the largest European financial services groups. Based on a diversified integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth, and aims to be the trusted partner for its clients, committed to the positive transformations of the world.

Active in the real economy for nearly 160 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has 117,000 members of staff in more than 60 countries and supports on a daily basis 25 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions.

The Group runs three complementary sets of businesses, embedding ESG offerings for all its clients:

- *French Retail Banking*, with leading retail bank SG and insurance franchise, premium private banking services, and the leading digital Bank Boursorama.
- *Global Banking and Investor Solutions*, a top tier wholesale bank offering tailored-made solutions with distinctive global leadership in Equity Derivatives, Structured Finance and ESG.
- *International Retail, Mobility & Leasing Services*, comprising well-established universal banks (in Czech Republic, Romania and several African countries), and ALD / LeasePlan, a global player in sustainable mobility.

The latest credit ratings of Société Générale are available at <https://investors.societegenerale.com/en/financial-and-non-financial-information/ratings/credit-ratings>

BRD POSITION WITHIN SOCIÉTÉ GÉNÉRALE

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

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

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

BRD is part of the international network of Société Générale, managed by the *International Retail, Mobility & Leasing Services* (MIBS) that aims to offer a broad range of products and services to individuals, professionals and corporates. International Retail, Mobility and Leasing Services are building their networks in Africa, Central and Eastern Europe, comprising well-established universal banks (in Czech Republic, Romania and several African countries), Ayvens (the new ALD | LeasePlan brand), a global player in sustainable mobility, as well as specialized financing activities.

KEY FIGURES

	The Group	2022	2023	Change
Financial results	Net banking income (RONm)	3,459	3,834	+10.8%
	Operating expenses (RONm)	(1,745)	(1,895)	+8.6%
	Cost of risk (RONm)	(95)	57	n. a.
	Net profit (RONm)	1,337	1,656	+23.8%
	Cost / income ratio	50.4%	49.4%	-1.0 pt
	ROE	15.9%	20.9%	+5.0 pt
Loans and deposits	RON bn	Dec-22	Dec-23	Change
	Total net loans (incl. leasing)	37.7	42.3	+12.2%
	Total deposits	56.7	62.4	+10.1%
Financial results	The Bank	2022	2023	Change
	Net banking income (RONm)	3,289	3,723	+13.2%
	Operating expenses (RONm)	(1,641)	(1,815)	+10.6%
	Cost of risk (RONm)	(93)	48	n. a.
	Net profit (RONm)	1,286	1,634	+27.1%
	Cost / income ratio	49.9%	48.8%	-1.1 pt
Loans and deposits	RON bn	Dec-22	Dec-23	Change
	Total net loans	35.5	40.2	+13.1%
	Total deposits	56.9	62.6	+10.1%
Capital adequacy	RON m	Dec-22	Dec-23	Change
	Own funds (RONm)	7,951	7,587	-4.6%
	RWA (RON bn)	31,892	35,291	+10.7%
Franchise	CAR*	24.9%	21.5%	-3.4 pt
	No of branches	460	423	(37)

Notes:

*CAR at Dec 2022 end, including 2022 full year profit and the impact of OCI (other comprehensive impact) quick fix adjustments in own funds. CAR without the impact of OCI quick fix adjustment as at Dec 2022 end stands at 21.8%. Starting 1st of January 2023 this treatment no longer applies.

Throughout this document, net loans outstanding and new loans production at Group level is presented excluding BRD Finance IFN SA, as a result its decision to sell its entire loan portfolio, decision taken in January 2024. For the scope of consolidated financial statements of BRD Group as at December 31, 2023, the BRD Finance IFN SA financial statements were no longer prepared as "going concern" and the loans were presented according to IFRS 5 as "held for sale/discontinued operation", but continued to be measured at amortized cost (no change in the business model).

BRD SHARE

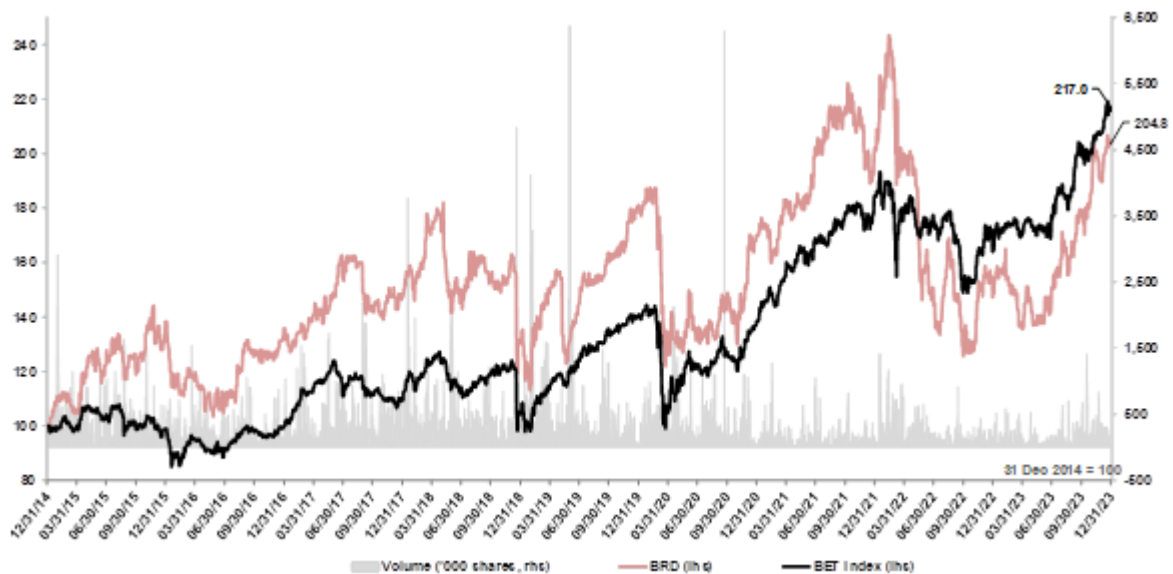
Starting with January 15th, 2001, the Bank's shares are listed in the Premium category of the Bucharest Stock Exchange. The shares are included in the BET, BET Plus, BET-XT, BET-XT-TR, BET-BK, BET-TR and ROTX indexes. The Bank's shares are ordinary, nominative, dematerialized and indivisible. According to the Articles of Incorporation, article 17, letter k, the shares of the Bank are traded freely on those capital markets set by General Shareholders Meeting („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, 2023, was of RON 17.92 /share (RON 13.00 /share at December 31, 2022). On the same date, the market capitalization was RON 12,488.48 million (RON 9,059.72 million at December 31, 2022).

During January – December 2023, neither the Bank, nor its subsidiaries bought back own shares.

As of December 31, 2023 neither the Bank, nor its subsidiaries held own shares.

Evolution of BRD's share price versus the BET Index and BRD's volume of shares for the period December 31, 2014 – December 31, 2023



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 Shareholders Meeting, within maximum 6 months from the date of the General Shareholders Meeting for deciding the dividends. In case the General Shareholders Meeting 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 Shareholders Meeting to establish dividends has been published in the Official Gazette of Romania, Part IV.

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

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

Dividends	2022	2021	2020	2019
Distributable profit (RON million)	1,285.9	1,279.3	951.6	1,528.5
Total dividends (RON million)	643.0	895.5	52.2	-
Number of shares (millions)	696.9	696.9	696.9	696.9
Dividend per share (RON), gross	0.9226	1.2850	0.0749	-
Distribution rate from distributable profit	50.0%	70.0%	5.5%	-
			64.5%*	70%*
Amount of dividends effectively paid by 31.12.2023		893.2	52.0	-
Percentage of dividends effectively paid by 31.12.2023		99.8%	99.8%	-
Exceptional dividend payment* from 2019 and 2020 retained profit				1,684
Exceptional dividend payment* (RON/ share)				2.4164
Percentage of exceptional dividend* effectively paid by 31.12.2023				99.7%

* exceptional dividend payment from 2019 and 2020 retained profit, distribution approved by the GSM in Feb 2022

The BRD's General Assembly of Shareholders (OGSM) on April 27, 2023 approved the allocation of the 2022 profit of LEI 1,285,937,894 to retained earnings.

Further, the BRD's General Assembly of Shareholders (OGSM) on December 14, 2023, approved the distribution as dividends of the amount of LEI 642,961,341, representing 50% from the retained profit of 2022 as an extraordinary payment. The gross dividend approved was of 0.9226 lei /share, the dividends were paid on January 26, 2024 and the deferred payment date is November 29th, 2024.

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 Shareholders Meeting's resolution regarding profit distribution, dividend setting and the dividend payment procedure made available to the shareholders on the Bank's website.

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

RESEARCH AND DEVELOPMENT ACTIVITIES

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

2. CORPORATE GOVERNANCE

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

The Corporate Governance Model adopted by BRD ensures:

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

Constantly concerned by the principles of corporate governance, BRD - Groupe Société Générale has adopted and applied the provisions of Corporate Governance Code of the Bucharest Stock Exchange (BSE) since 2012. "The statement of compliance with the provisions of Corporate Governance Code of the BSE as of December 31, 2023" is presented in Appendix 1.

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

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

As at December 31, 2023, Société Générale is the only significant shareholder of the Bank, holding 60.1684% of the share capital.

THE GENERAL SHAREHOLDERS MEETING

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

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

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

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

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

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

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

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

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

In 2023, there were four General Shareholders Meetings (two Ordinary General Shareholders Meetings on April 27, 2023 and December 14, 2023 and two Extraordinary General Shareholders Meetings on February 16, 2023 and April 27, 2023).

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), operate 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 "The policy of suitability of the members of the Management Body and persons holding key functions and the policy of induction and training of the members of the Management Body".

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 "The policy of suitability of the members of the Management Body and persons holding key functions and the policy of induction and training of the members of the Management Body", 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 of suitability of the members of the Management Body and persons holding key functions and the policy of induction and training of the members of the Management Body".

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, ensure a suitable structure of the Management Body.

The Bank recognizes and supports the benefits of the diversity of the members of the Management Body and considers that it is an essential element in protecting and extending the competitive advantage considering that, through diversity, maximum efficiency and performance, increasing innovation and cooperation will be achieved within the Management Body, as well as within the Bank.

In this context, from the moment of the selection process, the aim must be to ensure diversity within the Management Body from the perspective of educational and professional skills, competencies, ensuring that the decision-making process of the Management Body is not dominated by any person or small group of people, in a way that is detrimental to the Bank's interests.

Gender diversity, age and geographical origin are important elements, as they determine different developments in terms of understanding cultural values, specific aspects of the financial-banking sector and legislative framework that has an impact on the activity, so as to consciously facilitate the decisional process regarding the Bank's strategy. The parameters mentioned above must be taken into account in determining the best component of the Management Body.

In order to ensure diversity within the Management Body and to achieve the established target regarding the representation of the under-represented gender, the Nomination Committee considers the following actions:

- incorporating the principles of diversity in the succession resources;
- career guidance / support and planning according to targets;
- encouraging diversity and resource preparation campaigns;
- the annual evaluation and whenever necessary of the Management Body.

The principle of diversity aims to achieve the goal of gender representation, male or female, poorly represented. In this sense, the policy also aims to ensure equal opportunities for selection within the Management Body based on their qualifications and professional experience. In the process of selecting the members of the Management Body, all candidates will be evaluated based on the same criteria, regardless of their gender.

Educational and professional training is another important element in order to achieve the diversity of the Management Body, including from the perspective of collectively understanding all procedural, economic, legal, financial, risk aspects etc.

In this sense, the existence of balance is pursued so that the members of the Management Body have theoretical knowledge and practical experience regarding:

- financial markets;
- regulatory framework and requirements;
- strategic planning and understanding of the Bank's strategy and business plan and their implementation;
- risk management (identification, evaluation, monitoring, control and reduction of the main types of risk, including previous activity / responsibilities in this regard);
- accounting and audit;
- evaluating the effectiveness of the governance framework, establishing effective governance, supervision and control mechanisms;
- interpreting the financial information of a credit institution, identifying the fundamental aspects based on this information and appropriate controls and measures.

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 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 NBR approval.

BOARD OF DIRECTORS

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

The structure of the Board of Directors ensures a balance between executive and non-executive members, so that no person or limited group of persons can dominate, in general, the decision-making process of the Board of Directors.

As at December 31, 2023, the Board of Directors includes 4 independent members.

The year 2023 brought changes to the composition of the Board of Directors, as follows:

- ✓ NBR approved the nomination of Mrs. Veronique SCHREIBER LOCTIN as Interim director. She exercised this mandate starting to January 5, 2023 until April 27, 2023 (the date of the first BRD's Ordinary General Shareholders Meeting in 2023).
- ✓ The Ordinary General Shareholders' Meeting held on April 27, 2023 approved:
 - the nomination of Mrs. Veronique SCHREIBER LOCTIN as director subject to obtain the NBR approval.

NBR approved the nomination of Mrs. Veronique SCHREIBER LOCTIN as director and her mandate entered into force starting to June 23, 2023.

 - the renewal of Mrs. Liliana IONESCU – FELEAGĂ's mandate as Independent director, for a 4-years period, starting with June 6, 2023,
 - the renewal of Mr. Bogdan-Alexandru DRĂGOI's mandate as Independent director, for a 4-years period, starting with November 22, 2023,
 - the designation of Mr. Benoit Jean Marie OTTENWALTER as Independent director.
- ✓ Mr. Giovanni Luca SOMA has decided to renounce to his mandate as Chairman and member of the Board of Directors, starting with December 8, 2023.
- ✓ Mr. François Bloch has decided to renounce to his mandate as Director starting with December 8, 2023.
- ✓ The Board of Directors, held on December 7, 2023 approved:
 - the nomination of Mrs. Delphine Mirelle GARCIN MEUNIER as Interim member of the Board of Directors, until the first Ordinary General Shareholders Meeting is held in 2024, on the vacant position existent in the Board following Mr. Giovanni Luca SOMA's renunciation to his mandate as Member of the Board Directors starting to December 8, 2023.
 - the nomination of Mrs. Maria ROUSSEVA as Interim member of the Board of Directors, until the first Ordinary General Shareholders Meeting is held in 2024 on the vacant position existent in the Board following Mr. Francois Bloch's renunciation to his mandate as Member of the Board Directors starting to December 8, 2023.
 - the election of Mr. Jean – Pierre Georges VIGROUX as Independent Chairman of the Board of Directors, starting to December 8, 2023 until May 30, 2024.

Also, pursuant the provisions of NBR Regulation no. 5/2013 on prudential requirements for credit institutions and EBA Guidelines, the Board of Directors decided on December 7, 2023 to review the structure of the Committees set up in its support.

MEMBERS OF THE BOARD OF DIRECTORS AS AT DECEMBER 31, 2023

Jean – Pierre Georges VIGROUX

Independent Chairman of the Board of Directors
Chairman of the Audit Committee
Member of the Remuneration Committee

Date of birth: 31 July 1953;
Year of the appointment as Independent member in the BRD-Groupe Société Générale's Board of Directors: 2016;
Latest renewal of the mandate as Independent member: 2020;
Year of the election as Independent Chairman: 2023¹
Term of mandate expires in: 2024;
He has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held

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

He is also member of the Management Board of "Fundatia 9".

Biography

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

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

Benoît Jean Marie OTTENWALTER

Independent Member of the Board of Directors
Chairman of Risk Management Committee

Date of birth: December 28, 1954;
Year of the appointment as Member in the BRD-Groupe Société Générale's Board of Directors: 2017;
Latest renewal of the mandate as Member of the Board of Directors: 2021;
Year of the designation as Independent member in BRD-Groupe Société Générale's Board of Directors: 2023²
Term of mandate expires in: 2025;
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

¹ The Board of Directors, held on December 7, 2023 approved the election of Mr. Jean – Pierre Georges VIGROUX as Independent Chairman of the Board of Directors, starting to December 8, 2023 until May 30, 2024.

² The Ordinary General Shareholders' Meeting held on April 27, 2023 approved the designation of Mr. Benoit Jean Marie OTTENWALTER as Independent director.

mandates established by the law - he holds one non-executive mandate within Société Générale Group.

Biography

He graduated the “French Ecole Polytechnique” and the “French Ecole Nationale de la Statistique et de l’Administration Economique (ENSAE)”. He has a vast experience acquired within Groupe Société Générale, over 35 years, in areas such as risk management, capital markets and treasury and in interaction with the international banking regulators.

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

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

Liliana IONESCU – FELEAGA

Independent Member of the Board of Directors
Chairman of the Remuneration Committee
Member of the Audit Committee
Member of the Nomination Committee

Date of birth: October 31, 1969;
Term of mandate as interim independent member of BRD-Groupe Société Générale’s Board of Directors: December 20, 2018 – April 18, 2019;
Year of the appointment as Independent member of BRD-Groupe Société Générale’s Board of Directors: 2019;
Latest renewal of the mandate as Independent member of the Board of Directors: 2023;
Term of mandate as Independent member expires in:2027;
She has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held

According to the information provided through the statement of affiliation, she fulfils the conditions regarding the number of mandates established by the law - one non-executive mandate within BRD-Groupe Société Générale.

She is also member of ASE’s Board of Directors and Member of the Board of Directors and Vice-President of Romanian Chamber of Financial Auditors.

Biography

She graduated from the Bucharest University of Economic Studies, Finance and Accounting (ASE). Starting 2003 she is University Professor Doctor and starting 2005, she is PhD supervisor. She has also an International Management Degree obtained at Toulouse University.

She has a vast academic experience (over 30 years in Bucharest University of Economic Studies - ASE). Currently Mrs. Feleaga is Dean of Accounting and Management Information Systems Faculty, member of the ASE’s Board of Directors, member of Chamber of Financial Auditors of Romania, Member of International Association for Accounting Education and Research.

Bogdan-Alexandru DRĂGOI

Independent Member of the Board of Directors
Chairman of the Nomination Committee
Member of the Risk Management Committee

Date of birth: May 27, 1980;
Year of the appointment in the BRD-Groupe Société Générale's Board of Directors: 2019;
Latest renewal of the mandate as Independent member of the Board of Directors: 2023;
Term of mandate expires in: 2027;
He has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held

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

Biography

He graduated from the Tufts University, Fletcher, Boston, Massachusetts, specialization International Relations and Economics, graduated Magna cum Laude. Is member of Golden Key Honor Society, has Order of the Star of Romania – rank of Knight and Sovereign Order of the Knights of Malta – Mare Cruce pro Merito Melitensi.

He has 21 years' experience in areas such as finance, capital market and banks. He has also experience in relation with public state authorities.

Currently, he is Chairman of the Board of Directors of LION CAPITAL S.A., current name of SIF Banat - Crişana (starting March 2015) and CEO (starting July 2015).

Through his previous positions, he acquired experience and expertise in different areas of activity (Presidential Adviser – The Administration of the President of Romania, May 2012 - December 2014; Ministry of Public Finance, February 2012 - May 2012; Secretary of State – Ministry of Public Finance, January 2009 - February 2012; CEC Bank – Member of the Board, April 2009 - February 2012; EximBank – President of Interministerial Committee for Financing, Warranties and Insurance (CIFGA), January 2009 - February 2012; Fondul Proprietatea – Member of the committee for selecting the manager of Fondul Proprietatea, March 2008 - October 2009; President of the Committee of the representatives of Fondul Proprietatea SA, September 2010 - February 2012; European Investment Bank – Member of the Board, January 2009 - February 2012; Council of Europe Development Bank – Member of the Board, January 2009 – February 2012; General Director, Economic Dept. – Bucharest Municipality, November 2007 - June 2008 etc.).

Valerie Marcelle Paule VILLAFRANCA

Member of the Board of Directors
Member of Nomination Committee

Date of birth: July 1, 1970;
Year of the appointment as member of BRD-Groupe Société Générale's Board of Directors: 2020;
Term of mandate expires in: 2024;
She has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held

According to the information provided through the statement of affiliation, she fulfils the conditions regarding the number of mandates established by the law - one non-executive mandate within BRD-Groupe Société Générale.

Biography

She graduated Classe préparatoire aux grandes écoles, Lycée du Parc, Lyon (France) and has a Master degree in Finance from Paris IX Dauphine University and another Master in business administration with a specialization in Finance from Bordeaux Business School.

She has an experience of 29 years as strategy and business consultant of which 25 years in top management positions such as Director - Head of Risk and Compliance practice for WESA region - Western Europe, South America and Africa in Boston Consulting Group (01/03/2014–17/03/2018), Managing Director - EMEA (Europe, Middle East and Africa) Head of Risk Management practice in Accenture (01/10/2010–28/02/2014), Managing Director - Founder and Global Head of Aon (01/05/2006–30/09/2010), Senior Manager in the Risk Management Practice of Ernst & Young, Paris (01/05/2002–31/03/2006), Manager in the Risk Management practice of Arthur Andersen, Paris (01/09/2000–30/04/2002), Manager in the business consulting practice - Head of Treasury services of Arthur Andersen, Paris (01/09/1998–31/08/2000).

Since March 18, 2018, she is Group Head KYC Transformation, CPLE/KTP Société Générale.

Aurore Brigitte Micheline GASPARD

Member of the Board of Directors
Member of the Risk Management
Committee

Date of birth: October 27, 1978;
Year of the appointment as member of BRD-Groupe
Société Générale's Board of Directors: 2021;
Term of mandate expires in: 2025;
She has no shares in BRD-Groupe Société Générale's
capital.

Information on mandates held

According to the information provided through the statement of affiliation, she fulfils the conditions regarding the number of mandates established by the law - one executive mandate and one non-executive mandate within Société Générale Group.

Biography

She has a master's degree from Ecole de Management de Lyon (EM Lyon), specialization Finance, Accounting, Economy, marketing.

She has 21 years experience in banking field over which 14 years in management positions such as: Managing Director, General Inspection of Société Générale (January 2009 to February 2012), Deputy Head of Payment and Cash Management department delivering services to corporate clients from professionals to large corporates of Société Générale (February 2012 to June 2013), Chief of staff of 2 Deputy CEO of Société Générale (June 2013 to April 2016), Deputy CEO – SG Equipment Finance US (April 2016 to November 2017), Deputy CEO – Boursorama - subsidiary of Société Générale and the 1st online Bank in France (November 2017 – December 2021).

