Board of Directors Report

on the 2012 individual and consolidated financial statements prepared according to International Financial Reporting Standards as adopted by the European Union

DEZVOLTĂM ÎMPREUNĂ SPIRITUL DE ECHIPĂ

BRD
GROUPE SOCIETE GENERALE
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1. INTRODUCTION

This report was prepared in accordance with:

- Order of the National Bank of Romania ("NBR") no. 27/2010 for approval of Accounting Regulations according to International Financial Reporting Standards, applicable for credit institutions;

2. HISTORY AND PROFILE OF BRD

BRD – GROUPE SOCIÉTÉ GÉNÉRALE PROFILE

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

In March 1999, Société Générale ("SG") 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.

Starting 2001, BRD-Groupe Société Générale operates as an open joint-stock company, according to the companies’ legislation, bank legislation, 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**: 3016100 / 3016800
- **Sole registration number with the Trade Registry**: R 361579
- **Order number with the Trade Registry**: J40-608-1991
- **Regulated market on which the issued securities are traded**: Bucharest Stock Exchange – 1st Category
- **Share capital subscribed and paid**: 696.801.518 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, 2012 the Bank had the following ratings:

<table>
<thead>
<tr>
<th>Type of Rating</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>Type of Rating</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Local Currency Short-Term Deposit</td>
<td>P-3</td>
</tr>
<tr>
<td>Global Local Currency Long-Term Deposit</td>
<td>Baa3</td>
</tr>
<tr>
<td>Foreign Currency Short-Term Deposit</td>
<td>P-3</td>
</tr>
<tr>
<td>Foreign Currency Long-Term Deposit</td>
<td>Baa3</td>
</tr>
<tr>
<td>Financial Strength</td>
<td>D-</td>
</tr>
</tbody>
</table>

BRD GROUP („GROUP”) includes the following entities:
- BRD - Groupe Societe Generale;
- BRD Soglease IFN SA;
- BRD Finance IFN SA;
- BRD Asset Management SAI SA;
- BRD Corporate Finance SRL.
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 main financial groups worldwide. Based on a diversified universal banking model, Société Générale Group combines financial solidity with a strategy of sustainable growth, and aims to be the reference for relationship banking, recognized on its markets, close to clients, chosen for the quality and commitment of its teams.

Its 160,000 employees based in 77 countries accompany more than 33 million clients throughout the world on a daily basis. SG teams offer advice and services to individual, corporate and institutional customers in three core business:

- Retail Banking in France with Societe Generale branch network, Credit du Nord and Boursorama;
- International retail banking, with presence in Central and Eastern Europe and Russia, in the Mediterranean basin, in Sub-Saharan Africa, In Asia and in the French Overseas territories;
- Corporate and investment banking with a global expertise in investment banking, financing and global markets.

Société Générale is also a significant player in specialized financing and insurance, private banking, asset management and securities services.

As at December 31, 2012, 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 Division of Retail Banking outside Metropolitan France (BHFM) - a structure created in March 1998 to coordinate the international retail banking activities of Société Générale in three geographical regions.
3. BUSINESS AND STRATEGY

In an adverse economic environment, BRD 2012 result has been affected by the deterioration of the cost of risk, leading to a loss of RON 331 million for the Bank and of RON 291 million for the BRD Group.

Despite these negative results, the Bank has a fundamentally sound business model with a strong network and customer base and a high level of operational efficiency, evidenced by a low cost/income ratio.

BRD strategic orientations for 2013 and beyond are clear and articulated along 3 three main axis:

- **Continuation of selective investments in the commercial development:**
  - On the individual segment, the main targets on the Bank will be to:
    - keep on developing and providing useful, innovative services to meet the needs of the customers, leading to an improvement in cross selling levels and an increase in market shares (+ 1 to 2 pts on a 3 years' horizon);
    - Reinforce leadership on housing loans;
    - Continue to be a practical bank accessible through a variety of channels (branches, mobile banking, internet);
    - Enhance communication with the customers
  - On SMEs, activities’ development will be based on:
    - The development of the Bank’s presence on liberal professions and agriculture;
    - A credit offer based on:
      - RON lending;
      - selective sectoral approach (agriculture, industry);
      - more secured operations like leasing, factoring, pre/co financing EU funds.

- **Reinforcement of the operational efficiency by simplifying, pooling, industrializing**
  The Bank will continue the back-office centralization, extend their scope of activities and improve the efficiency of their processes. Support functions will be further centralized for an enhanced efficiency;
  The number of branches will be adjusted pragmatically according to the economic conditions, while maintaining a powerful network.

- **Strengthening of risk functional line, as well as the risk procedures and policies.**
4. The Company and Its Shareholders

2012 Key Figures

<table>
<thead>
<tr>
<th>The Bank</th>
<th>2012</th>
<th>2011</th>
<th>12/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income (RONm)</td>
<td>2,912</td>
<td>3,100</td>
<td>-6.1%</td>
</tr>
<tr>
<td>Operating expenses (RONm)</td>
<td>(1,353)</td>
<td>(1,384)</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Cost of risk (RONm)</td>
<td>(1,937)</td>
<td>(1,199)</td>
<td>61.6%</td>
</tr>
<tr>
<td>Net result (RONm)</td>
<td>(331)</td>
<td>469</td>
<td></td>
</tr>
<tr>
<td>Cost / income ratio</td>
<td>46.5%</td>
<td>44.6%</td>
<td>1.8 pts</td>
</tr>
<tr>
<td>ROE</td>
<td>-5.8%</td>
<td>8.2%</td>
<td>-14 pts</td>
</tr>
<tr>
<td>Own funds (RONm)</td>
<td>4,397</td>
<td>4,937</td>
<td>-10.9%</td>
</tr>
<tr>
<td>RWA (RONbn)</td>
<td>29.9</td>
<td>31.2</td>
<td>-4.1%</td>
</tr>
<tr>
<td>CAR (Basel 2)</td>
<td>13.9%</td>
<td>14.9%</td>
<td>-1.0 pt</td>
</tr>
<tr>
<td>Total gross loans (RON bn)</td>
<td>35.4</td>
<td>33.9</td>
<td>4.3%</td>
</tr>
<tr>
<td>Total deposits (RON bn)</td>
<td>31.9</td>
<td>30.3</td>
<td>5.2%</td>
</tr>
<tr>
<td>Liquidity ratio (1st time band)</td>
<td>1.03</td>
<td>1.06</td>
<td></td>
</tr>
<tr>
<td>Non - performing loans ratio</td>
<td>21.2%</td>
<td>16.7%</td>
<td>4.5 pts</td>
</tr>
<tr>
<td>No of branches</td>
<td>915</td>
<td>937</td>
<td>-22</td>
</tr>
<tr>
<td>No of active customers (x 1000)</td>
<td>2,321</td>
<td>2,373</td>
<td>-52</td>
</tr>
</tbody>
</table>

