

Annual Board of Directors' Report

2020

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

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

1. THE COMPANY AND ITS SHAREHOLDERS

BRD – GROUPE SOCIÉTÉ GÉNÉRALE PROFILE

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

In March 1999, Société Générale (“SG”) bought a stake representing 51% of the share capital, increasing its holding to 58.32% in 2004, through the acquisition of the residual stake from the Romanian State. As at December 31, 2020, SG was holding 60.17% of the share capital.

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

BRD identification data are the following:

- **Head Office:** 1-7 Blvd. Ion Mihalache, sect. 1, Bucharest
- **Phone/Fax:** 021.3016100 / 021.3016800
- **Sole registration number with the Trade Registry:** 361579/10.12.1992
- **Fiscal Code:** RO 361579/10.12.1992
- **Order number with the Trade Registry:** J40-608-1991
- **Number and date of registration in the Credit Institutions Register:** RB - PJR - 40 – 007/18.02.1999
- **Share capital subscribed and paid:** 696,901,518 RON
- **Regulated market on which the issued securities are traded:** Bucharest Stock Exchange Premium Tier
- **The main characteristics of securities issued by the company:** ordinary shares with a nominal value of 1 RON

EXTERNAL RATING

As at December 31, 2020, the Bank had the following ratings:

Fitch (last rating update: January-2021*)	Rating
Foreign-Currency Short-Term Issuer Default Rating	F2
Foreign-Currency Long-Term Issuer Default Rating	BBB+
Support Rating	2

Moody's (last rating update: December-2020**)	Rating
Domestic Currency Short-Term Deposit	Prime-2
Domestic Currency Long-Term Deposit	Baa1
Foreign Currency Short-Term Deposit	Prime-2
Foreign Currency Long-Term Deposit	Baa1

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

** Moody's upgraded Bank's LT and ST foreign currency deposit rating to Baa1/Prime-2 in Dec. 2020

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

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

SOCIÉTÉ GÉNÉRALE PROFILE

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

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

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Société Générale employs over 138,000 members of staff in 62 countries and supports on a daily basis 29 million individual clients, businesses and institutional investors around the world. Société Générale's teams offer advice and services to individual, corporate and institutional customers in three core businesses:

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

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

BRD POSITION WITHIN SOCIÉTÉ GÉNÉRALE

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

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

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

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

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

KEY FIGURES

		2019	2020	Change
The Group				
Financial results	Net banking income (RONm)	3,270	3,088	-5.6%
	Operating expenses (RONm)	(1,678)	(1,588)	-5.3%
	Cost of risk (RONm)	204	(353)	n.a.
	Net profit (RONm)	1,499	963	-35.8%
	Cost / income ratio	51.3%	51.4%	+0.1 pt
	ROE	18.9%	10.7%	-8.2 pt
RON bn		2019	2020	Change
Loans and deposits	Total net loans (incl. leasing)	31.3	30.7	-1.8%
	Total deposits	45.9	50.0	+8.8%
The Bank		2019	2020	Change
Financial results	Net banking income (RONm)	3,170	2,927	-7.7%
	Operating expenses (RONm)	(1,580)	(1,481)	-6.3%
	Cost of risk (RONm)	224	(313)	n.a.
	Net profit (RONm)	1,529	952	-37.7%
	Cost / income ratio	49.9%	50.6%	+0.8 pt
	ROE	20.1%	11.0%	-9.1 pt
RON bn		2019	2020	Change
Loans and deposits	Total net loans	29.5	28.9	-2.0%
	Total deposits	46.0	50.2	+8.9%
RON m		2019	2020	Change
Capital adequacy	Own funds (RONm)*	7,322	7,908	+8.0%
	RWA (RON bn)	29,404	26,102	-11.2%
	CAR	24.9%	30.3%	+5.4 pt

(*) according to Basel 3; own funds for 2020 without current year result; own funds for 2019 incl. net result

BRD SHARE

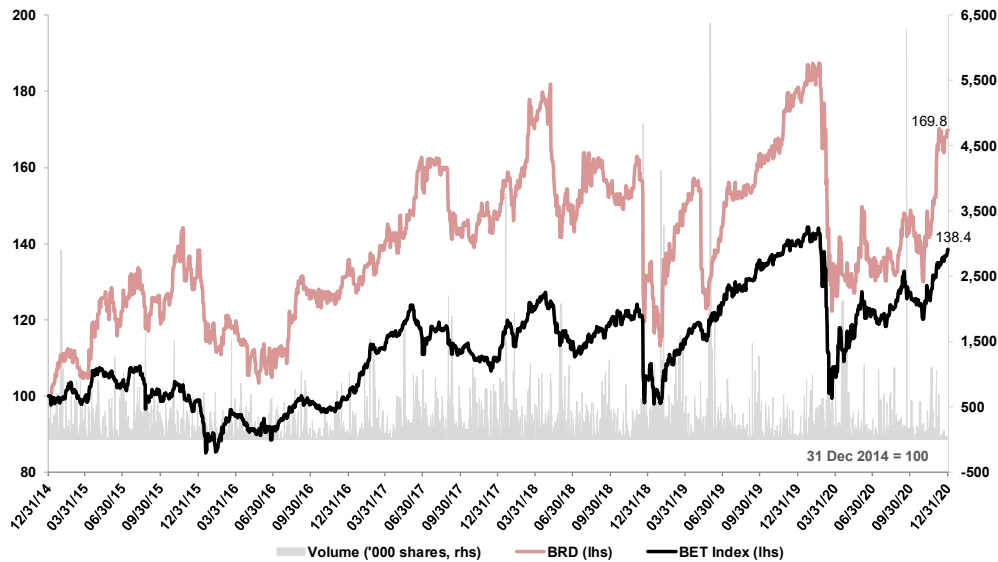
Starting with January 15th, 2001, the Bank's shares are listed in the Premium category of the Bucharest Stock Exchange. The shares are included in the BET, BET Plus, BET-XT, BET-XT-TR, BET-BK, BET-TR and ROTX indexes. The Bank's shares are ordinary, nominative, dematerialized and indivisible. According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

The closing price for BRD share as at December 31, 2020, was of RON 14.86 /share (RON 15.84 /share at December 31, 2019). On the same date, the market capitalization was RON 10,355.96 million (RON 11,038.92 million at December 31, 2019).

During January – December 2020, neither the Bank, nor its subsidiaries bought back own shares.

As of December 31, 2020 neither the Bank, nor its subsidiaries held own shares.

Evolution of BRD's share price versus the BET Index and BRD's volume of shares for the period December 31, 2014 – December 31, 2020



Source: Bloomberg

DIVIDENDS

According to the Romanian legislation and the Articles of Incorporation, dividends are paid from the funds created for this purpose after the approval of the General Shareholders Meeting, within maximum 6 months from the date of the General Shareholders Meeting for deciding the dividends. In case the General Shareholders Meeting does not establish the date when dividends are paid, these shall be paid in 30 days from the date when the decision of the General Shareholders Meeting to establish dividends has been published in the Official Gazette of Romania, Part IV, the date from which the company is in delay.

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

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

Dividends	2019	2018	2017
Distributable profit (RON million)	1,528.5	1,546.0	1,380.4
Total dividends (RON million)	-	1,142.9	1,142.9
Number of shares (millions)	696.9	696.9	696.9
Dividend per share (RON), nominal	-	1.64	1.64
Distribution rate from distributable profit	-	74%	83%
Amount of dividends effectively paid by 31.12.2020	-	1,139.1	1,139.5
Percentage of dividends effectively paid by 31.12.2020	-	99.7%	99.7%

For the financial year 2019, the Board of Directors has initially proposed to the General Shareholders Meeting the payment of a dividend of 1.64 RON per share, corresponding to a payout ratio of 74.8% of the 2019 net profit of the Bank. In the context of the high uncertainty about the long term economic consequences of the COVID-19 pandemic, the agenda of the General Shareholders Meeting was supplemented with the proposal of Société Générale to allocate the entire net profit for 2019 to retained earnings.

The General Shareholders Meeting approved on 23rd of April 2020, the allocation of the entire net profit for FY 2019 to retained earnings.

For the financial year 2020, taking into consideration the regulator's recommendation to limit dividend distribution to 20 bps of CET1, the Board of Directors has decided to propose to the General Shareholders Meeting the payment of a gross dividend of 0.0749 RON per share, corresponding to a payout of 5.49% of the 2020 net profit of the Bank.

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

DIVIDEND PAYMENT

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

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

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

RESEARCH AND DEVELOPMENT ACTIVITIES

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

2. CORPORATE GOVERNANCE

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

The Corporate Governance Model adopted by BRD ensures:

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

Constantly concerned by the principles of corporate governance, BRD - Groupe Société Générale has adopted and applied the provisions of Corporate Governance Code of the Bucharest Stock Exchange (BSE) since 2012. "The statement of compliance with the provisions of Corporate Governance Code of the BSE on December 31, 2020" is presented in Appendix 1.

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

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

As at December 31, 2020, Société Générale is the only significant shareholder of the Bank, holding 60.1683% of the share capital.

THE GENERAL SHAREHOLDERS MEETING

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

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

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

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

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

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

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

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

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

In 2020, there were two General Shareholders Meetings (one Ordinary General Shareholders Meeting and one Extraordinary General Shareholders Meeting on April 23, 2020).

Considering the measures and recommendations of the Romanian public authorities regarding the prevention and limitation of the spread of COVID - 19, BRD - Groupe Société Générale S.A. issued recommendations to all shareholders, to strictly comply with the provisions of Military Ordinances in force and also encouraged its shareholders to use the electronic means with regard to the General Shareholders Meetings of BRD - Groupe Société Générale on April 23, 2020.

ADMINISTRATION AND MANAGEMENT OF THE BANK

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

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

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

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

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

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

- Have a good reputation and the necessary expertise to carry out their responsibilities in compliance with the rules of prudent and healthy banking practices;
- Have the professional experience that implies theoretical and practical knowledge adequate to the nature, extent and complexity of the banking business and of the entrusted responsibilities, as well as experience in a management position, acquired in an entity comparable, in terms of size and activity, to the Bank;
- Ensure the conditions of the collective competence of the management body for an efficient and highly performing administration of the Bank's activity;
- Commit sufficient time to their responsibilities as stipulated by the law and the statutory bodies;
- Show commitment and involvement in exercising their responsibilities conferred by the law and by the statutory bodies.

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

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

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

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

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

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

BOARD OF DIRECTORS

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

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

As at December 31, 2020, the Board of Directors includes 3 independent members.

The year 2020 brought changes to the composition of the Board of Directors, as follows:

- ✓ The Ordinary General Shareholders Meeting held on April 23, 2020 decided:
 - to renew Mr. Jean – Pierre Georges Vigroux's mandate as director, for a 4-year period, starting with May 30, 2020;
 - to nominate Mrs. Valerie Marcelle Paule Villafranca as Member of the Board of Directors, for a 4-year period. NBR approved Mrs. Valerie Marcelle Paule Villafranca nomination as Member of the Board of Directors and her mandate entered in force starting with July 13, 2020.
- ✓ Mr. Jean-Luc André Joseph Parer decided to renounce to his mandate as member of the Board of Directors, starting with December 11, 2020, for personal reasons;
- ✓ the Board of Directors decided on December 10, 2020, according to art. 1372 of the Companies Law 31/1990 republished, with subsequent amendments, the nomination of Mrs. Maria Rousseva as Interim Member of the Board of Directors, on the vacant position existent in the Bank's Board of Directors starting with December 11, 2020, until the first Ordinary General Shareholders Meeting is held. The appointment of Mrs. Maria Rousseva is subject to obtaining the prior approval by the National Bank of Romania. The mandate starts running from the 3rd working day after receiving the approval of the National Bank of Romania.

Also, pursuant the provisions of NBR Regulation no. 5/2013 on prudential requirements for credit institutions and EBA Guidelines, the Board of Directors decided on December 10, 2020 to review the structure of the Committees set up in its support in order to ensure the rotation of the chairmen and members of the committees.

MEMBERS OF THE BOARD OF DIRECTORS AS AT DECEMBER 31, 2020

Giovanni Luca SOMA

Chairman of the Board of Directors

Chairman of the Remuneration Committee¹

Member of the Audit Committee

Date of birth: August 21, 1960

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

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

Latest renewal of the mandate: 2018

Term of mandate expires in: 2022

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

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

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

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

Giovanni Luca Soma is currently Head of International Retail Banking for Europe & Group Country Head for Russia, member of the SG Group Management Committee.

Petre BUNESCU

Non-executive Member of the Board of Directors

Date of birth: November 15, 1952

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

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

Latest renewal of the mandate: 2019

Term of mandate expires in: 2023²

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

Information on mandates held: According to the information provided through the statement of affiliation, he has no executive and non-executive positions in not-for-profit institutions and fulfils the conditions

¹ Starting with December 11, 2020. Until December 10, 2020 (including), Mr. Giovanni Luca SOMA was the Chairman of Risks Management Committee.

Also, until December 10, 2020 (including), Mr. Giovanni Luca SOMA was member of the Nomination Committee.

² Mr. Petre Bunescu decided to renounce to his mandate as member of the Board of Directors starting with March 1st, 2021.

regarding the number of mandates in the companies established by the applicable law - he holds one non-executive mandate within BRD-Groupe Société Générale.