Since January 3rd, 2022, she is Deputy Head of French Retail Banking, member of the Group Société Générale Management Committee. In addition, she is Member of the Board of Directors of Sogecap (subsidiary of Société Générale, specialized in insurance) and Shine.

Veronique SCHREIBER LOCTIN

Member of the Board of Directors

Date of birth: August 10, 1966
Term of mandate as Interim member of BRD-Groupe
Société Générale's Board of Directors; January 5, 2023
– April 27, 2023;
Year of the appointment as member of BRD-Groupe
Société Générale's Board of Directors: 2023³;

³ The Ordinary General Shareholders' Meeting held on April 27, 2023 approved the nomination of Mrs. Veronique SCHREIBER LOCTIN as director. NBR approved Mrs. Veronique SCHREIBER LOCTIN nomination as director and her mandate entered into force starting to June 23, 2023.

Term of mandate expires in: 2027;
She has no shares in BRD-Groupe Société Générale's capital.

Information on mandates held

According to the information provided through the statement of affiliation, she fulfils the conditions regarding the number of mandates established by the law - one executive mandate and one non-executive mandate within Société Générale Group.

Biography

She has a master's degree from Ecole de Management de Lyon (EM Lyon), specialization Finance, Accounting, Economy, marketing.

She is a person with over 36 years experience in banking field, in Societe Generale, in management positions such as: Co-Head of Coverage France, Member of Societe Generale Group Management Committee (January 2021-March 2022), Head of Corporate Accounts for Societe Generale Retail Banking in France, Member of Societe Generale Group Management Committee (July 2018 – December 2021), General Delegate of the Regional Direction of Lille, France (June 2014 – June 2018), Chief Operating Officer of Societe Generale Retail Banking Activities in France (October 2010 to May 2014), Director of Trade Services within Societe Generale Global Transaction and Payment Services (2007 to September 2010), Commercial Director of Corporate Clients for the French Retail Network (2003 to 2007), Commercial Director of Corporate Clients within SG Chambéry Branch (2000 to 2003), Corporate Relationship Manager within SG Grenoble Branch (1997 to 2000), Head of Oil and Metals structured Financing – Corporate and Investment Banking (1993 to 1997); Head of Multisource Export Financing - Corporate and Investment Banking (1987 -1993).

Since April 2022, she is Head of CSR Program for the French Retail Banking Network, Member of Societe Generale Group Committee. In addition, currently she is member of the Boards of Directors of Genefim & Sogefimur (companies specialised in leasing) and member of the Supervisory Committee of Lumo Glba 3.

ATTRIBUTIONS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The main competences of the Board of Directors, including those that cannot be delegated to members of the executive management, are set by law, by the Articles of Incorporation, Internal Regulations of the Bank, the “Directive on the management of approval of limits for loans and commitments”, and also by the Directive “Regulation of organization and functioning of the Management Body”. In cases permitted by the law, the General Shareholders Meeting may delegate other attributions to the Board of Directors as well.

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

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

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

MEETINGS OF THE BOARD OF DIRECTORS

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

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

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

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

ACTIVITY OF THE BOARD OF DIRECTORS IN 2023

In 2023, 43 meetings of the Board of Directors took place, and the decisions of the Board were generally made with unanimity of votes. In specific cases where certain directors were in conflict of interest, they abstained from voting.

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

- Mr. Jean-Pierre Georges Vigroux (Independent Chairman of the Board of Directors⁴), Mr. Benoît Jean Marie Ottenwaelter (Independent Member⁵), Mr. Bogdan-Alexandru Drăgoi (Independent Member), respectively Mrs. Liliana Feleaga (Independent Member), Mrs. Valerie Marcelle Paule Villafranca (Member) attended to all the Board's meetings (43);
- Mr. Giovanni Luca Soma (Chairman of the Board of Directors)⁶ and Mr. François Bloch (Member)⁷, attended to all the Board's meetings organised until their renunciation to the mandates (40 Board's meetings);
- Mrs. Aurore Brigitte Micheline GASPARD (Member) attended to 39 Board's meetings;
- Mrs. Veronique SCHREIBER LOCTIN attended to 30 Board's meetings out of the 32 Board's meetings organised the entry into force of his mandate.

On the Board of Directors' agenda, the following subjects were included: the financial statements, 2022 Sustainability Report, 2023 Audit Plan and 2024 Audit Plan, the report regarding the 2022 internal control, approval of the Liquidity Risk Management Framework, Remuneration Policy, Update on Horizons 2025 strategy. Risks' assessment for 2023 and 2024, Risk Appetite Framework, Risk Appetite Statement, Business and Risks Management Strategy for 2023-2025, Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP) for December 31, 2022, The results of the annual reporting campaign of monitoring the outsourced services, Report on Transparency and Disclosure Requirements, BRD Contribution to Société Générale Group Recovery Plan 2023, the main axes for the Bank's transformation, changes in the Bank's management body, annual reports on adequacy of the members of the management body and the key functions, changes in the structure of the committees set up to support the activity of the Board of Directors, modifications in internal regulations in its specific power, changes in the organizational structure, calls of the shareholders' meetings organized in 2023 and all the notes related to the items on the agenda, changes of the secondary object of activity, quarterly compliance reports, 2022 Safeguarding Annual Activity Report - MiFID 2, action plan for the implementation of a local SWIFT back-up solution, Approval of the 2023 Plan for the sale of unused buildings.

During its meetings, the Board of Directors is regularly updated on the economic, monetary and financial environment, on the evolution of the regulations in force, Bank's financial and commercial results, significant risks, on the main events that took place within BRD and on the activity of committees set up to support the activity of the Board of Directors: the Audit Committee, Risks Management Committee, Nomination Committee and Remuneration Committee.

⁴ Mr. Jean – Pierre Georges VIGROUX was elected as Independent Chairman of the Board of Directors, starting to December 8, 2023 until May 30, 2024. Until December 8, 2023, he has the position as Independent member of the Board of Directors.

⁵ Mr. Benoit Jean Marie OTTENWALTER was designated as Independent director starting to April 27, 2023. Until this date he has the the position as Member of the Board of Directors.

⁶ Mr. Giovanni Luca SOMA was the Chairman of the Board of Directors, until December 7, 2023, including.

⁷ François Bloch was member of the Board of Directors, until December 7, 2023, including.

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

The Audit Committee consists of 3 non-executive directors, of which 2 are independent. As at December 31, 2023, the members of the Audit Committee were: Mr. Jean-Pierre Georges Vigroux (Independent Chairman), and Mrs. Liliana Ionescu - Feleaga (Independent Member).

The year 2023 brought the following changes to the composition of the Audit Committee:

- ✓ Mr. Giovanni Luca Soma was member of this Committee until December 7, 2023 (including);
- ✓ Mrs. Delphine Garcin Meunier was nominated by the Board of Directors as a member of this committee, subject to obtaining the prior approval of the NBR as Interim member of the Board of Director.

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

The Audit Committee meets on a quarterly basis or whenever necessary.

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

In 2023, 12 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 attendance was as follows:

- Mr. Jean-Pierre Georges Vigroux and Mrs. Liliana Ionescu - Feleaga attended to all the Audit Committee's meetings (12 meetings);
- Mr. Giovanni Luca Soma attended to 11 meetings.

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

REMUNERATION COMMITTEE

The Committee consisted of 3 non-executive directors, of which 2 are independent directors. As at December 31, 2023, the members were: Liliana Ionescu – Feleaga (Independent Chairman), and Mr. Jean-Pierre Georges Vigroux (Independent member).

The year 2023 brought the following changes to the composition of the Remuneration Committee:

- ✓ Mr. Giovanni Luca Soma was member of this Committee until December 7, 2023 (including);
- ✓ Mrs. Delphine Garcin Meunier was nominated by the Board of Directors as a member of this committee, subject to obtaining the prior approval of the NBR as Interim member of the Board of Director.

The Remuneration Committee meets annually, or whenever necessary. In 2023, 6 meetings of the Remuneration Committee took place. The attendance 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 in section: <https://www.brd.ro/en/about-brd/shareholders-and-investors/corporate-governance>.

RISKS MANAGEMENT COMMITTEE

The Committee consisted of 3 non-executive directors. As at December 31, 2023, the members were: Mr. Benoît Jean Marie Ottenwaelter (Chairman), Mr. Bogdan-Alexandru Drăgoi (Independent Member) and Mrs. Aurore Brigitte Micheline Gaspar (Member).

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

In 2023, 4 meetings of the Risks' Management Committee took place.

The attendance was as follows:

- Mr. Benoît Jean Marie Ottenwaelter and Mr. Bogdan-Alexandru Drăgoi attended to all the Risks' Management Committee's meetings (4 meetings);
- Mrs. Aurore Brigitte Micheline Gaspar attended to 1 meeting..

At the meetings of the Risks' Management Committee may participate, as permanent guests, the members of the Executive Committee, Chief Financial Officer, Risk Piloting Pole Executive Officer/Risk Deal Flow Pole Executive Officer, Retail Distribution Executive Officer, Top Corporates Executive Officer/Sales Manager Top Corporates, DPF Executive Officer, BIS Director and 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's responsibilities are presented in the Bank's Corporate Governance Code available to the interested parties on institutional site in section: <https://www.brd.ro/en/about-brd/shareholders-and-investors/corporate-governance>

NOMINATION COMMITTEE

As at December 31, 2023, the Committee was composed of 3 non-executive directors of the Board of Directors: Mr. Bogdan-Alexandru Drăgoi (Chairman), Mrs. Liliana Ionescu-Feleaga (Independent Member) and Mrs. Valerie Marcelle Paule Villafranca (Member).

The Nomination Committee meets half-yearly or whenever necessary.

In 2023, 5 meetings of the Nomination Committee took place.

The attendance was as follows:

- Mrs. Liliana Ionescu -Feleaga and Mrs.Valerie Marcelle Paule Villafranca attended to all the Nomination Committee's meetings (5 meetings);
- Mr. Bogdan-Alexandru Drăgoi attended to 4 meetings;

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

The Nomination Committee's responsibilities are presented in the Bank's Corporate Governance Code available to the interested parties on institutional site in 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 term of mandate is of 4 years and can be renewed.

The Executive Committee is composed of the CEO and six ⁸Deputy CEOs. The Executive Committee is led by the CEO.

The year 2023 brought changes to the composition of the Executive Committee, as follows:

- ✓ the Board of Directors held on February 7, 2023, has decided the nomination of Mrs. Mădălina – Otilia TEODORESCU as Deputy CEO Retail, for a 4-years mandate, on the vacant position existent in the Management Committee. NBR approved her nomination in this position as Deputy CEO Retail and Mrs. Mădălina – Otilia TEODORESCU mandate entered in force starting to June 9, 2023;
- ✓ Mr. François Bloch has decided to renounce to his CEO mandate, starting with September 26, 2023, in order to pursue a new opportunity within the Societe Generale Group.
- ✓ The Board of Directors, held on August 2, 2023 has decided the nomination of Mrs. Maria Koytcheva ROUSSEVA as CEO, for a 4-years mandate, on the vacant position existent in the Management Committee. NBR approved the nominations and the mandate entered in force starting to November 24, 2023.
- ✓ On the date of the entry into force of Mrs. Maria Koytcheva ROUSSEVA's mandate as CEO, the mandate as Deputy CEO of Global Corporates ceased.
- ✓ Mr. Tiberiu Mihai SELEGEAN mandate as Deputy CEO Legal & Administrative ceased upon expiry of his term as of November 22, 2023.
- ✓ The Board of Directors, held on November 13, 2023 decided to cancel the position as Deputy CEO Legal & Administrative starting to the date of November 22, 2023 when Mr. Tiberiu - Mihai SELEGEAN mandate as Deputy CEO reached to term and to distribute the responsibilities to other members.
- ✓ The Board of Directors, held on December 7, 2023:
 - decided to transfer the structures previous coordinated by the Deputy CEO Legal and Administrative, within coordination arias of Mrs. Maria Koytcheva ROUSSEVA 's as CEO and respectively, of Mr. Etienne Jean LOULERGUE's as Deputy CEO Finance Treasury, subject to obtaining the prior approval, by the National Bank of Romania, to exercise the additional responsibilities.
 - approved the nomination of Mr. Jean-Philippe GUILLAUME as Deputy CEO Global Corporates, for a 4 – years mandate, on the vacant position, existent in the Management Committee, following Mrs. Maria ROUSSEVA renunciation to her mandate as Deputy CEO Global Corporates starting to November 24, 2023. The nomination is subject to obtaining the prior approval by the National Bank of Romania.

⁸ Starting November 24, 2023.

MEMBERS OF THE EXECUTIVE COMMITTEE AS OF DECEMBER 31, 2023

Maria Koytcheva ROUSSEVA
CEO⁹

Date of birth: April 24, 1972;
Year of the appointment as CEO: 2023;
Term of mandate expires in: 2027;
She has no shares in BRD-Groupe Société Générale's capital.

Compliance Officer, person responsible for coordinating the implementation of internal policies and procedures for the application of "Law No. 129/2019 for the prevention and combating of money laundering and terrorist financing" and of the "NBR Regulation no. 2/2019 on preventing and combating money laundering and terrorism financing"

Structures coordinated: General Secretariat, Compliance Department, Human Resources Department and Internal Audit Department.

Member of various Committees set up to support the Executive Committee activity: Data Governance Committee, Crisis Committee, Risk Retail Committee, Project Review Committee, Communication Committee, Innovation Committee, Customer Board Committee, Benchmarks and Market Conduct Oversight Committee and Chairman of Internal Control Committee, Compliance Committee, Assets and Liabilities Management Committee, Pricing Committee, Human Resources Committee, Climate, Environmental and Social Change Committee.

Information on mandates held

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

Biography

She graduated from University of National and World Economy, Sofia, Bulgaria, specialization International Economic Relations and she has a master's degree from Leipzig University, Germany, specialization Business studies.

She is a person with 23 years' experience in the banking field, out of which over 20 in management positions, outside and inside the SG Group, such as: Relationship Manager, Corporate Clients at HypoVereinsbank Bulgaria (April 2000 – March 2002), Head of Multinational Corporates at HVB Bank Biochim, Bulgaria (April 2002 – October 2005); Head of Corporate and Investment Banking at Société Générale Expressbank, Bulgaria (November 2005 – October 2011); Deputy CEO/ Deputy Chairman of the Management Board, Head of Corporate and Financial Markets at Société Générale Expressbank, Bulgaria (November 2012 – June 2015); CEO/ Chairman of the Executive Board at Société Générale Bank Serbia (July 2015 – July 2019); Member of the Supervisory Board at Ohridska Banka, Société Générale Group (February 2012 – December 2019); Member of the Board of Directors at SKB Banka Slovenia, Société Générale Group (May 2018 – December 2019), Member of the Board of Directors at Rusfinance Bank LLC, Rosbank Group (August 27, 2019 -March 1st, 2021), First Deputy CEO/ First Deputy Chairman of the Management Board at PJSC Rosbank, Société Générale Group (August 21, 2019 - Aprilie 29, 2022), Member of the Board of Directors of Societe Generale Insurance LLC and Societe Generale Life Insurance LLC (September 18, 2019 – May 31, 2022).

⁹ Mrs. Maria Koytcheva ROUSSEVA mandate as CEO entered in force starting to November 24, 2023. Until this date she held the position Deputy CEO Global Corporates and coordinated the Global Corporates Pole including the following structures: Deputy Head of GCP, Top Corporates Coverage Division, SME Coverage Department, Corporate Marketing & Sales Management Department, Corporates Credit Group Department, Structured Finance Division, Corporate Finance Division, Global Transaction Banking Department.

In 2021, she joined the Board of Directors of BRD Groupe Société Générale S.A. as a non-executive member and held this mandate between July 26, 2021 and June 9, 2022.

Subsequently, between October 4, 2022 and November 23, 2023, she held the position of Deputy CEO, Global Corporates of BRD - Groupe Société Générale S.A and since November 24, 2023, she has been holding the position of CEO of BRD.

In addition, within the BRD Group, she has been Chairman of the Board of Directors of BRD Sogelease IFN S.A. (BRD's leasing subsidiary) since July 28, 2022.

Alexandru-Claudiu CERCEL-DUCA

Deputy CEO - Financial Markets

Date of birth: February 17, 1968;
Year of the appointment as Deputy CEO: 2008;
Term of mandate expires in: 2025;
He has 1,030 shares in BRD-Groupe Société Générale's capital.

Coordinated the Financial Markets Pole including the following structures Financial Markets Division, Securities Division, Financial Markets Solutions and Governance Division, Markets AI Hub, Markets' Research Service Unit.

Member of *various Committees set up to support the Executive Committee activity*: Internal Control Committee, Compliance Committee, Data governance Committee, Assets and Liabilities Management Committee, Pricing Committee, Crisis Committee, Project Review Committee, Human Resources Committee, Communication Committee, Climate, Environmental and Social Change Committee, Innovation Committee, Customer Board Committee and Chairman of Benchmark Indices and Market Conduct Oversight Committee.

Information on mandates held

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

Biography

Graduated the Economic Studies Academy - Cybernetics Faculty, in 1992, as well as various management and leadership training courses organized both by Société Générale and other banking institutions: Nomura Bank (London), Bank of America (San Francisco), or the Montreal University and London Business School. He graduated the Executive Master of Business Administration (EMBA) - ASEBUSS Bucharest / University of Washington, USA. Between 1992 and 1993, he was a sales manager in the field of communications products. He has worked within BRD-Groupe Société Générale since 1993, and occupied the positions of Treasury Officer, FX technical analyst, FX trader, Treasury Deputy Manager, Market Operations Manager and Executive Officer of Financial Markets.

Philippe Yves Henri Pierre Marie THIBAUD Deputy CEO Risks

Date of birth: February 5, 1968
Year of the appointment as Deputy CEO: 2020;
Term of mandate expires in: 2024;
He has no shares in BRD-Groupe Société Générale's capital.

Structures coordinated: Risk Piloting Pole, Risk Deal Flow Pole and the Special Credit Management Department.

Member of various Committees set up to support the Executive Committee activity: Internal Control Committee, Compliance Committee, Data Governance Committee, Assets and Liabilities Management Committee, Pricing Committee, Crisis Committee, Risk Retail Committee, Project Review Committee,

Human Resources Committee, Communication Committee, Climate, Environmental and Social Change Committee, Innovation Committee, Customer Board Committee and New products Committee – Co-Chairman.

Information on mandates held

According to the information provided through the statement of affiliation, he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of mandates established by the law- one executive mandate within BRD-Groupe Société Générale and two non -executive mandates– one inside BRD-Groupe Société Générale Group and one outside Société Générale Group.

Biography

He graduated from Université Paris I - Panthéon Sorbonne, has a diploma from Ecole Normale Supérieure de Cachan, qualification on Aggregation Economics and Management and also a diploma from Université Paris XI – Val de Marne Créteil - Postgraduate (DEA) Management.

Mr. Thibaud has 23 years of experience in risk management and credit analysis field.

During his career, Mr. Thibaud acquired a significant expertise in various fields of risk management: credit risk, operational risk, market risks, experience in all markets from retail to very large CIB clients, LOD2 as well as LOD1 positions held in France as well as in The Netherlands, management of large teams.

Mr. Thibaud held the following positions in banking field: Deputy Head of Risk France with Société Générale, Paris (January 2018-August 2019), Head of Risk North of France at Société Générale, Paris / based in Lille (September 2014-December 2017), Co-Head of Credit Société Générale, Paris CIB – France (March 2008-August 2014), Relationship Manager, CIB - The Netherlands at Société Générale, Amsterdam branch (September 2001-February 2008), Credit Manager at GE Access –European headquarters (May 2000-August 2001).

He also has academic expertise as Allocataire Moniteur Normalien (Lecturer / Researcher) at the Université Paris XII, Université Paris I Pantheon-Sorbonne and at the Institut Universitaire de Technologies de Sceaux (September 1994-August 1996), Teacher of Accounting and Management, Training co-coordinator of the Chartered Accountant Preparation at Ecole Nationale de Commerce de Bessieres (September 1996-April 2000).

In September 1st, 2019, he joined BRD - Groupe Société Générale as Advisor of BRD's CEO.

Mirela Virginia MEDELEAN
Deputy CEO Projects and Operations

Date of birth: September 14, 1971
Year of the appointment as Deputy CEO: 2021
Term of mandate expires in: 2025;
She has 20,000 shares in BRD-Groupe Société Générale's capital.

Structures coordinated: Business Solutions Center Pole; Infrastructure & Production Operations Department, Information Security Division, Strategy Consulting and Support Division, Business Process Performance Division, Operations Pole; Financial Market Services Division, Business Intelligence Center Department.

Member of various Committees set up to support the Executive Committee activity: Internal Control Committee, Compliance Committee, Data Governance Committee, Crisis Committee, Project Review Committee, Human Resources Committee, Communication Committee, Climate, Environmental and Social Change Committee, Innovation Committee, Customer Board Committee.

Information on mandates held

According to the information provided through the statement of affiliation, he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of

mandates in companies established by the applicable law - one executive mandate within BRD - Groupe Société Générale.

Biography

She graduated from West University of Timisoara, Economic Sciences Faculty, specialization: Accounting and Management of Information System and has a Master of Economic Science, Business evaluation and diagnosis specialization.

Mrs. Mirela Virginia MEDELEAN has 28 years experience in various fields of banking activity, of which over 20 years in management positions such as: Business Analysis Deputy Director/Projects and Organization Department (July 2003 – August 2005), Deputy Director/Projects and Organization Department (August 2005 – Oct. 2008), Network Systems and Processes Director/ Network Administration Department (Oct. 2008 - Dec.2011), Deputy Director/ Human Resources Department (Jan. 2012 – June 2016), Director/Business Intelligence Center Department (June 2016 – Nov 2019), Human Resources Department/ Executive Director (Nov.2019-July 2020), Business Intelligence Center Director (July, 2020 to Sept. 2020), Projects and Operations Director (Sept. 2020 - June 2021).

She also has academic expertise as University assistant within West University of Timisoara, Economic Sciences Faculty, since 1995 to 1998.

ETIENNE JEAN LOULERGUE
Deputy CEO Finance/Treasury

Date of birth: July 28, 1973
Year of the appointment as Deputy CEO: 2022;
Term of mandate expires in: 2026;
He has no shares in BRD-Groupe Société Générale's capital.