The Group

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>12/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income (RONm)</td>
<td>3,046</td>
<td>3,242</td>
<td>-6.1%</td>
</tr>
<tr>
<td>Operating expenses (RONm)</td>
<td>(1,432)</td>
<td>(1,485)</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Cost of risk (RONm)</td>
<td>(1,943)</td>
<td>(1,223)</td>
<td>58.9%</td>
</tr>
<tr>
<td>Net result (RONm)</td>
<td>(291)</td>
<td>498</td>
<td></td>
</tr>
<tr>
<td>Cost / income ratio</td>
<td>47.0%</td>
<td>45.2%</td>
<td>1.8 pts</td>
</tr>
<tr>
<td>ROE</td>
<td>-4.9%</td>
<td>8.4%</td>
<td>-13 pts</td>
</tr>
<tr>
<td>Total gross loans, including leasing (RON bn)</td>
<td>36.4</td>
<td>35.1</td>
<td>3.7%</td>
</tr>
<tr>
<td>Total deposits (RON bn)</td>
<td>31.8</td>
<td>30.2</td>
<td>5.2%</td>
</tr>
</tbody>
</table>
4. The Company and its Shareholders

Securities Market
Starting with January 15th, 2001, the Bank’s shares are listed in the 1st category of the Bucharest Stock Exchange and are included in the BET and BET-C indexes. The Bank’s shares are ordinary, nominative, dematerialised 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”), whereas complying with the legislation on the trade of shares issued by bank institutions.

The closing price for BRD share as at December 28th, 2012, the last 2012 trading day, was of 8.11 RON/share. On the same date, the market capitalisation was RON 5,651.9 million.

During 2012 neither the Bank, nor its subsidiaries have bought back its 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 60 days from the publication date of the AGA decision of approval of dividends in the Official Journal.

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

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributable profit (RON million)</td>
<td>465.3</td>
<td>500.6</td>
<td>779.1</td>
</tr>
<tr>
<td>Total dividends (RON million)</td>
<td>116.3</td>
<td>125.1</td>
<td>194.8</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>0.16690</td>
<td>0.17957</td>
<td>0.27947</td>
</tr>
<tr>
<td>Distribution rate from distributable profit</td>
<td>25%</td>
<td>25%</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 value of the distributable profit and on the future capitalization need 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.

BRD started the payment of the 2011 dividends on June 22, 2012.

Due to the 2012 negative result, no dividend will be distributed for the financial year 2012.
5. GROUP ACTIVITY AND RESULTS

ECONOMIC AND BANKING ENVIRONMENT 2012

The main macroeconomic factors that, in year 2012 had major impact on the banking activity:

- With increased inflationary pressures starting from third quarter of the year, influenced by rising food and energy prices, the hike in the consumption prices index reached 4.95% in 2012;
- The national currency depreciated by 2.5% compared to the Euro;
- During 2012 the recovery of the Romanian economy has stopped with a Gross Domestic Product growth limited to 0.3%, according to the provisional data provided by the National Institute of Statistics;
- NBR has maintained the minimum compulsory reserves at the same level as in 2011 (namely 20% for foreign currencies resources, and 15% for RON resources) and reduced the reference interest rate from 6.25%, in November 2011 to 5.25 % in March 2012. The rate was kept unchanged till the end of year;

In 2012, the number of credit institutions dropped to 40 units, from 41 in 2011, out of which 8 are foreign bank branches and 2 are banks with fully or majority state-owned capital.

The total aggregate assets of the banking system stood at RON bln 366 at end of 2012, down from a year earlier (-1.5% in real terms). The banks’ investment behavior in 2012 shows: (i) the contraction in banking business due notably to the tighter lending standards; (ii) the larger exposure towards the government sector, and (iii) the smaller placements of credit institutions with the central bank. As regards the funding sources, the equity capital remained robust and saving stood at a level similar to that in the previous year, in real terms.

The Romanian banking system capitalization in 2012 remained adequate with a solvency ratio of 14.6% at year-end (from 14.9% a year earlier), both as a result of the shareholders’ capital injections and the significant share of government securities (considered risk-free) in the banks’ portfolio.

The quality of the loan portfolio continued to worsen in 2012, the non-performing loan ratio (according to prudential regulations) going up to 18.2% from 14.3% in 2011.

Under these conditions, the banking sector as a whole recorded a loss of over RONm 2,100.
5. GROUP ACTIVITY AND RESULTS

THE BANK ACTIVITY

As at December 31st, 2012 the Group has 915 branches, which ensured the distribution of its products throughout the whole country.

In 2012 BRD continued to have a strong customer base, despite a slightly decreasing trend in the number of active clients. The bank focused on improving the offer by designing innovative and high added value products, to the benefit of the customers.

The equipment rates (number of products per client) improved compared to 2011 both for individual and corporate customers, mostly pushed by saving accounts, housing loans and remote banking solutions’ penetration rates.