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

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

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

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

Between August 1999 and March 1st, 2019, he has been Deputy CEO BRD -Groupe Société Générale.

Jean – Pierre Georges VIGROUX

Independent member of the Board of Directors

Chairman of the Audit Committee

Member of the Remuneration Committee³

Date of birth: 31 July 1953

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

Latest renewal of the mandate: 2020

Term of mandate expires in: 2024

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

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

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

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

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

³ During 2020, Mr. Jean - Pierre Georges Vigroux held the following positions in the Remuneration Committee: member (until May 5, 2020, including), Chairman of the Remuneration Committee (between May 6, 2020 and December 10, 2020) and member (as of December 11, 2020).

Benoît Jean Marie OTTENWALTER

Member of the Board of Directors

Chairman of Risk Management Committee⁴

Member of the Remuneration Committee⁵

Date of birth: December 28, 1954

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

Term of mandate expires in: 2021

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

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

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

He has a vast experience acquired within Groupe Société Générale, in over 30 years, in areas such as risk management, capital markets and treasury and in interaction with the international banking regulators.

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

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

François BLOCH

Executive Member of the Board of Directors

Date of birth: March 31, 1967

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

Term of mandate expires in: 2022

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

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

⁴ Since December 11, 2020.

⁵ Between January and May 5, 2020, Mr. Ottenwaelter held the position of Chairman of the Remuneration Committee and since May 6, 2020, he became a member of the Remuneration Committee.

He is also member of the Board of Directors of Romanian Banking Association, member of the Board of Directors of Council of Banking Employers in Romania and Treasurer, member of the Board of Directors of Foreign Investors Council and co-coordinator of Financial Services and Technology and Innovation Task Forces.

Biography: he is bachelor of the Ecole Nationale de la Statistique et de l'Administration Economique, Paris, in 1990. Mr. François Bloch made his entire career within Société Générale and he held the following positions: Broker, then Head of the brokerage department on derivatives markets of Société Générale Elsässische Bank, Frankfurt (1990-1993); Deputy Head, then Head of the SG's subsidiary, FIMAT Banque, Zweigniederlassung Frankfurt (1993 -1997); Deputy Head of Risks, then Head of Risks, FIMAT International Banque Paris (1997-2000); General Manager, FIMAT USA Inc. (2000-2002); Deputy Chief Executive Officer - Member of the Board of Directors, FIMAT International Banque (2002-2007); Head of Strategy and Integration, Newedge (2008-2009) and Non-executive Member of the Board of Directors, Newedge Group (brokerage subsidiary of Société Générale) (2010-2012); Head of Credit Risk on Financial Institutions and Country Risks department, Société Générale (2009-2012).

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

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

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

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

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

Liliana IONESCU - FELEAGA

Independent Member of the Board of Directors

Member of the Audit Committee

Member of the Nomination Committee⁶

Date of birth: October 31, 1969

Term of mandate as Interim independent member of BRD-Groupe Société Générale's Board of Directors: December 20, 2018 – April 18, 2019

Year of the appointment as Independent member of BRD-Groupe Société Générale's Board of Directors: 2019

Term of mandate as Independent member expires in: 2023

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

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

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

⁶ Until December 10, 2020 (including), Mrs. Liliana Ionescu-Feleaga was the member of Risks' Management Committee.

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

She has a vast academic experience (over 27 years in Bucharest University of Economic Studies - ASE). Currently Mrs. Feleaga is Dean of Accounting and Management Information Systems Faculty, member of the ASE's Board of Directors, member of Chamber of Financial Auditors of Romania, Member of International Association for Accounting Education and Research.

Bogdan-Alexandru DRĂGOI

Independent Member of the Board of Directors

Chairman of the Nomination Committee⁷

Member of the Risk Management Committee⁸

Date of birth: May 27, 1980

Year of the appointment in the BRD-Groupe Société Générale's Board of Directors: 2019

Term of mandate expires in: 2023

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

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

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

He has over 18 years' experience in areas such as finance, capital market, banks. He has also experience in relation with public state authorities.

Currently, he is Chairman of the Board of Directors of SIF Banat - Crişana (starting March 2015) and CEO (starting July 2015).

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

⁷ Starting December 11, 2020. Also, between May 6, 2020 and December 10, 2020 (including), Mr. Bogdan-Alexandru Drăgoi was member of Remuneration Committee.

⁸ Starting December 11, 2020.

Valerie Marcelle Paule VILLAFRANCA

Member of the Board of Directors⁹

Member of Nomination Committee¹⁰

Date of birth: July 1st, 1970

Year of the appointment as member of BRD-Groupe Société Générale's Board of Directors: 2020

Term of mandate expires in: 2024

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

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

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

She has an experience of 25 years as strategy and business consultant of which 19 years in top management positions such as Director - Head of Risk and Compliance practice for WESA region - Western Europe, South America and Africa (01/03/2014–17/03/2018), Managing Director - EMEA (Europe, Middle East and Africa) Head of Risk Management practice (01/10/2010–28/02/2014), Managing Director - Founder and Global Head of Aon (01/05/2006–30/09/2010), Senior Manager in the Risk Management Practice of Ernst & Young, Paris (01/05/2002–31/03/2006), Manager in the Risk Management practice of Arthur Andersen, Paris (01/09/2000–30/04/2002), Manager in the business consulting practice - Head of Treasury services of Arthur Andersen, Paris (01/09/1998–31/08/2000).

Currently she is Group Head KYC Transformation, CPLE/KTP Société Générale.

ATTRIBUTIONS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

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

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

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

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

MEETINGS OF THE BOARD OF DIRECTORS

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

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

⁹ Since July 13, 2020.

¹⁰ Since December 11, 2020.

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

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

ACTIVITY OF THE BOARD OF DIRECTORS IN 2020

In 2020, 20 meetings of the Board of Directors took place, and the decisions of the Board were generally made with unanimity of votes.

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

- Mr. Giovanni Luca Soma (Chairman of the Board of Directors), Mr. François Bloch (Member), Jean-Luc André Joseph Parer¹¹ (Member), Mr. Petre Bunescu (Member), Mr. Benoît Jean Marie Ottenwaelter (Member), Mr. Jean-Pierre Georges Vigroux (Independent Member), Mr. Bogdan-Alexandru Drăgoi (Independent Member) and Mrs. Liliana Feleaga (Independent Member) attended to all the Board's meetings (20);
- Mrs. Valerie Marcelle Paule Villafranca (Member) attended to all the Board's meetings organized after receiving the NBR approval (9).

On the Board of Directors agenda, the following subjects were included: the financial statements, Audit Plan for 2020, Financial Markets Compliance Report for 2019 and the control plan for 2020, the report regarding the internal control for 2019, the report on the measures taken in order to manage the significant risks during 2019, approval of the Liquidity Risk Management Framework, Remuneration Policy, Risks' assessment for 2020, Risk Appetite Framework, Risk Appetite Statement, Business and Risks Management Strategy for 2020-2022, the Internal Capital Adequacy Assessment Process - ICAAP for 2019, ICAAP Policy, Transparency and Publishing Requirements Report for 2019, Annual Report of Compliance Function for 2019 and Strategy for 2020 -2021, BRD Contribution to Société Générale Group Recovery Plan 2019, the main axes for the Bank's transformation, changes in the Bank's management body, modifications in internal regulations in its specific power, changes in the organizational structure, calls of the shareholders' meeting and all the notes related to the items on the agenda, changes in the structure of the committees set up to support the activity of the Board of Directors.

Also, on the Board of Directors agenda it was presented the status of Bank's Level Up Program.

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

COMMITTEES SET UP IN SUPPORT OF THE BOARD OF DIRECTORS

In order to develop and maintain good practices of business administration, the Board of Directors set up four committees that assist it in performing its attributions. The structure, the organisation and operation rules as well as the attributions of these committees are set and defined in the Committee Directive set up to support the Board of Directors.

AUDIT COMMITTEE

As at December 31, 2020, the Audit Committee consisted of 3 non-executive directors, of which 2 are independent. The members of the Audit Committee were: Mr. Jean-Pierre Georges Vigroux (Independent Chairman), Giovanni Luca Soma (Member) and Liliana Feleaga (Independent Member).

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

¹¹ He was a member of the Board of Directors until December 10, 2020 (including).

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

The Audit Committee assists the Board of Directors in performing its responsibilities in terms of internal control and financial audit. To this effect, the Audit Committee makes recommendations to the Board of Directors regarding the strategy and policy of the credit institution in the field of internal control and financial audit. The Audit Committee's responsibilities are presented in the Bank's Corporate Governance Code available to the interested parties on institutional site in section: <https://www.brd.ro/en/about-brd/shareholders-and-investors/corporate-governance>.

In 2020, 7 meetings of the Audit Committee took place, in which there were analysed the activity and reports of internal control and conformity, internal audit and external audit. The attendance was of 100%.

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, 2020, the Committee consisted of 3 non-executive directors, of which one is independent. The members were: Giovanni Luca Soma (Chairman)¹², Mr. Benoît Jean Marie Ottenwaelter (Member) and Mr. Jean-Pierre Georges Vigroux (Independent member).

The year 2020 brought changes to the composition of the Remuneration Committee, as follows:

- Mr. Benoît Jean Marie Ottenwaelter was the Chairman of this Committee until May 5, 2020 (including) and since May 6, 2020 he became member;
- Mr. Jean-Pierre Georges Vigroux was independent member of this Committee until May 5, 2020 (including) and between May 6, 2020 and December 10, 2020 (including) the Chairman of this Committee;
- Mr. Bogdan-Alexandru Drăgoi was independent member of this Committee between May 6, 2020 and December 10, 2020 (including);
- Mr. Giovanni Luca Soma was nominated as Chairman of this Committee starting with December 11, 2020, after the last Remuneration Committee meeting in 2020.

The Remuneration Committee meets annually, or whenever necessary. In 2020, 3 meetings of the Remuneration Committee took place. The attendance was of 100%.

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

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

RISKS MANAGEMENT COMMITTEE

The Committee consisted of 3 non-executive directors. As at December 31, 2020, the members were: Mr. Benoît Jean Marie Ottenwaelter (Chairman), Mr. Bogdan-Alexandru Drăgoi (Independent Member), Mrs. Maria Rousseva, nominated by the Board of Directors as a member of this committee, subject to obtaining the prior approval of the NBR as interim administrator.

¹² Since December 11, 2020.

The amendment of the composition of the Risks' Management Committee entered in force on December 11, 2020, after the last Risks' Management Committee meeting in 2020.

The year 2020 brought changes to the composition of the Risks' Management Committee, as follows:

- Mr. Giovanni Luca Soma was Chairman of this Committee, Mr. Jean-Luc André Joseph Parer (Member) and Mrs. Liliana Ionescu - Feleaga (Independent Member) until December 10, 2020 (including);
- Since December 11, 2020, the structure of the Committee is the one presented above, also valid on December 31, 2020.

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

In 2020, 4 meetings of the Risks' Management Committee took place. The attendance was of 100%.

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

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

Its objective is the management of significant risks, risks with high impact on the assets and/or image of the Bank (credit risk, market risk, liquidity risk, operational risk and reputational risk), as well as the risks associated to the outsourced activities.

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

NOMINATION COMMITTEE

As at December 31, 2020, the Committee was composed of 3 non-executive directors of the Board of Directors: Mr. Bogdan-Alexandru Drăgoi (Chairman), Liliana Ionescu -Feleaga (Independent Member) and Valerie Marcelle Paule Villafranca (Member).

The amendment of the composition of the Nomination Committee entered in force on December 11, 2020, after the last Nomination Committee meeting in 2020.

The year 2020 brought changes to the composition of the Nomination Committee, as follows:

- Mr. Jean-Luc André Joseph Parer was Chairman of this Committee, Mr. Giovanni Luca Soma (Member) and Mr. Bogdan-Alexandru Drăgoi (Independent Member) until December 10, 2020 (including);
- Since December 11, 2020, the structure of the Committee is the one presented above, also valid on December 31, 2020.

The Nomination Committee meets half-yearly or whenever necessary.

In 2020, 2 meetings of the Nomination Committee took place.

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

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

EXECUTIVE MANAGEMENT

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

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

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

The year 2020 brought changes to the composition of the Executive Committee, as follows:

- Mr. Philippe Yves Henri Pierre Marie Thibaud received the NBR approval as Deputy CEO Risks on February 18, 2020.

For the year 2021:

- Mr. François José Aldeguer decided to renounce to his mandate as Deputy CEO Projects and Operations starting with January 31, 2021, for personal reasons.
- The Board of Directors, held on December 10, 2020 decided the nomination of Mrs. Mirela Virginia Medelean as Deputy CEO Projects and Operations, successor of Mr. Aldeguer for a 4 year mandate, on the vacant position existent in the Executive Committee, starting with February 1st, 2021. The appointment of Mrs. Mirela Virginia Medelean is subject to obtaining the approval by the National Bank of Romania.

MEMBERS OF THE EXECUTIVE COMMITTEE AS OF DECEMBER 31, 2020

François BLOCH

CEO

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

Year of the appointment as CEO: 2016

Year of the appointment as Compliance Officer: 2019

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

He is member of various Committees set up to support the Executive Committee activity: Assets and Liabilities Management Committee, Risk Retail Committee, Internal Control Committee, Pricing Committee, Project Review Committee, Career Committee, Communication Committee, Innovation Committee, Customer Board Committee, Data Governance Committee, Benchmarks and Market Conduct Oversight Committee and he is Chairman of Crisis Committee.