Structures coordinated: Financial Department, Level 2 Financial Control Service, Acquisitions Division, Cash Administration Department.

Member of various Committees set up to support the Executive Committee activity: Internal Control Committee, Compliance Committee, Data governance Committee, Assets and Liabilities Management Committee, Pricing Committee, Crisis Committee, Project Review Committee, Human Resources Committee, Communication Committee, Climate, Environmental and Social Change Committee, Innovation Committee, Customer Board Committee.

Information on mandates held

According to the information provided through the statement of affiliation, he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions regarding the number of mandates established by the law- one executive mandate and two non-executive mandates as follows: one non-executive mandate within BRD Group and one non-executive mandate outside Société Générale Group.

Biography

He graduated from Ecole Nationale Supérieure de l'Aéronautique et de l'Espace and has a Master degree in audit and one in accounting and financing.

He has 18 years experience in banking field, in large credit institution, occupied positions such as BRD's Finance Department Executive Director (July 2020 – October 3, 2022), Advisor of BRD's Deputy CEO Finance Treasury (August 2019 –July 2020), Deputy Executive Director for Strategy and Finances at Komerčni Banka (July 2015 –August 2019), Project manager for the development of finance activities in shared service centers to Société Générale (September 2014 - June 2015), Head of IFRS consolidation for the international banking business line at Société Générale (July 2010 -August 2014), Controlling Manager of Banque de Financement et d'Investissement at Société Générale (March 2005 – June 2010).

He has also experience in insurance as Non-executive Chairman of Audit Committee of Komerčni Pojistovna (January 2018 - August 2019) and audit as Audit Manager (September 1999 – February 2005) at Ernst & Young.

In the non –financial sector he has experience as Non-executive and independent member of the Board of Directors of NEVA Aerospace (September 2017 and August 2019).

In August 2019, he joined BRD - Groupe Société Générale by taking over the position of Advisor of BRD's Deputy CEO Finance Treasury.

In July 2020, he received the NBR approval as Finance Department Executive Director, position occupied until October 3, 2022.

Since October 4, 2022, he holds the position of Deputy CEO Finance/Treasury.

Other mandates: member of the Supervisory Board of CIT ONE SA (since July 16,2022) and member of the Board of Directors of BRD Sogelease IFN S.A. (since July 28, 2022).

Mădălina - Otilia TEODORESCU¹⁰

Deputy CEO Retail

Date of birth: May 24, 1974

Year of the appointment as Deputy CEO: 2023

Term of mandate expires in: 2027;

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

Coordinates Retail Pole including the following structures: Retail Customers Value Management Department, Retail Distribution Department, Contact Centre Department, Retail Digital Transformation Department, European Funds, National Programs and Partnership Department and Network Regions Retail.

Member of various Committees set up to support the Executive Committee activity: Internal Control Committee, Compliance Committee, Data governance Committee, Assets and Liabilities Management Committee, Pricing Committee, Crisis Committee, Risk Retail Committee, Project Review Committee, Human Resources Committee, Communication Committee, Climate, Environmental and Social Change Committee, Innovation Committee, Customer Board Committee.

Information on mandates held

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

Biography

She graduated from Faculty of Finance, Banking and Trade Relations of the Romanian-American University.

She has over 28 years of experience in the banking field, out of which 23 in management positions such as: Manager - Citibank Romania (Sept 2000 – June 2002); Head of department for VIP Sales and Strategic Partnerships; Retail Area – Raiffeisen Bank SA (June 2002 – Dec.2003); Director of Consumer Division, Retail Area – Raiffeisen Bank SA (January 2004 –October 2005); Executive Director of Private Individuals Lending Division, Retail Area – Raiffeisen Bank SA (October 2005 –June 2008); Executive Director – Chief Commercial Officer – Raiffeisen Bank SA (June 2008 –Aug. 2014); Deputy General Manager - Piraeus Bank Romania (Sept. 2014 – June 2018); Vice President - First Bank Romania, Member of Executive Management Committee (since June 2018 - March 3, 2023).

¹⁰ Since June 9, 2023, Mrs. Mădălina - Otilia TEODORESCU holds the position of Deputy CEO Retail BRD - Groupe Societe Generale S.A.

Other positions occupied in the banking industry: Member of the Board of Directors, Raiffeisen Asset Management (September 14, 2009 – August 31, 2014); Member of the Board of Directors, Raiffeisen Leasing (December 8, 2011- August 31, 2014); Advisor to the Chairman, Romanian Commercial Bank - BCR - Head-office (Sept. 1999 - Sept. 2000); Head-office – Documentary Operations - Documentary Affairs officer, Victoria Branch – Documentary Operations – Senior Economist Head office - Corporate Banking Department - Relationship Manager BANCOREX (1995 –Sept. 1999).

ATTRIBUTIONS AND RESPONSIBILITIES

The executive officers are in charge of taking all the measures in relation to the company's 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 Shareholders Meeting.

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

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

MEETINGS OF THE EXECUTIVE COMMITTEE

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

In 2023, 142 meetings of the Executive Committee took place.

The decisions of the Executive Committee are made with votes "FOR" of at least half of the members of the Executive Committee. The CEO shall have the casting vote in case of tie of votes.

Voting cannot be delegated within the meetings of the Executive Committee.

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

The Executive Committee provided the Board of Directors, regularly and comprehensively, detailed information about all the major aspects of the Bank's activity, including risk management, potential risk assessment and compliance matters, measures taken and recommended, irregularities found while performing its attributions. Any major event is communicated immediately to the Board of Directors.

COMMITTEES SET UP IN SUPPORT OF THE EXECUTIVE COMMITTEE

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

The most important committees are:

INTERNAL CONTROL COMMITTEE

It is a permanent consultative committee, which has as main task to analyse the adequacy of the internal control framework, including business continuity and crisis management as regards organizing / functioning, by analysing the results obtained and the deficiencies found in the internal control activity. In order to fulfil its mission, the main themes subject to debate in the committee are management of the operational risks, fraud risks, IT risk managementul riscului, IT security risk, Level 2 Control (CN2), Financial Level 2 Control, activity continuity and crisis management, managerial supervision, managerial supervision of accounts, claim, audit, conformity and reputational risk, , deficiencies found in the supervision reports / minutes of the authorities, protection of personal data.

ASSETS AND LIABILITIES COMMITTEE

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

COMMITTEE FOR NEW PRODUCTS

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

PRICING COMMITTEE

It is a permanent consultative committee whose mission is to analyse 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.

RISK RETAIL COMMITTEE

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

CUSTOMER BOARD

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

COMPLIANCE COMMITTEE

It is a permanent consultative committee whose main mission is to analyze the way in which the compliance risk is managed, including the presentation of the deficiencies found in the compliance control activity.

CLIMATE, ENVIRONMENTAL AND SOCIAL CHANGE COMMITTEE

It is a permanent consultative committee whose main mission is to carry out strategic CSR analyzes by reporting to the Bank's objectives, in order to present to the Management Committee the measures for implementing the CSR strategy in this area. This mission includes making proposals for setting the Bank's objectives, adopting the relevant regulatory framework, monitoring the Bank's commitments, communication and any other topics related to environmental, climate and social issues.

OTHER COMMITTEES: Crisis Committee, Safety and Occupational Health Committee, Projects Review Committee, Follow-up Committee, Human Resources Committee, Communication Committee, Innovation Committee, Data Governance Committee and Benchmarks and Market Conduct Oversight Committee.

BRD - GROUPE SOCIÉTÉ GÉNÉRALE'S SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE COMMITTEE AS AT DECEMBER 31,2023:

Name	Number of shares
Mirela Virginia MEDELEAN	20,000
Alexandru - Claudiu CERCEL - DUCA	1,030
TOTAL	21,030

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 Shareholders Meeting.

General Assemblies are called by the Board of Directors.

The notice of meeting is sent at least 30 days before the date set, in compliance with the legal provisions regarding the publicity and notification of the Financial Supervisory Authority - Financial Instruments and Investments Sector and of the Bucharest Stock Exchange ("BVB").

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

The procedures regarding the works of the General Assembly of the Shareholders are available to shareholders and other interested parties on the institutional site.

RIGHT TO DIVIDENDS

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

The Dividend Policy is available to shareholders and other stakeholders on institutional site in Corporate Governance section:

<https://www.brd.ro/en/about-brd/investors-and-shareholders/corporate-governance/dividend-policy>

The dividend policy reconfirms the engagement of the Board of Directors to offer 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 sets up and maintains a dedicated 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 prepared according to 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's 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 2023, BRD Group organised 4 live audio webcasts for presenting its financial results.

2024 financial calendar

Publication of the preliminary financial results December 31, 2023 and meeting with journalists for presenting these results	February 8, 2024
Presentation of the financial preliminary results for the year 2023 and Q4 2023, broadcast through a live audio webcast	February 9, 2024, starting at 10:30 AM (local time, EET) 08:30 (GMT).
General Assembly of Shareholders	April 25, 2024
Publication of the Annual Report 2023 – financial results as of December 31, 2023	April 25, 2024
Communication of results as of Q1 2024	May 2, 2024
Communication of results as of 1st half of 2024	August 1, 2024
Communication of results as of Q3 - 2024	October 31, 2024

3. HUMAN RESOURCES

KEY FIGURES 2023

- **5,854** active employees in BRD, with:
 - **701** external recruitments
 - **1,045** functional mobility
 - **13.2%** total turnover, out of which **8.8%** voluntary turnover.

The number of active employees of the Group as of 2023 end was 6,070 (2022 end: 6,126), while the number of active employees of the Bank as of 2023 end was 5,854 (2022 end: 5,833). Active employees are those present at work (excluding maternity leave and long - term sick leave).

In 2023, 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

During 2023, the Human Resources Department continued to support business by sustaining the evolution of the business model. The purpose of the Bank was to ensure efficient and dynamic structures, in order to better respond to the needs of the clients (increased focus on remote banking) and to maximize the results obtained. Among the main projects are: optimizing the structure of the different departments at the Head Office level, territorial reorganizations at the network level (relocations and mergers of agencies) etc.

CAREER MANAGEMENT

Throughout 2023 the Human Resources Department has continued to have individual meetings with the employees in order to identify their potential as well as their career evolution expectations, according to their competencies and skills. Also, meetings were held with all the new employees to effectively accompany them during the on boarding process.

Over 1000 employees changed their position as a result of the Bank's internal mobility policy, changes that required specific trainings for each role, with different learning methods.

700 persons were recruited in 2023 from outside the Bank, the majority being within the Network for covering the vacancies, extending the commercial capacity and reaching the sales objectives of the Bank, but also niche positions within headquarter, with focus on IT domain as a support to omni-channel and digital strategy.

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

TRAINING & RISK AWARENESS

In a challenging and changing business environment, continuous skills development is the right way to go to support the Bank's short and medium-term goals.

The 2023 training strategy aimed at developing both commercial skills, technical skills (according to the business strategy), managerial development skills, and specific regulations' knowledge through risk management and compliance courses for BRD employees. The diversified training offer covered the training needs of the employees, in a format adapted to all profiles (juniors, seniors, experts / specialists), correlated with the support and development of the critical competencies aimed for each role, in a mix of theoretical and experiential learning with direct involvement of the participant in the choice of training actions, identifying his training needs together with his manager.

In order to adapt to the rapid changes in the business environment, strategic workforce planning projects have been implemented in retail and corporate areas. Employee skills are a major asset of the Bank's success. Our aim is to promote the permanent adaptation of employees' skills to the rapid changes in our environment and to allow them to access motivating career paths. At the same time, the e-learning project developed together with CPBR (Romanian Board of Banking Employers), with the representatives of the Trade Unions (through Federation of Insurance and Banking Trade Unions) and the 4 member banks (BCR, Raiffeisen, ING and Unicredit) was continued. Its main objective is to develop the skills of employees so that we can adapt more easily to the labour market changes and the

digital future. The course catalogue in the new platform focuses on 3 major topics that address digital technology:

- Digital skills (digitization awareness, PC and reporting skills, analytical skills and numerical);
- Data Skills (in 2023 we have launched Data Academy started with experts in IT Business Intelligence and collected the needs for non IT departments for further customised trainings)
- Collaboration through digital channels (sales, cashless operations, customer orientation from a digital perspective);
- Customer satisfaction and approach in the context of digitization (remote work, messaging and collaboration tools such as video conferencing, distance learning, etc.).

During 2023, face to face training has restarted in Bucharest and regions and we continued to be also adapted to the distance / hybrid and online interaction format.

The main axes of development were:

- Developing a risk culture awareness in BRD through mandatory e-learning programs prepared in cooperation with Société Générale Group (“Code of Conduct”, “Information security”, “Market abuse”, “Fatca”, “Anti bribery and corruption”, “Environmental risk management”, “Anti-money laundering”, etc.) and local e-learning (SSM – health and safety at work, “Physical security events”, “GDPR”, “KYC-AML-CFT” module for new comers), increasing the number of case studies presented during face-to-face / virtual trainings;
- Developing of specific competences of social and corporate responsibility (CSR) with a focus on the area of ESG Academy (Environment, Social Impact, Governance) through e-learning training using training platforms as well as through courses organized in physical format, Climate Fresk workshops (over 1600 participants at the end of 2023);
- Integrated training programs for the new employees:
 - “Welcome to BRD week” program, in which the new employees have access to general information about the Bank, BRD values, basic knowledge regarding compliance, credit risks, as well as HR issues regarding training, career management;
 - The "Induction" program - for front office sales teams - focuses on knowledge of specific products and applications, related risks, behavioural skills, and the development of specific business skills, through an experiential approach to learning Business
- Academies adapted to the Bank's client segments: retail - individuals, retail - small companies, as well as for the corporate segment.

These trainings are modular programs, on levels of knowledge and expertise, adapted to the roles in the organization (both for managerial functions and for operational teams), having different degrees of complexity and covering as main directions: offer, financial and risk analysis, skills - sales, customer portfolio management, communication, and negotiation.

There are training programs dedicated to each business-line, curricula developed and updated according to the commercial requirements expressed and regulatory developments, with business guests - bank specialists on various topics, along with internal trainers and new technology programs – technical trainings delivered both internal and extern.

- Leadership program for developing managerial skills (Rise up Journey dedicated to all managers), behavioural training programs (topics such as: customer relationship management, communication, sales and negotiation techniques, stress management, conflict management, teamwork, feedback - a tool for development and performance, how to make a team meeting more attractive, hybrid management, simplification webinars etc.), teambuilding seminars for developing the collaboration and cooperation skills within BRD teams, coaching sessions program dedicated to all employees.
- Other training programs, based on business requirements and regulations:
 - ✓ certification-trainings in the field of insurance and private pensions for front-office employees;
 - ✓ initial and continuous training courses in e-learning format for MiFID II.

EMPLOYEE ENGAGEMENT AND IMPACT ON THE EDUCATIONAL ENVIRONMENT

In 2023 BRD continued employee's engagement with impact in educational environment, being one of the strategic axes.

WORK/LIFE BALANCE

In order to ensure a balance between professional and personal life, the Human Resources Department continued the projects:

- In 2023, we have continued to organize webinars through which we promote healthy behaviors and well-being: "The risks of a sedentary lifestyle", "World No Tobacco Day", "Summer and the problems associated with sun exposure and high temperatures", "Safe food today, better Health in the future", "Problems associated with cold season") together with our medical services partner.
- Starting 2022, the hybrid way of working was implemented, a mix of office work and remote work. In 2023 the majority of functions are eligible for telework with 2-4 days/week of remote work. Furthermore, depending on the needs of our colleagues, we will continue to improve the current way of working to support the balance between the professional and personal life of the employees.
- In 2023 we have launched MIND BRD, psychosocial risk prevention program, in collaboration with Regina Maria, centered on stress and burnout prevention, work-life balance and wellbeing, with three pillars: monthly webinars for all staff, work-shops for managers, Emotional HelpLine for employees and family members. The duration of the program is 18 months, starting September 2023.
- "The BRD ID card Matters!" through which discounts are negotiated for BRD employees, formalized under a series of agreements.

REMUNERATION POLICY AND PRACTICES

The BRD Remuneration Policy and Practices respects:

- Local and EU regulations: Regulation 5/2013 BNR modified by Regulation 11/2020 and by Regulation 2/2022, CRD V, delegated Regulation (UE) 923/2021, MiFID II, Volker
- EU guidelines on sound remuneration policy and remuneration of sales staff
- Société Générale policies

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

BRD REMUNERATION POLICY

- Is constantly adapted to the culture, growth and profitability objectives and to the long-term strategy of the Bank, as well as its control framework;
- Promotes a sound and efficient risks' management; for the employees involved in the activity of Financial Markets and investment advice, sound and prudent management of the risks related to sustainability is also considered starting with March 2021;
- Helps limit and control of possible operational risks without encouraging any risks that exceed the Bank's risk tolerance level. The Bank encourages a prudent behavior (avoiding excessive risks);
- Recognises the individual and collective performance, while encouraging teamwork, ensuring a fair and competitive remuneration subject to strictly complying with the powers and performance; performance is assessed in a multiannual framework;
- In evaluation of individual performance, financial and non-financial criteria are considered, as: accumulated knowledge, personal development, contribution to the team's performance etc.
- Based on the principle of equal treatment, i.e. equal remuneration for male staff members and female staff members, for performing the same work or work of equal value.

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

- fixed component
- variable component

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

Variable remuneration - reflects a sustainable and risk-adjusted performance as well as the performance that exceeds the necessary performance to fulfill 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;
- Guaranteed bonuses are granted only in exceptional circumstances related to the time of employment and can only be granted in the first year of employment and when the Bank has a sound and solid capital base. BRD personnel is not overly dependent on bonuses;
- It does not limit the Bank's ability to strengthen its capital base;
- It is not paid through means or methods that facilitate the circumvention of the regulations in force;
- It does not encourage taking risks which influence the Bank's risk profile;
- It also takes into consideration all current or future risks;
- Payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct.

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

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

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

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

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

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

- The variable remuneration may decrease or even not 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 to 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 4 years. For identified staff, at least 50% of any variable remuneration shall consist of shares 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 hedging using derivative instruments.

Financial data for 2023, according to the disclosure requirements covered by Art. 450 (h), EU Regulation 575/2013, will be published at a later date, on the Bank's website.

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

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

Remuneration is composed of monthly fix remuneration and variable annual remuneration granted as performance bonus. For management expatriate staff there are granted some benefits according to Société Générale's policy, in order to facilitate their living with families in Romania.

b) Remuneration of the members of the Board of Directors

For 2023, the Ordinary General Shareholders Meeting approved an individual remuneration for the non-independent non-executive directors amounting to EUR 1,800/ month (gross amount, RON equivalent) and for the independent non-executive directors amounting to EUR 3,600/ month (gross amount, RON equivalent) including 19.9% for the contributions' transfer.

Also, the Ordinary General Shareholders Meeting approved the general limit for the directors' and members' of the Executive Committee remunerations, including additional remunerations, for 2023, to amount to RON 22 million, gross amount (tax transfer compensation is included).

4. GROUP ACTIVITY AND RESULTS

ECONOMIC AND BANKING ENVIRONMENT IN 2023

The economy exhibited a deceleration compared to preceding years, experiencing the impacts of elevated inflation, tightening monetary policy, and declining external demand. In Q4'23, the Euro area's seasonally adjusted GDP remained unchanged compared to the previous quarter and saw a marginal expansion of 0.1% compared to the same quarter of the previous year. According to preliminary estimates, the Euro area is expected to achieve 0.5% annual growth for 2023.

In Romania, the gross numbers show that the economy accelerated by 1.1% y/y in the last quarter of 2023, while the seasonally adjusted data indicates that Q4'23 GDP decreased by 0.5% q/q (vs. +0.8% q/q prev). Annual dynamics gained pace, with Q4'23 GDP reaching +3.0% y/y, gross series, up from +1.1% y/y in Q3'23. This translated into an overall GDP growth of 2.1% in 2023 (vs. 4.1% in 2022). On the supply side, except for Industry, all sectors made positive contributions to GDP growth story, although varying in extent. On the demand side, Gross fixed capital formation was in the driver's seat (+12.0% y/y, +2.9pp to 2023 GDP growth), with Private consumption coming in second (+2.9% y/y, +2.0pp to growth). The drawdown of inventories weighed heavily on growth (-3.1pp), amid the on-going post-pandemic rebalancing of supply and demand.

On a medium to longer run, the National Recovery and Resilience Plan remains a strong catalyst for Romanian economy. Regarding allocation, as amended by the Council Implementing Decision of Dec 11, 2023, PNRR stands at EUR 28.5 bn (EUR 14.9 bn in loans, EUR 13.6 bn in grants) covering 66 reforms and 111 investments (177 measures), structured around 16 components. In December 2023, Romania sent the third RRP payment request to the European Commission, worth EUR 2.7 bn (EUR 1.9 bn grants and EUR 0.8 bn loans), adding to the EUR 9.1 bn received so far.

Regarding inflation, the level for Euro area inflation stood at 2.9% in December 2023, while strong price increases were still registered in the CEE region: Czech Republic (7.6%), Romania (6.6%), Slovakia (6.6%) and Poland (6.0%).

During 2023, Romania inflation embarked into a downward trend, reaching 6.6% in December 2023, from a high level of 16.4% in December 2022, posting faster than expected decrease during Q4'23, amid lower growth rate of food and energy prices, as well as declining fuel prices. Nevertheless, the average for the full year was still double digit, at 10.4%. Inflation is expected to continue its gradual decline, albeit at a slower pace, despite short-term pressure stemming from new fiscal measures applying in 2024, and external backdrop, as evidenced by January 2024 reading, of 7.4%

The inflation rate in Romania remains far from the upper bound of the NBR target range (2.5% ± 1 ppt). The estimated inflation rate for 2024 end, according to NBR latest Report on inflation, stands at 4.7%.

Regarding monetary policy, after successive key rate increases since the start of the tightening cycle in October 2021, with 575 bps in total (from 1.25% in August 2021 to 6.75% in November 2022), at the beginning of 2023, NBR indicated the end of the rate hiking cycle with an increase of 25 bps to 7%, in line with market expectations. Due to persistent core inflation, labor market strain, and uncertainty surrounding fiscal consolidation, the NBR opted to keep the key rate steady at 7% during subsequent monetary policy meetings.