Number of active clients (x 1000)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,425</td>
<td>2,373</td>
<td>2,321</td>
</tr>
</tbody>
</table>

Equipment rate

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.6</td>
<td>3.8</td>
<td>3.7</td>
</tr>
</tbody>
</table>

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

BRD continued to be the second largest bank in Romania, with the following market shares:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL ASSETS</td>
<td>13.9%</td>
<td>13.6%</td>
<td>13.1%</td>
</tr>
<tr>
<td>LOANS</td>
<td>14.9%</td>
<td>14.3%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Individuals</td>
<td>15.7%</td>
<td>15.7%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Corporate</td>
<td>14.2%</td>
<td>13.1%</td>
<td>13.4%</td>
</tr>
<tr>
<td>DEPOSITS</td>
<td>15.7%</td>
<td>14.9%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Individuals</td>
<td>14.1%</td>
<td>13.5%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Corporate</td>
<td>17.8%</td>
<td>16.7%</td>
<td>16.4%</td>
</tr>
</tbody>
</table>
5. GROUP ACTIVITY AND RESULTS

The structure of the commercial customers’ loans for the last three years was the following:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>12/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs</td>
<td>11.1</td>
<td>11.5</td>
<td>11.7</td>
<td>1.8%</td>
</tr>
<tr>
<td>Large corporate</td>
<td>4.9</td>
<td>5.8</td>
<td>6.2</td>
<td>8.3%</td>
</tr>
<tr>
<td>Consumer loans</td>
<td>12.0</td>
<td>11.6</td>
<td>10.7</td>
<td>-7.4%</td>
</tr>
<tr>
<td>Housing loans</td>
<td>4.0</td>
<td>4.7</td>
<td>6.2</td>
<td>31.6%</td>
</tr>
<tr>
<td><strong>Total commercial gross loans</strong></td>
<td><strong>32.1</strong></td>
<td><strong>33.5</strong></td>
<td><strong>34.8</strong></td>
<td><strong>3.9%</strong></td>
</tr>
</tbody>
</table>

During 2012 the credit activity of the Bank was mainly supported by housing loans and by financing of large corporate customers.

Loans to individuals grew by 3.8%, influenced by a robust production of housing loans (mainly fuelled by the “Prima casa” credits) and by the contraction in consumer loans’ outstanding amount due to the low demand and regulatory constraints (aiming at dampening forex lending to unhedged borrowers and limiting consumer loans duration).

The increase in the volume of loans to enterprises was mostly supported by large corporate customers, a strategic and sound customer segment for the Bank.

As a consequence the market shares increased with 0.5 pts on loans to individuals and with 0.3 pts on loans to enterprises.

The customers’ deposits structure for the last three years was the following:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>12/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporates RON</td>
<td>10.6</td>
<td>10.5</td>
<td>9.7</td>
<td>-8.1%</td>
</tr>
<tr>
<td>Corporates FX</td>
<td>4.6</td>
<td>4.5</td>
<td>5.9</td>
<td>31.9%</td>
</tr>
<tr>
<td>Individuals RON</td>
<td>7.4</td>
<td>8.1</td>
<td>7.9</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Individuals FX</td>
<td>7.3</td>
<td>7.1</td>
<td>8.3</td>
<td>16.9%</td>
</tr>
<tr>
<td><strong>Total commercial deposits</strong></td>
<td><strong>29.9</strong></td>
<td><strong>30.2</strong></td>
<td><strong>31.7</strong></td>
<td><strong>5.1%</strong></td>
</tr>
</tbody>
</table>

2012 was marked by a robust growth of individual deposits, with BRD catching up the market pace. The increase in foreign currency denominated deposits was particularly sustained.

The corporate customers’ deposits increased at the same pace as the market, pushed also by a significant growth of deposits denominated in foreign currencies (especially in the first half of 2012), and a dynamic deposit – taking on large corporate segment.

A reorientation in favor of longer maturity deposits (the share of deposits with initial maturity greater than 6 months increased from 21% to 29%) was noticed.

For the evolution of the main components of the net banking income please refer to “Financial results” section.
5. GROUP ACTIVITY AND RESULTS

SUBSIDIARIES ACTIVITY

BRD SOGELEASE IFN SA

In 2012, BRD Sogelease registered an increase in financed assets value of 17% compared to 2011, reaching a level of RONm 388.8 and 1,896 signed leasing contracts. These results led to a strengthened market position with a market share of 8.2%, as at September 2012, up 2 pts versus end of 2011.

BRD Sogelease portfolio structure, at 31th of December 2012, was the following: cars (36%), commercial vehicles (26%), construction equipments (21%), medical equipments, industrial and agricultural equipments (15%), IT and office equipments (1%), real estate (1%).

During 2012, 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 in local currency.

The stock of leasing financing for the period 2010 - 2012 was the following:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>12/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>RONm</td>
<td>904</td>
<td>775</td>
<td>704</td>
<td>-9.1%</td>
</tr>
</tbody>
</table>

BRD FINANCE IFN SA

In 2012, BRD Finance remained one of the leading players in the consumer credit market in Romania, by keeping as competitive advantage the fastest loan granting system with minimum documentation required and by following a set of commitments to the clients for responsible and successful lending.

The effects of the difficult macroeconomic environment prevailing since 2009, and the 2012 new regulatory context for consumer loans impacted BRD Finance activity.

However, thanks to a client oriented policy, adapted commercial strategies, operational efficiency enhancement, risk optimization measures, the company has managed to achieve its objectives.

Thus, BRD Finance’s commercial strategy was focused on strengthening existing partnerships with the key market retailers and major car dealers network through dynamic and flexible approaches, offering a wide range of value added products to end customers: credit cards, loans for durable goods, personal loans and car loans.

BRD ASSET MANAGEMENT SA

BRD Asset Management is one of the most important actors on the Romanian mutual funds market, having in its portfolio 6 open investment funds and a market share as at December 31, 2012 of 8.5%. The funds managed are: Simfonia, BRD Obligatiuni, Actiuni Europa Regional, Diverso Europa Regional, BRD Eurofond (EUR denominated), Index Europa Regional.

