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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 31st, 2014, 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:** B-dul Ion Mihalache nr. 1-7, sect. 1, Bucuresti
- **Tel/Fax:** 021.3016100 / 021.3016800
- **Sole registration number with the Trade Registry:** 361579/10.12.1992
- **Fiscal Code:** RO 361579/10.12.1992
- **Order number with the Trade Registry:** J40-608-1991
- **Number and date of registration in the Credit Institutions Register:** RB - PJR - 40 – 007/18.02.1999
- **Share capital subscribed and paid:** 696,901,518 lei
- **The main characteristics of securities issued by the company:** ordinary shares with a nominal value of 1 RON

EXTERNAL RATING

As at December 31, 2014 the Bank had the following ratings:

<table>
<thead>
<tr>
<th>Fitch Ratings (rating date: 9-Dec-2014)</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign-Currency Short-Term Issuer Default Rating</td>
<td>F2</td>
</tr>
<tr>
<td>Foreign-Currency Long-Term Issuer Default Rating</td>
<td>BBB+</td>
</tr>
<tr>
<td>Support Rating</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Moody's (rating date: 23-Oct-2014)</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Local Currency Short-Term Deposit</td>
<td>Not prime</td>
</tr>
<tr>
<td>Global Local Currency Long-Term Deposit</td>
<td>Ba2</td>
</tr>
<tr>
<td>Foreign Currency Short-Term Deposit</td>
<td>Not prime</td>
</tr>
<tr>
<td>Foreign Currency Long-Term Deposit</td>
<td>Ba2</td>
</tr>
<tr>
<td>Financial Strength</td>
<td>E+</td>
</tr>
</tbody>
</table>

BRD GROUP ("GROUP") includes the following entities:
- BRD - Groupe Société Générale S.A.;
- BRD Sogelease IFN SA;
- BRD Finance IFN SA;
- BRD Asset Management SAI SA;
1. THE COMPANY AND ITS SHAREHOLDERS

SOCIÉTÉ GÉNÉRALE PROFILE

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

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

Société Générale has been playing a vital role in the economy for 150 years. With more than 148,000 employees, based in 76 countries, Société Générale accompanies 32 million clients throughout the world on a daily basis. Société Générale’s teams offer advice and services to individual, corporate and institutional customers in three core businesses:

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

As at December 31, 2014, the ratings of Société Générale were:

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

BRD POSITION WITHIN SOCIÉTÉ GÉNÉRALE

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

In 1999, it takes part in the process of privatization of Banca Română pentru Dezvoltare and acquires 51% of the bank’s assets.

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

BRD is part of the international network of Société Générale, managed by the International retail banking, financial services division (IBFS), a structure designed in 2013 that aims to offer a broad range of products and services to approximately 22 million clients, comprising individuals, professionals and corporates. Its global development is built upon:

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

## 2014 Key Figures

### The Bank

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income (RONm)</td>
<td>2,498</td>
<td>2,726</td>
<td>-8.4%</td>
</tr>
<tr>
<td>Operating expenses (RONm)</td>
<td>(1,255)</td>
<td>(1,292)</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Cost of risk (RONm)</td>
<td>(1,193)</td>
<td>(2,083)</td>
<td>-42.7%</td>
</tr>
<tr>
<td>Net result (RONm)</td>
<td>43</td>
<td>(386)</td>
<td></td>
</tr>
<tr>
<td>Cost / income ratio</td>
<td>50.2%</td>
<td>47.4%</td>
<td>+2.9 pts</td>
</tr>
<tr>
<td>ROE</td>
<td>0.8%</td>
<td>-7.2%</td>
<td></td>
</tr>
</tbody>
</table>

### Capital Adequacy

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own funds (RONm)</td>
<td>4,571</td>
<td>3,858</td>
<td>18.5%</td>
</tr>
<tr>
<td>RWA (RON bn)</td>
<td>26.9</td>
<td>27.2</td>
<td>-1.1%</td>
</tr>
<tr>
<td>CAR(*)</td>
<td>17.0%</td>
<td>14.2%</td>
<td></td>
</tr>
</tbody>
</table>

### Loans and Deposits

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net loans (RON bn)</td>
<td>26.5</td>
<td>27.8</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Total deposits (RON bn)</td>
<td>36.0</td>
<td>36.1</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>

### Franchise

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No of branches</td>
<td>860</td>
<td>883</td>
</tr>
<tr>
<td>No of active customers (x 1000)</td>
<td>2,234</td>
<td>2,279</td>
</tr>
</tbody>
</table>

### The Group

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income (RONm)</td>
<td>2,620</td>
<td>2,851</td>
<td>-8.1%</td>
</tr>
<tr>
<td>Operating expenses (RONm)</td>
<td>(1,325)</td>
<td>(1,359)</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Cost of risk (RONm)</td>
<td>(1,215)</td>
<td>(2,131)</td>
<td>-43.0%</td>
</tr>
<tr>
<td>Net result (RONm)</td>
<td>68</td>
<td>(384)</td>
<td></td>
</tr>
<tr>
<td>Cost / income ratio</td>
<td>50.6%</td>
<td>47.7%</td>
<td>+2.9 pts</td>
</tr>
<tr>
<td>ROE</td>
<td>1.2%</td>
<td>-6.9%</td>
<td></td>
</tr>
</tbody>
</table>

### Capital Adequacy

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own funds (RONm)</td>
<td>5,046</td>
<td>4,827</td>
<td>4.5%</td>
</tr>
<tr>
<td>RWA (RON bn)</td>
<td>27.6</td>
<td>29.3</td>
<td>-5.8%</td>
</tr>
<tr>
<td>CAR(*)</td>
<td>18.3%</td>
<td>16.8%</td>
<td></td>
</tr>
</tbody>
</table>

### Loans and Deposits

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net loans, including leasing (RON bn)</td>
<td>27.4</td>
<td>28.6</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Total deposits (RON bn)</td>
<td>36.0</td>
<td>36.1</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>

(*) according to Basel III (2014) and Basel II (2013), including the impact of prudential filters
1. THE COMPANY AND ITS SHAREHOLDERS

**BRD SHARE**

Starting with January 15th, 2001, the Bank’s shares are listed in the 1st category of the Bucharest Stock Exchange. The shares are included in the BET, BET Plus, BET-BK, BET-XT, and BET-TR indexes. The Bank’s shares are ordinary, nominative, dematerialized and indivisible. According to the Articles of Incorporation, article 17, letter k, the shares of the Bank are traded freely on those capital markets set by General Assembly of Shareholders (.AGA”), while complying with the legislation on the trade of shares issued by bank institutions.

The closing price for BRD share as at December 30th, 2014, the last trading day of the year, was of 8.75 RON/share (9.00 RON/share at December 30th, 2013). On the same date, the market capitalization was RON 6,097.89 million (2013: RON 6,272.11 million).

During 2014 neither the Bank, nor its subsidiaries bought back own shares.

**DIVIDENDS**

According to the Romanian legislation and the Articles of Incorporation, dividends are paid from the funds created for this purpose after the approval of the General Assembly of Shareholders, within maximum 3 months from the approval date of the annual financial statements for the year then ended.

If the general shareholders’ meeting does not establish the date when dividends are paid, these shall be paid within maximum 60 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, date starting from which the company has no right to any delay.

The change in the volume of approved and distributed dividends is presented below:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributable profit (RON million)</td>
<td>-</td>
<td>-</td>
<td>465.3</td>
</tr>
<tr>
<td>Total dividends (RON million)</td>
<td>-</td>
<td>-</td>
<td>116.3</td>
</tr>
<tr>
<td>Number of shares (millions)</td>
<td>696.9</td>
<td>696.9</td>
<td>696.9</td>
</tr>
<tr>
<td>Dividend per share (RON), nominal</td>
<td>-</td>
<td>-</td>
<td>0.1669</td>
</tr>
<tr>
<td>Distribution rate from distributable profit</td>
<td>-</td>
<td>-</td>
<td>25%</td>
</tr>
</tbody>
</table>

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

**DIVIDENDS PAYMENT**

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

According to the Articles of Incorporation of the Bank, dividends are paid within no more than 3 months from the approval date of the annual financial statements for the year then ended, in cash or by bank transfer, according to the shareholders’ choice.

Unclaimed dividends are prescribed within 3 years from the payment start date, according to legal provisions.
2. GROUP ACTIVITY AND RESULTS

ECONOMIC AND BANKING ENVIRONMENT 2014

The main macroeconomic factors with significant impact on the banking activity, during 2014:

- GDP annual growth was 2.9% in 2014, according to the provisional data provided by the National Institute of Statistics. Final consumption is estimated to have increased while gross fixed capital formation should have been a negative contributor to GDP growth.