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

Alexandru-Claudiu CERCEL-DUCA

Deputy CEO - Financial Markets

Date of birth: February 17, 1968

Year of the appointment as Deputy CEO: 2008

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

He is member of various Committees set up to support the Executive Committee activity: Assets and Liabilities Management Committee, Internal Control Committee, Pricing Committee, Project Review Committee, Career Committee, Communication Committee, Innovation Committee, Customer Board Committee, Crisis Committee, Data governance Committee and he is Chairman of Benchmarks and Market Conduct Oversight Committee.

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

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

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

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

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

François José ALDEGUER

Deputy CEO Projects and Operations

Date of birth: June 12, 1960

Year of the appointment as Deputy CEO: 2017

He coordinates the following structures: Projects and Operations Director, Business Solutions Center Pole, Infrastructure & Production Operations Department, Information Security Division, Operations Pole, Financial Market Services Division and Business Intelligence Center Department.

He is member of various Committees set up to support the Executive Committee's activity: Internal Control Committee, Project Review Committee, Career Committee, Communication Committee, Innovation Committee, Customer Board Committee, Crisis Committee, Data governance Committee.

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

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

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

He has a professional experience of over 35 years, of which 23 years in the Société Générale Group.

In 1995, he began his collaboration with Société Générale within Project and Organization department from Paris, as consultant.

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

Yves Jean Guenole LALLEMAND

Deputy CEO Global Corporates

Date of birth: December 17, 1967

Year of the appointment as Deputy CEO: 2018

He coordinates the Global Corporates Pole including the following structures: Senior Banker, Environmental Social and Positive Impact Financing Director, Corporates Transversal Management Center, Top Corporates Coverage Division, SME Coverage Department, Corporate Marketing & Sales Management Department, Corporates Credit Group Department, Structured Finance Division, Corporate Finance Division, Global Transaction Banking Department.

He is member of various committees set up to support the Executive Committee's activity: Assets and Liabilities Management Committee, Internal Control Committee, Pricing Committee, Project Review Committee, Career Committee, Communication Committee, Innovation Committee, Customer Board Committee, Crisis Committee, Data governance Committee.

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

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

Biography: He obtained a Master's Degree in Business Administration with HEC (Hautes Etudes Commerciales). He has a professional experience of over 27 years in Société Générale Group.

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

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

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

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

Mihai Tiberiu SELEGEAN

Deputy CEO Legal & Administrative

Date of birth: July 23, 1975

Year of the appointment as Deputy CEO: 2019

He coordinates the following structures: Legal department, Logistic Division, Real Estate Division, Security Division, Personal Data Protection Cell and Administrative Services Division.

He is member of various committees set up to support the Executive Committee's activity: Internal Control Committee, Project Review Committee, Career Committee, Communication Committee, Innovation Committee, Customer Board Committee, Crisis Committee, Data governance Committee and he is Chairman of Safety and Occupational Health Committee and of Follow-Up Committee.

He has 700 shares in BRD-Groupe Société Générale's capital.

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

Biography: He graduated from Law School – University of Bucharest and has a Master degree in International Business Law from Central European University, Budapest.

He has an extensive experience in various areas in the legal field: Expert at Council of Europe, Strasbourg (2006-2009) being in charge with the assessment of the state of the reforms for the judiciary and with the creation/reforming/improvement of work for institutions in charge with the training of judges and prosecutors; Deputy Director (July 2003-January 2004) and then Director of the National Institute of Magistracy (2004-2008), coordinating the training of future and sitting judges and prosecutors in the field of European Convention on Human Rights (ECHR) (2002-present), etc.

He is also author of different publications in legal field.

From January 2017 to June 2019 he was Member of the Supervisory Board of the Euro Bank S.A.

In April 2008, he joined BRD - Groupe Société Générale by taking over the position of Legal Executive Director. NBR approved him in this quality in 2015.

Stéphane Benoit FORTIN

Deputy CEO Finance/Treasury

Date of birth: October 5, 1973

Year of the appointment as Deputy CEO: 2019

He coordinates the following structures: Financial Department, Level 2 Accounting Control Service, Acquisitions Division, Cash Administration Department.

He is member of various committees set up to support the Executive Committee activity: Assets and Liabilities Management Committee, Internal Control Committee, Project Review Committee, Career Committee, Communication Committee, Innovation Committee, Customer Board Committee, Crisis Committee, Data governance Committee.

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

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

Biography: He graduated from Nancy Commercial Institute (ICN) and has a Master degree in Technical sciences, accounting and finance (MSTCF).

Mr. Fortin has over 23 years' experience within Société Générale Group, of which over 19 in management positions such as: Administrative and Financial Director Bank Société Générale Vostok – Russia (2009-2011), Financial Director, Member of Executive Committee Société Générale Serbia (2004-2009), Controlling Director Société Générale Expressbank Bulgaria (2000-2004). In 2011, he joined BRD - Groupe Société Générale by taking over the position of Chief Financial Officer. NBR approved him in this quality in 2013.

In Romania, he was also unique director of BRD Corporate Finance SRL (Bank's subsidiary specialised in M&A's and structured finance) and starting 2011 is member of the Board of Directors of BRD Sogelease IFN SA (Bank's subsidiary specialised in financial leasing.)

Radu - Octavian TOPLICEANU
Deputy CEO - Retail

Date of birth: July 9, 1969

Year of the appointment as Deputy CEO: 2019

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

He is member of various committees set up to support the Executive Committee activity: Assets and Liabilities Management Committee, Risk Retail Committee, Internal Control Committee, Pricing Committee, Project Review Committee, Career Committee, Communication Committee, Innovation Committee, Customer Board Committee, Crisis Committee, Data governance Committee.

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

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

Biography: He graduated from Faculty of Energetics at Bucharest Polytechnic University and has a Master in Business Administration at Asebus Master and another in Executive Banking School at Consumer Banking Association USA.

Mr. Radu Topliceanu has more than 20 years' experience in Retail banking activities, and contributed to the successful transformations of this sector across diverse markets, leveraging deep knowledge of segments, products and channels.

He occupied the following functions: Director at Standard Chartered Bank – Singapore (January 2018-July 2019), Head of Retail Segment and Multichannel Distribution – Europe for Sberbank – Vienna (October 2016-December 2017), Head of Sales and Distribution – Europe for Sberbank Europe – Vienna (January 2014-September 2016) and for almost 11 years he coordinated different areas in retail sales for Raiffeisen Bank Romania and Vienna, as Digital Banking Director (2002-2005), Sales Director – Retail Division (2005-2006), Head of Sales and Distribution- South Eastern Europe (2006-2007), Sales Finance Director (2007-2008), Executive Director- Head of Lending Area (2008-2009), Executive Director -Head of Mass Customer Area (2009-2011) and Executive Director –Head of Private Individual Customers –Segments and Products (2011-2013). He was member of Supervisory Board and member of Risk Committee of Sberbank Slovenia (2016-2017).

In 2019, he joined BRD - Groupe Société Générale by taking over the position of Advisor of the CEO on retail field.

Philippe Yves Henri Pierre Marie THIBAUD
Deputy CEO Risks

Date of birth: February 5, 1968

Year of the appointment as Deputy CEO: 2020

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

He is member of various committees set up to support the Executive Committee activity: Assets and Liabilities Management Committee, Risk Retail Committee, Internal Control Committee, New products Committee – Co-Chairman, Crisis Committee, Project Review Committee, Career Committee, Communication Committee, Innovation Committee, Customer Board Committee, Data Governance Committee.

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

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

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

Mr. Thibaud has 19 years of experience in risk management and credit analysis field, out of which 18 years in Société Générale Group.

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

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

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

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

ATTRIBUTIONS AND RESPONSIBILITIES

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

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

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

MEETINGS OF THE EXECUTIVE COMMITTEE

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

In 2020, 119 meetings of the Executive Committee took place.

The decisions of the Executive Committee are made with votes "FOR" of at least half of the members of the Executive Committee. Voting cannot be delegated within the meetings of the Executive Committee.

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

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

COMMITTEES SET UP IN SUPPORT OF THE EXECUTIVE COMMITTEE

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

The most important committees are:

INTERNAL CONTROL COMMITTEE

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

ASSETS AND LIABILITIES COMMITTEE

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

COMMITTEE FOR NEW PRODUCTS

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

PRICING COMMITTEE

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

RISK RETAIL COMMITTEE

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

CUSTOMER BOARD

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

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

BRD - GROUPE SOCIÉTÉ GÉNÉRALE'S SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE COMMITTEE AS AT DECEMBER 31, 2020:

Name	Number of shares
Petre BUNESCU	300,000
Alexandru - Claudiu CERCEL - DUCA	1,030
Tiberiu Mihai SELEGEAN	700
TOTAL	301,730

RIGHTS OF SHAREHOLDERS

BRD-Groupe Société Générale respects the rights of its shareholders and ensures equal treatment for all of them.

VOTING RIGHT

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

General Assemblies are called by the Board of Directors.

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

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

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

RIGHT TO DIVIDENDS

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

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

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

RIGHT TO INFORMATION

BRD makes sure its shareholders have access to relevant information, so that they may exercise all their rights in an equitable manner. The communication strategy of the Bank relies on the following principles:

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

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

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

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

In order to communicate on its financial results, BRD-Groupe Société Générale organizes meetings/ live audio webcasts with financial analysts, investment consultants, brokers and investors. These meetings during which the results of the Bank are presented, are an opportunity for Bank's management and the financial market analysts to exchange opinions. The same policy of transparency has been adopted regarding the communication with the rating agencies and with capital markets institutions. In 2020, the Bank organised 1 meeting for presenting the preliminary financial results as at December 31, 2019 and 4 live audio webcasts for the interim financial results.

The financial calendar for the year 2021 is the following:

Publication of the preliminary financial results December 31, 2020 and meeting with journalists for presenting these results	February 10, 2021
General Shareholders Meeting	April 22, 2021
Publication of the Annual Report 2020 – financial results as of December 31, 2020	April 22, 2021
Communication of results for Q1 2021	May 06, 2021
Communication of results for 1 st half of 2021	August 03, 2021
Communication of results for Q3 - 2021	November 04, 2021

3. HUMAN RESOURCES

KEY FIGURES 2020

- **6,357** active employees in BRD, with:
 - **432** external recruitments
 - **1,009** functional mobility
 - **12.1%** total turnover, out of which **6.6%** voluntary turnover.

The number of active employees of the Group as of 2020 end was 6,860 (2019 end: 7,356), while the number of active employees of the Bank as of 2020 end was 6,357 (2019 end: 6,751). Active employees are those present at work (excluding maternity leave and long - term sick leave).

In 2020, the Human Resources Department (HR) continued to deliver projects and actions in line with the strategic HR axes: career management, managerial development, employee engagement, efficiency and communication.

BUSINESS SUPPORT AND CONTINUOUS IMPROVEMENT

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

CAREER MANAGEMENT

Throughout last year, meetings between HR and employees continued in order to identify the potential of each employee and the mobility opportunities according to their experience and skills. In 2020, more than 1,000 employees changed their position as a result of the Bank's internal mobility policy. Changes of functions were accompanied by specific training paths, which contain various learning methods.

Almost 400 persons were recruited in 2020 from outside the Bank, mostly in network positions, in order to fill existing vacancies, expand the commercial capacity and achieve the selling objectives of the Bank and also for some very specialised positions within head office.

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

TRAINING & RISK AWARENESS

In 2020, the training strategy was mainly aimed at the improvement of commercial, technical and risk/regulatory management skills for all BRD employees (according to business strategy).

Starting with April 2020, in the pandemic context, the training offer was adapted to virtual/at distance/online interactions.

The axes supported by learning & development activities in 2020 were:

- Developing a risk culture awareness in BRD through mandatory e-learning programs prepared in cooperation with Société Générale Group ("Code of Conduct", "Information security", "Market abuse", "Fatca", "Anti bribery and corruption") and local e-learning (SSM – health and safety at work, "Physical security events"), increasing the number of case studies presented during virtual/ face-to-face trainings;
- Integrated training programs for the new employees:
 - In front office, these programmes are focused on product knowledge and product related risks, increasing behavioural competencies and commercial abilities development, also with practical exercises;

- Within the “Welcome to BRD week” program, new employees have access to general information about the Bank, BRD values, basic knowledge in terms of compliance, credit risks and HR issues regarding training, career management.
- Business Academies adjusted to the Bank’s customer segments - Retail Individuals, Retail Small Business and Corporate. These trainings are modular programs customised per roles in organization, on different levels of complexity (based on expertise and knowledge), covering the following areas: offer, financial and risk analysis and sales skills, portfolio management, communication, negotiation, etc.;
- Tailor-made training programs for each business line developed and updated according to the expressed business requirements and regulatory developments;
- Behavioural training programs (customer care, communication, sales & negotiation techniques, stress management, conflict management, teamwork also on distance). Starting April 2020, a program of webinars & coaching sessions dedicated to employees was created, driven by the need to stay connected to each other: "We Connect".
- Other training programs, based on business requirements and regulations:
 - ✓ risk awareness sessions for front office teams;
 - ✓ certification-trainings in the field of insurance and private pensions for front-office employees;
 - ✓ MiFID II e-learning courses.