BRD CORPORATE FINANCE SRL

During 2012, BRD Corporate Finance was involved in six mergers & acquisitions mandates, out of which 4 sell side and 2 buy side. Two transactions were finalized during the year.

BRD Corporate Finance was involved, along BRD, in the GDF Suez Energy Romania inaugural RON 250 Mio bonds issue, the first Romanian non-banking corporate bonds and in the Hidroelectrica’s 10% IPO.
5. 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, 2012 and the comparative periods.

FINANCIAL POSITION – ASSETS

The total assets decreased in 2012 by 1.7% for the Bank and by 2.0% for the Group and had the following structure:

THE BANK

<table>
<thead>
<tr>
<th>Assets (RONm)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>12/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to customers</td>
<td>31,893</td>
<td>31,629</td>
<td>31,478</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Cash and current accounts with Central Bank</td>
<td>10,040</td>
<td>9,404</td>
<td>9,383</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Other financial instruments</td>
<td>4,125</td>
<td>5,193</td>
<td>5,085</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Tangible and intangible assets</td>
<td>1,290</td>
<td>1,286</td>
<td>1,193</td>
<td>-7.2%</td>
</tr>
<tr>
<td>Loans and advances to credit institutions</td>
<td>622</td>
<td>995</td>
<td>368</td>
<td>-63.0%</td>
</tr>
<tr>
<td>Other assets</td>
<td>318</td>
<td>343</td>
<td>417</td>
<td>21.5%</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>48,288</strong></td>
<td><strong>48,751</strong></td>
<td><strong>47,924</strong></td>
<td><strong>-1.7%</strong></td>
</tr>
</tbody>
</table>

THE GROUP

<table>
<thead>
<tr>
<th>Assets (RONm)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>12/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances to customers</td>
<td>33,115</td>
<td>32,566</td>
<td>32,371</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Cash and current accounts with Central Bank</td>
<td>10,041</td>
<td>9,405</td>
<td>9,384</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Other financial instruments</td>
<td>4,187</td>
<td>5,191</td>
<td>5,084</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Tangible and intangible assets</td>
<td>1,325</td>
<td>1,325</td>
<td>1,220</td>
<td>-7.9%</td>
</tr>
<tr>
<td>Loans and advances to credit institutions</td>
<td>682</td>
<td>1,035</td>
<td>394</td>
<td>-61.9%</td>
</tr>
<tr>
<td>Other assets</td>
<td>357</td>
<td>357</td>
<td>437</td>
<td>22.5%</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>49,667</strong></td>
<td><strong>49,879</strong></td>
<td><strong>48,891</strong></td>
<td><strong>-2.0%</strong></td>
</tr>
</tbody>
</table>

Loans and advances to customers, net including leasing

Despite the positive performance of the commercial activity the net loans of the Bank and the Group decreased by 0.2% and 0.6% respectively, mainly due to the deterioration of the assets quality which led to an increase of the loans impairment.

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

The most liquid assets of the Bank and Group, namely cash, accounts with the Central Bank and loans and advances to credit institutions, decreased in 2012 by more than 5%, but continued to represent around 20% of the total assets. The most important component of this element is the minimum compulsory reserve held with the National Bank of Romania (RONm 6,300 as at December 31, 2012, RONm 6,738 as at December 31, 2011)
5. **GROUP ACTIVITY AND RESULTS**

**Other financial instruments**

The other financial instruments mostly represent treasury bills issued by the Romanian Government and which are accounted as available for sale and trading instruments. They stand for around 10% of the total assets and, compared to 2011 they recorded a slight decrease of 2% in 2012.

**Tangible and intangible assets**

The tangible and intangible assets stood for around 2.5% of the total assets both for the Bank and the Group. The most important share is represented by land and buildings (more than 70%). Most of the buildings are recently constructed or modernized and they are situated all over the country, in most of the cities.

**Capital investments during 2012**

Capital expenditure made in 2012 was around RONm 70 for the Bank and RONm 74 for the Group, the main component being investments in IT area. There is no research and development expenditure capitalized.

**FINANCIAL POSITION – LIABILITIES**

The comparative statement of liabilities, for the period 2010 – 2012 is as follows:

**THE BANK**

<table>
<thead>
<tr>
<th>Liabilities and shareholders equity (RONm)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>12/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts owed to customers</td>
<td>30,101</td>
<td>30,303</td>
<td>31,892</td>
<td>5.2%</td>
</tr>
<tr>
<td>Amounts owed to credit institutions</td>
<td>11,309</td>
<td>11,936</td>
<td>9,899</td>
<td>-17.1%</td>
</tr>
<tr>
<td>Shareholders equity</td>
<td>5,577</td>
<td>5,890</td>
<td>5,524</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>565</td>
<td>621</td>
<td>609</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Debts evidenced by certificates</td>
<td>735</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders equity</strong></td>
<td><strong>48,288</strong></td>
<td><strong>48,751</strong></td>
<td><strong>47,924</strong></td>
<td><strong>-1.7%</strong></td>
</tr>
</tbody>
</table>

**THE GROUP**

<table>
<thead>
<tr>
<th>Liabilities and shareholders equity (RONm)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>12/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts owed to customers</td>
<td>30,025</td>
<td>30,218</td>
<td>31,786</td>
<td>5.2%</td>
</tr>
<tr>
<td>Amounts owed to credit institutions</td>
<td>12,515</td>
<td>12,859</td>
<td>10,665</td>
<td>-17.1%</td>
</tr>
<tr>
<td>Shareholders equity</td>
<td>5,749</td>
<td>6,088</td>
<td>5,762</td>
<td>-5.4%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>644</td>
<td>713</td>
<td>678</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Debts evidenced by certificates</td>
<td>735</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders equity</strong></td>
<td><strong>49,667</strong></td>
<td><strong>49,879</strong></td>
<td><strong>48,891</strong></td>
<td><strong>-2.0%</strong></td>
</tr>
</tbody>
</table>
5. GROUP ACTIVITY AND RESULTS

Amounts owed to customers

The share in total liabilities of the customers’ deposits increased in 2012 to around 75% for the Bank from around 71% and to 74% for the Group from 70% in 2011, 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 stands for 20.7% from the Bank’s total liabilities and shareholders equity and for 21.8% in the Group’s liabilities and equity, their weight decreasing in favor of customers’ deposits.