- At December 2014 end the inflation rate (measured by the consumer price index) reached 0.83%, standing below the lower bound of the National Bank of Romania’s target interval (2.5%+/-1pt). Subdued inflation throughout the year was especially triggered by volatile items.

- Romania was upgraded to “investment grade” in May 2014 by Standard & Poor’s, which assigned a BBB- credit rating. The ratings assigned by Fitch and Moody’s are also investment grade, at BBB- and Baa3, respectively.

In 2014, the number of credit institutions remained constant, compared to 2013 - 40 units, out of which 9 are foreign bank branches and 2 are banks with fully or majority state-owned capital.

NBR maintained an accommodative monetary policy, cutting the reference rate from 4% in December 2013 to 2.25% in February 2015 and reducing minimum reserves requirements throughout 2014 to 10% for RON liabilities and 14% for FX liabilities. However, in spite of the historically low level of interest rates, the Romanian banking sector continued to face weak credit demand.

Thus the market saw a decrease in the volume of gross loans (-3.1%*) at 2014 end, partially triggered by write-off operations. Loans to individuals declined by 1.2%*, whereas loans to companies decreased by 4.6%*, with both segments witnessing a strong decrease of the FX component. The volume of housing loans continued to have a positive influence, as a result of the “Prima Casa” program.

Banking system deposits advanced in 2014 (+7.9%*), mostly on the companies’ segment (+10.7%*), in spite of the declining trend in interest rates. Therefore, the gross loans/deposits ratio stood at 91.4% at 2014 end, against 104.6% at 2013 end.

The write-off and sales operations performed by banks led to a decline in the Loss 2 ratio to 13.9%** at 2014 end, compared to 21.9% at 2013 end. Coverage of Loss 2 loans with provisions was 70% at 2014 end compared to 68% at 2013 end.

The banking system capital adequacy ratio remained sound, reaching 17.28% at December 2014 (15.46% at 2013 end).

(*) Variations at constant exchange rates.
(**) Regulatory ratio representing the loans overdue more than 90 days and/or in litigation. Starting with 2014 NBR changed the methodology and widened the area of application by including banks with internal rating based approaches, which led to a decline in the NPL ratio.
2. GROUP ACTIVITY AND RESULTS

THE BANK ACTIVITY

As at December 31st, 2014 the Bank had 860 branches (2013: 883 branches), ensuring the distribution of its products and services throughout the whole country.

In 2014 BRD continued to have a large customer base, despite a slight decrease in the number of active clients. The bank further promoted its remote banking solutions which led to a higher equipment rate (number of products per client) of individual customers.

The Bank’s commercial offer includes a complete range of financial and banking products and services designed for both private and corporate customers.

The Bank continued to be the second largest bank in Romania by total assets, with the following market shares:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL ASSETS</td>
<td>13.1%</td>
<td>13.0%</td>
<td>12.4%</td>
</tr>
<tr>
<td>LOANS</td>
<td>14.6%</td>
<td>14.3%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Individuals</td>
<td>16.3%</td>
<td>16.8%</td>
<td>16.9%</td>
</tr>
<tr>
<td>Corporate</td>
<td>13.3%</td>
<td>12.2%</td>
<td>11.0%</td>
</tr>
<tr>
<td>DEPOSITS</td>
<td>14.7%</td>
<td>15.5%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Individuals</td>
<td>13.3%</td>
<td>13.0%</td>
<td>13.3%</td>
</tr>
<tr>
<td>Corporate</td>
<td>16.7%</td>
<td>18.8%</td>
<td>15.5%</td>
</tr>
</tbody>
</table>
2. GROUP ACTIVITY AND RESULTS

The structure of the customers’ loans evolved as follows over the last three years:

<table>
<thead>
<tr>
<th>RON bln</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs</td>
<td>12.2</td>
<td>11.5</td>
<td>8.4</td>
<td>-27.0%</td>
</tr>
<tr>
<td>Large corporate</td>
<td>6.2</td>
<td>4.8</td>
<td>5.4</td>
<td>12.8%</td>
</tr>
<tr>
<td>Consumer loans</td>
<td>10.7</td>
<td>9.7</td>
<td>9.0</td>
<td>-6.9%</td>
</tr>
<tr>
<td>Housing loans</td>
<td>6.2</td>
<td>7.5</td>
<td>8.1</td>
<td>7.9%</td>
</tr>
<tr>
<td>Total gross loans</td>
<td>35.4</td>
<td>33.5</td>
<td>30.9</td>
<td>-7.7%</td>
</tr>
</tbody>
</table>

Loans to individuals were quasi stable (-0.5%) compared to 2013 end, with housing loans posting a positive evolution. Moreover, consumer loan production increased by 85% versus 2013. In this context, BRD consolidated its position on the individuals’ loan market, with its market share slightly increasing compared to 2013 end.

Excluding the impact of write-off operations, gross corporate loans declined by 5%. Net volumes’ decline reached 11.6%, influenced by the significant provisioning effort performed on SMEs and small businesses portfolios.

In spite of the fierce competition on the large corporate segment, BRD’s loans to this segment advanced versus 2013 and the Bank was the leader on sectors such as energy, retail and telecom. The Bank also maintained its leader position on the factoring market in 2014. (*)

The customers’ deposits structure evolved as follows over the last three years:

<table>
<thead>
<tr>
<th>RON bln</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporates RON</td>
<td>9.7</td>
<td>13.1</td>
<td>12.4</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Corporates FX</td>
<td>5.9</td>
<td>6.3</td>
<td>5.5</td>
<td>-12.5%</td>
</tr>
<tr>
<td>Individuals RON</td>
<td>7.9</td>
<td>8.4</td>
<td>9.5</td>
<td>13.2%</td>
</tr>
<tr>
<td>Individuals FX</td>
<td>8.3</td>
<td>8.4</td>
<td>8.6</td>
<td>2.7%</td>
</tr>
<tr>
<td>Total deposits</td>
<td>31.9</td>
<td>36.1</td>
<td>36.0</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>

Individuals’ deposits advanced by 8%, and the Bank consolidated its market share, which increased by 0.3 pt to 13.3%. On the companies’ segment, the approach is pragmatically adjusted depending on the liquidity situation of the bank.

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

(*) According to preliminary data from the Romanian Factoring Association.
2. GROUP ACTIVITY AND RESULTS

SUBSIDIARIES ACTIVITY

BRD SOGELEASE IFN SA
In 2014, the leasing market was on an ascending slope, posting an increase of 7%* in the total asset value (production of the year). In this context, BRD Sogelease registered an increase of 26% of the total asset value and an increase of number of clients to 2,934, by 9% more compared to the same period of last year.

BRD Sogelease portfolio structure, at December 31, 2014, was the following: cars (24%), trucks, buses & other vehicles (31%), industrial equipments (18%), agricultural equipments (4%), medical equipments (2%), IT and office equipments (2%), real estate (12%).

During 2014, BRD Sogelease efforts were focused on diversifying its offer and services to customers, by consolidating existing partnerships, as well as by offering advantageous financing alternative.

The stock of leasing financing evolved as follows over the period 2012 - 2014:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>RONm</td>
<td>704</td>
<td>633</td>
<td>636</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

As at the end of December 2014, BRD Sogelease ranked 3rd among the Romanian bank-affiliated leasing companies, with a market share of 7.2%*.

BRD FINANCE IFN SA
In 2014, BRD Finance remained one of the leading players on the consumer credit market in Romania, consolidating its market share with regards to the gross outstanding amount of loans, and ranking 2nd in terms of production among non-banking financial institutions which offer loans at the point of sale. BRD Finance’s double-digit production increase in 2014 versus 2013 was sustained by the positive performance on the credit cards segment and of loans for durable goods, mainly due to the intensification of cross-sell actions, the development of new distribution channels and the targeting of new segments of customers.

BRD Finance’s commercial strategy continued to be focused on strengthening and diversifying existing partnerships with the key market retailers and major car dealer networks through dynamic and flexible approaches, offering a full range of value added products to end customers: credit cards, loans for durable goods, personal loans and car loans. The commercial strategy was enriched in 2014 through the development of new distribution channels, targeting especially the e-commerce segment, in line with our expectation of significant increase of the online market in the next years.