In terms of banking activity, the annual growth rate of gross loans outstanding reached +6.4%* YoY at December 2023, after the very low dynamic, of +2.9%* YoY from July and August 2023, recovering by more than double in annual pace of growth, largely sustained by corporates (+10.2%* YoY). Loans to individuals reversed the negative performance from June – September 2023, with its annual dynamic re-entering into positive territory (+1.3% YoY at December 2023, from -0.1% YoY at August and September 2023 end), mainly on favourable evolution for consumer loans, which maintained a positive and increasing growth rate, reaching +4.4%* YoY at December 2023 (+1.5%* YoY at August 2023). Housing segment presented a weak, but improving performance (-0.5%* YoY at December 2023, from -1.0%* YoY at August 2023 and -1.2%* YoY at September 2023).

Deposits regained momentum towards the end of the year, with growth rate reaching +6.0% YoY at December 2023, from 3.3%* at August 2023 end, and +7.2%* in average during 2023, with individuals and companies RON savings on a high growth, while FX component remained within the negative territory with slight recovery.

Relating to asset quality, the Romanian banking sector is classified into EBA defined low risk bucket with a level of NPL (non-performing loans) ratio <3% and NPL coverage ratio > 55%. As at December

2023 end, NPL ratio reached a new historically low level of 2.33% (vs. 2.65% at December 2022 end). NPL coverage ratio stood high at 65.1% at September 2023 end (vs. 65.4% at December 2022 end).

The Romanian banking system is well capitalized, as reflected by the capital adequacy ratio of 22.51% as of December 2023 end (23.40% as of December 2022 end), remaining above EU average (19.9% at September 2023 end). The contraction compared to December 2022 end was mainly driven by the fading effects of CRR “quick-fix” adjustments and higher RWA on dynamic lending, partially compensated by profit retention, given the regulatory recommendation.

As regards liquidity, the banking system has also a comfortable position, with a Liquidity Coverage Ratio of 248% as of September 2023 end (209% at December 2022 end), remaining well above regulatory requirement (100%) and EU average (160.7% at September 2023 end). The positive evolution built on the substantial rise in the liquidity buffer, generally driven by the increases in the stock of central governmental assets and in the liquidity surplus.

** variation at constant exchange rate*

Source: BRD Research, IMF, NBR

COMMERCIAL ACTIVITY

As at December 31, 2023, the Bank had 423 branches (31.12.2022: 460 branches), ensuring the distribution of its products and services throughout the whole country.

BRD continues to advance on digital deliverables by extending the offer of investment products to 100% online, with document flow and trading being easily accessible on its website. In addition, YouBRD mobile application is constantly enhanced: with new functionalities, ready to be used now also by authorized physical persons, by improving its way of communication with customers and offering preferential exchanges rates.

The ongoing surge in digital adoption is evident, as YouBRD, becomes the everyday financial application for over 1.4 million customers, reflecting a remarkable +33% YoY increase in 2023.

BRD held a market share of 10.1% of total assets at December 31, 2023, according to its internal computation.

The structure of the customers' net loans at Group level evolved as follows:

RON bln	Dec-21	Dec-22	Dec-23	vs. Dec-22
Retail	22.7	23.4	24.7	5.8%
Individuals	22.0	22.5	23.5	4.2%
Small business	0.7	0.9	1.3	46.4%
Non-retail	10.2	12.9	15.9	23.0%
SMEs	3.4	4.8	5.7	18.4%
Large corporate	6.8	8.1	10.2	25.8%
Total net loans	32.9	36.3	40.6	11.9%
Financial lease receivables	1.2	1.4	1.7	20.2%
Total net loans, including leasing	34.1	37.7	42.3	12.2%

Net loans' outstanding (including leasing) reached RON 42.3 billion, recording a double-digit growth by 12.2% versus December 31, 2022, building on both retail and corporate segments.

On retail (net loans outstanding +5.8% YoY at 2023 end), BRD marked a record level of RON 7.6 billion new loans granted to individuals in 2023 (excluding BRD Finance IFN SA, as a result of the decision to sell its entire loan portfolio, decision taken in January 2024) and the best year for new consumer loans, with an impressive growth of +18% YoY (excluding new consumer loans granted by BRD Finance in 2023). Having granted 1 out of 7 loans in stock in the market, BRD consolidated its position on individuals segment. Net loans outstanding on small businesses contributed also to the segment growth, reaching an impressive dynamic of +46.4% YoY at 2023 end, above RON 1 billion threshold for the 1st time.

Corporate financing continued to deliver a remarkable performance (net loans outstanding +23% YoY at 2023 end), fueled by a robust contribution of SMEs segment (+18.4% YoY at 2023 end) and exceptional achievement in loans granted to large companies (+25.8% YoY at 2023 end). Additionally, leasing activity preserved a substantial growth pace (+20.2% YoY at 2023 end).

BRD remained a trusted partner for SMEs through its active participation in IMM Invest Plus program, with RON 2.6 bn loans approved in 2023, +27% YoY vs. 2022.

BRD plays an important role in financing the green transition by incorporating ESG principles into its lending operations and defining clear strategic objectives in this direction. The milestone of EUR 1 bn of sustainable financing to be granted by 2025 end defined in Horizons 2025 is expected to be reached in advance.

In 2023, the value of new sustainable finance transactions which sustained, among others, an important photovoltaic project or co-financed energy efficiency projects, amounted to RON 2.3 bn, bringing the cumulative sustainable financing for both retail and corporate clients above EUR 900m as of 2023 end.

The customers' **deposits** structure at Group level evolved as follows:

RON bln	Dec-21	Dec-22	Dec-23	vs. Dec-22
Retail	36.0	37.1	40.8	9.9%
Individuals	29.6	31.0	34.1	9.9%
Small business	6.4	6.1	6.7	9.8%
Non-retail	16.7	19.6	21.6	10.6%
SMEs	8.6	8.2	9.4	15.1%
Large corporate	8.1	11.4	12.3	7.4%
Total deposits	52.7	56.7	62.4	10.1%

Deposit base had a steady expansion (+10.1% YoY at 2023 end). Most stable and ample funding source, retail deposits, are constantly increasing, marking a strong performance of +9.9% YoY at 2023 end. Corporate deposits had a similar evolution, being up by +10.6% YoY, mainly driven by higher net inflows from SMEs customers (+15.1% YoY at 2023 end).

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, 2023, net outstanding of leasing financing granted by BRD Sogelease increased by +20.2% year-on-year to RON 1,692 million. New leasing production increased to RON 1246.4 million in 2023, +23% year-on-year. BRD Sogelease activity had a strong dynamic during 2023, with significant increase of the financing volumes. Demand for leasing financing was very consistent during the period, driven by SME's and large corporates active in various sectors as agriculture, construction, logistics and transportation, manufacturing which use financial leasing as an efficient and accessible financing solution offered by BRD Group.

BRD FINANCE IFN SA

At December 2023 end, total net loan portfolio amounted to RON 210 million vs. RON 431 million at December 2022 end.

In January 2024, BRD Finance IFN SA took the decision to sell its entire loan portfolio. For the scope of consolidated financial statements of BRD Group as at December 31, 2023, the BRD Finance IFN SA financial statements were no longer prepared as "going concern" and the loans were presented according to IFRS 5 as "held for sale/discontinued operation", but continued to be measured at amortized cost (with no change in the business model).

BRD ASSET MANAGEMENT SA

BRD Asset Management is one of the most important actors on the Romanian UCITS market, with a market share of 19.46%* and RON 4 billion assets under management (+27% YoY), as of 2023 end. BRD Asset Management now offers investment solutions to more than 130 thousand clients across its 12 investment funds. The diversified products of BRD AM, offer multiple investment possibilities, intended for the objectives of our clients.

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

FINANCIAL POSITION ANALYSIS

The below financial position analysis is made based on the separate and consolidated financial statements prepared according to the International Financial Reporting Standards, for the period ended December 31, 2023 and the comparative periods.

FINANCIAL POSITION – ASSETS

Total assets at December 31, 2023 increased by 13.6% for the Group and 13.8% for the Bank versus 2022 end.

The asset structure is presented below:

THE GROUP

Assets (RONm)	Dec-21	Dec-22	Dec-23	% total	vs. Dec-22
Cash and current accounts with Central Bank	6,206	7,625	11,778	14.0%	54.5%
Loans and advances to credit institutions	4,538	7,221	6,129	7.3%	-15.1%
Net loans and advances to customers	32,914	36,288	40,613	48.4%	11.9%
Financial lease receivables	1,223	1,407	1,692	2.0%	20.2%
Other financial instruments	22,253	18,642	20,824	24.8%	11.7%
Tangible and intangible assets	1,460	1,537	1,645	2.0%	7.0%
Other assets	470	1,121	1,168	1.4%	4.1%
Total assets	69,063	73,842	83,849	100.0%	13.6%

THE BANK

Assets (RONm)	Dec-21	Dec-22	Dec-23	% total	vs. Dec-22
Cash and current accounts with Central Bank	6,206	7,625	11,778	14.5%	54.5%
Loans and advances to credit institutions	4,521	7,205	6,114	7.5%	-15.1%
Net loans and advances to customers	32,184	35,542	40,202	49.4%	13.1%
Other financial instruments	22,305	18,646	20,838	25.6%	11.8%
Tangible and intangible assets	1,437	1,518	1,620	2.0%	6.7%
Other assets	362	987	829	1.0%	-16.0%
Total assets	67,015	71,523	81,381	100.0%	13.8%

LOANS AND ADVANCES TO CUSTOMERS

The net loans' outstanding amount to customers registered a strong performance year-on-year (Group: +12.2% YoY at December 2023 end, o/w leasing +20.2%; Bank: +13.1% YoY) given a strong contribution from both retail and corporate segments, as elaborated above in Chapter 3.

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 increased by 20.6% versus December 2022 end, for both the Bank and the Group, driven by higher cash and current accounts with the central bank, while placements to credit institutions reduced on a yearly basis. These items represented 21.4% of total assets for the Group and 22.0% for the Bank at December 2023 end.

The minimum compulsory reserve held with the National Bank of Romania accounted for 26% of this aggregate at December 31, 2023 (28% at December 2022 end) at Group level. It amounted to RON 4,587 million, up by 11.4% vs December 31, 2022, mainly linked to increasing customers' deposits as detailed above. The level of RON and FX minimum reserve requirements for liabilities with residual maturity of less than 2 years are at 8% and 5% respectively, unchanged from May 2015 for RON and from November 2020 for FX.

OTHER FINANCIAL INSTRUMENTS

Other financial instruments include financial assets at fair value through other comprehensive income, treasury bills at amortised cost, financial assets at fair value through profit and loss, derivatives and other financial instruments held for trading, investments in associates and subsidiaries.

These items amounted to RON 20.8 billion at December 2023 end and represented almost 25% of Group assets. They increased by 11.7% compared to December 2022 end, mainly driven by the increase in government bonds portfolio measured at amortised cost.

BRD did not participate to the share capital increase of BRD Societate de Administrare a Fondurilor de Pensii Private from July 2023, therefore the ownership percentage of BRD was reduced from 49% to 26.95%, following the approval from ONRC in October 2023. Additionally, in July 2023, BRD sold its

investment in associate Fondul de Garantare a Creditului Rural IFN SA (FGCR), of 33.33%, to CEC Bank.

TANGIBLE AND INTANGIBLE ASSETS

The tangible and intangible assets accounted 2% of the total assets with land and buildings representing the largest part of the item.

The total value of investments during 2023 was RON 324 million for the Bank and RON 326 million for the Group, compared to RON 268 million for the Bank and RON 269 million for the Group in 2022. There is no capitalized research and development expenditure.

FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities is as follows:

THE GROUP

Liabilities and shareholders equity (RONm)	Dec-21	Dec-22	Dec-23	% total	vs. Dec-22
Amounts owed to credit institutions	4,708	7,501	9,398	11.2%	25.3%
Amounts owed to customers	52,684	56,661	62,408	74.4%	10.1%
Other liabilities	1,793	2,720	3,185	3.8%	17.1%
Shareholders equity	9,879	6,960	8,862	10.6%	27.3%
Total liabilities and shareholders equity	69,063	73,842	83,849	100.0%	13.6%

THE BANK

Liabilities and shareholders equity (RONm)	Dec-21	Dec-22	Dec-23	% total	vs. Dec-22
Amounts owed to credit institutions	2,882	5,443	7,226	8.9%	32.8%
Amounts owed to customers	52,918	56,916	62,642	77.0%	10.1%
Other liabilities	1,676	2,587	3,048	3.7%	17.8%
Shareholders equity	9,539	6,577	8,465	10.4%	28.7%
Total liabilities and shareholders equity	67,015	71,523	81,381	100.0%	13.8%

AMOUNTS OWED TO CUSTOMERS

The Group, as well as the Bank, further consolidated and diversified its already solid savings base. At December 2023 end, amounts owed to customers increased by 10.1% for both the Group and for the Bank and accounted for 74.4% of the total liabilities and shareholders' equity at Group level and for 77.0% at Bank level. The increase primarily resulted from higher inflows in term deposits from individual customers and notable advancement in deposits from SMEs customers.

AMOUNTS OWED TO CREDIT INSTITUTIONS

Amounts owed to credit institutions represent interbank deposits, borrowings from the parent and International Financial Institutions, and stood at 11.2% of the total liabilities and shareholders' equity for the Group and 8.9% for the Bank at December 31, 2023.

BRD Group's borrowings from Société Générale totalled RON 7.9 billion (10.5% of liabilities) at December 2023 end. Among these, are included 5 senior non-preferred loans in amount of EUR 970 million (EUR 150 million in June 2022, EUR 120 million in December 2022 and EUR 450 million in December 2023, all with an initial term of 3 years and a call option at 2 years; EUR 100 million with initial term at 7 years and a call option at 6 years and EUR 150 million with an initial term of 8 years and a call option at 7 years, both drawn in December 2023) and 2 subordinated loans in amount of EUR 250 million (EUR 100 million drawn in December 2021, respectively EUR 150 million in June 2022, both with an initial term of 10 years and a call option at 5 years).

SHAREHOLDERS' EQUITY

Shareholders' equity increased by 27.3% for the Group and by 28.7% for the Bank compared to December 31, 2022, driven by the YoY higher net result and positive influence of revaluation reserves of debt instruments accounted at fair value through other comprehensive income, given favorable development of yield curve compared to December 2022 end, partially compensated by the exceptional dividend payment (50% payout, RON 643m from 2022 retained profit, approved by GSM in December 2023).

The structure of the shareholders' equity evolved as follows:

THE GROUP

Shareholders' equity (RONm)	Dec-21	Dec-22	Dec-23	vs. Dec-22
Share capital	2,516	2,516	2,516	0.0%
Other reserves	(385)	(2,054)	(1,157)	-43.7%
Retained earnings and capital reserves	7,691	6,439	7,436	15.5%
Non-controlling interest	58	59	68	15.1%
Total shareholders' equity	9,879	6,960	8,862	27.3%

THE BANK

Shareholders' equity (RONm)	Dec-21	Dec-22	Dec-23	vs. Dec-22
Share capital	2,516	2,516	2,516	0.0%
Other reserves	(385)	(2,054)	(1,157)	-43.7%
Retained earnings and capital reserves	7,409	6,116	7,107	16.2%
Total shareholders' equity	9,539	6,577	8,465	28.7%

LIQUIDITY POSITION

Both the Bank and the Group maintained a balanced structure of resources and placements and a solid liquidity level over the analysed period.

The net loan to deposit ratio increased to 64.2% at December 31, 2023 versus 62.4% at December 31, 2022 for the Bank, and to 67.8% at December 31, 2023 versus 66.5% at December 31, 2022 for the Group (loans at Group level include financial leasing receivables). The extensive lending activity was the driving force behind the evolution.

2023 FINANCIAL RESULTS

The comparative income statement of the Group for the period 2021 - 2023 is presented below:

RONm	2021	2022	2023	23/'22
Net banking income	3,118	3,459	3,834	10.8%
- net interest income	2,084	2,370	2,725	15.0%
- net commissions	765	754	750	-0.5%
- other banking income	269	334	359	7.3%
Operating expenses	(1,618)	(1,745)	(1,895)	8.6%
- staff expenses	(829)	(899)	(963)	7.1%
- non-staff expenses	(789)	(846)	(932)	10.2%
Operating profit	1,500	1,715	1,939	13.1%
Net cost of risk	146	(95)	57	n.a.
Gross result	1,646	1,620	1,996	23.3%
Net result	1,319	1,337	1,656	23.8%
Profit attributable to equity holders of the parent	1,310	1,328	1,640	23.5%

The comparative income statement of the Bank for the period 2021 - 2023 is presented below:

RONm	2021	2022	2023	23/'22
Net banking income	2,950	3,289	3,723	13.2%
- net interest income	1,953	2,239	2,592	15.7%
- net commissions	727	719	719	0.0%
- other banking income	271	330	412	24.6%
Operating expenses	(1,515)	(1,641)	(1,815)	10.6%
- staff expenses	(765)	(839)	(915)	9.0%
- non-staff expenses	(749)	(802)	(900)	12.2%
Operating profit	1,436	1,648	1,908	15.8%
Net cost of risk	159	(93)	48	n.a.
Gross result	1,595	1,555	1,956	25.7%
Net result	1,279	1,286	1,634	27.1%

BRD Group full year revenues reached RON 3,834 million in 2023 compared to RON 3,459 million in 2022, higher by +10.8%, with increasing volumes and elevated market interest rates being the main engines of growth. Net interest revenues marked a solid 15% increase on a yearly basis, tempered by higher expenses, primarily on growing term deposits.

Net fees and commissions remained rather stable compared to their 2022 level, on counterbalancing effects: lower revenues from cards activity given higher penetration of current account packages, in line with market trend, contraction of fees on cash transactions mainly on a base effect, but increasing revenues from lending, insurance and capital market activities.

Other revenues had a very positive evolution given a strong and stable momentum of financial markets activity.

Although the disinflationary tendencies were felt throughout the year, with inflation ending the year towards mid-single digit level, the average for the full year was still double digit, maintaining a high pressure on operating expenditures. Nevertheless, by preserving a rigorous spending discipline, their increase was limited at +8.6% in 2023 compared to 2022. The dynamic of staff expenses (+7.1% y/y compared to 2022, to RON 963 million from RON 899 million in 2022) is reflecting the adjustments of salaries and other benefits within the collective labor agreement, in an inflationary context and highly competitive market for talents.

The evolution of other costs is mainly linked to external services and increased IT&C related expenses supporting the advancement on our digital roadmap. Gross operating income reached RON 1,939 million (+13.1% compared to 2022) and cost to income ratio improved on positive jaws effect (49.4% in 2023 vs 50.4% in 2022).

During 2023, asset quality improved further, with NPL ratio falling below 2% (1.9% at 2023 end vs. 2.6% at 2022 end), while NPL coverage remained comfortable (75.9% at 2023 end vs. 76.5% at 2022 end, Bank level). Cost of risk registered net release of RON 57.4m during 2023, compared to RON 95.1m net charge in 2022, given persistent recoveries on defaulted exposures and limited NPL formation.

Given all the above, the full year 2023 performance was excellent and BRD Group net result marked a robust growth of +24% YoY, touching a record level of RON 1,656 million, compared to RON 1,337 million in 2022. ROE reached 20.9% vs. 15.9% in 2022. ROA reached 2.1% in 2023 (compared to 1.9% in 2022).

BRD capital position is solid, with total capital ratio of 21.5% at December 2023 (individual level, with own funds including 40% of H1 2023 profit, early incorporation already approved by NBR).

The Bank recorded similar trends, with a net result of RON 1,634 million versus RON 1,286 million in 2022.

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.

Subsequent events identified after the reporting date.

According to Law 296 /2023, the Romanian Fiscal Code was amended in order to introduce, starting January 1st, 2024, a supplementary tax for credit institutions, i.e. the tax on turnover which is computed as follows: for 2024 and 2025 the tax is 2% from the turnover, while starting 2026 the rate is 1%. The tax is additional to the corporate income tax, it is computed and payable on a quarterly basis and is a non-deductible expense.

AWARDS RECEIVED IN 2023

- ✓ Bank of the Year, Risk Management, awarded by Piata Financiara
- ✓ Bank of the Year, CSR, awarded by Piata Financiara
- ✓ Bank of the Year in Romania, awarded by The Banker
- ✓ Most consistent activity in environment & Most visible supporter of culture, awarded by MasterCard
- ✓ Best Trade Finance Provider in Romania, awarded by Global Finance for 8 years
- ✓ #1 Cash Management Market Leader in Romania, awarded by Global Finance
- ✓ Score 10 Vektor, for the Best practices in corporate governance and investor communications, awarded by ARIR
- ✓ Leadership in Green Transition, awarded by Bursa
- ✓ Excellence in financing environmental projects, awarded by Green Report
- ✓ Market leader in CSR, Corporate banking and Digital Solutions, awarded by Euromoney
- ✓ Special Award for Green Home Loans program, awarded by Romania Green Building Council

5. 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 National Bank of Romania and European Supervisory Bodies, the risk management standards of Société Générale, together with the best practices accepted by the banking industry.

RISK MANAGEMENT OBJECTIVES AND RISK APPETITE SETTING

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

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

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

In order to identify all the risks (financial and non-financial) to which BRD is exposed and which are inherent to its activity, a comprehensive risk assessment exercise is performed on an annual basis. A new Risk Taxonomy (aligned to SG Group's approach) was implemented since December 2023. Therefore, the Bank's risk management strategy focuses on the following categories of risks identified as significant, any of which could adversely affect its business, results of operations and financial situation:

- Credit risk
- Counterparty risk
- Market risk in Trading Book
- Non-Financial risks
- Model risk
- Structural risks
- Business & Strategy risk
- Excessive usage of leverage effect risk

ESG risks have been identified as factors that may aggravate existing risk categories.