Shareholders’ equity

Due to the negative result of 2012 the shareholders’ equity decreased by 6.2% for the Bank and by 5.4% for the Group.

The structure of the shareholders’ equity during the last three years is the following:

<table>
<thead>
<tr>
<th>THE BANK</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>12/11</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>22</td>
<td>(15)</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>3,040</td>
<td>3,390</td>
<td>2,949</td>
<td>-13.0%</td>
</tr>
<tr>
<td>Total</td>
<td>5,577</td>
<td>5,880</td>
<td>5,524</td>
<td>-6.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>THE GROUP</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>12/11</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>25</td>
<td>(15)</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>3,167</td>
<td>3,545</td>
<td>3,136</td>
<td>-11.5%</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>41</td>
<td>44</td>
<td>52</td>
<td>18.8%</td>
</tr>
<tr>
<td>Total</td>
<td>5,749</td>
<td>6,088</td>
<td>5,762</td>
<td>-5.4%</td>
</tr>
</tbody>
</table>

Liquidity position

Both the Bank and the Group have maintained a balanced structure of resources and investments and a satisfactory liquidity level.

The net loans/deposits ratio improved in 2012 to 98.7% from 104.0% in the previous year for the Bank and from 105.3% to 99.8% for the Group.
5. GROUP ACTIVITY AND RESULTS

2012 FINANCIAL RESULTS

Net loss of the Bank in 2012 is RONm 331, the comparative income statement for the period 2010 – 2012 being presented below.

<table>
<thead>
<tr>
<th>RONm</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>12/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>out of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- net interest income</td>
<td>2,208</td>
<td>2,075</td>
<td>1,866</td>
<td>-10.5%</td>
</tr>
<tr>
<td>- net commissions</td>
<td>778</td>
<td>753</td>
<td>773</td>
<td>2.8%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>-1,376</td>
<td>-1,384</td>
<td>-1,353</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>2,036</td>
<td>1,716</td>
<td>1,559</td>
<td>-9.2%</td>
</tr>
<tr>
<td>Net cost of risk</td>
<td>-832</td>
<td>-1,199</td>
<td>-1,937</td>
<td>61.6%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,206</td>
<td>517</td>
<td>(378)</td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>996</td>
<td>469</td>
<td>(331)</td>
<td></td>
</tr>
</tbody>
</table>

Net loss of the Group in 2012 is RONm 291, the comparative income statement for the period 2010 – 2012 being presented below.

<table>
<thead>
<tr>
<th>RONm</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>12/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>out of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- net interest income</td>
<td>2,323</td>
<td>2,179</td>
<td>1,946</td>
<td>-10.7%</td>
</tr>
<tr>
<td>- net commissions</td>
<td>792</td>
<td>768</td>
<td>792</td>
<td>3.1%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>-1,476</td>
<td>-1,465</td>
<td>-1,432</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>2,110</td>
<td>1,777</td>
<td>1,614</td>
<td>-9.2%</td>
</tr>
<tr>
<td>Net cost of risk</td>
<td>-883</td>
<td>-1,223</td>
<td>-1,943</td>
<td>58.9%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,227</td>
<td>555</td>
<td>(329)</td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>1,009</td>
<td>498</td>
<td>(291)</td>
<td></td>
</tr>
</tbody>
</table>

During 2012 the net banking income was affected, on one hand, by the net interest margin decline (under the influence of negative index rates effects and increase in non-performing loans) and, on the other hand, by the positive evolution in fees and commissions, mostly due to growing revenues on packages, cards and other means of payment.

A tight and efficient cost control led to a 2.2% reduction in operational expenses compared to 2011 and to a low cost/income ratio of 46.5%. This evolution was generated by a decrease of 5.0% of staff expenses (as a result of the headcount compression and the adjustment of the remuneration policy) and by the implementation of a program of cost optimization measures.

In a deteriorated macroeconomic environment, 2012 net result both for the Bank and for the Group has been influenced by the higher net cost of risk.

Neither Banks’ nor the Groups’ 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.
6. 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-Groupe Société Générale has adopted the unitary system of administration in full harmony with the principles of good corporate governance, transparency of relevant corporate information, protection of the shareholders and of other categories of concerned persons (stakeholders), as well as of an efficient operation on the banking market.

BOARD OF DIRECTORS

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

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

The year 2012 brought changes to the composition of the Board of Directors, as follows:

- The Ordinary General Meeting of the Shareholders of April 26, 2012 approved the election of Mr Alexandre Paul Maymat as director for a 4-year term of office, as of May 1, 2012, subject to the prior approval by NBR, following the renunciation by Mr Guy Marie Charles Poupet of his term of office;

- During the meeting of April 27, 2012, the Board of Directors approved the appointment of Mr Petre Bunescu as provisory Chairman of the Board of Directors, starting with May 1, 2012 and until the receipt of the prior approval by the NBR of Mr Alexandre Paul Maymat;

- During the meeting of July 27, 2012, the Board of Directors of BRD Groupe Société Générale approved the appointment of Mr Philippe Charles Lhotte as CEO and provisory Director, as of September 1, 2012, following the renunciation by Mr Alexandre Paul Maymat of his director position (Chairman of the Board of Directors) and of CEO of BRD - Groupe Société Générale S.A.