BRD ASSET MANAGEMENT SA
BRD Asset Management is one of the most important actors on the Romanian UCITS market, with a market share of 11.25%, significantly larger than in 2013 (9.48%). Having at 2014 end over 2.2 billion RON assets under management (64% increase versus 2013 end), BRD Asset Management offers to the investors 6 open-end funds that cover various types of funds in terms of portfolio structures, risks, desired yields and recommended investment horizon.

Thereby, Simfonia, BRD Obligatiuni and BRD Eurofund (denominated in Euro) are investing in money market and fixed income instruments., Actiuni Europa Regional and Index Europa Regional are funds with an important component in stocks, Index Europa Regional being an index tracker fund. Diverso Europa Regional is a diversified fund with investments in CEE markets’ stocks (about 50% of the total assets) and the rest, for risks diversification, is invested on money market and fixed income instruments.

(*) based on preliminary data from the Association of Financial Companies - ALB Romania
2. **GROUP ACTIVITY AND RESULTS**

**FINANCIAL POSITION ANALYSIS**

According to NBR order 9/2010, starting January 1st, 2012 the Bank applies as accounting base the International Financial Reporting Standards, consequently the below financial position analysis is made based on the individual and consolidated financial statements accordingly prepared, for the period ended December 31, 2014 and the comparative periods.

**FINANCIAL POSITION – ASSETS**

The total assets decreased in 2014 by around 4% both for the Bank and for the Group and had the following structure:

**The Bank**

<table>
<thead>
<tr>
<th>Assets (RONm)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and current accounts with Central Bank</td>
<td>9,383</td>
<td>9,779</td>
<td>7,190</td>
<td>-26.5%</td>
</tr>
<tr>
<td>Loans and advances to credit institutions</td>
<td>368</td>
<td>687</td>
<td>1,236</td>
<td>79.9%</td>
</tr>
<tr>
<td>Net loans and advances to customers</td>
<td>31,478</td>
<td>27,764</td>
<td>26,461</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Other financial instruments</td>
<td>5,242</td>
<td>7,412</td>
<td>9,053</td>
<td>22.1%</td>
</tr>
<tr>
<td>Tangible and intangible assets</td>
<td>1,193</td>
<td>1,090</td>
<td>1,027</td>
<td>-5.8%</td>
</tr>
<tr>
<td>Other assets</td>
<td>260</td>
<td>347</td>
<td>212</td>
<td>-38.9%</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>47,924</td>
<td>47,079</td>
<td>45,180</td>
<td>-4.0%</td>
</tr>
</tbody>
</table>

**The Group**

<table>
<thead>
<tr>
<th>Assets (RONm)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and current accounts with Central Bank</td>
<td>9,383</td>
<td>9,780</td>
<td>7,190</td>
<td>-26.5%</td>
</tr>
<tr>
<td>Loans and advances to credit institutions</td>
<td>395</td>
<td>714</td>
<td>1,263</td>
<td>76.8%</td>
</tr>
<tr>
<td>Net loans and advances to customers, including leasing</td>
<td>32,371</td>
<td>28,628</td>
<td>27,352</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Other financial instruments</td>
<td>5,196</td>
<td>7,375</td>
<td>9,019</td>
<td>22.3%</td>
</tr>
<tr>
<td>Tangible and intangible assets</td>
<td>1,220</td>
<td>1,110</td>
<td>1,044</td>
<td>-6.0%</td>
</tr>
<tr>
<td>Other assets</td>
<td>325</td>
<td>384</td>
<td>238</td>
<td>-37.9%</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>48,891</td>
<td>47,991</td>
<td>46,107</td>
<td>-3.9%</td>
</tr>
</tbody>
</table>

**Loans and advances to customers**

The loans’ outstanding amounts, both for the Bank and for the Group, continued to decline due to a weaker lending activity, increased competition and provisioning efforts especially on the SME and very small businesses portfolios.

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

The most liquid assets of the Bank, namely cash and current accounts with the Central Bank, and loans and advances to credit institutions decreased in 2014 by around 19%, and their weight in total assets declined from around 22% to approximately 19% for the Bank and 18% for the Group. The most important component of this aggregate is the minimum compulsory reserve held with the National Bank of Romania (RON 4,566 million as at December 31, 2014 from RON 6,924 million as at December 31, 2013). The minimum compulsory reserves decreased compared to 2013 end largely as a result of lower minimum reserve requirements by the National Bank of Romania as detailed in the “Macroeconomic and Banking Environment 2014” section.
2. GROUP ACTIVITY AND RESULTS

Other financial instruments

The other financial instruments mostly represent treasury bills issued by the Romanian Government which are accounted as available for sale and trading instruments. They stand for around 19% of the total assets and recorded an increase of 22% compared to 2013 end.

Tangible and intangible assets

The tangible and intangible assets account for around 2% of the total assets both for the Bank and the Group. The most important share is represented by land and buildings (close to 70%). Most of the buildings are recently constructed or modernized and are situated all over the country.

Capital expenditure reached RON 86.5 million for the Bank and RON 89.0 million for the Group in 2014, the main component being IT investments. There is no capitalized research and development expenditure.

FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities, for the period 2012 – 2014 is as follows:

THE BANK

<table>
<thead>
<tr>
<th>Liabilities and shareholders equity (RONm)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts owed to credit institutions</td>
<td>9,899</td>
<td>5,187</td>
<td>3,001</td>
<td>-42.1%</td>
</tr>
<tr>
<td>Amounts owed to customers</td>
<td>31,892</td>
<td>36,146</td>
<td>36,041</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>626</td>
<td>586</td>
<td>646</td>
<td>10.3%</td>
</tr>
<tr>
<td>Shareholders equity</td>
<td>5,507</td>
<td>5,161</td>
<td>5,492</td>
<td>6.4%</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders equity</strong></td>
<td>47,924</td>
<td>47,079</td>
<td>45,180</td>
<td>-4.0%</td>
</tr>
</tbody>
</table>

THE GROUP

<table>
<thead>
<tr>
<th>Liabilities and shareholders equity (RONm)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts owed to credit institutions</td>
<td>10,665</td>
<td>5,896</td>
<td>3,699</td>
<td>-37.3%</td>
</tr>
<tr>
<td>Amounts owed to customers</td>
<td>31,786</td>
<td>36,065</td>
<td>35,954</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>694</td>
<td>634</td>
<td>703</td>
<td>10.9%</td>
</tr>
<tr>
<td>Shareholders equity</td>
<td>5,746</td>
<td>5,397</td>
<td>5,750</td>
<td>6.6%</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders equity</strong></td>
<td>48,891</td>
<td>47,991</td>
<td>46,107</td>
<td>-3.9%</td>
</tr>
</tbody>
</table>
2. GROUP ACTIVITY AND RESULTS

Amounts owed to customers
The share in total liabilities of the customers’ deposits increased to 90.8% at 2014 end for the Bank (from 86.2% at 2013 end) and to 89.1% for the Group (from 84.7% at 2013 end), leading to a higher degree of financial autonomy.

Amounts owed to the credit institutions
Amounts owed to credit institutions represent mainly borrowings from the Parent (including subordinated debt) and from International Financial Institutions, and stood at 7.6% from the Bank’s total liabilities and for 9.2% of the Group’s total liabilities, their weight decreasing in favour of customers’ deposits.

Shareholders’ equity
The shareholders’ equity increased by 6.4% for the Bank and by 6.6%, for the Group. The capital adequacy ratio remained at a comfortable level (17.0% at 2014 end vs. 14.2% at 2013 end).

The structure of the shareholders’ equity evolved as follows during the last three years:

<table>
<thead>
<tr>
<th>THE BANK</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>2,516</td>
<td>2,516</td>
<td>2,516</td>
<td>0.0%</td>
</tr>
<tr>
<td>Reserves from revaluation of available for sale assets</td>
<td>59</td>
<td>78</td>
<td>342</td>
<td>336.9%</td>
</tr>
<tr>
<td>Reserves from defined pension plan</td>
<td>(16)</td>
<td>(3)</td>
<td>10</td>
<td>n.a.</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>2,949</td>
<td>2,570</td>
<td>2,625</td>
<td>2.1%</td>
</tr>
<tr>
<td>Total</td>
<td>5,507</td>
<td>5,161</td>
<td>5,492</td>
<td>6.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>THE GROUP</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>2,516</td>
<td>2,516</td>
<td>2,516</td>
<td>0.0%</td>
</tr>
<tr>
<td>Reserves from revaluation of available for sale assets</td>
<td>59</td>
<td>78</td>
<td>342</td>
<td>336.9%</td>
</tr>
<tr>
<td>Reserves from defined pension plan</td>
<td>(16)</td>
<td>(3)</td>
<td>10</td>
<td>n.a.</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>3,136</td>
<td>2,755</td>
<td>2,831</td>
<td>2.7%</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>52</td>
<td>50</td>
<td>52</td>
<td>2.7%</td>
</tr>
<tr>
<td>Total</td>
<td>5,746</td>
<td>5,397</td>
<td>5,750</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

Liquidity position
Both the Bank and the Group have maintained a balanced structure of resources and investments and a very comfortable liquidity level during 2014.