EMPLOYEE ENGAGEMENT AND IMPACT IN EDUCATIONAL ENVIRONMENT

Employee’s motivation and engagement with impact in educational environment continued to be one of the strategic axes of BRD during 2020, despite the difficulties of the Covid crisis.

We continued the volunteering actions among employees through Human Resources programs organized in universities and high schools, both in Bucharest and in the country, through Mindcraft Academy and also in partnership with NGOs (Junior Achievement).

Mandatory practice for students moved to online platforms and over 100 students finished the program.

The Mindcraft Academy program was focused on four key locations (Craiova, Iasi, Timisoara and Bucharest), also, classical modules were replaced with live webinars on hard and soft skills based on case studies.

BRD has become part of THINK4JOBS - an Erasmus Program of the European Commission - project which involves five countries represented by five universities and other business partners and aims to provide well-grounded arguments and mastery of #CriticalThinking skills to students and employees.

WORK/LIFE BALANCE

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

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

- "Bookster" is a modern library that delivers books directly to the office but also an online platform where the employees can borrow books, read case studies online or watch TED videos or courses taught at top universities. They can choose among thousands of books on professional and personal development areas, social affairs, finance, success stories, hobbies, time management, literature, etc.
- Organizing online seminars
- Improvement of working environment, methods tailored to different populations.

REMUNERATION POLICY AND PRACTICES

The BRD Remuneration Policy and Practices respects:

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

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

BRD REMUNERATION POLICY

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

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

- fixed component
- variable component.

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

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

Variable remuneration:

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

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

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

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

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

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

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

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

Financial data for 2020, according to the disclosure requirements covered by Art. 450 (h), EU Regulation 575/2013, will be published at a later date, on the Bank's website.

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

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

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

b) Remuneration of the members of the Board of Directors

For 2020, the Ordinary General Shareholders Meeting approved an individual remuneration for the non-independent non-executive directors amounting to EUR 1,800/ month (gross amount, RON equivalent) and for the independent non-executive directors amounting to EUR 3,600/ month (gross amount, RON equivalent) including 19.9% for the contributions transfer.

General limit for the directors' and members' of the Executive Committee remunerations, including additional remunerations, for 2020, amount to RON 20 million, gross amount (tax transfer compensation is included).

4. CORPORATE AND SOCIAL RESPONSIBILITY

2020 was marked by the crisis generated by the COVID 19 pandemic, which greatly influenced BRD's actions in society. The first part of the year was under the concept of #Responsible Together and meant a mobilization to support the efforts made by the authorities and civil society in this difficult period. In the second half of the year, BRD focused on supporting the economy restart with the message # Restart Together. The bank continued to support the pillars that from our perspective are key for the future of society: culture, education & science and technology, volunteering & solidarity, sports and the environment.

Through our messages and actions, we wanted to give a positive message that economic, cultural and social activities can restart in compliance with health rules or can be reinvented to stay in touch with the public. During this period, almost all cultural, educational, technological or volunteer programs remained in our program and took place both physically and online.

The total amount invested in 2020 in projects for the society was about 10,200,000 RON.

In recognition of the trends in the field and the increased role that the Bank assumes as a member of the community, during 2020, BRD revised its internal regulatory framework governing the bank's Corporate Social Responsibility (CSR) activities. Thus, new normative documents were adopted to regulate the Corporate Social Responsibility policy of BRD, as well as the sponsorship, patronage and donation activities. At the same time, a series of normative acts regarding the activity of the various structures of the Bank were updated. All these changes are aimed at ensuring greater coherence in addressing CSR issues, as well as a better definition of responsibilities.

In order to increase the efficiency of the CSR activities in which the Bank is involved, a series of priorities of BRD's CSR policy have been defined, based on SG Group's principles. Thus, although BRD fully supports the UN Sustainable Development Goals (SDG), given the need to streamline CSR efforts and in line with the Bank's principles and values, CSR policy considers, in particular, the following SDGs:

- Good Health and Well-being, SDG 3
- Quality Education, SDG 4
- Gender Equality, SDG 5
- Affordable and Clean Energy, SDG 6
- Decent Work and Economic Growth, SDG 8
- Industry, Innovation and Infrastructure, SDG 9
- Responsible Consumption and Production, SDG 12
- Climate Action, SDG 13

To maximize the effects of its involvement in social responsibility projects, the Bank will focus on supporting projects in the areas of sports, culture, social, education and environment.

COVID CRISIS

The bank acted from the very first weeks of the health crisis, approving in March a grant of RON 2 million to support two sectors affected by the crisis: the medical sector and the independent cultural sector. Thus, BRD donated 1.7 million lei to the Association for Community Relations and the national network of Community Foundations to provide hospitals with medical protection equipment, Covid-19 tests, disinfectants and medical equipment. Following this donation, it was possible to buy: 53,400 medical equipment (gloves, masks, medical suits), test devices for covid and fans. The equipments reached 70 hospitals in 43 cities.

300,000 lei were used to develop together with Fundația9, the cultural foundation of BRD, a program of micro-grants for independent artistic productions. The program, called Artists Rooms, selected from about 500 applications received, 38 projects, supporting 50 young artists but also important voices of the Romanian art world in various fields, from visual arts and new media to performing arts. A selection of these projects were exhibited at the cultural center BRD Scena9 Residence in July and registered more than 1000 visitors.

EDUCATION, TECHNOLOGY & INNOVATION

In the field of technology and innovation, BRD supports the training of key players (new generation, IT and technology specialists and entrepreneurs) for a digital society. The projects that BRD developed go in the direction of education in STEM disciplines and are carried out under the **MINDCRAFT program platform** - BRD development hub, which includes: BRD First Tech Challenge Romania, robotics laboratories within the Polytechnic University of Bucharest, Innovation Labs program for young entrepreneurs and start-up teams, Partnership with RIDS (Romanian Institute for Data Science). In 2020, these programs took place mainly online, bringing together important actors: pupils, students, teachers, young entrepreneurs, experts and impacted over 50,000 beneficiaries.

In addition, for the public passionate about technology and science, BRD developed a dedicated journalism project: **MINDCRAFT Stories**. This is a platform aiming to make science popular, to explain it and to open conversations about technological discoveries, inventions, paying particular attention to the Romanian scientific landscape, but not only. In 2020, the platform had over 1.4 million visitors, and the theme that was found mainly was related to the evolution of COVID, scientific discoveries related to the pandemic, its evolution in Romania and in the world.

Another platform, this time covering another priority area, education, is **Școala9**, launched by BRD in 2018. The publication is an approach to support the modernization of pre-university education and has become, in a short time, a space that brings together ideas and launches a challenge to dialogue to all actors - teachers, parents, students, decision makers (institutions), education specialists - regarding the direction in which the Romanian education is heading.

In the last quarter of the year, BRD signed an editorial partnership with the Ringier group, which led to an increase in the number of readers, with over 700,000 unique users registered at the end of the year on the platform.

In December, BRD signed another contract to support the transformation of education, with the Association for Values in Education (AVE). The program aims to **close literacy gaps between children** by creating and implementing, for the first time in Romania, a tool with methodological validation (similar to Pisa), that analyzes writing and reading abilities of children from 70 schools in 8 counties, with **deep intervention and impact at the level of 16,800 preschool and primary school children**. The program wants to recover children who have reading and writing difficulties, emphasized by the closure of schools due to the pandemic, and to reduce the number of illiterate children, in the context where 42% of 15-year-olds in Romania are functionally illiterate.

CULTURAL PATRONAGE

In 2020, BRD continued to invest in supporting contemporary culture and young creators. The cultural sector was severely affected by the closure of theaters, museums and cultural spaces, and BRD decided to support the sector through two initiatives: to continue funding programs and restarting cultural activity, but also through **Artists Rooms**, the special fund created to support independent artists. The main programs focused on the strategic pillars supported by the bank: classical music, contemporary art and the promotion of the young generation.

Fundația9 continued its programs - **Scena9**, the online and printed cultural journalism platform and **BRD Scena Residence** - the cultural center in Bucharest dedicated to the new generations of creators. Together, the Foundation's programs have reached over 1 million consumers, especially young people, and over 100 cultural events, contemporary art exhibitions, debates, children's workshops, film and music evenings.

Classical music continued in 2020, BRD partners managing to schedule all planned concerts, even in special conditions. We had over 50 music concerts in all regions of the country, the most important partnerships being Sonoro Conac, Sonoro Musikland, Violoncellissimo, Stradivarius Tour or Euphonia.

The White Night of Galleries also continued, a project we have been supporting for 5 years, in order to promote contemporary art to the general public. For the first time, the program was organized over 3 days, to allow visitors to safely participate in art events.

Our message for this difficult period was #Culturamergemaideparte.

SOLIDARITY

Ziua V, BRD internal volunteering program promotes the involvement of our employees in volunteering projects that generate change in local communities. Even more, the Bank facilitates their involvement and allocates 1 day/ year/ employee for volunteering actions. Launched in 2018, the program is based on a special online platform, where 2,550 employees registered to access volunteering opportunities in different areas and intervention domains.

In 2020, the platform supported 22 volunteering actions throughout the country, with focus towards online and safe distance projects:

- Online mentorship, school tutoring and Career nights in benefit of children in foster care system,
- Safe distance charity races for the benefit of disabled people,
- Blood donation campaigns,
- Recurrent money donations in total of 25,000 euro to support single moms, poor families and programs for children in hospital,
- Preparing Christmas Gifts and donating winter shoes for children in disadvantaged communities.

Environmental impact

In 2019, we launched the BRD Fund for Forests initiative, which aims to finance and promote programs and actions that protect forests in Romania. In 2020, the Forest Fund was involved in a program monitoring and protecting a valuable forest in the Sibiu area, together with the WWF Romania Foundation and financed the start of a reforestation project in Neamț County. The latter project is a joint venture with several entities in the Société Générale Group in France and Romania. The program carried out by the French company EcoTree involves the restoration of the soil, forest lakes and the population of the forest planted with honey plants and beehives. In this way, and through the involvement of the people in the area, the forest will be able to bring benefits to the local economy.

The project is important precisely because of the multiple effects it has on the environment, people and the local economy.

Environmental impact of our own activities

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

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

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

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

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

Based on the above, BRD has set for 2020 a series of objectives designed to help reduce the Bank's impact on the environment. The way in which these objectives are reflected in the analysis of the indicators given above is the following:

- **Transport:** BRD showed openness to analyze the possibility of optimizing fuel consumption in the car fleet, both by reducing the journey in terms of the use of conference instruments, by suppressing travel and, respectively, by identifying electric cars to support the achievement of sustainable development objectives and care for the environment. It should be noted that in 2020 the application

for eco-vouchers was initiated within the “Program on reducing greenhouse gas emissions in transport, by promoting clean and energy efficient road transport vehicles 2020-2024”. The project will continue in 2021. As for the travel segment, they have been affected by the COVID-19 pandemic and, as a result, a decrease of over 70% is to be taken into account.

- **Paper:** in terms of paper consumption, a series of measures aimed at digitizing the various stages of work and, respectively, the electronic signature allowed significant decreases in this area (-38% in volume / value).

Indicator	Measurement unit	2019	2020
Total number of employees	employees	7 396	6 938
Total number of occupants	occupants	7 488	5 807
Occupied area m ²	m ²	223 086	218 764
Waste	tonnes	448	402
Distances travelled for business purpose	Mil km	11	9
Distance travelled by plane	Mil km	1,7	0,5
Distance travelled by train	Mil km	0,03	0,05
Distance travelled by car	Mil km	9,3	8,3
Water consumption	Mil m ³	0,07	0,05
Paper consumption	tonnes	636	381
Paper consumption per occupant (kg/occupant)	kg	85	65,55
Desk paper per occupant	kg	72,48	53,6
Recycled paper bought	tonnes	0	0
Total energy consumption	GWh	57	54
Total energy consumption per occupant	kwh	7 567	9 303
Total electricity consumption	GWh	30	28
Total electricity consumption per occupant	kwh	3 972	4 841
Renewable electricity consumption	GWh	13	13
Renewable electricity production	MWh	n / a	n / a
Total CO2 emissions	T equivalent CO2	19 950	17 580
GHW per occupant	T equivalent CO2	2,67	3,03

Aware of the impact that the Bank has on the environment through its business activity, BRD has a strategy that involves controlling resources and reducing the negative impact, while measuring its carbon emissions as seen in the table above.

Building on the progress made in 2020, for 2021 we aim, among other things:

- **Transport:** Continuation of the project that will allow the automation of roadmaps in the management of the BRD fleet, but also the optimization of the fleet.
 - an implementation of automatic roadmap generation - S1 / 2021
 - populate the new fleet management application with fleet information - S2 / 2021
 - a generation of consolidated reports at the level of the fleet for the route and analysis of car use optimization - S2 / 2021
- **Paper:** The electronic signing of documents will continue with the implementation of the electronic archiving project, which will reduce the consumption of paper and the volume of physically archived documents, respectively.
- **Courier:** Reducing paper consumption by implementing various digitization projects will attract optimizations in courier services.