- The Ordinary General Meeting of the Shareholders of September 13, 2012 approved the election of Mr Philippe Charles Lhotte as director for a 4-year term of office, starting with the date of the General Meeting, subject to the prior approval by NBR;

- During the meeting of November 5, 2012, the Board of Directors of BRD Groupe Société Générale approved the appointment of Mr Philippe Charles Lhotte as Chairman of the Board of Directors and the end of Mr Petre Bunescu’s term of office as Provisory Chairman of the Board of Directors;

- The vacancy of a position of director following the death of Mr Bogdan Baltazar on December 28, 2012.
6. CORPORATE GOVERNANCE

MEMBERS OF THE BOARD OF DIRECTORS AS AT DECEMBER 31, 2012

Philippe Charles LHOTTE
Chairman - CEO

Born on January 15, 1961
Residence: Bucharest, 1st district
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 Héroult (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 seven years, the Bulgarian subsidiary of the Société Générale Group strongly developed its entire range of activities. It won the "Best Bank in Bulgaria" award given by Euromoney magazine, among the "Euromoney Awards for Excellence 2012".
Since October 31th, 2012, he holds the positions of Director and CEO of BRD-Groupe Société Générale SA and since November 5th, 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, 3rd District
In 1975, he becomes an employee of the Investment Bank, and in 1990 he is appointed as Deputy CEO of the Bucharest Branch. Once the Romanian Bank for Development is set up, on December 1st, 1990, he takes over the position of Vice-Chairman and member of the Board of Directors and of the Management Board of the bank until July 1999. Between November 1997 and May 1998, he holds the position of Interim Chairman of the Romanian Bank for Development. Since August 1999, he has been Deputy CEO and member of the Board of Directors of BRD - Groupe Societé Generale.
On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011, and between May 1st and November 5th, 2012, he occupied the position of Interim Chairman of the Board of Directors.
He is the Vice-Chairman of the Romanian Banking Association and member of the Board of Directors of Transfon SA. 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 in 2007 he has become an associated member of the teaching staff of the Romanian-American University in Bucharest.
He graduated from the Economic Studies Academy in 1975. In 2003, he got his PhD in Economics.
6. CORPORATE GOVERNANCE

Sorin - Mihai POPA
Non-executive Member of the Board of Directors

Born on September 5, 1964
Residence: Bucharest, 1st district

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

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

On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011. Between September, 2011 and July, 2012, he was Co-CEO of BRD.

In July 2012, Mr. Popa was appointed Director of Commercial Development and Marketing at Banque de Détail Hors France Métropolitaine (BHFM), structure in charge with the coordination of Societe Generale subsidiaries outside France.

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

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

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

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

Born on August 16, 1946
Residence: Paris, France

He joined SOCIÉTÉ GÉNÉRALE in 1971.

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

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

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

On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011. He graduated the Political Studies Institute in Paris with a degree in Economic Sciences.
6. CORPORATE GOVERNANCE

Jean-Louis MATTEI
Non-executive member of the Board of Directors
Chairman of the Audit Committee
Chairman of the Remuneration Committee

Born on September 8, 1947
Residence: Paris, France

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

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

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

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

Anne Marion BOUCHACOURT
Non-executive member of the Board of Directors of BRD
Member of Remuneration Committee

Born in 1958
Residence: Paris, France

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

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

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

In 2004 she was appointed as Human Resources manager in Société Générale Corporate & Investment Banking (SG CIB), since 2006 she has been the Head of Human Resources for Group Societe Generale and since July, 15 2012 she has been appointed as Chief Country Officer for China.

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

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

Bernardo Sanchez INCERA
Non-executive member of the Board of Directors of BRD

Born on March 9, 1960
Residence: Paris, France

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

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

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

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

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

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

Born on March 15, 1953
Residence: Bucharest, 2nd district

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

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

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

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

Born on July 16, 1948
Residence: Bucharest, 6th district

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

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

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

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

Ioan CUZMAN
Non-executive member of the Board of Directors

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

As of 1981, he filled in the positions of: economist with the Enterprise Electrobanat Timisoara, Financial Office Manager with the Machine-Tools Factory in Arad, Deputy Commercial Manager with the Confections Factory in Arad, Sub-prefect of Arad County, University Lecturer at the West University in Timisoara, Chairman – CEO at Fondul Proprietatii Private no. 1 Banat-Crisana since December 4th 2012. In present, he is member of the Board of SIF Banat – Crisana.

On April 14, 2011, he is re-elected director of BRD for a 4-year term of office, starting April 18, 2011. He graduated the Faculty of Economic Sciences; section "Economics of industry, constructions and commerce" within the West University in Timisoara.

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

BRD shares held by the members of the Board of Directors as at December 31st, 2012

<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>Ionan CUZMAN</td>
<td>3,500</td>
</tr>
<tr>
<td>TOTAL</td>
<td>303,500</td>
</tr>
</tbody>
</table>

Attributions and responsibilities of the Board of Directors

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

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

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

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

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

- 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.

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

Meetings of the Board of Directors

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

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

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

ACTIVITY OF THE BOARD OF DIRECTORS IN 2012

In 2012, 10 meetings of the Board of Directors took place, and the decisions of the Board were made with the unanimity of the votes.

On the Board of Directors agenda the following subjects were included: The general strategy of development of the bank, the identification and management of material risks in 2012, identification and management of significant risks, Liquidity strategy, 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 etc.

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

Remuneration of the members of the Board of Directors

For 2012, the Ordinary General Assembly of Shareholders approved a remuneration for the non-executive members of the Board of Directors amounting to EUR 1,500 / month (gross amount, in lei equivalent), as well as a general limit for the directors’ and executive officers’ additional remunerations for 2012, amounting toRON 9 million, gross amount.

COMMITTEES SET UP IN SUPPORT OF THE BOARD OF DIRECTORS

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

Audit Committee

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

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

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

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

In 2012, 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.
6. CORPORATE GOVERNANCE

Remuneration Committee

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

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

It meets annually or any time necessary.

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

Risk Management Committee

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

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

In 2012, 4 meetings of the Risk Management Committee took place.
6. 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 Management Board.