The net loans/deposits ratio improved in 2014 to 73.4% at year end (from 76.8% at 2013 end) for the Bank and to 74.5% (from 77.8% at 2013 end) for the Group.
2. GROUP ACTIVITY AND RESULTS

2014 FINANCIAL RESULTS

The comparative income statement of the Bank for the period 2012 – 2014 is presented below:

<table>
<thead>
<tr>
<th>RONm</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income,</td>
<td>2,913</td>
<td>2,726</td>
<td>2,498</td>
<td>-8.4%</td>
</tr>
<tr>
<td>out of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- net interest income</td>
<td>1,856</td>
<td>1,624</td>
<td>1,496</td>
<td>-7.9%</td>
</tr>
<tr>
<td>- net commissions</td>
<td>773</td>
<td>747</td>
<td>737</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>-1,354</td>
<td>-1,292</td>
<td>-1,255</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,559</td>
<td>1,434</td>
<td>1,243</td>
<td>-13.3%</td>
</tr>
<tr>
<td>Net cost of risk</td>
<td>-1,937</td>
<td>-2,083</td>
<td>-1,193</td>
<td>-42.7%</td>
</tr>
<tr>
<td>Gross result</td>
<td>(378)</td>
<td>(649)</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Net result</td>
<td>(331)</td>
<td>(386)</td>
<td>43</td>
<td></td>
</tr>
</tbody>
</table>

The comparative income statement of the Group for the period 2012 – 2014 is presented below:

<table>
<thead>
<tr>
<th>RONm</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>14/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income,</td>
<td>3,047</td>
<td>2,851</td>
<td>2,620</td>
<td>-8.1%</td>
</tr>
<tr>
<td>out of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- net interest income</td>
<td>1,946</td>
<td>1,714</td>
<td>1,585</td>
<td>-7.5%</td>
</tr>
<tr>
<td>- net commissions</td>
<td>803</td>
<td>767</td>
<td>765</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>-1,433</td>
<td>-1,359</td>
<td>-1,325</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,614</td>
<td>1,491</td>
<td>1,295</td>
<td>-13.1%</td>
</tr>
<tr>
<td>Net cost of risk</td>
<td>-1,943</td>
<td>-2,131</td>
<td>-1,215</td>
<td>-43.0%</td>
</tr>
<tr>
<td>Gross result</td>
<td>(329)</td>
<td>(640)</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Net result</td>
<td>(291)</td>
<td>(384)</td>
<td>68</td>
<td></td>
</tr>
</tbody>
</table>

Net banking income declined in 2014, mostly as a result of the net interest margin contraction.

At Bank level, the net interest margin decrease by 7.9% versus 2013 was determined by the decline of average net loans volumes on corporate segment and by a negative structure effect (higher weight of housing loans in the portfolio, lower one for consumer loans).

The net fees and commissions contracted slightly, by 1.4%. They were positively influenced by higher revenues from investment banking activities and custody and depositary services.

Other banking income contracted by 25.2% on high non-recurring revenues from FX swaps portfolio revaluation in 2013.

In 2014, BRD continued to optimize its costs, which triggered a 2.9% reduction in operating expenses compared to 2013. Consequently the Bank registered a sound cost/income ratio, which reached 50.2%.

The decline in operating expenses was generated by a 1.6% reduction of staff expenses as a result of headcount adjustment (the number of FTEs reduced by 59 in 2014 and 249 employees in 2013, reaching 7,236 at 2014 end) and by the implementation of further cost optimization measures which led to a 4% decrease of non-staff expenses, mainly on real estate costs.
2. GROUP ACTIVITY AND RESULTS

Net cost of risk declined by 43% against 2013 with favourable evolutions on both the corporate and individuals’ segments. The reduction in cost of risk was the main determinant of the return to profitability in 2014. The Bank managed to reduce its non-performing loans ratio (from 24.9% at 2013 end to 20.3% at 2014 end) notably thanks to the implementation of an active write off and sale policy, while improving the coverage of non-performing loans with provisions (from 69% at 2013 end to 71% at 2014 end).

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.

CONCLUSIONS ON 2014 AND PERSPECTIVES 2015

The year 2014 was marked by the Bank’s return to profitability and an ongoing improvement in its risk profile. In 2015, BRD will continue to rely on the strength of its universal banking model and its capacity to provide innovative solutions and tailor-made advices to a broad customer base, with the aim of further enhancing customer satisfaction. Regarding the Bank’s financial results, a material improvement of the profitability level is expected, due to a further normalisation of cost of risk.
3. CORPORATE GOVERNANCE

The corporate governance of BRD represents the set of principles underlying the framework through which the Bank and the Group are managed and controlled.

ADMINISTRATION AND MANAGEMENT OF THE BANK

BRD has 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 composition, the size, and the skills of the management body (supervisory - Board of Directors and management functions - Executive Committee) are well suited for the dimension and the complexity of the Bank’s activity. All members of the management body commit sufficient time to their responsibilities as stipulated by the law and the statutory bodies.

The members of the management body have the necessary expertise to carry out their duties, and to make informed judgments and decisions.

The management body promotes high ethical and professional standards and a strong internal control culture.

BOARD OF DIRECTORS

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

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

The year 2014 brought changes to the composition of the Board of Directors, as follows:

- The Ordinary General Meeting of the Shareholders of April 17, 2014 approved the election of Mr. Giovanni Luca Soma as Director and Mr. Aurelian Dochia as Independent Director, for a 4-year term of office;
- The renunciation of Mr. Jean-Louis Mattei from the position as member of the Board of Directors of BRD, starting with December, 04, 2014.
3. CORPORATE GOVERNANCE

MEMBERS OF THE BOARD OF DIRECTORS AS AT DECEMBER 31, 2014

Philippe Charles LHOTTE
Chairman
CEO

Born on January 15, 1961
Residence: Bucharest, Romania
Bachelor of Law at the University Paris 2 and graduated the Institute of Political Studies in Paris, Philippe Charles Lhotte made his entire career within Société Générale.
Between 1987 and 1994, he held the position of Inspector within the General Inspection of Société Générale.
Between 1994 and 1997, he was Deputy Director of the Group Saint Germain-en-Laye, then Regional Director of Group Hérault (Montpellier) between 1998 and 2004.
Between January 2005 and November 2012, he was Chairman of the Board and CEO of SG Expressbank AD in Bulgaria. During those eight years, the Bulgarian subsidiary of the Société Générale Group strongly developed its entire range of activities. It won the “Best Bank in Bulgaria” award granted by Euromoney magazine, at the “Euromoney Awards for Excellence 2012” event.
Since October 31, 2012, he holds the positions of Director and CEO of BRD and since November 5, 2012, he is Chairman of the Board of Directors of BRD.

Petre BUNESCU
Member of the Board of Directors
Deputy CEO

Born on November 15, 1952
Residence: Bucharest, Romania
He graduated from the Academy of Economic Studies in 1975. In 2003, he got his PhD in Economics.
Between 1997 and 2006 he was a permanent member of the teaching staff of the Romanian Banking Institute and of the Financial and Banking Studies Institute, and between 2007 and 2011 he was an associate member of the teaching staff of the Romanian-American University in Bucharest.
In 1975, he became an employee of the Investment Bank, and in 1990 he was appointed as Deputy CEO of the Bucharest Branch. Once the Romanian Bank for Development was set up, on December 1st, 1990, he took over the position of Vice-Chairman and member of the Board of Directors and of the Executive Committee of the bank until July 1999. Between November 1997 and May 1998, he held the position of Interim Chairman of the Romanian Bank for Development. In the period 1998-2005 he represented BRD’s interests in MISR – Romanian Bank as Member of the Board of Directors.
Since August 1999, he has been Deputy CEO and member of the Board of Directors of BRD and between May 1, 2012 and November 5, 2012 he occupied the position of Interim Chairman of the Board of Directors.
On April 14, 2011, he was re-elected director of BRD for a 4-year term of office, starting April 18, 2011. He is the Vice-Chairman of the Romanian Banking Association and member of the Board of Directors of Transfond SA.
3. CORPORATE GOVERNANCE

Didier Charles Maurice ALIX
Non-executive member of the Board of Directors

Born on August 16, 1946
Residence: Paris, France
He joined Société Générale in 1971.
He graduated the Political Studies Institute in Paris with a degree in Economic Sciences.
Between 1972 and 1979, he was an inspector with the General Inspection and became the head of the Central Risk Control structure. In 1984, he was appointed Manager of the Levallois Group, and afterwards, in 1987, Manager of the Paris Opera Group.
Between 1991 and 1993, he was assigned at the Specialised Financing Division, and seconded at Franfinance, the consumer financing subsidiary, as CEO. In 1993, he was appointed Deputy Manager of the French Network, and Manager in 1995.
In 1998, he was appointed Deputy CEO in charge of private and corporate clients. Between 2006 and 2009, he was appointed Deputy CEO of the Société Générale Group.
On April 14, 2011, he was re-elected director of BRD for a 4-year term of office, starting April 18, 2011.