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

The risk appetite represents the aggregate level and types of risk that BRD is willing to assume within its risk capacity, in line with its business model, to achieve its strategic objectives. The risk appetite statement sets the Bank's approach towards taking on and managing risks and is structured along two dimensions: quantitative and respectively qualitative. At aggregate level, the risk appetite is defined by reference to the main strategic dimensions - *Profitability, Capital Adequacy, Creditworthiness, Liquidity and Leverage* - on the basis of the annual strategic planning, in order to ensure alignment of risk, capital and performance targets, which allows the Bank to:

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

The aggregate risk appetite is further cascaded down to material risk categories and where appropriate, to business segments. 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 risk indicators and corresponding quantitative measures are defined by considering the risk profile, size and complexity of activities performed by the Bank. Their evolution is regularly monitored over the year in order to detect any events that may result in unfavorable developments on the risk profile.

RISK MANAGEMENT GOVERNANCE

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

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

Risk governance relies on the three lines of defense model, which ensures the identification of the functions within the Bank responsible to address and manage the risks, while reinforcing segregation of duties between various control functions.

The *first line* of defense is represented by the business units, which are primarily responsible for the ongoing management of the risks arisen in conducting their daily activities, taking into account the Bank's risk appetite and its policies, procedures and controls.

The *second line* of defense is represented by the independent functions overseeing risks, which are responsible for further identifying, measuring, monitoring, and reporting risks, ensuring compliance with internal and external requirements, and providing support to the business/operational functions in executing their duties. Although the responsibility for the management of risks within the Bank is shared between different structures of the second line of defense, Risk Management Structures perform the role of the centralized risk management function, by delivering the Bank's wide holistic view on all risks, ensuring that the risk strategy is complied with.

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

Risk management within BRD is governed by the management body, which is and assisted by specialized committees in accomplishing its 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 on risk management in order to develop, implement and update a solid internal governance framework, in accordance with local regulations and policies of the Societe Generale Group.

Nomination Committee

The Nomination Committee advises the Board of Directors regarding the selection, monitoring and succession of the members of the management body and the evaluation of the adequacy of key function holders.

Remuneration Committee

The Remuneration Committee advises the Board of Directors in elaborating and supervising the implementation of the Bank's remuneration policy.

Executive Committee

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

Main specialized committees assisting the Executive Committee

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

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

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

The *Internal Control Committee* has as main mission to analyze at a general level the way internal control activities are carried out from an organizational / functional perspective, the results obtained and the deficiencies found in internal control activities.

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

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

The *Data Governance Committee's* mission is to analyze the data governance activity, mainly concerning implementation of the data governance strategy and data quality.

The *Price Committee's* mission is to analyze and propose to the decision-making bodies of the Bank measures regarding the pricing policy and strategy (commissions, interest) of the Bank's products, taking into account budgetary objectives, competitive environment, the Bank's commercial strategy and market evolution

The *Compliance Committee* has as main objective the analysis of the activity regarding the compliance risk management, including the presentation of the deficiencies identified during compliance control activity.

The *Climate change, Environmental and Social Committee's* main mission is to carry out strategic CSR (Corporate Social Responsibility) analyses by relating to the Bank's objectives in order to present the measures for implementing the CSR strategy (including climate change and environmental topics).

MAIN RISK FACTORS

Challenging macroeconomic context

Banking business is highly sensitive to changes in financial markets and economic conditions. Nowadays, the macroeconomic environment is a very challenging one, on the background of mutually interacting factors such as: potential intensification of war between Russia and Ukraine, escalation of the Middle East conflict, the energy crisis, the evolution of inflation and of financing costs, etc. All these elements, in conjunction with the already existing vulnerabilities in the financial system, led to a readjustment of growth forecasts, influencing in the same time the consumers and investors' confidence. Although the dynamic of the non-performing loan portfolio provides grounds for optimism, the evolution of credit risk in the period ahead is tightly linked to the persistence of an unfavorable macroeconomic environment.

Climate related and environmental risks

Environmental, social and governance (ESG) risks are defined as risks stemming from the current or prospective impacts of ESG factors on counterparties or invested assets of financial institutions. ESG

risks are seen as aggravating factors to the traditional categories of risks and are likely to impact the banks' activities in the short-, medium- and long-term.

In the coming period, the impact of climate change and the efforts undertaken at European level for the transition to a green economy will have a growing influence on the financial system. Addressing risks stemming from climate change and environmental degradation may be one of the main challenges for banks in the years to come, as they are envisaged to play a more active role in supporting the transition to a more sustainable economy.

Unpredictability and uncertainty of legal framework

The uncertainty and lack of predictability of legal changes could have an adverse effect on financial institutions by putting pressure on liquidity, solvency and profitability.

Financial institutions are subject to a more and more extensive supervisory and regulatory framework (for instance, various EBA guidelines, CRD VI, CRR 3, etc), while adaptation to such changes requires significant resources that could affect the banks' performance. Additionally, a new set of regulations arose as a result of the high-level commitment to tackle climate change (e.g. CSRD - Corporate Sustainability Reporting Directive, ESRS - European Sustainability Reporting Standards, EU Taxonomy, SFDR - Sustainable Finance Disclosure Regulation, ESG Pillar 3 package). The high impact of the implementation of the sustainable finance regulatory framework and the increase in non-financial reporting obligations, in a relatively short timeframe, sets an additional challenge for banking institutions.

Highly competitive environment, undergoing digital transformation

The Bank operates in an environment subject to intense competition both from banking and emerging non-banking actors (FinTechs), changing business models, translating in increasing risk to market shares and margins. Competition refers to digital transformation, the speed of answering to the customers' requests, evolving products and services, innovation, reputation, price, technology infrastructure and data management. Along with digital transformation, it is imperative for credit institutions to also manage the associated risks may be exposed to (e.g. cyber risk, data leakage risk, etc.).

In addition, certain sectors of the financial services industry have become more concentrated, considering the mergers and acquisitions of institutions involved in a broad range of financial services. Such changes could result in the 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

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

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

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

- identification and management of non-performing loans and assessment of workout activity using objective indicators
- regular monitoring and reporting to senior management on the quality of credit portfolios
- regular monitoring of credit risk profile compared with the risk appetite approved by the Board of Directors
- regular independent review of lending activities by the Bank's Internal Audit function

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

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

Undertaking of credit risk is part of the Group's risk management strategy based on its risk appetite. Société Générale'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 default.

CREDIT RISK MITIGATION TECHNIQUES

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

The Bank accepts the following main types of securities:

- Financial collateral (cash, deposits, Romanian government bonds, shares)
- Non-financial collateral (real estate, movable assets, receivables, intangibles, payment instruments)
- Guarantees (personal guarantees, letters of guarantee, letters of comfort, financial guarantees issued by guarantee funds and Eximbank, sovereign guarantees, endorsements)

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

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

Real estate collaterals

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

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

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

Guarantees

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

The main guarantor for BRD's clients is the Romanian State, which intervenes to sustain credit activity by national wide guarantee programs implemented through the intermediation of Guarantee Funds

(FNGCIMM or FGCR) or Eximbank, main exposure of this type being generated by Prima / Noua Casa program. Another category of guarantors is represented by commercial banks (local or foreign), issuing LGs in favor of BRD clients. BRD's indirect exposures on each guarantor are assessed using the same principles as for direct credit exposures of BRD.

Residual risk management

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

Detailed information on credit risk is found in Note 44.1 to the consolidated and separate financial statements as of the year ended December 31, 2023.

LIQUIDITY RISK AND FUNDING RISK

Liquidity and funding 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 month horizon, assessing the Bank's resilience and ability to continue to function in times of prolonged stressed liquidity conditions. The Bank also implemented a reverse stress test scenario which assesses what assumptions could be considered in order to challenge the viability of the institution, starting from a pre-defined outcome such as a breach

of the minimum required level for the Liquidity Coverage Ratio as it is considered within the Recovery Activation Dashboard.

Detailed information on liquidity risk is found in Note 44.3 to the consolidated and separate financial statements as of the year ended December 31, 2023.

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

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

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

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

The interest rate risk is managed through two metrics: balance sheet sensitivity to yield curve shifts and net interest income sensitivity. Balance sheet sensitivity is defined as the variation in the net present value of future principal and interest cash flows of all items in the banking book, balance sheet and off-balance sheet for two steering scenarios of +/- 10 bps parallel shift in the yield curve and for two stressed scenarios of +/-100bps parallel yield curve shifts. A set of limits is applied to balance sheet sensitivity and the compliance with those limits is monitored by ALCO on a monthly basis. The gaps between outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models based on clients' historic behavior patterns, as well as conventional assumptions relating to certain balance sheet items. Net interest income sensitivity indicator is calculated monthly and presented to ALCO versus an approved set of limits. Even though a set of limits is in place for this indicator, the main steering indicator remains balance sheet sensitivity

Detailed information on interest rate risk is found in Note 43.2 to the consolidated and separate financial statements as of the year ended December 31, 2023.

MARKET RISK IN TRADING BOOK

Market risk is defined as the risk of registering losses in on and off-balance sheet positions arising from unfavorable movements of market parameters (FX rates, interest rates, share prices etc.).

Market risk management is 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. 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 counterparties.

Market risk management is carried out according to the below principles:

- Compliance with internal framework and local and European regulations
- Functional independence from business lines
- Definition and/or validation of different methodologies, metrics' typologies, 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

Detailed information on market risk is found in Note 44.2 to the consolidated and separate financial statements as of the year ended December 31, 2023.

OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, personnel and systems, or from external events. The Group's operational risk management system was developed and strengthened over the years and allows:

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

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

Operational risk management tools put in place at BRD are:

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

In 2023, the operational risk strategy focused on the following axes:

- Continue the enhancement of operational risk culture through new sessions of operational risk awareness and staff training, including specific session on fraud risk, information security and business continuity risk
- Continue the improvement of the operational risk management process and tools by adapting to the internal and external environment.

6. CAPITAL MANAGEMENT AND ADEQUACY

CONSOLIDATION PERIMETER

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

As BRD is parent credit institution in Romania and, at the same time, subsidiary of Société Générale, BRD Group consolidation perimeter for prudential purposes is defined in accordance with Regulation (EU) No 575/2013 (CRR), Part One, Title II, Chapter 2, Section 3.

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

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

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

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

OWN FUNDS

BRD Group regulatory own funds as at December 31, 2023 amounted to RON 7,908 million (after the exceptional dividend payment of RON 643m from 2022 retained profit, approved by GSM in December 2023 and including 40% of H1 2023 profit, early incorporation already approved by NBR) compared to RON 8,273 million (including 2022 year net result and the impact of OCI quick fix adjustments).

BRD Group regulatory own funds as at December 31, 2023 consist of common equity capital (CET1) and Tier 2 instruments.

Common Equity Capital (CET1) is formed of:

- Eligible Capital includes the nominal share capital and the hyperinflation adjustment of share capital accounted until December 31, 2003. As at December 31, 2023, the share capital amounted to RON 696.9 million, unchanged versus previous periods. The hyperinflation adjustment amounted to RON 1,819 million.
- Eligible Reserves include:
 - Retained earnings, which represent the undistributed profits of previous periods and retained earnings arising from IFRS implementation adjustments.
 - Other reserves: legal reserves, general reserves for credit risk, fund for general banking risk, representing reserves established by the law and share based payment reserves.
- Other comprehensive income (OCI) includes unrealized gains and losses from changes in the fair value of debt instruments at fair value through other comprehensive income and from re-measurement of defined benefit liability arising from the post-employment benefit plan. From 1st of January 2023 the quick-fix adjustment applied for the recognition of other comprehensive income reserve in own funds ceased its validity. Previously during 2022, BRD applied the quick fix adjustment (art. 468 of Regulation (EU) 575/2013 as amended by Regulation (EU) 873/2020) for the temporary treatment of unrealized gains and losses and removed from CET1 40% of the amount of unrealized gains and losses accumulated since 31 December 2019 for debt instruments measured at fair value through other comprehensive income.

Regulatory deductions from CET 1 applicable as at December 31, 2023 essentially involved the following elements:

- Intangible assets that are not prudently valued: starting 31 December 2020, intangible assets that are not prudently valued as per Regulation 876/2019 are deducted 100% from CET 1 (as compared to previous periods when intangible assets accounting value was fully deducted from CET 1). Under this current approach, the positive difference between the prudential and the accounting amortisation becomes fully deducted from the CET 1 capital, while the residual portion of the carrying value of the software prudently valued is risk weighted at 100%. Goodwill is fully deducted from CET 1 capital.
- Contingent or any foreseeable tax charges related to CET 1 reserves taxable upon utilization to cover losses or risks.

As at December 31, 2023, Tier 2 instruments consist of two subordinated loans concluded with the parent, EUR 250 million in total (RON equivalent 1,244 million).

CAPITAL REQUIREMENTS

From a regulatory perspective, capital requirements cover:

- credit risk
- operational risk, foreign exchange risk and settlement risk
- position risk in trading book
- credit valuation adjustment risk of OTC derivative instruments.

The calculation of credit risk capital requirement takes into account the transactions' 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). All CRR2 requirements have been implemented starting from June 2021.

The capital requirement for general position risk is calculated using the Maturity-based method.

Capital requirement for credit valuation adjustment is determined using the standardized method.

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

On top of the total regulatory ratio of 8% set by Art 92 from CRR, starting 2016, based on NBR requirements, BRD Group maintains additional own funds to cover risks resulting from internal assessment and SREP (supervisory review and evaluation process). In 2023 this requirement represented 5.05% of RWA (5.87% during 2022). Thus, the TSCR (total SREP capital requirements) for BRD Group is 13.05% for 2023 (13.87% for 2022).

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

- A Conservation Buffer in CET 1 capital intended to absorb losses during periods of stress. This buffer is mandatory and fully effective from 1 January 2019 and amounts to 2.5% of total RWA.
- A Countercyclical Buffer that may be imposed during periods of excessive credit growth when system-wide risk is building up, capped at 2.5% of total RWA. According to NBR Order 6/2021 amending the NBR Order 12/2015, the level of countercyclical buffer for credit exposures in Romania was 0.5% (from 0% previously), starting October 17, 2022 and 1% starting from October 23, 2023, according to NBR Order no 7, from 25th of November 2022.
- Other systemically important institutions (O-SIIs) identified by NBR which have been authorized in Romania, may be subject to an O-SII Capital Buffer of up to 2% of the total RWA. BRD was identified as O-SII by NBR and O-SII Capital Buffer is 1% starting with 1 January 2016 until December 2021 end. Based on a new calibration methodology, starting 1 January 2022 the O-SII Capital Buffer for BRD is 1.5% of total RWA.
- A Systemic Risk Buffer was imposed, according to NBR Order 4/2018, starting with 30 June 2018, with the aim of supporting the adequate management of credit risk and enhancing banking

sector resilience to unanticipated shocks, amid unfavourable structural circumstances. The buffer is applied to all exposure and is calibrated at 0% - 2%, depending on the level of the non-performing loans ratio and the coverage ratio. The systemic risk buffer applicable for BRD is 0%. Following the release of NBR Regulation 2/2022 amending Regulation 5/2013, transposing CRD V, the requirement for structural buffers will be the sum of O-SII buffer and Systemic Risk Buffer.

MINIMUM REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES (MREL)

According to Bank Recovery and Resolution Directive (BRRD), the banks should have the loss-absorbing and recapitalization capacity necessary to help ensure that, in, and immediately following a resolution, those institutions can continue to perform critical functions (criticality assessed from the perspective of impact on the markets) without putting taxpayers' funds, meaning public funds, or financial stability at risk.

Therefore it was regulated a requirement for own funds and eligible liabilities (MREL) for all credit institutions and investment firms through BRRD1 (Directive 2014/59) transposed in Romanian legislation through Law 312/2015, and BRRD2 (Directive 2019/879) transposed in local legislation through Law 320/2021.

BRD received in May 2023 the notification of MREL, according to BRRD2, determined by the resolution authority considering its consolidated situation. Starting from 17th of July 2023 until the end of 2023, BRD should maintain an intermediary binding level of 22.23% of TREA (total risk exposure amount) and 5.90% of LRE (leverage exposure) and follow a linear build-up of own funds and eligible liabilities towards the new requirement starting with 1st of January 2024. This new level stands at 26.44% of TREA and 5.90% of LRE. On top of the above, combined buffer requirement should be respected (5.0% of TREA, starting 23 October 2023).

As the resolution strategy for Société Générale is Single Point of Entry, with upstream of losses to the resolution entity (Société Générale SA), the total MREL should be satisfied with own funds and a new category of debt (senior not preferred, SNP), ranking above own funds and subordinated that is not AT1 or T2, but below senior preferred. The SNP should be concluded with the parent (Art. 45 f (2) BRRD2).

BRD concluded five senior non-preferred loans with the parent, of EUR 970 million in total, as presented below:

- EUR 150 million in June 2022, EUR 120 million in December 2022 and EUR 450 million in December 2023, all with an initial term of 3 years and a call option at 2 years;
- EUR 100 million with initial term at 7 years and a call option at 6 years and EUR 150 million with an initial term of 8 years and a call option at 7 years, both drawn in December 2023

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

	Bank			Group		
	2022	2022 w/o OCI quick fix impact	2023	2022	2022 w/o OCI quick fix impact	2023
Tier 1 capital	6,714	5,818	6,343	7,037	6,140	6,664
Tier 2 capital	1,237	1,237	1,244	1,237	1,237	1,244
Total own funds	7,951	7,055	7,587	8,273	7,377	7,908
Risk weighted assets						
Credit risk (including counterparty risk)	29,150	29,577	32,769	31,067	31,495	34,598
Market risk	76	76	139	77	77	146
Operational risk	2,448	2,448	2,238	2,526	2,526	2,308
Credit valuation adjustment (CVA) risk	218	218	145	218	218	145
Total risk exposure amount (TREA)	31,892	32,320	35,291	33,888	34,316	37,198
Regulatory Capital Adequacy Ratio	24.93%	21.83%	21.50%	24.41%	21.50%	21.26%
Tier 1 ratio	21.05%	18.00%	17.97%	20.76%	17.89%	17.92%
Eligible liabilities (senior non preferred loans)						4,825
Total own funds and eligible liabilities						12,733
MREL (% of TREA)						34.23%

Note: Own funds at December 31, 2022 end include full net profit of the year 2022;

Own funds at December 31, 2023 end, after the dividend payment of RON 643m from 2022 retained profit, approved by GSM in December 2023 and including 40% of H1 2023 profit

LEVERAGE RATIO

The leverage ratio reached 7.2% (Tier 1 capital including 40% of H1 2023 net result, early incorporation approved by NBR and dividends distribution of RON 643m from 2022 retained profit) as at 31 December 2023 at Group level, which is well above the 3% minimum requirement enforced based on Regulation 2019/876 amending CRR starting with June 2021.

The sustainable level of leverage ratio results from the strong capital base, namely high level Common Equity Tier 1 capital and Tier 2 capital, and a balance-sheet structure specific to the universal bank business model with core focus on retail activities.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

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

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

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

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

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

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

Based on the Business and Risk 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.

7. INTERNAL CONTROL FRAMEWORK

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

The *first line* of defense is represented by all staff for the operations in their area of activity, comprising all of the Bank's structures (located both in the Network and Headquarters) which are primarily responsible for the ongoing management of the risks arisen in conducting their daily activities, taking into account the Bank's risk appetite and its policies, procedures and controls.

All Bank's structures (including structures acting as control functions) are responsible with performing the first level controls. They represent all measures implemented at operational level, in order to ensure the conformity, validity and security of the performed operations (controls on operational activity and controls on accounts).

The responsibility for the implementation and operation of first level controls is with the management of all Bank's structures (both in first and second line of defense), by the continuous management of risks arising from their daily activities, as per internal normative framework, but also for the implementation of first-level controls and by taking the necessary corrective measures in all cases where deficiencies are identified as a result of the processes or of the carrying out of the control.

Business Integrity Support (BIS) coordinates and harmonizes the managerial supervision by providing support to operational management in its implementation. BIS centralizes the results of managerial supervision controls and submits them to the Executive Committee, Risk Management Committee and Internal Control Committee, if the case.

In a manner similar to BIS, General Accounting Division through the dedicated team, coordinates and assists the Bank's structures in the managerial supervision of accounts.

The *second line* of defense is represented by risk management and compliance functions. As independent functions that oversee risks, they ensure that risks are identified, measured, monitored and reported, according to internal and external requirements, and provide support to operational structures in meeting their risk management tasks.

Risk Management Function is responsible for overseeing risk identification, evaluation, monitoring, and reporting activities, independently of operational and support structures. It has the mission to support the Bank's structures in managing the risks arising from their day-to-day activities. Deputy CEO in charge of Risk (Chief Risk Officer) is the Coordinator of the Centralized Risk Management function and reports to the management body, as well as to relevant committees, all the results / conclusions / recommendations for improving the risk management function. Details regarding Risk Management Function and structures involved are presented in the chapter regarding risk management governance.

As part of the risk management function, BRD has in place a Level 2 control structure that has the responsibility to ensure a better internal control system efficiency by evaluating the quality of the level 1 control. This assessment addresses controls to prevent operational risks generated by the activities and processes within BRD Group. Level 2 control has the following responsibilities:

- Evaluating the design of Level 1 controls / control procedures to ensure that there is a proper framework for monitoring and controlling operational risks related to activities
- Evaluating the performance of these controls to ensure that all operational risks and anomalies have been identified by the first level of control, and that there are appropriate remedial actions and that they are implemented

Compliance Function is an internal control function independent of the other control functions. Its staff has no attributions that fall within the scope of the activities they are to monitor and control and must not be in any conflict of interest from the point of view of compliance responsibilities. The compliance function is coordinated by the Director of the Compliance Department, who is the coordinator of the compliance function at Bank level, being hierarchically subordinated to the Bank's CEO.

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

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

- Transposition of the Bank's strategies/policies/processes into written regulations (norms, policies, instructions, work procedures) and their periodic review
- Raising awareness of each operational level regarding the necessity to control operations and apply working procedures adapted to the nature and volume of activity, taking into account all risk types
- A clear decision process and allocation of responsibilities and authority limits, by hierarchical levels and organizational structures, including appropriate segregation of duties at all organizational levels, in order to prevent assignment of conflicting responsibilities
- A continuous process of identification, assessment, mitigation, monitoring and reporting of material risks
- A compliance program
- An audit plan
- Timely reporting of the deficiencies identified in the internal control system to the appropriate management level, who should address the issues promptly
- Timely reporting of material internal control deficiencies to management body

The internal control framework described above 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.