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

MEMBERS OF THE MANAGEMENT COMMITTEE AS AT DECEMBER 31, 2012

Philippe Charles LHOTTE
Chairman - CEO
He has direct authority over all the structures and activities in the Bank and, as at December 31, 2012,
the following structures were directly subordinated to him: Compliance Division, Permanent Control
Division, General Secretariat, Human Resources Department, Internal Audit Department, Central Risk
Control Department.

Petre BUNESCU
Deputy CEO Finance / Treasury
Member of the Board of Directors
As at December 31, 2012, he was coordinating the following structures: Financial Department,
Financial Markets Back Office Division, Banking Operations Arm, Legal Division.

Alexandru-Claudiu CERCEL-DUCA
Deputy CEO - Financial Markets,
Member of the Management Committee

Born on February 17, 1968.
Residence: Bucharest, 1st district.
He directly coordinates the following structures: Financial Markets Division, Securities Division,
Financial Markets Operations Support Office, Market Analysis Office. 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 been a Deputy CEO.
He graduated the Economic Studies Academy - Cybernetics Faculty, in 1992, as well as various
management and leadership training courses organised 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.
6. CORPORATE GOVERNANCE

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

Born on September 11, 1954
Residence: Bucharest, 1st district
He graduated from the University of Aix-en-Provence in 1977, having a licence in Economic and Social Management. In 1979 he obtained DESS (Diploma in Specialised Higher Education) in Finance, specialty Econometrics.

In 1980, he joined Société Générale within the Group Nantes sur Loire. Between 1981 and 1989 he had 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), 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 till 2010 he took over the job of Resources Manager at NSGB Egypt, where he coordinated 3 major organization projects.
Since 2010, he has held the position of Deputy CEO of BRD – Groupe Société Générale.
He directly coordinates the following structures: Information System Department, Projects and Organisation Department, Banking Data Management Division, Real Estate, Logistics and Security.

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

Born on December 12, 1956
Residence: Bucharest, 2nd district.

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

Between 1987 and 1993 she has several positions at the National Bank of Romania, BCR and Banca Comerciala Ion Tîriac.
She has joined Société Générale in 1993 in the Bucharest Branch of Société Générale as Commercial Director.
6. CORPORATE GOVERNANCE

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

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

She directly coordinates the Corporate and Investment Banking Department, which includes the following structures: Corporate and Investment Banking – Commercial Division and Corporate and Investment Banking – Resources Division.

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

Born on March 13, 1965
Residence: Voluntari, Ițov County

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

He followed several management and leadership trainings.

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

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

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

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

BRD shares held by the members of the Management Committee as at December 31st, 2012

<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>Claudiu CERCEL - DUCA</td>
<td>1 030</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>301 030</strong></td>
</tr>
</tbody>
</table>
6. CORPORATE GOVERNANCE

Attributions and responsibilities

The executive officers are in charge of making all the measures incumbent to the company management, within the limits of the company object 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 the Board of Directors, the executive officers act jointly, organised in the Management Board, for a series of activities / operations specific to the activity of the bank, detailed in the Articles of Incorporation and in the Internal Regulations of the bank.

Changes in the structure of the Management Board in 2012

On March 22, 2012, the Board of Directors approved the appointment of Mr Alexandre Paul Maymat as CEO of the Bank as of May 1, 2012 (subject to the approval by NBR), following the renunciation by Mr Guy Marie Charles Poupet of the position of CEO.

As of July, 5.2012, Mr Sorin Mihal – Popa renounced his position of Delegated CEO.

On July 27, 2012, the Board of Directors decided to appoint Mr Philippe Charles Lhotte CEO as of September 1, 2012 (subject to the NBR approval), following the renunciation of Mr Alexandre Paul MAYMAT of his capacity of CEO.

On October 31, 2012 Mr Philippe Charles LHOTTE received the approval of the National Bank of Romania.

Meetings of the Management Committee

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

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

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

The Management Board provided the Board of Directors regularly and comprehensive detailed information about all the important aspects of the bank’s activity, including risk management, potential risk assessment and compliance matters, measures taken and recommended, irregularities found while performing its attributions. Any major event is communicated at once to the Board of Directors.
6. 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 5 months as of the end of the financial year, and the Extraordinary General Assembly of Shareholders meets whenever necessary. In 2012, there were 3 General Assembly (2 Ordinary General Assembly of Shareholders on April 26th, 2012 and September 13th, 2012) and one Extraordinary General Assembly of the Shareholders, on April 26th, 2012.

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

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

The shareholders can participate in the works of the General 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 to 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.

In 2012, the General Assembly approved the distribution of a gross dividend of RON 0.16690/share and established the dividend distribution procedure.
6. 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. Also, all the shareholders receive an annual individual letter of information regarding their shares and the dividends due to them for the ended financial year.

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

For the information of shareholders and investors, the bank sets at the beginning of the year a financial reporting calendar, which it sends to the Bucharest Stock Exchange and to the National Securities Commission. 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 organises meetings with financial analysts, investment consultants, brokers and investors. These meetings during which the annual results of the bank are presented are an opportunity for Bank management and the financial market analysts to exchange opinions. The same policy of transparency has been adopted regarding the communication with the rating agencies and with the capital market institutions.

Financial calendar for the year 2013 is the following:

- Preliminary financial results as at December 31, 2012 and meeting with journalists and financial analysts: 13 February 2013
- General Assembly of Shareholders: 18 April 2013
- Communication of results as of 31 December 2012: 18 April 2013
- Communication of results as of 1st Quarterly 2013: 7 May 2013
- Communication of results as of 2nd Q 2013: 1 August 2013
- Communication of results as of 3rd Q 2013: 7 November 2013
6. CORPORATE GOVERNANCE

OTHER CORPORATE GOVERNANCE ELEMENTS

Conflicts of interest

In 2012, no conflicts of interests between the members of the Board of Directors or of Management Board and the interests of the bank have been identified.

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

- 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.