Jean-Louis MATTEI
Non-executive member of the Board of Directors
Chairman of the Audit Committee (until June, 19, 2014)
Chairman of the Remuneration Committee (until December, 04, 2014)

Born on September 8, 1947
Residence: Paris, France
He has a degree in law and public services, and a diploma from the Centre of Higher Education in Banking.
In 1973, he joined the Société Générale Group and, in time, held the following positions: Controller with the Agencies’ Division in Provence area, Training Manager – HR Division, Officer in charge of the Cost Laboratory (study of costs and profitability) within the Technical Management Division, Officer in charge with Management Control within the Organization and Informatics Department within the Management Technique Division, Officer for the Africa Overseas Area.
Since 1998 until 2012, he was the Head of BHFM – the structure that coordinates the activity of the commercial banks - subsidiaries of Société Générale in Central and Eastern Europe, the Mediterranean area, Africa and the French Overseas territories.
On April 14, 2011, he was re-elected director of BRD for a 4-year term of office, starting April 18, 2011.
Mr. Jean-Louis MATTEI renounced from the position as member of the Board of Directors of BRD, starting December, 04, 2014.
3. CORPORATE GOVERNANCE

Jean-Luc André Joseph PARER
Non-executive member of the Board of Directors
Member of the Remuneration Committee
Chairman of the Nomination Committee
Member of the Risks Management Committee

Born on 16 April, 1954, Madrid
Residence: Paris, France
Jean-Luc Parer is a graduate of HEC and holds a Master's degree in Law.
In 2012, he became Head of the Retail Banking outside France division (BHFM) and a member of the Executive Committee of the Group Société Générale.
Since October 21, 2013, he has been Director of BRD.

Bernardo Sanchez INCERA
Non-executive member of the Board of Directors
Member of the Nomination Committee

Born on March 9, 1960
Residence: Paris, France
He graduated from the Political Studies Institute in Paris and has an INSEAD Master of Business Administration.
Between 1984 and 1992, he was a client consultant and deputy manager of the corporate branch La Defense of the Credit Lyonnais bank. Until 1994, he held the position of manager and chairman of the Credit Lyonnais subsidiary in Belgium. Between 1994 and 1996, he was Deputy Manager of the JOVER bank.
From 1996 until 2009, he held several managerial positions, such as Chairman of Zara France, Manager of International Operations of Inditex Group, Chairman of LVMH Mode et Maroquinerie Europe and LVMH Fashion Group France, General Director of Vivarte Group, and CEO of Monoprix France.
In 2009, he joined Société Générale by taking over, starting with January 2010, the position of Deputy CEO in charge of the International Retail Banking Division (BHFM) and Specialised Financial Services. Starting September 1, 2014, he became Deputy CEO in charge of Retail Banking in France, International Retail Banking and Financial Services and Insurance. He is also member of the Executive Committee of the Group Société Générale.
On April 14, 2011, he was elected director of BRD for a 4-year term of office, starting with April 18, 2011.
3. CORPORATE GOVERNANCE

Dumitru POPESCU
Non-executive member of the Board of Directors
Member of the Audit Committee

Born on March 15, 1953
Residence: Bucharest, Romania
He has 31 years of experience in the banking, financial, academic, administrative fields, both in operations and management, at the macro and microeconomic levels. He held the following positions: Deputy Secretary of State in the Ministry of Economy and Finance – Economic Strategy and Orientation Department, National Coordinator of Technical and Economic Assistance for Romania, State Advisor of the Deputy Prime Minister, Secretary of State – Chairman of the Romanian Agency for Restructuring, Vice-Chairman of TEC MIACO, a Romanian-American Enterprise Fund, Project Manager within PSAL II – a World Bank Program for Romania, Senior Consultant for the Chairman of APAPS within the programme “High Level Technical Assistance for Evaluating the Effects of Privatization in Romania”, Senior Consultant for the United States Agency for International Development within a project regarding a complex analysis of the agricultural system in Romania.
He has 28 years of experience in the university field, being now a professor at the Academy of Economic Studies in Bucharest in the field of economic and financial analysis. He is also the author of 14 books and 45 articles on financial analysis.
On April 14, 2011, he was re-elected director of BRD for a 4-year term of office, starting April 18, 2011.

Sorin Marian COCLITU
Independent member of the Board of Directors
Member of the Audit Committee
Member of the Remuneration Committee

Born on July 16, 1948
Residence: Bucharest, Romania
He graduated the Economic Computation and Economic Cybernetics Faculty within the Academy of Economic Studies in Bucharest.
Positions held in other companies: Chairman – CEO of Fondul Român de Garantare a Creditelor pentru Intreprinzatorii Privati.
He has an economics background and, over the years, held the following positions: economist with SC Grivita Rosie, main inspector within the State Planning Committee – Synthesis Division, expert with the Ministry of National Economy – Secretariat for Privatization, consultant with the Strategy and Reform Council – Government of Romania, Sub-Secretary of State – Ministry of Economy and Finance, and Advisor of the President and General Manager of the Coordination, Strategy and Control Department with the National Privatization Agency, General Secretary of SIF Muntenia’s Council of Shareholders’ Representatives.
On April 14, 2011, he was re-elected director of BRD for a 4-year term of office, starting April 18, 2011 and, at the same time, the General Assembly appointed him as an independent director of BRD.
3. CORPORATE GOVERNANCE

Ioan CUZMAN
Non-executive member of the Board of Directors

Born on October 3, 1944
Residence: Arad, Arad County, Romania

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

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

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

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

Aurelian DOCHIA
Independent member of the Board of Directors
Chairman of the Audit Committee
Member of the Risks Management Committee

Born on March 8, 1950
Residence: Bucharest, Romania

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

Until May 2007, he was the General Manager of the subsidiary BRD/SG Corporate Finance and the coordinator of BRD’s investment banking activities.

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

Before 1990, he developed an academic career as researcher with the National Economy Institute of the Romanian Academy. He gave speeches at conferences and seminars, and published more than 80 articles and studies.

He is Member of the Board of Directors at BRD Finance IFN S.A. and Managing Partner at S.C. CONCEPT – Economic and Business Consulting S.R.L., an investment banking and general consulting boutique.

Since August 05, 2014, he holds the position of Independent Member of the Board of Directors of BRD.
3. CORPORATE GOVERNANCE

Giovanni Luca Soma
Non-executive member of the Board of Directors
Member of the Risks Management Committee
Member of the Nomination Committee

Born in August, 21, 1960
Residence: Paris, France

Giovanni Luca Soma is a graduate of Business Administration, LUISS University in Rome and holds a Master’s degree in Business Administration from the Turin School of Business Administration, an Auditor Diploma and an Expert Accounting Diploma from the Rome University.

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

Now he is Head of Europe Region, International Banking and Financial Services Division and Chief Executive Officer of Société Générale Consumer Finance, France.

Since October 24, 2014, he holds the position of Director of BRD.

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 and by the Articles of Incorporation, Internal Regulations of the Bank, by the Directive “Limits to approve loans and other commitments”, and by the Directive “Regulation of organization and functioning of the management body”. In cases permitted by the law, the General Assembly of Shareholders may delegate other attributions to the Board of Directors, as well.

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

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

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

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

- Have a good reputation and carry out their business 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 Board for an efficient and highly performing administration of the Bank’s activity.
3. CORPORATE GOVERNANCE

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

Meetings of the Board of Directors

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

The notices of meeting of the Board of Directors specify the place, date and 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.

ACTIVITY OF THE BOARD OF DIRECTORS IN 2014

In 2014, 8 meetings of the Board of Directors took place, and the decisions of the Board were made with the unanimity of the votes.