8. CONCLUSIONS AND PERSPECTIVES FOR 2024

Romanian economy decelerated during 2023, but remained an outperformer in the region. Inflation ended the year in single digit territory, even below expectations, nevertheless, the average for the full year was still double digit. Interest rates reduced gradually and stabilized around 6% in the second semester.

In this context, which remained rather challenging, BRD continuously adapted its offer to align with economic trends, ensuring that its services remain relevant and responsive to the evolving needs of its customers, delivering an outstanding performance, in terms of both commercial activity and financial results.

Loan portfolio grew by +12% compared to 2022, reflecting BRD strong commitment as a trustworthy partner of Romania's economy and of its customers. BRD granted a record of 7.6 bn RON of new loans to individuals, marked the best year for new consumer loans and granted 1 out of 7 loans to individuals in stock on the market, as of 2023 end. Net loans outstanding for small businesses surged by 46.4% year-on-year, surpassing the RON 1 billion threshold for the first time.

Corporate financing also exhibited an outstanding performance, with net loans outstanding increasing by 23% year-on-year, driven by strong contributions from SMEs and large companies. BRD remained a top partner for large corporates and an active financier of eligible companies under IMM Invest Plus program, approving RON 2.6 billion new loans in 2023, representing a 27% year-on-year increase compared to 2022.

BRD took the commitment to play a pioneering role in the field of sustainable products and accompanying its clients in their energy transition. In 2023, new sustainable finance transactions, totaled RON 2.3 billion, pushing cumulative sustainable financing to above EUR 900m as of 2023 end.

Deposit base grew steadily by 10.1% year-on-year by the end of 2023, driven by strong performances on both retail deposits (+9.9% YoY) and corporate deposits (+10.6% YoY).

On the digital front, BRD continued to expand YouBRD mobile banking application functionalities to offer its customers a truly on-the-go banking experience. The ongoing surge of digital adoption is evident, with YouBRD, becoming the everyday financial application for over 1.4 million customers, marking a remarkable +33% YoY increase in 2023.

The very dynamic commercial activity was the foundation for a robust financial performance of BRD Group during the 2023, with double digit revenue growth, while operational expenses were closely managed. This positive trend led to an improved cost-to-income ratio. Coupled with a net release in the cost of risk, these strong business outcomes resulted in a noteworthy increase of +24% in net result and ROE of 21%, demonstrating the strength and resilience of BRD business model.

These results were accompanied by the most valuable prize a bank can receive, as BRD has been awarded "Bank of the Year in Romania", for 2023, by the prestigious publication The Banker.

Looking forward, BRD is strongly committed to continue its progress on its "Horizons" 2025 strategic plan, following closely its main lines of action: customer satisfaction and digitalization, transition to sustainability, engaging bank for its staff and business efficiency.

Further details on the Bank's perspectives and objectives are presented in the budget for 2024 which is submitted for approval to the General Assembly of Shareholders.

9. 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, 2023, made of:
 - Consolidated and separate statement of financial position;
 - Consolidated and separate profit or loss;
 - Consolidated and separate statement of comprehensive income;
 - Consolidated and separate statement of changes in equity;
 - Consolidated and separate of cash flows;
 - Notes to the consolidated and separate financial statements.
- 2) Dividend distribution corresponding to a payout ratio of 60% of the Bank's 2023 net result (gross dividend of RON 1.4070/share).
- 3) Discharge of the Board of Directors.

Jean – Pierre Georges VIGROUX
Chairman of the Board of Directors

Maria ROUSSEVA
Chief Executive Officer

Etienne LOULERGUE
Deputy Chief Executive Officer

Simona PRODAN
Finance Executive Director

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

PROVISION	COMPLY WITH	PARTIAL COMPLY WITH	DO NOT COMPLY WITH	REASON FOR FAILURE TO COMPLY WITH
Section A – Responsibilities				
A.1. All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	X			
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quotate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	X			
A.3. The Board of Directors or the Supervisory Board should have at least five members.	X			
<p>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:</p> <p>A.4.1. Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous five years.</p> <p>A.4.2. Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years.</p> <p>A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director.</p> <p>A.4.4. Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it.</p> <p>A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled</p>	X			

<p>by it, either directly or as a customer, partner, shareholder, member of the Board/Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity.</p> <p>A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it.</p> <p>A.4.7. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director.</p> <p>A.4.8. Not to have been a non-executive director of the company for more than twelve years.</p> <p>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.</p>				
<p>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.</p>	X			
<p>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.</p>	X			
<p>A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.</p>	X			
<p>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.</p>	X			
<p>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.</p>	X			
<p>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.</p>	X			
<p>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.</p>	X			

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

division (internal audit department) within the company or by retaining an independent third-party entity.				
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			
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;	X			

<p>D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;</p> <p>D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;</p> <p>D.1.5. Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;</p> <p>D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;</p> <p>D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.</p>				
<p>D.2. A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.</p>	X			
<p>D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.</p>	X			
<p>D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.</p>	X			
<p>D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.</p>	X			
<p>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</p>	X			

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

APPENDIX 2: NON-FINANCIAL STATEMENT

This non-financial statement represents only a very brief description of the BRD approach on sustainability and corporate social responsibility. A detailed description of BRD activity shall be presented in a separate, dedicated sustainability report.

I. DESCRIPTION OF THE ACTIVITY

Details on chapter 4 of the Report – Group Activity and Results.

II. CORPORATE SOCIAL RESPONSIBILITY

As part of Société Générale Group which is a signatory to the United Nations (UN) Global Compact since 2003, BRD Group is fully committed to integrate these principles relating to human rights, working conditions and the fight against corruption in all its activities and to actively promote the principles within the value chain. Furthermore, BRD Group supports and contributes meeting the UN Sustainable Development Goals (SDGs), recognizing their importance in addressing the biggest societal challenges of the world.

In the following years, BRD Group wants to increase its contribution to these global objectives and establish more actions through which will better contribute to their achieving.

Through the Corporate Social Responsibility (CSR) policy established since 2020, BRD reinforces its assumed role in society: a reliable partner for its employees, customers and suppliers that the Group support to achieve their dreams and goals and a factor of progress for the economy, the environment and the future Romanian society. Through the CSR policy the BRD supports development, innovation and sustainability for both the Bank and its internal and external stakeholders. In developing and implementing its CSR policy, BRD builds on seven values and principles and the above mentioned UN SDGs.

The 7 BRD Values and Principles are:

1. Client first - Trustworthy partners for our customers
2. Integrity - Always do the right thing
3. Care - We care about our people
4. Team spirit - We are One Team built on mutual trust
5. Innovation - We believe in simplicity
6. Responsibility - We lead by example and courage
7. Commitment - We hold ourselves, with professionalism, to the highest standards

For BRD, mitigating climate change is one of the most important global objectives to which we can contribute considering the financing products and solution we can offer to support the transition to a low-carbon and less-intensive resource consumption economy in line with the objectives of the European Green Deal, the Paris Climate Change Agreement and the EU climate targets.

As a consequence, SG Group become a stronger supporter and a direct contributor to the main international initiatives that fight against climate change and encourage climate change mitigation measures. Thus, in 2017, SG adopted the Principles for Positive Impact Finance (UNEP-FI) and became a supporter of the recommendations of TCFD. In 2019, SG Group adhered to the Katowice commitment to align financing portfolios with global climate objectives and joined, as the first French bank, the Climate Bonds Partner Programme, an international network of financial actors working with Climate Bonds to shift investment towards a low-carbon and climate resilient economy. In the same year, SG Group signed the Poseidon Principles that promote low carbon emissions for the global shipping industry, by integrating climate objectives into portfolio management and bank lending decisions. Starting 2020, the Group is aligned with the Paris Agreement and helped found the Net Zero Banking Alliance in April 2020. As part of the SG Group, BRD Group supports and acknowledges all these international initiatives, striving to contribute to the achievement of these ambitious objectives. In addition to the fight against climate change, BRD Group also supports other environmental issues, such as biodiversity. SG Group has implemented a special cross-sector policy on biodiversity conservation, which applies to all Group banking and financial operations and involves procedures for reviewing dedicated transactions (for which the underlying asset is known and fit in the perimeter of evaluations) and customers. As a direct consequence, Environmental and Social (E&S) standards apply to all activities carried out by the Bank. The principles of sustainable financing with a positive impact are

based on BRD's vision and commitments in the field of CSR. Beyond the E&S risk assessment activities, the Bank is committed to promoting sustainable investments and financing with a positive impact.

Implementation of the CSR policy

In order to implement the CSR policy and ensure a follow-up of its performance within BRD, the structures of the Bank directly involved in the interaction with stakeholders fulfil the attributions presented below. In this sense, each structure has the freedom and responsibility to detail the stated principles as well as how to inform the partners of these principles according to the specifics of its own activity in the normative documents that regulate its activity. The obligations of the bank's structures for the implementation of the CSR policy are the following:

- implements, depending on the specifics of the activity and business objectives, the principles related to CSR policy in relation to employees, customers, suppliers and other third parties;
- adapts, as far as possible, the products and services offered to internal and external clients, as well as to partners, to the principles of positive impact financing taking into account the principles of the Bank's CSR policy; communicates to the Communication Division the relevant information on the actions taken to implement the CSR policy and their results, upon request and within the deadlines set by SEGL (General Secretariat);
- establishes, together with the Corporate Affairs Division, the annual indicators for assessing progress. In addition to the above, the following structures fulfill specific attributions related to the implementation of CSR policies at the level of the Bank.

The General Secretariat (SEGL) - Corporate Affairs Division

- Coordinates the manner in which the CSR policy is established, with the support of the banks structures involved in this activity and in consultation with the Climate Change, Environmental and Social Change Committee;
- Represents the Bank, in this field, in relations with professional organizations and associations and with specialized bodies and plays the role of interface with the outside world in CSR issues;
- Coordinates the information centralization process and carries out annually, or whenever necessary, the reports requested by the SG regarding the CSR activities carried out at BRD level;
- Advises the structures of the Bank, at their request, on the CSR clauses within the contracts signed by the Bank with external suppliers;
- Establishes annually, together with the Bank's structures, the annual indicators for evaluating the progress on CSR related topics;
- Monitors periodically, taking into account the annual progress indicators fulfilment of CSR policy obligations by other Bank structures;
- Prepares, with the support of the Bank's structures, the Sustainability Report, for its approval by the management; Together with the Communication Division, it communicates to internal and external stakeholders the carried-out CSR projects and their results;
- Maintains and periodically updates the list of those responsible at the level of the structures for transposing the specific steps that the Bank takes in order to achieve the CSR objectives;
- Constitutes, together with representatives of the Communication Division, a dedicated working group - CSR Team - responsible for monitoring and evaluating how the principles of CSR are implemented. The CSR Team meets whenever necessary.

The General Secretariat (Communication Division) implements the Bank's CSR policy in relation to the categories of stakeholders in its area of responsibility, as follows:

- In relation to various communities (NGOs, sports and / or cultural associations, etc.) - defines and implements the policy of sponsorship and support of communities;
- Defines criteria on the basis of which it supports, through sponsorship, the communities relevant to the Bank. These will take into account: the field of activity of the organization and the purpose of the project, the size and history of the organization, the history of the relationship between the Bank and the organization, the financial value of the projects;
- Together with the Corporate Affairs Division, it communicates to internal and external stakeholders the CSR projects carried out and their results. Provides the Corporate Affairs Division support in the drafting of the Sustainability Report.

Human Resources Department (DRU)

- Carries out, in collaboration with the Communication Division, actions to involve BRD employees in CSR projects carried out within the communities in which the Bank operates and in collaboration with its partners among NGOs, sports and / or cultural associations, etc.

Environmental Social and Positive Impact Financing Division (ESPIF)

- Provides support to business departments in assessing customer E&S factors and transactions and in structuring sustainable financing transactions with a positive impact. BRD is planning to draft a specific sustainability strategy in the next period in order to take into account the latest developments in the field, the general strategy of the bank and stakeholders' expectations. In addition, in order to strengthen the general approach of the group in this field of sustainability, there are other initiatives at the level of each entity.

Climate Change, Environmental and Social Committee is a permanent consultative committee whose main mission is to carry out strategic CSR analysis by reporting to the Bank's objectives, in order to present to the Management Committee, the measures for implementing the CSR strategy in this area.

The mission includes making proposals for setting the Bank's objectives, adopting the relevant regulatory framework, monitoring the Bank's commitments, communication and any other topics related to environmental, climate and social issues. The committee was established in 2021 and is chaired by the CEO.

The Committee discussed as follows: ESG roadmap, CNSM Report on Green Finance, UNEP FI Report on testing the applicability of EU Taxonomy to core banking products, EU Taxonomy preparation, programmes meant to prepare BRD for the new and/or upcoming legislation in the area of sustainability, CSR disclosure, etc. In order to implement the CSR Group policy and to ensure a follow-up of its performance, there are more structures established at the Bank level.

Group Commitments and CSR topics

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

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

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

- ✓ 2000: founding member of the Wolfsberg Group;
- ✓ 2001: joined the United Nations Environment Programme Finance Initiative (UNEP-FI);
- ✓ 2003: joined the United Nations Global Compact, which encourages companies to integrate principles relating to human rights, working conditions and the fight against corruption;
- ✓ 2007: adopted the Equator Principles;
- ✓ 2014: support for the Green Bond Principles;
- ✓ 2014: Lyxor signed the Principles for Responsible Investment
- ✓ 2015: signed a Global Agreement on Fundamental Rights with UNI Global Union (renewed in February 2019);
- ✓ 2015: launched the "Positive Impact Manifesto" of the UNEPFI;
- ✓ 2015: joined the "Soft Commodities Compact" of the Banking Environment Initiative (with the Consumer Goods Forum) to fight tropical deforestation;
- ✓ 2015: subscribed to the "Principles for Mainstreaming Climate Actions within Financial Institutions", launched during COP21;

- ✓ 2016: signed the Women's Empowerment Principles – WEP, Professional Equality Charter of United Nations, and the International Labour Organization's Global Business Charter on Disability
- ✓ 2017: Adoption of the Principles for Positive Impact Finance (UNEP-FI);
- ✓ 2017: Supporting the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD);
- ✓ 2018: Katowice commitment to align financing portfolios with global climate objectives;
- ✓ 2018: Société Générale is the first French bank to join the Climate Bonds Partner Programme, an international network of financial actors working with Climate Bonds to shift investment towards a low-carbon and climate resilient economy.
- ✓ 2019: Signs Poseidon principles that promote low carbon emissions for the global shipping industry, by integrating climate objectives into portfolio management and bank lending decisions.
- ✓ 2020: PACTA for Banks, Hydrogen Council
- ✓ 2021: UNEP-FI Net-Zero Banking Alliance & NZAO, Steel Climate Aligned Finance Working Group
- ✓ 2022: Aviation Climate-Aligned Finance Working Group, Aluminium Climate-Aligned Finance Working Group, Sustainable STEEL Principles

III. CUSTOMER SATISFACTION

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

Customer satisfaction is subject to periodic studies. Société Générale conducts annual group-level surveys for each subsidiary, the main segments of clients (individuals, small business and corporate clients), to evaluate the level of satisfaction in terms of customer-bank interaction. These polls show us both general satisfaction and detailed satisfaction with each interaction with the Bank. In addition, we evaluate the extent to which clients recommend us as a company, level measured through the NPS (Net Promoter Score) indicator.

In 2023, the NPS score at the individual customer level was 54 and at the small business customer, level was 60. Both values place us in the top 3 among major credit institutions: 3th place in the top if we refer to individuals and 2nd place in the top for small business.

Regarding corporate clients, with yearly turnover greater than 1 mil euro, NPS score for 2023 shows also a high level of general satisfaction. Its value of 72 for 2023 and 65 for 2022 are a recognition of the permanent BRD effort to meet customer expectations. The fact that, also in 2023, we rank first among main competitors, for a market segment with complex business needs, is a strong motivation for further improvements, in order to preserve a top position for customer satisfaction.

Starting with Q4 2018 we have been conducting continuous studies to evaluate individuals and small business clients' satisfaction following their interactions with the Bank. These studies help us gain a clearer picture of the reasons and actions that contribute to maintaining and increasing customer satisfaction. Additionally, they allow us to intervene promptly in cases of dissatisfaction. Also we carry out other punctual studies and pre-post surveys testing new products launched to adapt as much as possible the offer to our clients' needs.

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

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

If the Bank's response does not fully meet the customer's request, the client is informed in writing of its right to address the competent authorities or to resort to alternative dispute resolution mechanisms

(CSALB Alternative Dispute Resolution Centre, The Alternative Dispute Resolution Entity in the NonBanking Financial Sector - SAL-FIN, etc.).

In 2023, we handled around 10,000 complaints, suggestions and requests at the relevant department level within the Bank.

During 2023, BRD remained in the top 3 most important contributor to CSALB, as a result of its focus on amicably resolving disputes in which the Bank is involved in customer relations.

BRD is one of the banks that has built a commercial and responsible relationship with CSALB, being strongly involved in supporting this alternative dispute resolution approach.

BRD Groupe Société Générale has proven, in recent years, not only that it understands the role of the conciliation procedure, but also its willingness to effectively help its customers, and to assist in identifying real solutions to the needs of consumers who turn to CSALB. The BNR annual reports on CSALB's activity particularly appreciate the involvement of the bank's top management but also of the team directly involved (SEGL/Quality Department) in supporting CSALB's activity, including in the line of communication & PR and financial education projects.

CLIENT SATISFACTION	2021	2022	2023
Response time following a complaint (days)	30	30	30
Ombudsman response time in case of disagreement (CSALB) (days)	90	90	90
Number of mediation requests	222	164	173
Cases handled by the ombudsman (CSALB)	222	164	173
Cases handled by the ombudsman (CSALB) decision issued	70	40	45

IV. ETHICS AND GOVERNANCE

RESPECT FOR HUMAN RIGHTS

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

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

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

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

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

CULTURE AND PROFESSIONAL CONDUCT

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

The Code of Conduct gathers a set of strict rules and guidelines that aim to promote the values of BRD and Société Générale Group, at internal level and in relation with stakeholders involved in Bank's activity.

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

All BRD employees continued and completed e-learning sessions regarding culture and professional conduct. Code of Conduct is available and applicable for all employees, including relevant and affiliated people, for initiated people and for BRD employees in charge with Bank's activity on financial markets.

Given the above, BRD has not registered any major incident pertaining to aspects related to human rights, the fight against corruption and anti-bribery activities. A more detailed description of the actions taken in each of those areas is provided below in the respective section of the report.

FIGHT AGAINST CORRUPTION

Société Générale Group conducts its business ethically and in compliance with all applicable laws, including laws prohibiting corruption, bribery and influence peddling in all countries in which it operates.

BRD, as part of the Société Générale Group, has adhered to the Société Générale Group's anti-corruption code, principles and rules. Any act of bribery or influence peddling is strictly prohibited in BRD.

As part of the projects initiated at Société Générale Group level in the field of anti-corruption and in line with the Group's standards, the Bank continued to strengthen its governance framework on anti-corruption / ABC (Anti-Bribery and Corruption) governance and to develop the regulatory framework by revising new regulations and strengthening specific processes. Dedicated ABC governance structures and specific roles in this area continued their work during 2023 and strengthened their perimeter, including through dedicated reporting at the Bank's management level.

At BRD level, there are assessments on corruption-related risks, both from the perspective of the Bank's awareness of the associated risks (e.g. monitoring of training sessions conducted for Bank staff and evaluation of the results) and as part of the risk assessment exercises conducted at Société Générale Group level on anti-bribery and corruption.

As part of the fight against corruption, on Societe Generale level is WhistleB, a group wide tool for reporting concerns to a dedicated central team in Societe Generale, on an anonymous basis if desired. The tool is available at: <https://report.whistleb.com/fr/societegenerale>

BRD, as part of the Societe Generale Group, has an independent and autonomous channel for internal reports for reporting actual or potential breaches of regulatory or internal requirements, which ensures the confidentiality and anonymity of the date in line with legal regulations in force. The tool is available at: <https://report.whistleb.com/en/brd>

OTHER CORPORATE GOVERNANCE ELEMENTS

CONFLICTS OF INTEREST

The main obligations of the members of the Board of Directors and the Management Committee, imposed at Bank level to prevent and avoid conflicts of interest, are:

- the obligation to act solely in the Bank's interest and to take decisions without being influenced by any self-interest that may arise in their activity;

- the obligation to keep confidential any facts, data or information that they become aware of in the course of their responsibilities and understand that they are not entitled to use or disclose them either during or after their activity;
- the obligation to inform the other members of the Board of Directors and the internal auditors of any operation in which they have, directly or indirectly, interests contrary to the interests of the Bank and not to take part in any deliberations concerning that operation;
- the members of the Management Body shall abstain when the agenda of the Board of Directors and the Management Committee includes decisions on third parties with whom they are in a conflict of interest by nature.
- the obligation to respect professional secrecy with regard to confidential information to which they have access, debates and decisions in which they have participated and which have not yet become public.
- Members of the Management Body must not take part in any deliberations on any matter in respect of which they are or may be in a conflict of interest or in which their objectivity or ability to perform their duties properly might otherwise be compromised.

REGIME APPLIED TO RELATED PARTIES

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

In this respect, the related party transactions are concluded on fair terms that respect competition law, are subject to the same pricing rules and competences applicable to the transactions with non-affiliated parties.

The transactions with related parties whose value places them in the competence of the Board of Directors' approval are prior to the approval reviewed by the Audit Committee from the conflict of interest perspective.

PERSONAL TRANSACTIONS OF STAFF EXPOSED TO INSIDE INFORMATION

In order to establish a preventive and secure framework of action for personal market transactions performed by persons who, through their position in the Bank, may have access to inside information in relation with BRD, the Bank has established and applied a series of deontological rules to be respected by directors, managers and a specific group of other staffers with potential access to inside information, in order to avoid breaching the legal framework applicable in respect with preventing and identifying market abuse on trading financial instruments issued by BRD. Similar rules are also implemented for the trading of listed financial instruments issued by other issuers for which BRD provides certain services and which may provide inside information during their regular business activity with the Bank.