Transactions with related persons

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

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

Insider trading

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

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

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

KEY FIGURES 2012
- 8,496 employees at BRD Group level;
- 7.7% total turnover, out of which 4.4% voluntary turnover
- 97% of the personnel followed at least one course of professional development
- 24 hours/employee is the average of training duration/employee

In 2012, the Human Resources Department implemented different projects for optimization and efficiency, and for the development of human capital according to the strategic plan Ambition 2015 Human Resources projects and actions were in line with the strategic direction, considering the business support and staff development.

Optimizing business and cost control

Year 2012 was marked by a reorganization of the Human Resources Department, materialized by implementing a new operating model, based on 3 pillars: HR Business Partners, Centre of Expertise and Societe Generale European Business Services (European shared services centre within which were centralized all the transactional back office HR specific area activities). This change followed the streamline of HR activities.

In addition to the projects initiated and implemented, the Human Resources Department continued to provide support and advice to internal reorganization in numerous projects.

Career Management

In 2012 we continued HR meetings with employees, reaching 77% of total Group employees, except those meetings with the scope to reorganize various internal projects. During these meetings were pursued the same objectives: to assess the potential of each employee and following their professional development.

Internal mobility reflected the adaptability of structures to the requirements of the macroeconomic context. The internal mobility policy aimed at boosting performance and the development of employees with high potential, criteria that stood at the base of internal promotions.

Promoting a new model of leadership

During the past year there were conducted numerous training activities, focusing on management, in order to promote an organizational culture based on performance. Thus, in 2012, 1,500 employees holding management positions have been trained.

The training programs developed last year took into consideration business support through a comprehensive approach, including promoting a culture of risk, financial analysis tools, and communication and negotiation techniques. Among the projects launched there are: Academy of Business Corporate and Client Pole Position.

Also, in terms of salary package policy, we continued to reward performance, both the collective and the individual in a manner adapted to the context.

Employee motivation and performance recognition is still an important focus in human resources strategy.
8. CORPORATE AND SOCIAL RESPONSABILITY

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 took by Societe Generale Group provides for social and environmental risk assessment of projects over 10 million USD.

GREEN FINANCING
In the category of green financing are included funding for renewable energy (wind, solar, geothermal, photovoltaic, biomass etc), cogeneration and alternative fuel and treating waste or polluting emissions.

In 2012, BRD has granted EUR 146.4 million green finance. In 2011, funding was at the level of EUR 76.9 million.

RESPONSIBILITY TO THE COMMUNITY

EDUCATION AND SOLIDARITY
Education is one of the most powerful instruments for reducing poverty and inequality.

Through community involvement programs, BRD aims to contribute to building a more prosperous and sustainable future for thousands of children and young people.

In particular, we are concerned with improving access to education and reduce illiteracy, supporting young talent and support the integration of young people into active life.

FOCUS: INVOLVEMENT MECHANISMS
BRD is trying to create mechanisms through which employees but also customers and partners can become involved in a permanent manner.

Examples:
- Through internal program of salary donations, 1,500 employees donate monthly amount doubled by the bank. In 2012, 14 programs for education and labour market insertion were funded of which 2,700 children and youth benefited;
- BRD is a partner of the direct debit program for donations developed by the Association for Community Relations. Any person, who wishes to support a cause, can do it very simply by signing a form with the bank and authorizing it –to automatically collect monthly from the account the amount he wishes to donate.

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1 Amount checked by Ernst&Young Paris
SPORT

Be it tennis, football or cycling, confirmed athletes or talents, BRD was again involved in promoting sport in Romania. The most representative partnerships are: BRD Nastase Tariac Trophy, Hagi Academy, and Cycling Tour of Romania.

CULTURE

BRD organizes periodically in the exhibition space on the ground floor of its headquarters, exhibitions of famous Romanian artists and young people who are starting out. The Bank also supports cultural and academic events.

One of the most important partnerships is with Princess Margareta of Romania Foundation which supports the program for Young Talents. 28 young artists received scholarships and access to camps, competitions abroad, mentoring programs and promotion.

ENVIRONMENT RESPONSIBILITY

Responsibility to protect the environment goes beyond legal mandatory issues, and is a voluntary commitment of the Bank who has proposed to completely neutralize their CO2 emissions from its own activities. In 2012, BRD acquired for the second year carbon certificates, thus neutralizing the CO2 footprint of the company.

Evolution of CO2 indicator / employee in the last three years is as follows:

<table>
<thead>
<tr>
<th>Average Indicator</th>
<th>Unit</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 / employee</td>
<td>Tone</td>
<td>3.44</td>
<td>3.09</td>
<td>3.52</td>
</tr>
</tbody>
</table>

FOCUS: Collection and recycling of DEEE in BRD

For collection and recycling of waste from Electrical and Electronic Equipment, BRD has partnered with the associations: Recolamp and Workshops Without Borders.
9. Risk Management

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

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

The Central Risk Control Unit (CRCU) is responsible for monitoring and managing the credit risk, the operational risk and the market risk, while the Financial Department monitors and manages the liquidity risk, the interest risk and foreign exchange risk in banking book.

Risk Management Function
The Risk Management Committee (RMC) is the most senior structure with attributions, delegated by the MC, in credit, market and operational risk management. RMC follows up periodically the main aspects related to risk management, including:

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

The risk management function is accomplished on two-levels:

- Transversal risk management extended to the territorial and departmental levels;
- Risk control made by the CRCU

CRCU is directly subordinated to the Chairman - CEO. The credit risk management function is extended to the local level by the network through the risk controllers who have been integrated in CRCU.
9. Risk Management

Assets and Liabilities Management

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

Credit Risk

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

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

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

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

Corporate credit risk

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

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

Retail credit risk

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

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

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

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

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

LIQUIDITY RISK

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

The bank’s liquidity management has two major components:

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

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

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

OPERATIONAL RISK

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

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

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

Besides these risk management methodologies, the Bank mitigates certain operational risks through insurance policies.
10. 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, 2012, 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) Discharge of the Board of Directors

Philippe LHOTTE
President and Chief Executive Officer

Petre BUNESCU
Deputy Chief Executive Officer

Stephane FORTIN
Chief Financial Officer