On the Board of Directors agenda the following subjects were included: the general strategy of development of the Bank, the identification and management of material risks in 2014, the liquidity risk management of the Bank, BRD remuneration policy, reports on annual inventory, reports regarding the internal control framework, reports regarding Bank/Group results, memos regarding changes in Bank/Group Management, modifications in internal regulations, calls of the shareholders meeting, the proposals of the remuneration due to the non-executive directors for the fiscal year 2014, as well as of the general limits for the directors’ and officers’ additional remunerations, the outsourcing of some significant activities of the Bank, etc.

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

Remuneration of the members of the Board of Directors

For 2014, the Ordinary General Assembly of Shareholders approved an individual remuneration for the non-executive members of the Board of Directors amounting to EUR 1,500 / month (gross amount, in lei equivalent), as well as a general limit for the directors’ and members of the Executive Committee remunerations, including additional remunerations, for 2014, amounting to RON 9.9 million, gross amount.
3. CORPORATE GOVERNANCE

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, and for which organization and operation rules are set and defined in the internal regulations.

Audit Committee as at December 31, 2014

The Audit Committee consisted of 3 non-executive directors, two of which are independent. At December 31, 2014 the members were: Mr. Aurelian DOCHIA (Independent Chairman), Dumitru POPESCU (Member), and Sorin Marian COCLITU (Independent Member).

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

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

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

In 2014, 4 meetings of the Audit Committee took place, where the activity and reports of internal control and conformity, internal audit and external auditor were analyzed.

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

Remuneration Committee as at December 31, 2014

The Remuneration Committee was set up to support the Board of Directors, in order to elaborate and supervise the implementation of the remuneration policy of the Bank.

During 2014, the Committee consisted of 3 non-executive directors, one of which is independent. At December 31, 2014 the members were: Mr. Jean-Luc André Joseph PARER (Member), Mr. Sorin Marian COCLITU (Independent Member) and a position was vacant. Mr. Jean-Louis MATTEI renounced his position as member starting with December 04, 2014.

The Remuneration Committee meets annually, or otherwise, any time necessary.

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 of Directors 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.

Risks Management Committee as at December 31, 2014

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

The committee is made up of three non-executive directors (Mr. Jean-Luc André Joseph PARER, Mr. Giovanni Luca SOMA and Mr. Aurelian DOCHIA).

At meetings of the Risks Management Committee there may participate, as permanent guests, the members of the Executive Committee, Chief Financial Officer, Risk Executive Officer/ Risk Deputy
Executive Officer, PCR Executive Officer, CIB Deputy Executive Officers, DPF Executive Officer, DCP Officer and General Secretary.

In 2014, 4 meetings of the Risks Management Committee took place.

**The Nomination Committee as at December 31, 2014**

It is a committee that assists the Board of Directors in achieving its responsibilities regarding the selection/evaluation and sequencing of the management body members (Executive Committee and Board of Directors).

In exercising its powers, the Nomination Committee identifies, makes proposals and submits for approval by the Board of Directors or the General Meeting of Shareholders, the nominees to fill positions within the management body; is involved in formulating the policy on the selection, evaluation and sequencing of the management body members of the Bank, 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 on any modifications to the Board of Directors;

The committee is made up of three non-executive directors (Mr. Jean-Luc PARER – President, Mr. Bernardo SANCHEZ INCERA and Mr. Giovanni - Luca SOMA).

The Nomination Committee meets half-yearly or whenever necessary.

In 2014, one meeting of the Nomination Committee took place. The subject of the meeting was the presentation of the report regarding the adequacy of the Board of Directors, of the Executive Committee and the members of the management body.
3. CORPORATE GOVERNANCE

EXECUTIVE MANAGEMENT

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

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

The Executive Committee is composed of the CEO and six Deputy CEOs. The Executive Committee is run by the CEO who is also the Chairman of the Board of Directors.

MEMBERS OF THE EXECUTIVE COMMITTEE AS AT DECEMBER 31, 2014

Philippe Charles LHOTTE
Chairman - CEO
He has direct authority over all structures and activities in the Bank and, as at December 31, 2014, the following structures were directly subordinated to him: Compliance Division, Permanent Control Division, General Secretariat, Human Resources Department, and Internal Audit Department.

Petre BUNESCU
Deputy CEO Finance / Treasury
Member of the Board of Directors
As at December 31, 2014, he was coordinating the following structures: Financial Department, Sourcing Division, Financial Markets Back Office Division, Banking Operations Pole, and Legal Division.

Alexandru-Claudiu CERCEL-DUCA
Deputy CEO – Financial Markets
Member of the Executive Committee

Born on February 17, 1968
Residence: Bucharest, Romania
He 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 from 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 since 1993, and filled in the positions of Treasury Officer, FX technical analyst, FX trader, Treasury Deputy Manager, Market Operations Manager and Executive Officer of Financial Markets.

Since October 2, 2008, he has held the position of Deputy CEO of BRD – Groupe Société Générale.

As at December 31, 2014 he was directly coordinating the following structures: Financial Markets Division, Securities Division, Financial Markets Operations Support Office, Market Analysis Office.
3. CORPORATE GOVERNANCE

Jean-Luc Bernard Raymond GRASSET
Deputy CEO – Resources
Member of the Executive Committee

Born on September 11, 1954
Residence: Bucharest, Romania.
He graduated from the University of Aix-en-Provence in 1977, having a license in Economic and Social Management. In 1979 he obtained DESS (Diploma in Specialised Higher Education) in Finance, specialty Econometrics.
In 1980, he joined Société Générale within the Group Nantes sur Loire. Between 1981 and 1989 he held several responsibilities within the Organisation Department in Paris, regarding marketing, coordination and projects implementation, among which the most important was the change in the banks’ core-banking system and banks’ reorganization.
In 1991, he started a series of missions within Société Générale structures from abroad, as Development and Audit Manager (Ivory Coast), CEO (South Africa), and Ibank Implementation Manager (BRD).
Between 2003 and 2005 he returned to Paris, within BHFM, as Supervisor for a group of SG African subsidiaries.
Starting 2005 until 2010 he took over the position of Resources Manager at NSGB Egypt, where he coordinated 3 major organization projects.
Since February 2011, he has held the position of Deputy CEO of BRD – Groupe Société Générale.
As at December 31, 2014 he was directly coordinating the following structures: Information System Department, Projects and Organisation Department, Banking Data Management Division, Real Estate, Logistics and Security divisions.

Gabriela Stefania GAVRILESCU
Deputy CEO – Corporate Banking
Member of the Executive Committee

Born on December 20, 1956
Residence: Bucharest, Romania.
She graduated from the Bucharest Economic Studies Academy – International Business Relations Department in 1980.
Starting 1991, she enriched her professional expertise through several trainings in Société Générale and other foreign institutions such as the World Bank, DC Gardner or London Business School.
Between 1987 and 1993 she held several positions at the National Bank of Romania, BCR and Banca Comercială Ion Tiriăc.
She joined Société Générale in 1993 as Commercial Director at the Bucharest Branch of Société Générale.
3. CORPORATE GOVERNANCE

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

In October 2009, she became Executive Director of the Large Corporate Customers Department, and starting with 2011 she was appointed Member of the BRD Executive Committee.

As at December 31, 2014 she was directly coordinating the Corporate and Investment Banking Department and Corporate Finance Department.

Gheorghe MARINEL
Deputy CEO – Commercial/ Network/ Marketing
Member of the Executive Committee

Born on March 13, 1965
Residence: Voluntari, Ilfov County, Romania.


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

He attended several management and leadership trainings.

He has an experience of more than 24 years in the banking field, holding several positions in credit institutions such as: Banca Comerciala Romana (1991-1993), Société Générale – Bucuresti (1993-1995) and ABN AMRO BANK Romania (1995-2001).

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

Starting February 2012 he was appointed as Deputy CEO Commercial/ Network/ Marketing.

As at December 31, 2014 he was directly coordinating: the Marketing and Product Management Department, Network Commercial Pole, Distribution Network Administration Pole, Bank Agency Network.
3. CORPORATE GOVERNANCE

Didier Luc Marie Dominique COLIN
Deputy CEO – Risks
Member of the Executive Committee

Born on April 20, 1963
Residence: Bucharest, Romania

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

Having an experience of over 24 years within Groupe Société Générale, he started in 1990 in Société
Générale, USA Branch, as credit analyst.