These rules consists in:

- Implementation of physical and functional segregations (Chinese Walls) for areas where such inside information may occur;
- Blackout periods (prohibition) for trading in financial instruments issued by BRD before publication of the Bank's financial reports or any other important report that may request such a preventive measure, as well as temporary trading restrictions in relation with other issuers, when the case;
- Implementation of specific rules for pre-approval of transactions for specific categories of staff (top management included) in order to prevent suspicions of insider trading that may arise at the level of the Bank's senior management, in the commercial areas (trading, corporate finance, structured finance etc.), as well as in their support and control areas.

Rules for reporting personal transactions with financial instruments (including BRD listed shares) performed via other intermediaries;

TRANSACTIONS CARRIED OUT BY PERSONS DISCHARGING MANAGERIAL RESPONSIBILITIES

According to internal normative framework based on Regulation EU no. 596/2014 (MAR), persons discharging managerial responsibilities (as established based on MAR Regulation, BRD's Board of Directors members and Management Committee members,), as well as persons closely associated with them shall notify the Bank (General Secretary /Corporate Governance) and ASF for each transaction performed on their behalf in connection with BRD's listed shares and, when will be the case, BRD debt instruments or any other instruments related with BRD as an issuer. Notifications are made promptly

and no later than three business days after the transaction date, since the total value of transactions, regardless buys or sells, reaches a specific threshold set by ASF.

General Secretary/Corporate Governance takes the necessary actions to ensure that the transactions notified by the persons discharging managerial responsibilities will be promptly published, no later than 2 working days from the receiving date of the above-mentioned notification, in a way allowing quick and non-discriminatory access to this information, in accordance with the legal provisions.

The reporting requirement shall only apply when the transactions exceed the threshold set up by the Financial Supervisory Authority (equivalent of EUR 5,000). The threshold is calculated by summing up all transactions made within one calendar year, without netting between sales and purchase transactions.

CYBER SECURITY

In respect of CyberSecurity, BRD Groupe Société Générale is aligned and guided by the global SG Group policies implemented for managing cybersecurity.

According to the SG - NIST v2 Barometer Security Program, BRD is rated at a score of 3.74 out of 5, the highest amongst all SG subsidiaries. The target for BRD at the end of 2024 is set to 4.

The function of CISO – Director of Information Security Division - is managing the cyber security activity in BRD Groupe Société Générale. Information Security Division is the governance and the second level of defense team for Information Security. One team (SOC) is dedicated for operational security and is equivalent to first level of support. The SOC team is reporting to the Chief Technical Officer, Head of Infrastructure Production and Operations Department.

To fight cybercrime, BRD Groupe Société Générale has an ongoing activity of implementing, managing and monitoring cyber security solutions in order to protect the assets and transactions of its customers (individuals and legal entities), as well as the personal data of its customers, employees and suppliers. Thus, there have been significant improvements in the prevention, detection and response to cyberattacks, which are growing in a continuous fast pace on an international level.

During 2023, BRD was not affected by any major information security incident and also increased its maturity level by designing and implementing its Cyber Defense Strategy enforcing the Detection, Reaction and Response capabilities:

- Anti DDoS hybrid infrastructure consisting of: On-Premises appliance effective for applicative attacks, including sophisticated “low and slow” attacks, and On-Cloud Radware services, effective for volumetric attacks.
- Immutable offline data backups, protecting backup data from any potential ransomware attacks.

During 2023, the IT Pole of BRD Groupe Société Générale has continued to maintain the certifications for the Bank:

- ISO27001:2013, regarding the information security and
- PCI-DSS for „Service Provider Level 1”, essential for the relationship with the authorities and traders in Electronic Cards activity.

Starting 2020, BRD Groupe Société Générale has been registered as an Essential Services Operator at national level in the financial domain. As a consequence, a legal audit according to the national law implementing the EU NIS Directive (Law 362/2018) was conducted during January-March 2023 by an external certified auditor. The audit opinion was positive.

In 2022, National Bank of Romania asked for the performance of audit missions in order to assess the implementation in BRD of several European Banking Authority’s Guides, like EBA/GL/2019/04 on outsourcing and EBA/GL/2019/04 on ICT and security risk management. For EBA/GL/2019/04 on ICT and security risk management, there has also been conducted an external audit, performed by a certified auditor. The audit opinion was positive (out of 98 controls: no controls has been evaluated as “Not compliant”, only 1 control evaluated as “Partially Compliant” and 7 controls “Compliant, with Recommendations for Improvement”).

In 2023, all the Remote Banking applications, for Individuals and Corporate customers, have been audited by external certified auditors and received their functioning approval from ADR (Romanian Authority for Digitalization). BRD Groupe Société Générale is one of the few Romanian commercial banks offering security solutions for clients in remote banking applications, for both legal entities and individuals, also acting to raise awareness on the topics of information security through the contractual clauses of the “Remote Bank” services, through institutional website and periodical e-mails to clients.

As a mature organization, BRD continuously improved its security posture according to its Cyber Defense Strategy through:

Prevention

- Regular internal security audit missions on different areas and subjects;
- Review of some of the most important normative documents and issuing new ones (85% of all the normative documents new or reviewed in 2023);
- Enhancing the operational program for early detection of the information security vulnerabilities, mandatory maintenance schedules by technology and obsolescence, while decreasing the Remediation Objectives times;
- Continuing the permanent awareness of the Bank's employees, since their onboarding (individual InfoSec Annex signed with the Individual Labour Contract by more than 96% of the employees and training) and yearly, through regulatory web-trainings, as well as through periodical e-mails and webinars;
- Several professional certifications have been acquired by the members of the Cyber security teams (ISEC and IPO): C-CISO, (ISC)² CC;
- BRD has contributed to increase its partners' responsibility for information security, by systematically including the specific information security clauses in the contracts in which BRD is the beneficiary, from the moment of selection (RFP);
- Execution of a Table Top exercise simulating a Cyberattack scenario; the execution of the exercise proven the capability of Bank's defence dispositive to detect and respond to cyber-attacks;
- BRD has adopted and integrated in the Project Methodology a new standard for „Security by Design/Privacy by Design” and a new information security testing strategy, applicable for each new application acquisition and/or development in order to release in production applications complying with appropriate security rules and to reduce the cybersecurity debt;
- During 2023, BRD has kept the RedLine, the new framework for counter-fight the Black Swan events and the counter-measures for their prevention (dreadful scenarios with an outstanding impact on the Bank if they materialize; a detailed analysis on the sensitive assets potentially affected by those dreadful scenarios is currently in the 4th out of 5 phases);
- The flow for InfoSec derogations have been extended for more cases implemented in the ticketing tools, according to the audit requirements;
- Technical security projects conducted along with the Groupe Société Générale technical entities in order to increase the security in depth controls on different technologies (ex. the eradication of the dangerous protocols on the border firewalls);
- Within the Digital Transformation program, ensuring the continuous support in the development of the projects, by providing and validating the security requirements;
- Assessing the security risks within the ongoing projects, as well as within the New Products Committee (NPC);
- Strengthening the IAM area by updating governance and by clarifying and segregating the roles between the two main actors involved in the process of managing and authorizing access to IT resources: Level 1 - Operational (represented by User Rights Management) and Level 2 - Governance, which ensures the management of the roles and profiles in business applications;
- The bastion for IT privileged accesses has been enforced and generalized;
- Deployment of continuous review and periodic controls to reduce access rights related risks and to enhance the management of the roles and profiles in business applications.

Detection, Reaction and Response capabilities

- Permanently review of the automatic event correlation rules in SIEM (Security Information Event Management) and of the DLP (Data Leakage Protection) rules;

- For the future the main improvement points are related to preparing the infrastructure to run in the cloud environment which represents the next evolution in technology, increase our capacity of detection (introducing new technologies like AI-artificial intelligence and ML – machine learning) with automation in reaction (SOAR – Security Orchestration and Automation Response) capabilities, in order to sustain and support all Business Activities unaffected by any cyber threats.

PREVENTING FINANCIAL CRIME AND PERSONAL DATA PROTECTION

BRD is engaged in the fight against fraud and considers this effort as a fundamental part of its policy, along with a general commitment to initiate and maintain business relationships in full compliance with applicable laws and standards of ethics and integrity, managed by the Bank through the Control functions.

Fraud risk management is part of the general Bank's risk management and represents all the principles that should be taken and respected by all employees.

In order to prevent and reduce fraud risk and the associated risks, and also to impose the conduct needed to prevent and identify the frauds, all the Bank employees are responsible for learning, assumption, enforcing and implementation of fraud risk management policy, whether their labour relations are established through individual contracts on undetermined period, on limited period, full time or part-time working program, temporary employment, working home contracts, apprenticeship contracts. To comply with BRD Policy of fraud risk management is also mandatory for persons in relation with the Bank (detached from other employers to provide work in the BRD - Groupe Societe Generale SA during the detachment period, persons in temporary relation with bank provided by labour agencies under a disposal contract, service providers having contractual relation with the bank, and staff conducting practice or other professional internships in the Bank's units, without limiting to doctorates, pupils or students).

This fraud risk management policy presents the main guidelines to manage the fraud risk (internal and external) in BRD, establishing the general principals applied by the bank in the fight against fraud: definition, objectives, evaluation instruments, control, conduct, roles and responsibilities, internal regulation framework, in accordance with legal regulations, the reality of the markets where the bank operates and with the policies in the field of Groupe Societe Generale.

The main objective of managing the fraud risk is to reduce exposure to such risks and to the associated risks, by implementing some actions of preventing fraud, by mitigating the impact if the fraud occurred, by early detection of potential fraud or occurred fraud and by recovery the loss from any operation/action taken in scope to fraud the Bank, Groupe Societe Generale or their clients. Also, the management of fraud risk aims to create a stable and safe environment for the Bank and its clients/partners through effective antifraud approach and to facilitate the creation of an organizational culture that protects the bank's reputation and values.

Antifraud Bank's strategy is to entirely cover "antifraud process" in accordance with the best international standards in the field, legal requirements and polices / code of SG Group, starting with prevention and detection, finalizing with investigation and remediation of fraud. BRD is based on integrity, high standards of ethic, promoting bank' values, respecting internal regulatory framework and laws, in order to achieve specific quality objectives and to achieve targeted performance.

BRD has zero tolerance for any type of fraud, which means that all suspected incidents of fraud are thoroughly analysed / investigated.

During the last years, BRD Group went through a complex process for GDPR implementation and continuously improves its processes, services, products, operations involving the processing of personal data in order to comply with European and national data protection legislation. BRD Groupe Société Générale aligns and follows the global policies of the SG Group implemented for the protection of personal data. The main purpose is to be compliant with law requirements, to avoid financial losses as a consequence of fines applied by the authority (ANSPDCP), reputational losses, and possible negative impact on data subjects, including affecting their rights and freedoms. For the management of data protection, the Bank has in place internal policies which are reviewed annually and are submitted to the Management Committee's and/or Board of Directors' approval.

Personal data collected from data subjects (i.e. customers, potential customers, collaborators, partners, employees, candidates for open positions within the bank etc.) is processed only for specific purposes on which data subjects were clearly informed. When necessary, the Bank collects the consent from data subjects.

The Bank has implemented processes aimed to efficiently respond to exercising of rights requests and to manage potential personal data security breaches.

A Data Protection Officer (DPO) has been appointed since the application of GDPR and a structure has been established within the Bank – the Data Protection Cell (DPO), monitoring the compliance of Bank's processes, services, products, operations from the perspective of data protection at central level, in close cooperation with Legal and Compliance departments. Beside the DPO, at Bank level have been appointed Data Protection Correspondents within central structures. Data Protection Correspondents ensure the operational tasks of the activity carried out by the DPO, including the following: providing necessary information to keep the Processing Register up to date, support for preparing responses to requests for exercise of rights received from data subjects, providing advice and support to business departments regarding the assessment of the impact on data protection, support for the analysis and documentation of security breaches, involvement of DPO in all activities that require this thing. For local affiliates, even they have appointed their own PDPO or not (for the latter case being nominalized only a Data Protection Correspondent with the above responsibilities), the activity is closely monitored and Group's rules and principles are applicable.

Also, at Bank's level is developed a GDPR Program, monitored quarterly by BRD's Top Management through a dedicated Steering Committee, program within which are assured the implementation of GDPR requirements, improvement of different data protection aspects, and the management of certain transversal projects involving GDPR aspects.

The Bank has taken measures to continuously improve the security of its applications in order to keep pace with technological developments. Moreover, the selection process of services/goods providers that could have access to Bank's data considers only the third parties that have implemented adequate technical and organizational measures to keep Bank's data secure. Also, in situations where the suppliers with whom the Bank enters into contracts act as 'data processors' according to GDPR, they are obligated to act in accordance with BRD's instructions and comply with BRD's data protection policies and rules.

The technical and organizational measures implemented by the Bank to ensure compliance with GDPR requirements include the following:

- Information notices made available to clients, candidates, suppliers, free of charge, both in branches and/or published on the Bank's website
- Information notice made available to BRD staff on the Bank's Intranet.
 - Note: Updates/Modifications of Information Notices are communicated to the data subjects in accordance with the requirements/guidelines (e.g., pop-ups on the website, etc.).
- Offering the possibility for data subjects to express or withdraw the consent when the processing is based on this legal basis and exercise their rights through various channels (bank units, website, email, etc.)
- Implementation of cookies consent on Bank's website
- Implementation of an incident management flow for data security breaches, including notifying ANSPDCP and the data subjects, if applicable
- Encryption of data at rest and in transit
- Developing a comprehensive training program including on-line and e-learning for all employees
- Ensuring data protection by design and by default, including performance of privacy impact analysis for sensitive processing and minimization of data
- Granting access to data to employees based on need to know basis
- Periodic revision of access rights mentioned above
- Performance of penetration tests in order to timely detect vulnerabilities of exposed applications
- Implementation of a normative framework aimed to the protection of personal data

- Keeping records of processing activities
- Set up of structure within the Bank - the Data Protection Cell in order to monitor compliance with regulation, inform and advise on the obligations arising under the Regulation, manage requests from the ANSPDCP (investigations, inquiries, requests for additional information, PIAs, etc.), and the relationship with it, evaluate the contractual documentation applicable both in relation to data subjects (clients, potential clients, employees, etc.) and in relation to the Bank's suppliers, spread the culture of data protection, etc. Some of these tasks are linked to performance assessment.

The data subjects may exercise their rights regarding the personal data as granted by GDPR through the communication channels provided by the Bank (agencies, contact centre, complaints, electronic form available on the Bank's website, by contacting directly at dataprotection@brd.ro in case of clients or pdpo@brd.ro in the case of employees).

The activity (requests from data subjects other than employees) is coordinated by SEGL / QLT with the support of the Data Protection Cell.

Requests received from employees / collaborators are processed by the Human Resources Department with the support of the Data Protection Cell.

V. RESPONSIBLE EMPLOYER

The strategic objective in the Human Resources are is to be an employer of choice that actively promotes diversity and new ways of working through:

- Building an employee-focused organisation, putting people at the heart of our strategy and paying more attention to health and well-being in the workplace;
- Continuously developing employee skills;
- Recognizing individual performance and contribution to the bank's performance;
- Creating a culture of accountability;
- Simplification.

Human rights, diversity, anti-discrimination policy, gender equality

Within BRD, the general policy is to treat everyone, with equal respect, offering everyone equal opportunities to be recruited, promoted, rewarded, trained and based solely on personal qualities, by respecting human rights, as set out in the Universal Declaration of Human Rights, as well as in the EU Charter of Fundamental Rights.

Diversity is an important component of the Bank's strategy and is based on an effective and independent performance management system that ensures that employees' attributes are valued from a competency perspective.

We are committed to maintain fair relations with our employees, pay particular attention to adequate working conditions in terms of social protection, health and safety at work, as well as respect for the dignity of employees in accordance with the relevant legislation in force, the applicable Collective Labour Agreement and internal regulatory documents.

The internal regulatory framework ensures protection against any form of discrimination and access to jobs is provided freely throughout the organisation.

Employees have the following main rights:

- the right to collective bargaining; - our employees have the right to exercise their freedom of association and collective bargaining in accordance with the applicable legal provisions.
- the right to protection of personal data;
- the right to protection in the event of dismissal; the Bank gives 20 working days' notice when dismissing employees, as well as compensation for dismissal and termination through retirement;
- the right to protection against all forms of harassment;
- other rights provided for by the legislation in force, such as: the right to remuneration for work performed; the right to daily and weekly rest; the right to annual rest leave; the right to equal

opportunities and treatment; the right to dignity at work; the right to safety and health at work; the right to access to vocational training; the right to information and consultation; the right to take part in determining and improving working conditions and the working environment; the right to collective and individual bargaining;

- the right to participate in collective action;
- the right to form or join a union;
- other rights provided for by law or applicable collective agreements.

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

Decisions related to salaries, benefits, training, promotions, disciplinary measures or dismissals are based solely on professional activity, inclusive on employee's performance, not on personal characteristics, race, origin, gender, religion, sexual orientation or political opinion.

Individual employment contracts are usually for an indefinite period of time, which is a rule for employment under the applicable legislation. Employees on fixed-term individual employment contracts will not be treated less favourably than permanent employees solely on the grounds of the duration of the individual employment contract, unless different treatment is justified by objective reasons.

Job information is available on the internal platform, MyWorkplace, in order to ensure that employees have free access to it, as required by law.

The hybrid work programme was launched in 2020. Currently the Bank has adopted a hybrid work organisation model with a mix of teleworking and physical presence at the office.

In accordance with legal requirements, our employees are entitled to paid leave and days off, depending on the situation. In addition, under the collective labour agreement, the Bank grants days off for certain family events.

There is a Collective Labour Agreement in BRD, which is the result of annual negotiations between the management and the employees' union (40.35% syndication degree).

Communication with our employees is always open and aims to keep them informed and aware of the reality of the company. To this end, we constantly inform and consult our union representatives about developments in the company's activities that may affect the interests/rights of employees, in accordance with the applicable legal and/or contractual provisions.

BRD tools and special programs:

- Recruitment (job description, selection criteria)
- Promotion (criteria, specific programs)
- Remuneration (criteria, compensation packages and benefits)
- Career management (specific programs)
- Assessment (skills, rating system)
- Dismissal (criteria, compensatory packages)

These tools take into account: the needs of the Bank; qualification, professional experience; professional performance; technical, commercial, managerial skills; professionalism, team spirit, innovation.

The Human Resources Department (DRU) provided specific support through several projects that aimed to optimize the Bank's structure to be more efficient and provide quality services to our customers. The Bank's objective was to ensure efficient and dynamic structures, in order to maximize the results from the point of view of business development. Some of the most important such projects relate to: optimizing the structure of the various departments located at the central headquarters, territorial reorganization at network level (relocations, closures and mergers of agencies) and providing support for special projects, etc.

In BRD, women are not a minority population; they actually represent 76% of all personnel (at the end of 2023).

- 362 women are in maternity leave (6% of all women); when returning from maternity leave, they receive an integration training according to agreement with the direct manager

The number of active employees of the Group was 6,070 as of 2023 end (6.126 at the end of 2022), while the number of active employees of the Bank was 5,854 as of 2023 end (5.833 at the end of 2022).

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

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

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

At the end of 2023, the presence for the weakly represented gender within the Management Body was 54% of the total number of the members.

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

Creating a culture of responsibility

The environment in which BRD operates is uncertain: numerous regulations, transparency requirements, tougher competition, the digital revolution, etc. In this context, our values help us to focus on what is essential, to carry out our activity with pride and to encourage others to want to join us in the development of tomorrow's bank: the successful awareness of our role as bankers, in the service of our customers.

Responsibility is one of the values of our Bank and is incorporated in the actions of its employees.

As a financial institution, we contribute to the economic, social and sustainable development of the environment in the economies in which we operate. We want to help our clients fulfil their projects' potential, while paying attention to risks in all their aspects.

Our responsibility and code of ethics involve quickly meeting the needs of our clients, while taking into account the long-term interest of all stakeholders and strictly adhering to the rules of our profession. Our responsibility is also reflected in the courage to be accountable for our actions and decisions and to express our opinions in a transparent manner. In short, it's about giving as much importance to how we get results as to the results themselves.

In 2023, all BRD employees completed a training session on the Code of Conduct in e-learning, training in which the components of the code were addressed. The course could be promoted only in case of a score of at least 80% at the final test.

The Code of Conduct is available and applies to all employees, including relevant and affiliated persons, insiders and BRD employees responsible for the Bank's activity in the financial markets.

Also, during 2023 the Bank's staff received dedicated professional training in order to raise awareness about risks and specific issues such as: the integrity of financial markets, preventing and combating corruption, preventing money laundering and terrorist financing, etc.

In the field of Culture and Conduct (C&C) at the Bank level, the actions of promoting C&C aspects among employees through campaigns and dedicated projects continued, in order to consolidate the maturity of the organization and promote and strengthen a culture in which the risk of conduct is known, assimilated and properly administered as part of the day-to-day activities of employees.

In 2023 we launched Speak up and Prevent inappropriate behaviour communication campaign in order to encourage speak up and to prevent inappropriate behaviours among employees. This campaign was organized in 2 waves and consists of several screensavers, dedicated messages in the HR Newsletter, article in internal magazine and Speak up & Prevent inappropriate behaviour conference, dedicated to all staff, organized in September 2023.

The objective of the event was to emphasize the importance of Speak up and offer information and transparency on the right to alert process. The event included:

- Speak up definition and why it is important
- Management perspective on Speak up and right to alert - BRD CEO Speech
- Right to alert: SG group perspective and information about the process
- Panel discussion with HR & Deontology departments - case studies
- Q&A session with the colleagues.

Acknowledging individual contribution to the Banks' performance

The Human Resources Department places particular emphasis on the employees' engagement, something that improves team performance. Recognizing each person's contribution to the long-term performance of the group, ensuring well-being in the workplace and using the benefits of diversity in teams are essential to maintaining employee relationships with the company and improving efficiency.

Performance management is based on three major pillars:

- Clear and measurable objectives based on the appropriate job description.
- Continuous feedback and individual development plan.
- A serious and transparent process of evaluating the employee, both in terms of results and in terms of how they were achieved.