Waste collection and recycling in BRD

BRD has implemented a program for collecting and recycling waste from electrical and electronic equipment, in partnership with the associations Recolamp and Ateliere fara Frontiere (AFF). In 2020, BRD handed over 180 kg of light bulbs free of charge to Recolamp and 12.5 tons of electrical and electronic waste to the Ateliere fara Frontiere Association, being the largest contributor to AFF. Paper waste is also subject to collection and recycling in BRD (27.3 tons of recycled paper + cardboard in 2020, an increase of 30% compared to 2019).

5. GROUP ACTIVITY AND RESULTS

ECONOMIC AND BANKING ENVIRONMENT 2020

Though initially expected to land around -6% in the crisis context, Romania's GDP contracted by 3.9% in 2020 versus an expansion of 4.1% in 2019, as momentum in some sectors was surprisingly resilient in Q4'20 despite the second wave of the pandemic. According to GDP breakdown on components, latest available at Q3 2020, domestic demand remained a drag of economic expansion, with household demand adding to the contraction, while the gross fixed capital formation remained in positive territory. Net exports kept their negative contribution to growth. The quarterly reading for Q4 surprised strongly on the upside, Romanian GDP rose by 5.3% q/q in Q4'20, while annual contraction softened to -1.5% YoY.

EU funds represent a potential catalyst for the economic recovery. Romania was allocated EUR 79.9 bn for the period 2021-2027. Adjusting with the contribution to the EU budget (~EUR16-20 bn for 2021-2027), there is still a considerable net benefit.

Annual CPI has been on a downward path since August 2020, reaching 2.1% in December 2020, fairly in line with NBR projection and market expectations. Subsequently, the average annual inflation rate descended to 2.6% in 2020 versus 2019 average of 3.8%. Inflation trajectory over the last months of the year was determined by the deceleration in core inflation from 3.7% in August 2020 to 3.3% in December 2020, alongside the disinflationary impact of changes in volatile food items.

To support the economy in the context of unfolding COVID 19 epidemic, the central bank reduced the monetary policy rate three times in 2020 by 100 bps in total, to 1.50%. On the backdrop of declining annual inflation rate, an additional monetary policy rate cut to 1.25% was announced in January 2021.

At the beginning of COVID 19 epidemic, NBR announced an unprecedented measure of purchasing RON denominated government bonds and stated that it shall provide necessary liquidity to financial institutions through repo operations. The quantitative easing was gradually reduced after peak in April. In April - August 2020 NBR purchased local currency bonds in value of RON 5.3 bn. No more acquisitions were done in September - December period, signalling a recovery in the markets and a lower need for liquidity. NBR also reduced the level of repo operations in December to a daily average of RON 2.2 bn compared to RON 13.6 bn in April.

As a measure to support the debtors (both individuals and companies) within the lockdown context, a state moratorium was introduced through GEO 37 from March 30th 2020 until June 15th 2020. The moratorium has been extended until March 15th 2021 with a 9 months cap on payments' suspension period (including the period of suspension under the 2020 moratorium).

Additional important measures within the relief package to support the economy were the approval of:

- an envelope of EUR 4 bn for state guarantees and interest subsidies to support SME sector financing within IMM Invest loan facility program,
- an envelope of EUR 1.6 bn for state guarantees within large companies program
- state guarantee within IMM Leasing program and IMM Factor program for the purchase of equipment and machinery, respectively for guaranteeing payment instruments in commercial relations between enterprises.

The employees of the companies affected by the crisis benefitted from indemnity for technical unemployment (amounting to 75% of the net salary, capped at 75% of the average salary in the economy). The measure was extended until June 30th 2021.

As regards the banking activity, gross loans' outstanding annual growth pace gradually recovered from the bottom reached in mid-summer and reached +5.7%* YoY as of December 2020 end driven by 1) lending to companies, +7.1%*, that saw a significant uplift in growth starting August 2020; and 2) resilient individuals' gross loans' increase (+4.3%*) driven by housing (+9.2%*), while consumer loans' performance (-2.1%*) was on a downtrend impacted by the pandemic outbreak. The propensity to save increased due to the incidence of the pandemic and its consequence in terms of spending behaviour, so deposits remained in a double digit growth area in each month from the beginning of the pandemic: +14.3%* YoY as of December 2020 end.

* variation at constant FX rate

The ratio of non-performing loans for the banking system (according to European Banking Authority definition) has maintained its yearly decreasing trend, reaching 3.83% at December 2020 end compared to 4.09% at 2019 end, standing in the EBA defined medium risk bucket [3-8%]. It marks a similar level with the one registered in March 2020, the lowest level of the NPL rate of the last decade. The NBR has made the legislative framework more flexible, in the context of the COVID-19 crisis, so that the deferred loan payments of more than 3 months are not considered non-performing. The NPL ratio can potentially increase, once crisis impacts on sensitive sectors will fully materialize and supporting measures will be lifted.

The Romanian banking system is well capitalized, as reflected by the capital adequacy ratio of 23.2% as of December 2020 end (22.0% as of December 2019 end).

COMMERCIAL ACTIVITY

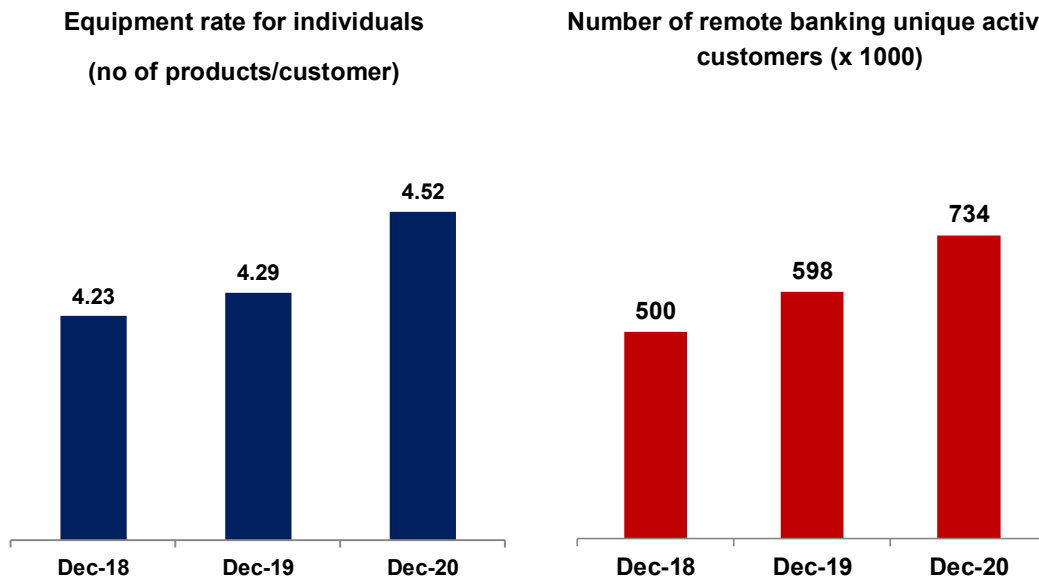
As at December 31, 2020, the Bank had 584 branches (31.12.2019: 648 branches), ensuring the distribution of its products and services throughout the whole country.

The equipment rate for individuals rose on intensified commercial relationships. It reached 4.52 at December 31, 2020 compared to 4.29 at December 31, 2019.

The use of digital channels has further intensified as reflected by the increasing number of internet and mobile banking unique active users to 734k at 2020 end, up by +47% over the last two years, while 99% of large corporate and 96% of SMEs transactions were performed via digital channels. In the same time, the number of transactions via electronic channels was fast growing, up by +42% compared to 2019.

Digital deliveries accelerated with the launch of our new mobile application, You BRD, integrating modern concepts allowing the continuous enrichment of the functionalities to provide better and simpler customer service. In addition, BRD continued to launch new features such as Apple Pay, answering customers increasing appetite for innovation. The value proposition to individual customers was also enhanced with the introduction of improved daily banking packages and new service model designed for each segment.

Corporate clients' digital experience was further enhanced by launching multiple innovative digital solutions: a new mobile application for corporates which offers real time access to accounts in full safety conditions, a fully integrated end-to-end digital solution for factoring, and a trade finance digital platform dedicated to manage guarantees, letters of credit and collections in a fast and secure way.



BRD held a market share of 11.0% of total assets at December 31, 2020, according to the Bank's internal calculations.

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

RON bln	Dec-18	Dec-19	Dec-20	vs. Dec-19
Retail	21.5	22.1	21.7	-1.7%
Individuals	21.0	21.5	21.1	-2.1%
Small business	0.6	0.6	0.6	12.6%
Non-retail	8.1	8.2	8.0	-3.3%
SMEs	2.4	2.2	2.6	22.4%
Large corporate	5.7	6.1	5.3	-12.5%
Total net loans	29.6	30.3	29.6	-2.1%
Financial lease receivables	0.8	1.0	1.1	7.5%
Total net loans, including leasing	30.4	31.3	30.7	-1.8%

Net loans' outstanding (including leasing) reached RON 30.7 billion, decreasing by -1.8% versus December 31, 2019. The evolution was influenced by two opposite drivers:

- i) strong performance YoY on SMEs (+22.4%) especially through active participation in IMM Invest with RON 0.9 billion approved loans at December 2020, and higher leasing financing (+7.5%);
- ii) a weaker performance on large corporate segment driven by companies' reduced investment appetite in the pandemic context and a slight decrease of the retail net loans, driven by lower production during the confinement period, still, reflecting the recovery noticed in H2 2020 (consumer loan production spurred by softer containment measures in H2 2020 printing at +37% vs H1 2020, being very close to H2 2019 level).

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

RON bln	Dec-18	Dec-19	Dec-20	vs. Dec-19
Retail	29.8	30.3	33.7	11.1%
Individuals	25.5	25.7	28.3	10.3%
Small business	4.3	4.7	5.4	15.1%
Non-retail	15.4	15.5	16.2	4.5%
SMEs	6.0	6.5	7.9	22.5%
Large corporate	9.4	9.1	8.3	-8.3%
Total deposits	45.2	45.9	50.0	8.8%

Customers' deposits saw a further consolidation on both retail and non-retail segments reaching RON 50.0 billion, up by 8.8% compared to December 31, 2019, benefiting from the higher savings' propensity triggered by the pandemic.

Retail deposits exhibited an accelerated growth pace (+11.1% YoY), driven by larger inflows in individuals' savings (+10.3% YoY), while non-retail deposits increased by +4.5% YoY, driven by a double digit increase of SMEs deposits (+22.5% YoY).

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

SUBSIDIARIES' ACTIVITY

BRD SOGELEASE IFN SA

As of December 31, 2020 net outstanding of leasing financing granted by BRD Sogelease increased by 7.5% year-on-year to RON 1,067 million. New leasing production decreased to RON 548.4 million in 2020, -24% YoY, in the pandemic context. In this challenging economic environment, BRD Sogelease continued to support its customers, providing significant volumes of new financings to SMEs and large corporate active in various sectors such as agriculture, construction, logistics and distribution, manufacturing. Also, the company actively developed and implemented support measures for customers affected by the COVID-19 pandemic, in accordance with legal provisions and recommendations of regulatory bodies.

BRD FINANCE IFN SA

BRD Finance results for 2020 compared with 2019 are in line with the expected evolution due to the situation generated by COVID-19 pandemic: the net loan portfolio slightly decreased at RON 606 million, while the new loan production decreased by 15.8% due to the sanitary imposed restrictions. Net banking income reached RON 102.4 million, with a slight decrease (-3%) compared with 2019.

BRD ASSET MANAGEMENT SA

BRD Asset Management is one of the most important actors on the Romanian UCITS market, with a market share of 19.2%* at the end of December 2020 and RON 4.25 billion assets under management. BRD Asset Management now offers investment solutions to more than 88 thousand clients across its 8 investment funds. BRD Asset Management is the 3rd largest asset manager in Romania. The crisis impacted the activity in line with the market evolution, driving down assets under management during March and April. The activity was back on an upward trend starting May and the company managed to recover a significant portion of the outflow registered during the emergency period. Last year, in June, BRD Asset Management launched a new investment fund, BRD Simplu with an investment strategy suitable for short term investments and cash management.

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

FINANCIAL POSITION ANALYSIS

The below financial position analysis is made based on the separate and consolidated financial statements prepared according to the International Financial Reporting Standards, for the period ended December 31, 2020 and the comparative periods.

FINANCIAL POSITION – ASSETS

Total assets at December 31, 2020 increased by approximately 10% both for the Bank and the Group versus 2019 end.