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

In 1998, he became Financial Director of Société Générale, Branch USA, having under direct

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

Within Société Générale Canada, between 2000 and 2004, he supervised and managed the activities

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

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

Since June 3rd, 2013, he holds the position of Deputy CEO of BRD - Groupe Société Générale,
coordinator for Risk Management activities. In 2014 he was appointed as coordinator of the Risks
Management function.

As at December 31, 2014 he was directly coordinating the Risk Management Pole.
3. CORPORATE GOVERNANCE

Attributions and responsibilities

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

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

Within the limit of the powers and responsibilities set for 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, in the Directive “Limits to approve loans and other commitments” and in the Directive “Regulation of organization and functioning of the management body”.

There were no changes in the structure of the Executive Committee in 2014.

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 2014, 75 meetings of the Executive Committee took place.

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

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

The Executive Committee provided the Board of Directors regular and comprehensive 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.

BRD shares held by the members of the Board of Directors and of the Executive Committee as at December 31st, 2014

<table>
<thead>
<tr>
<th>Name:</th>
<th>Number of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petre BUNESCU</td>
<td>300,000</td>
</tr>
<tr>
<td>Ioan CUZMAN</td>
<td>3,500</td>
</tr>
<tr>
<td>Claudiu CERCEL - DUCA</td>
<td>1,030</td>
</tr>
<tr>
<td>TOTAL</td>
<td>304,530</td>
</tr>
</tbody>
</table>
3. **CORPORATE GOVERNANCE**

**RIGHTS OF THE SHAREHOLDERS**

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

**Voting right**

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

General Assemblies are called by the Board of Directors.

General Assemblies are ordinary and extraordinary. The Ordinary General Assembly of the Shareholders meets at least once a year, within no more than 4 months as of the end of the financial year, and the Extraordinary General Assembly of Shareholders meets whenever necessary. In 2014, there were 2 General Assembly (one Ordinary General Assembly of Shareholders and one Extraordinary General Assembly of the Shareholders), on April 17, 2014.

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

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

The shareholders can participate in the works of 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 submitted for the shareholders’ approval, in order to ensure an orderly and efficient development of such works.

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

**Right to dividends**

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

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

Shareholders / investors may send their requests to the Bank through e-mail or over the telephone, at the contact data displayed on the institutional site. The relevant information is published on the Bank’s Internet page, both in Romanian and in English.

For the information of shareholders and investors, the Bank sets at the beginning of the year a financial reporting calendar, which it sends to the Bucharest Stock Exchange and to the Financial Supervisory Authority. The quarterly financial reporting is made according International Financial Reporting Standards as adopted by the European Union – and in compliance with the regulations specific to the capital market.

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

The financial calendar for the year 2015 is the following:

<table>
<thead>
<tr>
<th>Event Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary financial results as at December 31, 2014 and meeting with journalists and financial analysts</td>
<td>12 February 2015</td>
</tr>
<tr>
<td>General Assembly of Shareholders</td>
<td>9 April 2015</td>
</tr>
<tr>
<td>Communication of results as of 31 December 2014</td>
<td>9 April 2015</td>
</tr>
<tr>
<td>Communication of results for the 1st Quarter 2015</td>
<td>6 May 2015</td>
</tr>
<tr>
<td>Communication of results for the 1st Half 2015</td>
<td>3 August 2015</td>
</tr>
<tr>
<td>Communication of results for the first 9 Months 2015</td>
<td>9 November 2015</td>
</tr>
</tbody>
</table>
3. CORPORATE GOVERNANCE

OTHER CORPORATE GOVERNANCE ELEMENTS

Conflicts of interest

In 2014, no conflicts of interests between the members of the Board of Directors or of Executive Committee and the interests of the Bank have been identified.

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

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

Regime applied to affiliated entities

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

Insider trading

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

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

**Key Figures 2014**
- 8,878 employees at BRD Group level;
- 7,693 employees in BRD, with:
  - 851 external recruitments
  - 1,668 functional mobility
  - 2% geographical mobility;
  - 11.8% total turnover, out of which 7.5% voluntary turnover.

In 2014, the Human Resources Department continued to deliver projects and actions in line with the strategic HR axes: career management, managerial development, employee engagement, efficiency and communication.

**Business Support and Continuous Improvement**
HR offered specific support in various business projects that aimed to optimize the structure of the Bank in order to be more efficient and provide quality services for our clients. The Bank’s goal was to ensure efficient and dynamic structures in order to maximize business results. Among the main projects there were: network reorganizations (territorial reorganizations, back office centralization, market re-segmentation), optimizing the structure of different departments from the Headquarters, delivering support for special projects, etc.

**Career Management**
During the last year, meetings between HR and the employees continued in order to assess the potential of each employee and ensure they are occupying the right position according to their skills and experience. In 2014, 1,600 employees changed their position as a result of the Bank’s internal mobility policy. Changes of functions were accompanied by specific training paths which contain various learning methods.

More than 800 persons were recruited in 2014, mostly in the network, in order to expand the commercial capacity, and achieve the selling objectives of the Bank.

**Training & Risk Awareness**
In 2014, based on the Bank’s business strategy and risk management policy, the delivery of a series of specialized trainings was continued.

The strategic axes for the training programs:
- Integrated training programs for the new front office employees – trainings that include behavioural modules, product knowledge of computer applications modules, operational risk modules, compliance, constant surveillance, school agency modules (business simulation in agencies);
- Business Academies, Retail and Non-Retail (behavioural training curricula, offer and products, financial analysis - theory and workshops). A significant part of these trainings were aimed at accompanying functional mobility in a clients’ re-segmentation project;
- Training programs tailored for each business line, developed according to the expressed requirements and regulatory developments;
- Modular management training programs, based on a set of competencies developed according to the level of expertise. A program developed in partnership with Orange encouraged the exchange of best management practices between companies;
- Behavioural training programs (communication, sales & negotiation, presentation, customer relationship, etc.);
- Training programs aimed at developing a culture of risk in BRD: e-learning programs developed together with Société Générale Group and local e-learning programs (SSM);
- Continuing educational programs: individual study and evaluation campaigns (trade schools);
4. Human Resources

- Punctual training programs, developed based on business requirements and regulations: training on new BRD Mobile banking products, FATCA trainings, certification-trainings in the field of insurance for bank advisers;

  The programs were delivered through various methods that took into account the regional dispersal of all BRD units: face to face trainings (courses and seminars), relocation sessions in regions (in training centres and training facilities), interventions for casual trainers (specialists from local and central offices) and the use of e-learning tools and other resources for documentation available on the intranet.

Employee engagement and impact in educational environment

In 2014 the focus was on implementing the action plans of the third edition of the Employee Barometer Survey, employees’ engagement and motivation continuing to be one of the strategic axes of development. Some of the actions for improving employees’ motivation included: Human Resources meetings organized at an interval of minimum 18 months, increased volunteering actions among employees through Human Resources programs organized in universities and high schools, employees’ involvement in different employer branding activities through our Campus Club program, and the organization of informal CEO meetings.

In 2014, the Human Resources department accompanied all the reorganization and optimization of internal structures processes.

Work/life balance

In 2014 the partnerships’ portfolio grew by 15%, reaching a total number of 361 suppliers that offer discounts for a wide variety of products and services, available to all BRD employees. Seven fairs and other actions were organised on specific occasions for Bucharest employees, involving the participation of at least 131 suppliers.

The “BRD Parents Community” program was also continued, with 8 meetings dedicated to parents, registering a total number of 182 participants. For cultural development, we have launched “Bookster” program a modern library with 361 active registered accounts and a total of 1,800 borrowed materials in the first month of release.
5. CORPORATE AND SOCIAL RESPONSIBILITY

BRD applies the principles of corporate responsibility both in its activities and business lines, through a responsible management of bankers’ profession and human resources management as well as its impact on the environment.

RESPONSIBILITY APPLIED TO BUSINESS LINES

EQUATOR PRINCIPLES

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

RESPONSIBILITY TO THE COMMUNITY

EDUCATION

BRD believes education is essential for economic development, helping to create thriving communities and inspiring young people to achieve their potential.

In 2014, we continued to care about the education of children in poor communities, about the school dropout problem, and about supporting youngsters’ integration in active life. We started to build platforms that have an impact in changing formal education, bringing it closer to children’s wishes and interests.

We continued to support early education alongside Ovidiu RO and the program „Every child in kindergarten“, we gave scholarships to children with good results in the Galati county, via the program „Heart of a Child“, we supported afterschool centers in disadvantaged communities such as those in the Arges or Bacau counties, alongside Community Support Foundation Bacau or Hercules Centre in Costesti. We also supported SamuSocial and Parada foundations that care for homeless children and adults in Bucharest.