The assessment process is a way to manage and develop skills aimed at:

- Discussions on the expected level of achievement of the objectives depending on the deadlines and means defined at the beginning of the year, as well as in relation to the working environment.
- Evaluating the results and the way in which they were achieved, taking into account the responsibilities and objectives set for that year.
- Identifying acquired skills.
- Identifying training needs and ensuring the conditions for professional development.

The evaluation of individual and collective performance takes into account the qualitative and quantitative performance criteria measured with KPIs. The role of the KPI system, a key element of performance management, is to set challenging but achievable goals with relevant performance indicators. Achieving these goals is a key element in the organization and is linked to continuous improvement of services and the achievement of goals, objectives and priorities.

Encouraging an environment that promotes employees' commitment

One of the principles of our leadership model is that "everyone acts ethically and courageously". This translates into specific concrete behaviours that can be observed in the organization and that are valued at the level of employees: we encourage everyone to speak, ask and provide constructive feedback and take responsibility for actions.

In the context of an ever-changing business environment, BRD launched at the end of 2019, the Organizational Culture Program which aims to accelerate the speed of the organization's reaction to external challenges by increasing employee involvement, by adopting behaviours that bring positive change in organization and improve Bank's performance.

The Organizational Culture Program launched in 2019 aims to outline a vision for the new way of working, defining the current organizational culture, establishing and implementing an action plan that will support the spread of the new crops throughout the Bank.

In the first stage of the project, a series of individual discussions took place with the board members as well as several workshops with both the board and the Bank's top management in order to define together the desired cultural vision in BRD.

In the second stage of the project, around 150 interviews and several workshops were held with people from all areas of the bank, followed by a questionnaire launched throughout the Bank to understand the point of view of employees regarding current working environment and gather ideas about their ideal working environment.

We are currently working on defining an action plan to support the spread of the new culture that aims to:

- developing a way of working focused on simplification,
- improving the way of collaboration between employees,
- encouraging the expression of opinions and improving the culture of feedback,
- increasing the level of responsibility of each employee, regardless of the hierarchical level,
- sharing examples of good practices in the organization,
- optimizing communication at the organization level,
- developing employees' skills,
- improving the relationship with the client.

In addition to the action plan launched in 2021, on 2023 within the Organizational Culture Program, coaching programs were developed for both the Board and for top management to support them as examples of practicing the new way of working for the teams which they lead.

Last but not least, several initiatives were carried out in the Bank in 2023 such as:

- Transversal projects
- Agile teams
- The new format for organizing the Board meeting
- Workshops and focus group on different business topics

In 2023 the actions in the program focused on practicing desired behaviours that encourage simplification through collaboration, courage, taking responsibility, learning from mistakes, feedback. Thus, actions such as: workshops with top management and development programs for managers, events with people who have been successful in their careers, both internal and external guests, trainings dedicated to employees with focus on simplification behaviours, focus on communicating new behaviours through all channels, creation of communities - Coding Academy, informal meetings between colleagues to increase collaboration, measuring progress through questionnaires.

Below are some BRD's key human resources indicators for 2023 and in evolution:

Indicator	2021		2022		2023	
	2021	% from total employees /FTE	2022	% from total employees /FTE	2023	% from total employees /FTE
Total number of female employees on permanent contracts	4,570	68	4.648	72	4,634	72
Total number of female employees on fixed-term contracts	468	7	257	4	232	4
Total number of male employees on permanent contracts	1.530	23	1.468	23	1,489	23
Total number of male employees on fixed-term contracts	110	2	70	1	63	1
Total number of employees	6,678	100	6.443	100	6,418	100
Number of female employees present on permanent contracts (FTE)	4,044	66	4.214	70	4,256	71
Number of female employees present on fixed-term contracts (FTE)	463	8	254	4	232	4
Number of male employees present on permanent contracts (FTE)	1,510	25	1.458	24	1,480	25
Number of male employees present on fixed-term contracts (FTE)	110	2	70	1	62	1
Full-time equivalent employee (FTE)	6,127	100	5.996	100	6,030	100

Number of work-study participants present during the year	30	0.5	110	2	117	2
Number of work accidents (as defined by local regulation)	2	0	5	0	0	0
Number of employees who had an annual performance evaluation (eligible employees with more than 6 months in the Bank)	6,277	100	5,936	99	5569	95%

- Data regarding annual performance management is only for BRD – bank. At the reporting time the performance evaluation process for 2023 was still in progress.

* part-time employees are marked as FTE=1

** It includes data for BRD AM and SOGELEASE

Training	2021	2022	2023
Total number of hours of training	434,197.00	386,745.31	420,063
Total number of hours of training for female employees (classroom and e-learning)	331,126.00	305,541.13	336,782.46
Total number of hours of training for male employees (classroom and e-learning)	103,071.00	81,204.18	83,280.35
Average number of training hours per employees who attended at least one training session during the year	66	62	57
Number of female employees who attended at least one training session during the year	4,357	4,281	5,012
Number of male employees who attended at least one training session during the year	1,542	1,433	2,360
Number of employees who have completed at least one training course	5,899	5,714	7,372

Extra information on our human resources strategy is available in the main body of the annual report, under the dedicated human resources chapter.

VI. CSR IN THE PROCESS OF PURCHASING GOODS AND SERVICES PERFORMED ON BEHALF OF BRD

Any purchasing act must comply with the principles and commitments of Responsible Purchasing included in the Sustainable Sourcing Charter.

Sourcing projects over EUR 50,000 and significant outsourced activities are handled by Sourcing Department via a normative framework which includes both a responsible purchasing policy, as well as a code of conduct for suppliers in place.

Sourcing Department works with the Sourcing Network on different streams to support business units in the identification of levers and to monitor local targets achievement for carbon footprint (Energy / Air Travel / Car Fleet) and single use plastics (Catering / Vending machines / Events / Office supplies).

Specific procedures involve:

- a) Actions performed during the selection process of suppliers: starting with October 2020 environmental and social risks related to products and services are evaluated based on the CSR Risk Matrix. Depending on the sourcing category, a certain CSR percentage is included in the assessment grid and is part of the final assessment of the suppliers' selection.
- b) Actions performed before contracting a supplier: checking the suppliers from the CSR point of view (within the SG Group CSR exclusion lists – “CSR Watch List & CSR Exclusion Risk).

Actions performed while contracting and during the relationship with a supplier: since 2019, any procurement act must comply with the principles and commitments included in the Sustainable Sourcing Charter. The Charter sets out the Group's sustainability commitments, obligations and expectations with respect to its suppliers and thus procurement contracts include mandatory CSR clauses.

Since 2019, all contracts signed with the involvement of the ACH team, with a value > 50k, EUR, VAT include the mandatory CSR clauses.

VII. ENVIRONMENTAL AND SOCIAL FACTORS (E&S) - ENVIRONMENTAL AND SOCIAL RISK ASSESSMENT STANDARDS

The ESG risk management framework reflects both the regulatory obligations to which the Group and the Bank is subject and the voluntary commitments the Group has made on these issues. It is centred on the Environmental and Social General Principles, the Transversal Statements and the E&S sector policies, as well as on the internal procedures that enable their operational implementation. The Group has defined (available here: [environmental-and-social-general-guidelines-oct2016.pdf](https://www.societegenerale.com/en/responsability/ethics-and-governance)) and BRD applies Environmental and Social General Principles which describe the standards and main principles of responsible E&S risk management in all its banking and financial activities. The Sector Policies and Transversal Statements define the standards that Société Générale intends to apply to sectors considered to be potentially sensitive from an E&S point of view (such as oil and gas, the mining sector, etc.) and to certain sensitive issues (such as biodiversity). They are drawn up by cross-functional working groups and approved by General Management. They are public and can be accessed on the following link: <https://www.societegenerale.com/en/responsability/ethics-and-governance>. ESG Risk factor management is based on two complementary approaches:

- Management of risks linked to corporate client relations applicable at the time of entering into a relationship, at the time of the periodic review or in situations relating to corporate client that may pose a reputational risk of ESG origin to the Bank;

- Management of risks linked to dedicated transactions, products and services, for which the underlying (specific assets, projects or activities) is identified by the Group. The result of the third-party assessment will apply de facto to so-called “non-dedicated” transactions (general purpose, corporate finance) for which the risk of is comparable to that of the third party.

The management of ESG risks associated with corporate client relations (in the perimeter) and dedicated transactions (in the perimeter), products and services consists of three main steps:

- (i) The research and identification of a potential ESG risk,
- (ii) Detailed assessment of identified risks,
- (iii) The action phase which includes the implementation of the identified risk mitigation where applicable, the monitoring of the risk mitigation actions, which may be formalised by commitments, covenants or restrictions, as well as controls.

The environmental or social risks of a company are generally related to i) its sector of activity, ii) the vulnerability of the communities and iii) the environment in which it operates. BRD applies in its E&S evaluations the Group's 10 environmental sectoral policies (to be noted updates occurred in 2023), some of them from the perspective of climate change, as follows: i) thermal coal, ii) oil and gas, iii)

thermal power energy sector, iv) industrial agriculture and forestry, v) dams and hydroelectric power, vi) shipping, vii) mining and viii) civil nuclear power, ix) tobacco, and x) defence and security.

In addition, certain instruments are used for the ESG analysis as follows:

- The E&S Exclusion List includes companies and countries with which the Bank does not want to have a business relationship because, based on external information sources, it has been determined that they do not meet the Exclusion criteria in the ESG Sectoral Policies or other ESG commitments of the Group. If a company/ country of destination is present on the E&S Exclusion List, the PCRU will decide to terminate the business relationship/entry into a relationship with the company or determine the necessary measures to be implemented before engaging in an Action Plan for risk mitigation and implementation of any restrictions (in certain exceptional cases arbitration might be possible). The E&S Exclusion list is updated periodically (usually quarterly) to include other companies, business sectors or criteria, depending on the evolution of the Group's commitments or new ESG incidents or potential negative opinions.
- E&S Identification lists: include companies, projects or types of activities (in certain regions or worldwide) for which a potential ESG risk has been identified,
- Negative information / controversy databases-Important elements in the evaluation of a Client or a dedicated transaction/ service are negative ESG information, which can be found in various public sources, through various applications or tools available in the Bank (Dow Jones, Reprisk, etc).
- ESG Guidelines are internal documents aimed at facilitating the operational implementation of ESG standards and instruments.

In 2020, BRD implemented an environmental and social risk assessment process for certain categories of customers and transactions, a process approved by the Bank's management committee and which has been enhanced yearly. The process is based on the principle of the 3 lines of defences. BRD takes into account at onboarding of its clients and in its lending decisions related to corporate clients, environmental, social and governance risks, applying in this sense the standards of Société Générale Group and other international standards to which the latter has adhered. The assessment of the ESG risks associated with corporate clients is performed for certain categories of clients, while the application of exclusion criteria (dictated by specific activities), and refers to all clients of this type.

In 2023 the ESG risk management framework has been updated in BRD with application starting with January 2024, as follows:

- the perimeter of evaluations - from currently EUR 50M T/O of a client to all non-retail clients, with a Group approach and segregated on:
 - o individual assessment for clients/group of clients with a consolidated T/O > EUR 7.5M;
 - o portfolio assessment for clients/group of clients with a consolidated T/O < EUR 7.5M,starting progressively, on a risk-based approach with the clients benefiting of lending products.
- enhances the accountability and responsibility roles in the process.

As part of ESG risks assessments, climate risk is considered and it includes physical and transition risks. In accordance with the TCFD, the physical risk refers to acute risks (caused by one-off events) or chronic risks (long-term changes) related to temperature, wind, water or solid waste. In the same manner, the transition risk refers to the financial risks that could result from the process of migrating to a low-carbon economy. Changes in policy, technology and physical risks could lead to a reassessment of the value of a wide range of assets as costs and opportunities become apparent. We also consider the liability risk which means the impact that could occur if parties who have suffered loss or damage due to the effects of climate change seek compensation from those they hold liable. In line with the Société Générale Group's policy, BRD has introduced in 2020 the calculation of a climate vulnerability index (CVI) that reflects the transition risk associated with a client or group of clients, perimeter that has been extended further in 2022 (reducing the applicable threshold). CVI is represented on a 7-step impact scale (high positive, moderate positive, low positive, no impact, low negative, moderate negative and high negative), for certain following portfolios: oil and gas, electricity generation, metals and mining, automobiles, shipping, aircraft. Thus, if and when the case, the Bank is in a dialogue with its customers, especially with those classified moderately and high negatively, on their climate vulnerability, in order to develop a strategy to mitigate the transition risk. In 2023 the methodology of this indicator has been changed, subject to an extension of perimeter (to all the sectors), scope (clients) and tool to be used for its application. The process of extension of scope (physical risks, biodiversity risks, transactions, assets etc.) will evolve in 2024.

Based on i) ESG public information (generally non-financial or sustainability reports) or collected through the engagement with the clients in the scope of ESG risk assessments, ii) sustainability strategies or commitments and iii) negative information of these nature, BRD performs corporate clients assessments in terms of ESG risk. As part of customer relationship management, commercial teams continues the efforts to integrate ESG topics into the dialogue with corporate customers. In some cases, based on the recommendations included in SG's sectoral E&S policies, the commercial teams encourage customers to adhere to various international standards applied by the Bank in its E&S evaluation process.

BRD as a lender, also performs for a defined perimeter, ESG assessments on certain transactions. The scope of the ESG risk assessment related to transactions refers to those operations that fall within the scope of the Equator Principles or certain categories of services for which the underlying asset is known and raises certain environmental or social issues. In the case of transactions that fall under the "Equator Principles" (PE), a systematic evaluation by an E&S expert is necessary. The classification of the Transaction / services is based on the A-C categories, with projects underlying systematically subject to review by an independent E&S consultant (acting on behalf of the lenders), if the projects are classified in category A and, as the case may be, for projects in category B.

This process has been also subject to a review in 2023 and will continue in 2024.

Sustainable financing

Consistent with its purpose of accompanying its clients in their energy transition towards a more sustainable future and as a result of reaching in advance its targets, in 2022, Societe Generale has reinforced its commitments to contribute to sustainable finance with €300bn by 2025. As part of this commitment, BRD aims to contribute to this collective endeavour with EUR 1bn sustainable finance transactions to be concluded by the same date, as part of its Horizon 2025 program.

In its business relations with corporate clients, the Bank aims to identify the business opportunities with positive impact deriving from the activity of its clients. BRD's commercial offer includes green loans, sustainable loans related to sustainability criteria, mediate green bonds, for different categories of asset and transactions, based on recognized international standards, such as the LMA Principles of Green Financing and the LMA Principles of loans related to sustainability criteria. It can also support the Société Générale Group in issuing green bonds on the international market for clients in its portfolio. In 2022, BRD enlarged the scope and definition of sustainable finance as to encompass all sorts of sustainable finance instruments that could be made available to a corporate client.

BRD has transposed its medium term target on yearly objectives, through a dedicated action plan, on the corporate side and aims for sustainable financing opportunities with an emphasis on energy efficiency and energy transition, clean mobility, sustainable municipal projects, the circular economy, green buildings, social inclusion, etc., based on a proactive approach.

Through various transactions, BRD originated and executed in 2023 a volume of sustainable financing of EUR 327.3M on corporates and EUR 132M on retail, as an expression of its role to increasingly channel the financing towards more sustainable activities. Also, as part of its mission to contribute to the increased awareness on sustainability or ESG topics within its ecosystem of clients and partners, BRD had organized specific actions and events, including the Climate Change Forum in Romania, with an audience of almost 1 million people across all channels.

Environmental impact of own activities

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

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

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

- Energy

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

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

The data is used in order to determine the progress against the objectives regarding the reduction of the emission resulted from our own activities. The target is to cut the emissions by 50% at the end of 2030, compared to the level registered at the end of 2019. Our ambition is to reduce emissions by 50% by 2025 compared to 2019. We managed to achieve a 39% reduction in our own carbon footprint in 2023 compared to 2019 and 18% compared to 2022.

BRD's energy management policy has also focused on the creation of an Energy Efficiency Cell and the training and education of an Energy Manager. In order to prepare and train, a specific Energy Management course was conducted and a specific certificate was obtained from the Ministry of Energy. Specialised training was also carried out through the course Sustainable Real Estate: Creating a Better Built Environment at the Cambridge Institute for Sustainability Leadership.

This year we managed to implement several energy efficiency projects through the Energy Efficiency Management Cell as follows:

- ON-GRID PHOTOVOLTAIC SYSTEMS ON BRD BUILDINGS (755KWP, 1556 photovoltaic panels on 20 buildings)
- Replacing equipment older than 10 years (Central Heating, AC) - 2023
 - HVAC systems type VRF (variable refrigerant flow)
 - the same equipment works both as cooling and heating system (air to air heat pump principle),
 - very efficient in outdoor conditions -15 to +40 grC, with a specific heating/cooling coefficient of 5 (for 1KW of electricity consumed, it will produce 5KW of thermal energy),
 - made in 100 units.
 - Condensing thermal power plants
 - a condensing boiler has a thermal efficiency of 92-95%, compared to a conventional boiler which has an efficiency of 85%.
 - replaced in 25 agencies.
- Optimization of HVAC (Heating Ventilation and Air Conditioning) system operation
 - 21grC Winter and 25grC Summer (December 2021 - present),
- Exterior signage lighting (2022)
 - SG recommendation and other examples from other corporations, in line with EU directives to reduce energy waste,
- Shutting down air curtains in 24H zones (2023),
- 100% green energy procurement for 95% of buildings (December 2021 - present).

Indicator	Measurement unit	2019	2021	2022	2023
Total number of employees	employees	7 396	6 678	6 444	5,854
Total number of occupants	occupants	7 488	5 106	4 959	5 138

Occupied area m ²	m ²	223 086	184 111	194 467	199 016
Electric energy	kWh	29 745 579	26 027 438	22 476 054	19 555 244
Out of which green electric energy	kWh	13 279 185	11 725 361	18 179 747	19 252 043
Gas	kWh	23 362 909	25 393 051	22 802 582	18 352 708
Thermal energy	kWh	2 963 749	2 627 524	1 975 362	1 536 173
Liquid fuel for heating and for generators	kWh	590 971	533 557	697 521	529 474
Waste	tonnes	448	212	139	154
Distances travelled for business purpose	Mil km	11	8,23	7,47	7.08
Distance travelled by plane	Mil km	1,7	0,03	0,26	0.6
Distance travelled by train	Mil km	0,03	0,001	0,01	0.025
Distance travelled by car	Mil km	9,3	8,2	7,2	7.08
Water consumption	Mil m ³	0,07	0,05	0,04	0.05
SCOPE 1	To CO ₂	5 905	5 941	5 406	4 561
SCOPE 2	To CO ₂	11 249	9 892	6 702	5 743
SCOPE 3	To CO ₂	2 917	3 422	2 924	2 006
SCOPE 1+2+3	To CO ₂	20 071	19 255	15 032	12 310

VIII. RESPONSIBILITY FOR THE DEVELOPMENT OF THE ROMANIAN SOCIETY

BRD is about building the future by helping people bring to life their projects, their hopes and dreams. Building future by helping companies grow and succeed. Building the future by helping communities grow stronger.

People are the greatest agents of change and our mission is to empower each and every one who wants to positively impact the future.

Besides being a bank, we are also a community investor, a supporter of projects and people that can move Romania forward. We support creativity, innovation and performance, through several platforms and programs.

Education, Technology & innovation: We are a fan of the technology and we love tech creators. The development of the society and a better future is not possible without innovation and technology. We support the biggest robotic competition for High schools in Romania, BRD First Tech Challenge and several tech accelerators and incubators, offering mentoring and financial support; we have a journalistic platform, Mindcraft Stories in order to make science and technology popular and most of all, better understood. Scoala9 is our editorial platform presenting ideas and solutions on how Romanian education can evolve. We invest also in tech solutions for a better and more inclusive education for all children.

Culture & ideas: Humanities are tremendous important in a more & more technologized world. We invest in the new generation of creators, in art & music, hundreds of events and programs every year; we are the only bank having a cultural foundation, Fundatia9, our own cultural centre and cultural magazine, one of the most relevant pieces of journalism in today's Romania. Our editorial platform Scena9 charts the cultural scene in Romania. We bookmark cultural news, write about what is relevant, new, and yet to be discovered. We watch the new generation of makers from the widest possible range of fields, follow their projects and map their evolution. We seek to etch out the portrait of this new generation that makes our world go round.

Sport: We love sports because they offer us a passionate journey, with beautiful moments, with heroes who win, attract fans or, on the contrary, struggle with difficulties. We love sports because they teach us every day how to start over when we encounter difficulties, how to work as a team, how to enjoy victories. Whether it's confirmed athletes or young talents, BRD reaffirms its involvement in promoting sports in Romania. Our brand ambassador is Cristina Neagu, the most important Romanian handball player of all times, 4 times the best handball player in the world. She embodies the performance, the ambition of a generation. But we also support the educational programs for young athletes and sport related projects for disabled persons.

Nature capital, biodiversity & fight against Climate Change: Climate Change is the most important challenge of today world, and it will require creativity, innovation and resources in order to find solutions. As a bank we want to be a leader in green financing, but we are aware that we all need to learn how to be more sustainable. We initiated Climate Change Summit – with the ambition to become the most relevant regional conference on solutions to climate change, bringing expertise from around the world and the brightest minds from Romania.

Volunteering: The 6000 people from BRD are a huge asset for the communities as well, and we are embarking them in many causes, harvesting people's skills and desire to contribute, create change and value inside BRD and in the community. Ziuva (V from volunteering but also from Value and from Future – in Romanian) is probably one of the biggest corporate volunteering program. We have built a marketplace for missions and our colleagues can choose where to contribute with time, skills, money or ideas and energy.

IX. APPLICABLE LEGAL FRAMEWORK

BRD - Groupe Société Générale prepared this non-financial statement based on the specific provisions of the Order of the Minister of Finance no. 1802/2014 (supplemented and amended) on requirements for the Non-Financial Statement. The document also takes into consideration provision on Non-Financial Statement from the NBR Order no. 7/2016 on amending and supplementing the Order of the National Bank of Romania no. 27/2010 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to credit institutions, and of the Order of the National Bank of Romania no. 6/2015 for the approval of the Accounting Regulations compliant with the European directives.

The information related to EU Regulation 852/2020 will be published in a separate report by 30th of June 2024.