The asset structure is presented below:

THE GROUP

Assets (RONm)	Dec-18	Dec-19	Dec-20	% total	vs. Dec-19
Cash and current accounts with Central Bank	6,022	6,843	7,113	11.2%	4.0%
Loans and advances to credit institutions	3,316	3,410	5,517	8.7%	61.8%
Net loans and advances to customers	29,603	30,293	29,643	46.6%	-2.1%
Financial lease receivables	761	993	1,067	1.7%	7.5%
Other financial instruments	14,552	14,396	18,528	29.2%	28.7%
Tangible and intangible assets	1,014	1,447	1,381	2.2%	-4.5%
Other assets	452	390	308	0.5%	-21.0%
Total assets	55,719	57,771	63,558	100.0%	10.0%

THE BANK

Assets (RONm)	Dec-18	Dec-19	Dec-20	% total	vs. Dec-19
Cash and current accounts with Central Bank	6,022	6,843	7,113	11.5%	4.0%
Loans and advances to credit institutions	3,298	3,392	5,500	8.9%	62.1%
Net loans and advances to customers	28,893	29,467	28,873	46.8%	-2.0%
Other financial instruments	14,533	14,424	18,561	30.1%	28.7%
Tangible and intangible assets	1,004	1,425	1,365	2.2%	-4.2%
Other assets	339	304	223	0.4%	-26.8%
Total assets	54,089	55,853	61,635	100.0%	10.4%

LOANS AND ADVANCES TO CUSTOMERS

The net loans' outstanding amount to customers slightly decreased year-on-year (around -2% both for Bank and the Group, excluding leasing) on a weaker performance on large corporate segment and a slight decrease of the retail net loans, in the pandemic context, partly compensated by strong SME financing.

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

Cash and current accounts with the Central Bank and loans and advances to credit institutions increased by 23% versus December 2019 end, for both the Bank and the Group, mainly driven by higher amounts with Central Bank. These items represented approximately 20% of total assets for the Group and the Bank.

The minimum compulsory reserve held with the National Bank of Romania amounted to RON 3,482 million and accounted for 28% of this aggregate at December 31, 2020, at Group level. NBR kept unchanged the RON minimum reserves requirements for liabilities with residual maturity of less than 2 years (at 8% since May 2015) and decided to lower the level of the minimum reserve requirements for FCY denominated liabilities to 6% in February 2020 and 5% in November 2020.

OTHER FINANCIAL INSTRUMENTS

Other financial instruments include financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss, derivatives and other financial instruments held for trading, investments in associates and subsidiaries as well as non-current assets held for sale.

These items amounted to RON 18.5 billion at December 2020 end and represented 29% of Group assets. They rose by +29% compared to December 2019 end, mainly driven by the increase in government bonds portfolio.

TANGIBLE AND INTANGIBLE ASSETS

The tangible and intangible assets accounted for approximately 2.2% of the total assets with land and buildings representing the largest part of the item.

The total value of investments (additions of property, plant and equipment, investment properties, and intangible assets) during 2020 was RON 195 million for the Bank and RON 197 million for the Group, compared to RON 164 million for the Bank and RON 170 million for the Group in 2019. There is no capitalized research and development expenditure.

FINANCIAL POSITION – LIABILITIES

The comparative statement of liabilities is as follows:

THE GROUP

Liabilities and shareholders equity (RONm)	Dec-18	Dec-19	Dec-20	% total	vs. Dec-19
Amounts owed to credit institutions	1,604	2,118	1,941	3.1%	-8.3%
Amounts owed to customers	45,217	45,899	49,958	78.6%	8.8%
Other liabilities	1,240	1,570	1,887	3.0%	20.1%
Shareholders equity	7,657	8,184	9,772	15.4%	19.4%
Total liabilities and shareholders equity	55,719	57,771	63,558	100.0%	10.0%

THE BANK

Liabilities and shareholders equity (RONm)	Dec-18	Dec-19	Dec-20	% total	vs. Dec-19
Amounts owed to credit institutions	314	431	206	0.3%	-52.3%
Amounts owed to customers	45,316	46,040	50,152	81.4%	8.9%
Other liabilities	1,132	1,487	1,805	2.9%	21.4%
Shareholders equity	7,327	7,895	9,472	15.4%	20.0%
Total liabilities and shareholders equity	54,089	55,853	61,635	100.0%	10.4%

AMOUNTS OWED TO CUSTOMERS

The Group, as well as the Bank, continue to enjoy a stable and solid funding base. Amounts owed to customers increased by 8.8% on an annual basis for the Group and by 8.9% for the Bank, and accounted for 79% of the total liabilities and shareholders' equity at Group level and for 81% at Bank level. The increase was both on retail and non-retail segments, driven by larger inflows in individuals' savings and a double digit increase of SMEs deposits.

AMOUNTS OWED TO THE CREDIT INSTITUTIONS

Amounts owed to credit institutions represent interbank deposits, borrowings from International Financial Institutions and the parent, and stood at 3.1% of the total liabilities and shareholders' equity for the Group and 0.3% for the Bank at December 31, 2020.

BRD Group's borrowings from Société Générale totalled RON 1.5 billion (2.7% of liabilities).

SHAREHOLDERS' EQUITY

Shareholders' equity increased by 19.4% for the Group and 20% for the Bank compared to December 31, 2019, mainly on the positive effect of 2020 profit and positive reserves from revaluation of debt instruments accounted at fair value (government bonds).

The structure of the shareholders' equity evolved as follows:

THE GROUP

Shareholders' equity (RONm)	Dec-18	Dec-19	Dec-20	vs. Dec-19
Share capital	2,516	2,516	2,516	0.0%
Other reserves	3	179	804	3.5 x
Retained earnings and capital reserves	5,092	5,441	6,404	17.7%
Non-controlling interest	47	48	48	1.7%
Total shareholders' equity	7,657	8,184	9,772	19.4%

THE BANK

Shareholders' equity (RONm)	Dec-18	Dec-19	Dec-20	vs. Dec-19
Share capital	2,516	2,516	2,516	0.0%
Other reserves	(3)	179	804	3.5 x
Retained earnings and capital reserves	4,815	5,201	6,152	18.3%
Total shareholders' equity	7,327	7,895	9,472	20.0%

LIQUIDITY POSITION

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

The net loan to deposit ratio decreased to 57.6% at December 31, 2020 versus 64.0% at December 31, 2019 for the Bank, and to 61.5% at December 31, 2020 versus 68.2% at December 31, 2019 for the Group (loans at Group level include financial leasing receivables). The evolution was mainly driven by the increase in deposits.

2020 FINANCIAL RESULTS

The comparative income statement of the Group for the period 2018 - 2020 is presented below:

RONm	2018	2019	2020	Variation
Net banking income	3,115	3,270	3,088	-5.6%
- net interest income	1,989	2,150	2,087	-2.9%
- net commissions	797	806	711	-11.7%
- other banking income	329	314	290	-7.7%
Operating expenses	(1,490)	(1,678)	(1,588)	-5.3%
- staff expenses	(768)	(826)	(834)	+0.9%
- non-staff expenses	(722)	(851)	(754)	-11.4%
Operating profit	1,626	1,592	1,500	-5.8%
Net cost of risk	230	204	(353)	n.a.
Gross result	1,856	1,796	1,147	-36.1%
Net result	1,563	1,499	963	-35.8%
Profit attributable to equity holders of the parent	1,556	1,492	962	-35.5%

The comparative income statement of the Bank for the period 2018 - 2020 is presented below:

RONm	2018	2019	2020	Variation
Net banking income	2,981	3,170	2,927	-7.7%
- net interest income	1,869	2,024	1,957	-3.3%
- net commissions	759	767	674	-12.1%
- other banking income	352	379	296	-22.1%
Operating expenses	(1,400)	(1,580)	(1,481)	-6.3%
- staff expenses	(716)	(770)	(779)	+1.2%
- non-staff expenses	(684)	(810)	(702)	-13.3%
Operating profit	1,581	1,590	1,445	-9.1%
Net cost of risk	246	224	(313)	n.a.
Gross result	1,828	1,814	1,132	-37.6%
Net result	1,546	1,529	952	-37.7%

BRD Group 2020 net banking income reached RON 3,088 million, 5.6% lower compared to 2019, reflecting the resilience of the business model and revenues in the current crisis context. Net interest income decreased moderately, by 2.9% year on year, to RON 2,087 million, being mainly influenced by the declining interest rates (average ROBOR 3M at 2.39% in 2020 vs 3.13% in 2019) and the drop of loan production during restrictions. The contraction of net fees and commissions income, by 11.7% compared to 2019, to RON 711 million, was mainly linked to reduced fees on daily banking transactions following the SEPA regulation enforcement and the overall lower volumes.

In spite of the exceptional sanitary costs (the full year exceptional costs related to sanitary crisis management amounted to RON 27.3 million) and the recognition of a provision for restructuring in Q4, operating expenses were significantly reduced (RON 1,588 million vs RON 1,678 million in 2019). This evolution reflects both a base effect (2019 costs were inflated by the tax on financial assets, of RON 75.4 million) and the execution of a saving plan combining tactical and structural measures. Excluding non recurring items, both staff expenses and non staff expenses were reduced. In parallel, investments in digital transformation were accelerated.

Given all the above, the cost/income ratio remained stable, at 51.4% (vs. 51.3% in 2019), despite the crisis impact on revenues. BRD Group gross operating income amounted to RON 1,500 million in 2020 vs. RON 1,592 million in 2019.

The quality of the loan book remained solid in 2020, as reflected by the low NPL ratio (Bank level, non-performing loans, according to EBA definition), reaching 3% at 2020 end, stable compared to 2019 end. The Bank benefits from a consistent level of coverage with provisions of non-performing exposures, of 75.8% at 2020 end compared to 74% at 2019 end, well above market average. Net cost of risk registered RON 353 million provision charge in 2020 compared to RON 204 million provision release in 2019, reflecting the prudent treatment of exposures under moratorium and the deteriorated economic environment.

Given all the above, BRD Group net profit reached RON 963 million in 2020 vs. RON 1,499 million in 2019, reflecting a resilient financial performance. Return on equity was 10.7% in 2020 (vs. 18.9% in 2019). Return on assets reached 1.6% in 2020 (vs. 2.6% in 2019).

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

No subsequent events were identified after the reporting date.

AWARDS RECEIVED IN 2020

- "Bank of the Year in Romania" awarded by The Banker for the year 2020
- "Bank of excellence in Romania over the last 25 years" awarded by Piata Financiara
- "Best Trade Finance Provider in Romania" and "Best Treasury & Cash Management Bank in Romania" awarded by Global Finance
- "Best Asset Management Company" awarded by Piata Financiara for BRD Asset Management
- "Best diversified fund in Romania" awarded by Piata Financiara for the BRD Diverso mutual fund managed by BRD Asset Management
- "Best Life Insurance company" awarded by Piata Financiara for BRD Asigurari de Viata
- "Best in leasing" awarded by Piata Financiara for BRD Sogelease

6. RISK MANAGEMENT

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

RISK MANAGEMENT OBJECTIVES AND RISK APPETITE SETTING

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

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

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

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

- Credit risk and associated risks
- Liquidity and funding risks
- Structural risks
- Market risk in trading book
- Operational risk
- Compliance risk
- Reputational risk
- Strategic risk
- Excessive usage of leverage effect risk

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

The risk appetite represents the aggregate level and types of risk that BRD is willing to assume within its risk capacity, in line with its business model, to achieve its strategic objectives.

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

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

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

Key risk indicators and corresponding quantitative measures are defined by considering the risk profile, size and complexity of activities performed by the Bank. Their evolution is regularly monitored over the year in order to detect any events that may result in unfavorable developments on the risk profile.

RISK MANAGEMENT GOVERNANCE

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

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

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

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

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

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

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

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

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

Board of Directors

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

Audit Committee

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

Risk Management Committee

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

Executive Committee

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

Main specialized committees assisting the Executive Committee

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

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

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

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

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

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

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

MAIN RISK FACTORS

Coronavirus pandemic (Covid-19) and its economic consequences

Banking business is highly sensitive to changes in financial markets and economic conditions and the unprecedented situation generated by Covid-19 crisis represents an aggravating factor and the main source of uncertainty.

The global and domestic economic recession as a result of the Covid-19 pandemic has affected a wide range of industries, including the banking sector. The exceptional support measures taken by governments and private sectors (such as moratoria on loans, public guarantee schemes, etc.) adequately addressed the immediate effects of the crisis, yet they may not be sufficient to support recovery on the longer run.

Uncertainty as to the duration and impact of the Covid-19 pandemic on the economy makes it difficult to predict the severity of adverse effects to bank's business, operations and financial position.

Unpredictability and uncertainty of legal framework

The uncertainty and lack of predictability of legal changes (such as public moratoria legislation, consumer protection initiatives, debt discharge law/ payment in kind, etc.) could have an adverse effect on financial institutions by putting pressure on liquidity, solvency and profitability.

Financial institutions are subject to a more and more extensive supervisory and regulatory framework (for instance, various EBA guidelines, implementing CRD V and BRRD 2 directives, etc), while adaptation to such changes requires significant resources that could affect the banks' performance.

Highly competitive environment, undergoing transformation

The Bank operates in an environment subject to intense competition both from banking and emerging non-banking actors (FinTechs), changing business models, translating in increasing risk to market shares and margins. Competition refers to digital transformation, the speed of answering to the customers' requests, evolving products and services, innovation, reputation, price, technology infrastructure and data management. In addition, certain sectors of the financial services industry have become more concentrated, considering the mergers and acquisitions of institutions involved in a broad range of financial services. Such changes could result in the Group's remaining competitors benefiting from greater capital resources or other advantages, such as the ability to offer a broader range of products and services, which may enhance their competitive position.

CREDIT RISK MANAGEMENT

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

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

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

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

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

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

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

CREDIT RISK MITIGATION TECHNIQUES

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

The Bank accepts the following main types of securities:

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

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

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

Real estate collaterals

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

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

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

Guarantees

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

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

Residual risk management

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

Detailed information on credit risk is found in Note 40.1 to the consolidated and separate financial statements as of and for the year ended December 31, 2020.