Together with Junior Achievement Romania we continued to explain to children that education is important and to show to them the value of economic education in the long-term. In the second year of the “Education gives value!” project, there were 5,345 students, respectively 2,703 students in classes at risk of school dropout.

In 2014 we started working with the Romanian Physics Society on reforming the teaching of Physics in gymnasium, where over 1,000 teachers received training and changed the way of teaching this subject.

As concerns non-formal education, BRD supports prestigious programs such as Youth Bank, Grow or Authentic Leadership.

INVOLVEMENT MECHANISMS

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

Examples:

- Through the internal program called “Super-humans for Super-opportunities” aimed at salary donations, almost 1,000 employees donate monthly amounts that are then doubled by the Bank. In 2014 we started a partnership with Hope and Homes for Children Romania, whose goal is that by 2020, there would not be any abandoned child in old-style institutions.
- “Volunteer in Education” is our voluntary internal platform. Various programs are offered each year, so that our employees share their knowledge in various fields: financial education, communication, time management, etc. In 2014 over 100 employees were volunteers in education.
5. CORPORATE AND SOCIAL RESPONSIBILITY

- BRD is part of the donatie.ro platform, through which donors can choose to support their cause on the long term via the direct debit system.

SPORTS

Be it tennis, football or handball, experienced athletes or young talents, BRD reaffirms its commitment to promoting sports in Romania. The most representative partnerships are: BRD Nastase Tiriac Trophy (4th edition), BRD Bucharest Open, Hagi Academy, and the partnership with the Romanian Handball Federation.

CULTURE

We believe that creative industries play a large role in the development of Romania, therefore BRD has chosen to support the performing arts, classical music and films. We aim at supporting projects that provide broader public access to culture, but also projects dedicated to the development of young artists.

The most important performing arts projects in 2014 were: International Theatre Festival in Sibiu, National Theatre Festival in Bucharest, the production of some important theatre plays together with the company D’aya and Chris Simion or the musical West Side Story directed by Razvan Mazilu. Youth theatre is represented by the partnership with the Ideo Ideis Festival or the “White Night of the young theater” event, in Bucharest.

Films represent a second important direction. We became partners of the “Les Films de Cannes a Bucarest” Festival and continued the partnership with the “Pelicam Film Festival”, which has an important educational component.

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

Another important project is Sonoro Manoir, a series of chamber music concerts in wonderful locations such as mansions and castles, aimed at raising awareness on the importance of heritage protection. BRD also supports Sonoro Interefente - a scholarship program for young musicians – and is the sponsor of the Romanian Youth Orchestra. We are proud to support over 170 young musicians each year.

ENVIRONMENT RESPONSIBILITY

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

COLLECTION AND RECYCLING OF WASTE IN BRD

BRD implemented a program of collection and recycling of waste from electric and electronic equipment, in partnership with the associations Recolamp and Workshops without Borders. In 2014 BRD donated 9.5 tones of electric and electronic waste, being the largest contributor of the Workshops without Borders association.
6. **RISK MANAGEMENT**

**GOVERNANCE**

BRD risk management is governed by the Board of Directors, assisted by the Audit Committee and the Risk Management Committee. The Risk and Finance departments, which are independent from the business departments, are dedicated to risk management and control activities under the authority of the Executive Committee.

Specialized committees are also assisting the Board of Directors and the Executive Committee to accomplish their risk management and control responsibilities.

**Board of Directors**

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

**Audit Committee**

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

**Risk Management Committee**

The Risk Management Committee advises the Board of Directors with regards to the risk appetite and the global risk strategy and assists it in the monitoring of the risk strategy implementation.

**Executive Committee**

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

**Specialized committees assisting the Executive Committee**

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

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

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

**RISK GOVERNANCE PRINCIPLES**

The key objective of risk management is to ensure that all risks are managed in the best possible way for all stakeholders. Risk management governance relies on the three lines of defense model, which reinforces segregation of duties between various control functions.

The **first line** of defense is represented by the Permanent Supervision, which is the responsibility of all business units. The Permanent Supervision is coordinated by the Permanent Control Division.

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

The **third line** of defense is represented by the independent assurance provided by the Internal Audit function. The Internal Audit function reports to and operates under the mandate of the Board of
6. RISK MANAGEMENT

Directors. The BRD risk management principles, procedures and infrastructures and their implementation are independently reviewed and monitored by Internal Audit.

ORGANIZATION

Risk department

The Bank’s centralized risk management function is performed at the level of the Risk Management Department, which has the following main responsibilities:

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

Finance department

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

Other departments

The management of operational risk is performed within the Permanent Control Division, which, as main responsibility, defines and implements the Bank's strategy in operational risk management, business continuity and crisis management.

The Compliance Division deals with compliance and reputational risks, while legal risk is managed by the Legal Division.

KEY RISK CATEGORIES

The Bank’s risk management activities focus on the following main categories of risks.

CREDIT RISK

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

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

- client credit due diligence maintaining conservative underwriting standards
- diversified credit portfolio on client, industry, and product-specific concentrations being assessed and managed against our risk appetite
- well formalized processes for credit approval, including a strictly defined mechanism of delegated credit competencies and approval limits; credit approval authorities are assigned to individuals according to their qualifications, experience and training
- use of well-defined origination criteria by type of customer, including thorough knowledge of borrowers as well as the purpose and structure of the credit, in-depth analysis of sources of repayment and risk mitigation through requests for collaterals or personal guarantees
- use of an internal rating system for corporate counterparties
6. RISK MANAGEMENT

- review and approval by senior management of new products and significant changes to activities/processes
- ongoing follow-up of credit exposures, at single and group level
- regularly monitoring and reporting to senior management on the quality of credit portfolios
- regular independent review of lending activities by the Bank’s Internal Audit department
- identification and management of non-performing loans and assessment of workout activity using objective indicators.

LIQUIDITY RISK

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

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

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

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

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

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

The liquidity risk position, under normal conditions, is measured at consolidated level using the static liquidity gaps indicator which is defined as the difference between the expected future outflows and inflows related to the current transactions (no new business included), determined for each time bucket and currency based on the contractual maturity of the transactions, or, for non-maturing products, based on a maturity modelled using historical client behaviour 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 is considering 3 liquidity crisis scenarios: specific to BRD (idiosyncratic), systemic and a combination of both.

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.
6. RISK MANAGEMENT

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

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

MARKET RISK IN TRADING BOOK

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

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

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

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

OPERATIONAL RISK

Operational risk is defined as the risk of incurring losses or not realizing the estimated benefits as a result of inadequate processes or deficiencies caused by internal factors (internal regulations, staff, internal systems) or external factors. Operational risk so defined includes legal risk and excludes strategic and reputation risks.

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

- identification, analysis and evaluation, control and monitoring of operational risks;
- implementation of measures meant to improve and strengthen the control system, in order to prevent/reduce operational risk losses;
- regulatory compliance regarding calculation of capital requirements for operational risk.
6. RISK MANAGEMENT

The day to day management of operational risk is the responsibility of 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.

The Group operational risk management system includes multiple tools and processes:
- collection of internal data on operational risk losses;
- Risk and Control Self-Assessment (RCSA) process;
- Key Risk Indicators (KRI);
- scenario analysis;
- permanent supervision on processes;
- fraud prevention;
- crisis management and business continuity planning;
- evaluation of risks related to new products and activities, through a dedicated internal committee;
- training of personnel;
- communication between relevant structures involved in risk management.

In 2014, the Group operational risk strategy focused on the following axes:
- adapting the internal control system to organizational changes in the bank (resources, controls performed), improving the quality of permanent supervision;
- strengthening bank’s fraud prevention system;
- developing and monitoring of new Key Risk Indicators;
- increasing the awareness of personnel through the implementation of operational risk management objectives;
- enhancing the operational risk culture through the training of staff.

As member of the Societe Generale Group, BRD is using since 2008 the Advanced Measurement Approach (AMA) for the calculation of operational risk capital requirement, which is allocated from Group level.
7. BOARD OF DIRECTORS PROPOSALS

1) Considering the present report, we submit for the approval of the General Assembly of the Shareholders of BRD the individual and consolidated financial statements prepared according to the International Financial Reporting Standards as adopted by the European Union, for the period ended December 31, 2014, made of:

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

2) Allocation of the net profit for the period ended December 31, 2014 of RON 43,239,843 to the retained earnings.

3) Discharge of the Board of Directors.

Philippe LHOTTE
President and Chief Executive Officer

Petre BUNESCU
Deputy Chief Executive Officer

Stephane FORTIN
Chief Financial Officer