LIQUIDITY RISK

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

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

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

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

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

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

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

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

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

Detailed information on liquidity risk is found in Note 40.3 to the consolidated and separate financial statements as of and for the year ended December 31, 2020.

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

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

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

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

The interest rate risk is managed through two metrics: balance sheet sensitivity to yield curve shifts and net interest income sensitivity. Balance sheet sensitivity is defined as the variation in the net present value of future residual fixed rate cash flows (surplus or deficit) for two steering scenarios of +/- 10 bps parallel shift in the yield curve and for two non parallel yield curve shifts. A set of limits is applied to balance sheet sensitivity and the compliance within those limits is monitored by ALCO on a monthly basis. The gaps between outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models based on clients' historic behavior patterns, as well as conventional assumptions relating to certain balance sheet items. Net interest income sensitivity indicator is calculated quarterly and presented to ALCO, but even though a set of limits is in place for this indicator, the main steering indicator remains balance sheet sensitivity.

Detailed information on interest rate risk is found in Note 40.2 to the consolidated and separate financial statements as of and for the year ended December 31, 2020.

MARKET RISK IN TRADING BOOK

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

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

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

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

Detailed information on market risk is found in Note 40.2 to the consolidated and separate financial statements as of and for the year ended December 31, 2020.

OPERATIONAL RISK

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

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

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

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

Operational risk management tools put in place at BRD are:

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

In 2020, the Group operational risk strategy focused on the following axes:

Actions performed by Operational Risk Management Unit:

- Active involvement for supporting Bank activity during the ongoing Covid-19 pandemic crisis. Implement a Bypass process for a fast risk assessment of the altered processes in order to ensure the continuity of business activities
- Continuing the enhancement of operational risk culture through management awareness and staff training through RO contacts. Develop an Operational Risk Community at the Bank level in order to share information and keep employees up to date in respect of operational risk
- Consolidation of operational risk reporting from BRD subsidiaries
- Develop a dedicated operational risk reporting for BRD Network Management
- Review of Outsourcing Policy according to latest regulatory changes (EBA guidelines) triggering a complex review process of outsourcing services
- Continuing the improvements of Operational Risk Management tools, by: (i) running the RCSA exercise according to the new methodology having a process-based approach and implementation of a dedicated tool; (ii) KRIs continuous analysis and calibration in order to ensure a proper monitoring of risk areas; (iii) Further developments of the local tool for registration of operational risk events

Actions performed by Managerial Supervision Unit and Level 2 Control Unit:

- Continuing the implementation of Permanent Control Transformation program: under SG Group sponsorship, according to ECB guidelines and recommendations, by identifying the real control need of BRD based on applicable processes, improvement of existing controls and implementing Level 2 Control specific tools

Actions performed by Antifraud Division:

- Implement new antifraud prevention indicators / specific antifraud controls based on client/employee's behaviour and new fraud typologies
- Face to face / e-learning antifraud training sessions with the Bank's employees in order to increase awareness of fraud prevention and detection of fraud cases
- Continuing the implementation of a fraud monitoring application in order to prevent, detect and manage frauds based on risk analysis of transactions performed in remote channels and with cards (PSD2 requirements)
- Continuous monitoring and assessment of fraud risk regarding the products/ activities/ processes of the Bank
- Continuing the improvements of Fraud Risk Management tools, by: (i) KRIs continuous analysis and calibration in order to ensure a proper monitoring of risk areas; (ii) Further developments of the local tool for registration of fraud risk events

Actions performed by Business Continuity Management Division:

- Support to the Crisis Committee during the ongoing Covid pandemic crisis, both at BRD level as well as at BRD Group level
- Update of the existing pandemic business continuity plan with a worst case scenario, taking into account the measures imposed by the authorities and adapting the business continuity objectives
- Monitoring all measures and actions decided as response to the Covid crisis in order to ensure the health and safety of the staff and clients and the business continuity (internal and external communication, disinfection and protection measures, social distancing measures, staff equipment for telework wherever possible, segregation of teams and back-up teams to reduce the contamination risk and ensure the essential services to the clients etc.)
- Enhancement of some backup solutions: teams segregation and work on the users' recovery sites, remote access solution for the telework where applicable, work in shifts
- Follow-up of business continuity strategy including the regional disaster scenario for which back-up solutions will be further developed during 2021-2022
- Continuously updating the business continuity mechanisms and crisis management framework, based on the annual Business Impact Analysis' results
- Closely follow-up the annual business continuity and crisis management tests, as well as technical tests, to validate or potentially adjust the back-up solutions
- Business continuity and crisis management training / awareness of the involved staff

Actions performed by Information Security Division:

- Consolidation of Information Security Framework
- Consolidation of the security, traceability, Data Leakage Protection and Privilege Access Management function through the implementation of different tools and processes (SIEM-Security Information and Event Management; DLP-Data Leakage Protection; PAM-Privilege & Access Management)
- Identity and Access Management transversal governance implementation with clearly defined roles and responsibilities for all departments and ensure it through a single IAM Global Coordinator
- Raising awareness on Information Security subjects for the internal users (presentations videos, articles on Intranet platform, screen-savers, conferences with business representatives and management on information security topics, anti-phishing periodic exercises)
- Raising awareness on Information Security subjects for the external users through the contractual clauses of the Remote Banking services and through the BRD institutional site, as well as for the BRD's partners through specific information security clauses systematically included in contracts where BRD is Beneficiary and/or Operator (GDPR)
- Extended of terminal protection solution for antimalware for both private and corporate clients (IBM-Trusteer)

STRATEGIC RISK

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

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

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

The annual planning and budgeting exercises, together with the yearly restatement of the Business and Risk Management Strategy ensure that the business strategy of the Bank is timely adapted to changes

in macroeconomic conditions, and closely matches the customers' and industry's trends, thus ensuring that planned results will be closely matched by actual performance.

RISK OF EXCESSIVE LEVERAGE

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

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

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

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

The leverage ratio is a monitoring tool which allows assessment of the risk of excessive leverage, implemented by BRD in 2014. The ratio has been in the 8% - 10% area for the subsequent periods (based on the transitional definition of CET1 capital), increasing after the incorporation of 2019 profit, reaching 11.7% at December 2020 end, well above the 3% minimum requirement.

7. CAPITAL MANAGEMENT AND ADEQUACY

CONSOLIDATION PERIMETER

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

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

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

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

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

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

OWN FUNDS

BRD Group regulatory own funds as at December 31, 2020 amounted to RON 8,146 million (excluding current year net result) compared to RON 7,559 million as at December 31, 2019 (own funds at December 31, 2019 include the full net year result, according to the decision of the General Meeting of Shareholders which approved the allocation of the 2019 net profit to retained earnings) and consist of common equity capital (CET1).

Common Equity Capital (CET1) is formed of:

- Eligible Capital includes the nominal share capital and the hyperinflation adjustment of share capital accounted until December 31, 2003. As at December 31, 2020, the share capital amounted to RON 696.9 million, unchanged versus previous periods. The hyperinflation adjustment amounted to RON 1,819 million.
- Eligible Reserves include:
 - Retained earnings, which represent the undistributed profits of previous periods and retained earnings arising from IFRS implementation adjustments.
 - Other reserves: legal reserves, reserves for general banking risks or other reserves established by the law and share based payment reserves.
- Other comprehensive income (OCI) includes unrealized gains and losses from changes in the fair value of debt instruments at fair value through other comprehensive income and from re-measurement of defined benefit liability arising from the post-employment benefit plan.

Regulatory deductions from CET 1 applicable as at both for December 31, 2020 and December 31, 2019 essentially involved the following elements:

- Starting 31 December 2020, goodwill and intangible assets that are not prudently valued as per Regulation 876/2019 are deducted 100% from CET 1 (as compared to previous periods when intangible assets accounting value was fully deducted from CET 1). Under this current approach, the positive difference between the prudential and the accounting amortisation becomes fully deducted from the CET 1 capital, while the residual portion of the carrying value of the software prudently valued is risk weighted at 100%.

- Contingent or any foreseeable tax charges related to CET 1 reserves taxable upon utilization to cover losses or risks.

As at December 31, 2020 and December 31, 2019, the Bank had no Additional Tier 1 or Tier 2 capital instruments issued and outstanding.

CAPITAL REQUIREMENTS

From a regulatory perspective, capital requirements cover:

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

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

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

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

On top of the total regulatory ratio of 8% set by Art 92 from CRR, starting 2016, based on NBR requirements, BRD Group maintains additional own funds to cover risks resulting from internal assessment and SREP (supervisory review and evaluation process) amounting to 4.69% of RWA during 2020 (5.19% during 2019). Thus, the TSCR ratio (total SREP capital requirements) requirement for BRD Group was 12.69% for 2020 (13.19% for 2019).

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

- A Conservation Buffer in CET 1 capital intended to absorb losses during periods of stress. This buffer is mandatory and fully effective from 1 January 2019 and amounts to 2.5% of total RWA.
- A Countercyclical Buffer that may be imposed during periods of excessive credit growth when system-wide risk is building up and is capped at 2.5% of total RWA. According to NBR Order 12/2015 the level of countercyclical buffer was established at 0% for credit exposures in Romania.
- Other systemically important institutions (O-SIIs) identified by NBR which have been authorized in Romania, may be subject to an O-SII Capital Buffer of up to 2% of the total RWA. BRD was identified as O-SII by NBR and O-SII Capital Buffer is 1% starting with 1 January 2016.
- A Systemic Risk Buffer was imposed, according to NBR Order 4/2018, starting with 30 June 2018, with the aim of supporting the adequate management of credit risk and enhancing banking sector resilience to unanticipated shocks, amid unfavourable structural circumstances. The buffer is applied to all exposure and is calibrated at 0%, 1% or 2%, depending on the level of the non-performing loans ratio and the coverage ratio, according to the methodology described in NBR Order 8/2018. The systemic risk buffer for January - June 2020, based on the average NPL and coverage ratio, at consolidated level, at each reference date, September 2018, December 2018, March 2019 and June 2019, applicable for BRD is 1%. The systemic risk buffer for July – December 2020, based on the average NPL and coverage ratio, at consolidated level, at each reference date, March 2019, June 2019, September 2019 and December 2019, applicable for BRD is 0%. As the capital requirement for structural buffers is determined as the

max of O-SII buffer and systemic risk buffer and an O-SII buffer of 1% was already applied, the systemic risk buffer had no effect on the capital requirements for BRD in 2020.

At end of March 2020, National Bank of Romania, in its capacity as Romanian Resolution Authority, notified BRD on its MREL requirement (Minimum Requirement for own funds and Eligible Liabilities), calibrated on balance sheet data as of 31 December 2017.

BRD shall comply with individual MREL on a sub-consolidated basis at the level of 15.48% of total liabilities and own funds (TLOF), which shall be reached by 31 December 2023, with intermediate targets over the transitional period, the first binding one being for end of 2021. In terms of TREA (total risk exposure amount), the MREL requirement would represent 29.21%.

The table below summarizes the current MREL requirements:

Requirements for BRD-Groupe Societe Generale based on December 2017 data	in % of TLOF by 31.12.2023	in % of TREA by 31.12.2023
Total MREL	15.48%	29.21%

Based on the notification in force, there is no MREL shortfall as of December 2020 end.

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

RON m	Bank		Group	
	2019	2020	2019	2020
Eligible CET1	7,716	7,716	7,957	7,957
Eligible CET1 after adjustments	7,895	8,521	8,136	8,762
Total Tier 1 capital	7,322	7,908	7,559	8,146
Total own funds	7,322	7,908	7,559	8,146
Capital requirements				
Credit risk (including counterparty risk)	2,089	1,847	2,215	1,972
Market risk	25	18	26	18
Operational risk	228	210	233	220
Credit valuation adjustment (CVA) risk	10	13	10	13
Total capital requirement	2,352	2,088	2,484	2,223
Risk weighted assets				
Credit risk (including counterparty risk)	26,118	23,082	27,692	24,647
Market risk	317	229	320	229
Operational risk	2,849	2,630	2,913	2,752
Credit valuation adjustment (CVA) risk	120	160	120	160
Total risk exposure amount	29,404	26,102	31,045	27,787
Regulatory Capital Adequacy Ratio	24.90%	30.30%	24.35%	29.32%
Tier 1 ratio	24.90%	30.30%	24.35%	29.32%

Note: Own funds at 2019 end include net profit; own funds at 2020 end exclude net result of the year. CAR incl. net profit, net of dividends (subject to GSM approval) was 32.59% (Group) and 33.74% (Bank) at 2020 end.

LEVERAGE RATIO

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

The leverage ratio reached 11.7% (excluding current year net result) as at 31 December 2020 at Group level, which is well above the 3% minimum requirement (level that shall be enforced based on Regulation 2019/876 amending CRR starting with June 2021).

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

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

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

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

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

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

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

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

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

8. INTERNAL CONTROL FRAMEWORK

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9. CONCLUSIONS AND PERSPECTIVES FOR 2021

2020 was marked by the unfolding of an unprecedented sanitary crisis, that abruptly translated into a severe economic crisis. For 2021, though economic rebound is expected, its amplitude and timing highly depend on the evolutions on the sanitary front and the execution of the relaunch programs. In this challenging context, BRD remains committed to support its customers by continuing to deliver high quality banking services, while progressing on its transformation roadmap.

BRD acted quickly and efficiently to fully and continuously support its clients (by either benefitting from payment holidays under moratorium, or facilitated access to financing, especially through IMM INVEST program), while adapting its organization to ensure business continuity (with adequate sanitary measures strictly implemented in all business outlets), and swiftly implementing actions to mitigate the negative financial impacts of the crisis. This is reflected in the perception of customers and recognized by the market, BRD being awarded the Bank of the Year in Romania by "The Banker".

In the same time, BRD maintained a strong focus on its client centric roadmap, showing accelerated digital deliveries and improved value proposition to customers. In particular, the release of "You BRD" sets the ground for our future omnichannel platform.

Corporate lending was fuelled by strong SME financing with a +22% YoY growth, especially through active participation in IMM Invest with RON 930 million approved loans at December 2020, and solid leasing portfolio advance of +7.5% YoY. Loans to individuals showed a rebound in H2, with consumer loans' production accelerating by +37% in H2 vs H1 2020. BRD Asset Management also registered a rebound in activity during H2 2020, after the impact of the crisis unfolding in Q1, driving market share to 19.2%. Moreover, BRD very actively participated in the Romanian government bond issuances for individuals, Fidelis program, with an average market share reaching 40%.

Significant cost savings were delivered, without compromising on the strategic priority of digital transformation. Net cost of risk was mostly driven by the prudent treatment of loans under moratoria and exposures linked to sensitive economic sectors to COVID 19 disruptions. Thanks to well mitigated impacts of the crisis, BRD delivered a resilient performance, with a ROE printing at almost 11%.

BRD continued to build on solid fundamentals with elevated capital base, ample liquidity position and high quality of assets.

As a committed actor of the Romanian society, BRD also maintained an open channel to community's needs. BRD was involved in solidarity actions fighting the pandemic, but also reaffirmed its active support to important areas, such as education and culture.

Further details on the Bank's perspectives and objectives are presented in the budget for 2021 which is submitted for approval to the General Assembly of Shareholders.

10. BOARD OF DIRECTORS' PROPOSALS

- 1) Considering the present report, we submit for the approval of the General Assembly of the Shareholders of BRD the separate and consolidated financial statements prepared according to the International Financial Reporting Standards as adopted by the European Union, for the period ended December 31, 2020, made of:
 - Separate and consolidated statement of financial position;
 - Separate and consolidated income statement;
 - Separate and consolidated statement of comprehensive income;
 - Separate and consolidated statement of changes in equity;
 - Separate and consolidated cash flow statement;
 - Notes to financial statements.

- 2) Approval of the profit distribution and setting of the dividend for 2020. The proposed gross dividend is of 0.0749 lei / share. The dividends will be paid on June 4th, 2021 and the deferred payment date will be November 29th, 2021.

- 3) Discharge of the Board of Directors.

Giovanni LUCA SOMA
Chairman of the Board of Directors

François BLOCH
Chief Executive Officer

Stephane FORTIN
Deputy Chief Executive Officer

Etienne LOULERGUE
Chief Financial Officer

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

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

<p>that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice and according to the following criteria:</p> <p>A.4.1. Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous five years.</p> <p>A.4.2. Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years.</p> <p>A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director.</p> <p>A.4.4. Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it.</p> <p>A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/Director, CEO/executive officer or employee of a company having such a relationship if,</p>				
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<p>by its substantial character, this relationship could affect his/her objectivity.</p> <p>A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it.</p> <p>A.4.7. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director.</p> <p>A.4.8. Not to have been a non-executive director of the company for more than twelve years.</p> <p>A.4.9. Not to have family ties with a person in the situations referred to at points A.4.1. and A.4.4.</p>				
<p>A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.</p>	X			
<p>A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.</p>	X			
<p>A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.</p>	X			
<p>A.8. The corporate governance statement should</p>	X			

inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.				
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	X			
A.10 The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	X			
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	X			
Section B - Risk management and internal control system				
B.1 The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities	X			

of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.				
B.2. The audit committee should be chaired by an independent non-executive member.	X			
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	X			
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	X			
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	X			
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	X			
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	X			
B.8. Whenever the Code mentions reviews or analysis	X			

to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.				
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	X			
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	X			
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	X			
B.12. To ensure the fulfilment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	X			
Section C - Fair rewards and motivation				
C.1. The company should publish a remuneration policy		X		Information on the remuneration of the

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

<p>person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:</p> <p>D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures.</p> <p>D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;</p> <p>D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;</p> <p>D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;</p> <p>D.1.5. Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a</p>				
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<p>shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;</p> <p>D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;</p> <p>D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.</p>				
<p>D.2. A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.</p>	X			
<p>D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be</p>	X			

published on the corporate website.				
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	X			
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	X			
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	X			
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	X			
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	X			
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information	X			

presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.				
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	X			

APPENDIX 2: NON-FINANCIAL STATEMENT

I. DESCRIPTION OF THE ACTIVITY

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

In March 1999, Société Générale has bought a stock package representing 51% from social capital, increasing its holding up to 58.32%, by purchasing in 2004 the package that was still owned by Romanian State.

SG was holding 60.17% from BRD's social capital on 31st December 2020. The French bank, one of the largest in the Euro Zone, with 138,000 employees in 62 countries and more than 29 million customers worldwide, has transferred in Romania the know-how that has enabled BRD to become one of the leaders of Romanian market.

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

BRD - Groupe Société Générale operates a network of 584 units and occupies an important position on the Romanian card market, with approximately 2.4 million cards and an acceptance network of approximately 30,000 POS and nearly 1,400 ATMs.

Compared to December 2019, the number of unique active users for remote banking services, MyBRD Mobile and MyBRD Net, increased in 2020 by 23%.

In 2020, BRD launched the YOU application, which currently works in parallel with MyBRD services, and starting with 2021, it will become the only remote banking application for BRD customers. Thus, all MyBRD Mobile and MyBRD Net users will be gradually migrated to YOU. Present in all sectors of the economy and offering a wide range of services, the Bank uses innovative technologies and develops activities through which it offers customers - from children and students to families, from small entrepreneurs to large corporations - customized products, comfort and safety.

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

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

After the privatization, beginning with 2004, the Bank implemented a policy aiming at the development of its retail arm, building a strong network across the country. As a first on the Romanian market, BRD launched various concepts of branches, adapted to different type of customers. The Group (bank and subsidiaries) counts today almost 7,000 employees.

At the end of 2017, BRD launched Level Up, the internal development program, aligned with Société Générale's long-term strategy "Transform to Grow". Level Up is following four directions: enhancement of the satisfaction of our clients, increasing the degree of involvement and responsibility of our teams, sustaining our business performance and supporting the development of the communities where we work.

II. CORPORATE SOCIAL RESPONSIBILITY

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

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

Group Commitments and CSR topics

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

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

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

- 2000: founding member of the Wolfsberg Group;
- 2001: joined the United Nations Environment Programme Finance Initiative (UNEP-FI);
- 2003: joined the United Nations Global Compact, which encourages companies to integrate principles relating to human rights, working conditions and the fight against corruption;
- 2007: adopted the Equator Principles;
- 2014: support for the Green Bond Principles;
- 2014: Lyxor signed the Principles for Responsible Investment
- 2015: signed a Global Agreement on Fundamental Rights with UNI Global Union (renewed in February 2019);
- 2015: launched the “Positive Impact Manifesto” of the UNEPFI;
- 2015: joined the “Soft Commodities Compact” of the Banking Environment Initiative (with the Consumer Goods Forum) to fight tropical deforestation;
- 2015: subscribed to the “Principles for Mainstreaming Climate Actions within Financial Institutions”, launched during COP21;
- 2016: signed the Women’s Empowerment Principles – WEP, Professional Equality Charter of United Nations, and the International Labour Organization’s Global Business Charter on Disability
- 2017: Adoption of the Principles for Positive Impact Finance (UNEP-FI);
- 2017: Supporting the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD);
- 2018: Katowice commitment to align financing portfolios with global climate objectives;
- 2018: Société Générale is the first French bank to join the Climate Bonds Partner Programme, an international network of financial actors working with Climate Bonds to shift investment towards a low-carbon and climate resilient economy.
- 2019: Signs Poseidon principles that promote low carbon emissions for the global shipping industry, by integrating climate objectives into portfolio management and bank lending decisions.

In short, all these are summed up in the Group’s purpose – “Building together, with our clients, a better and sustainable future through responsible and innovative financial solutions”.

In 2018, for the first time, Société Générale has been designated Best French Bank in RobecoSAM’s CSR ranking. The Group was ranked eight out of the 133 European banks included in the study.

According to the same standard, in 2019 Société Générale was ranked 1st worldwide on environmental topics and in 6th in Europe across all ESG (Environmental, Social and Governance) factors, out of 175 banks analysed.

In 2020, for the 1st time, Société Générale achieved all 3 objectives linked to the annual performance by being in leading positions across 3 key extra-financial rating agencies:

- AA by MSCI (upgraded from A), Top decile by SAM Corporate Sustainability Assessment (formerly RobecoSAM-maintained global position / #10 in Europe), Top quartile by Sustainalytics (from 46th percentile)
- ISS ESG (former ISS Oekom) also ranked SG for the 1st time in the 1st decile & upgraded its rating to C+ while keeping the “prime” status
- Climate Disclosure Project (CDP) upgraded SG's rating from C to B

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

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

The six smart priorities of the Société Générale Group translate into:

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

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

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

In recognition of the trends in the field and the increased role that the Bank assumes as a member of the community, during 2020, BRD revised its internal regulatory framework governing the bank's CSR activities. Thus, new normative documents were adopted to regulate the Corporate Social Responsibility policy of BRD, as well as the sponsorship, patronage and donation activities. At the same time, a series of normative acts regarding the activity of the various structures of the Bank were updated. All these changes are aimed at ensuring greater coherence in addressing CSR issues, as well as a better definition of responsibilities.

In order to increase the efficiency of the CSR activities in which the Bank is involved, a series of priorities of BRD's CSR policy have been defined, based on the Group's principles. Thus, although BRD fully supports the UN Sustainable Development Goals, given the need to streamline CSR efforts and in line with the Bank's principles and values, CSR policy considers, in particular, the following SDGs:

- Good Health and Well-being, SDG 3
- Quality Education, SDG 4
- Gender Equality, SDG 5
- Affordable and Clean Energy, SDG 6
- Decent Work and Economic Growth, SDG 8
- Industry, Innovation and Infrastructure, SDG 9
- Responsible Consumption and Production, SDG 12
- Climate Action, SDG 13

To maximize the effects of its involvement in social responsibility projects, the Bank will focus on supporting projects in the following areas:

- Sports
- Culture
- Social
- Education
- Environment

III. CUSTOMER SATISFACTION

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

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

In 2020, despite the effects generated by the COVID-19 pandemic, the NPS score at the level of retail customers was 55, a score that places BRD on the third place among major credit institutions. Importantly, in 2020 we managed to maintain the same score as in 2019, despite the effects of the pandemic, effects that had a negative impact on the score of the main competitors.

An important aspect to be mentioned is that, according to clients involved in customer satisfaction surveys, compared to its main competitor, BRD is the bank that registered the highest improvement of its relation with clients during the pandemic.

This initiative has been supplemented, starting with Q4 2018 with continuous studies to evaluate client satisfaction following their interactions with different touchpoints of the Bank. These feedbacks are collected in real-time (max 48 H) and they help us to act promptly in order to try to transform the discontented clients into satisfied clients. In addition, we carry out other punctual studies and pre-post surveys testing new products launched to adapt as much as possible the offer to our clients' needs.

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

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

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

In 2020, we have received at the level of specialized department within the Bank 12,860 complaints, suggestions and requests.

During 2020, BRD became the second most important contributor to CSALB due to its focus on amicably resolving disputes in which the Bank is involved in customer relations.

BRD is one of the few banks that has built a strong commercial and empathic relationship with CSALB, strongly involving itself in supporting this alternative dispute resolution approach.

BRD Groupe Société Générale has proved, in recent years, not only that it has understood the role of the conciliation procedure, but also the desire to effectively help its customers, and to support in identifying real solutions for consumer needs that address CSALB . BRD wants satisfied customers.

CLIENT SATISFACTION	2017	2018	2019	2020
Response time following a complaint (days)	30	30	30	30
Ombudsman response time in case of disagreement (CSALB) (days)	90	90	90	90
Number of mediation requests	60	106	154	222
Cases handled by the ombudsman (CSALB)	60	106	154	222
Cases handled by the ombudsman (CSALB), decision issued	28	22	51	70

As a recognition of our efforts, BRD Group received several important awards in 2020 like:

- Bank of the Year 2020 in Romania from the Banker
- Bank of excellence in Romania over the last 25 years, BEST in LEASING (BRD Sogelease), Company of the Year in Life Insurance (BRD Asigurari de Viata), Bond Funds and Fixed Income Instruments (BRD Simfonia administered by BRD Asset Management) from Piata Financiera

- Best Treasury& Cash Management Bank in Romania and Best Trade Finance provider in Romania from Global Finance.

IV. ETHICS AND GOVERNANCE

RESPECT FOR HUMAN RIGHTS

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

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

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

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

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

Given the fact that we have not identified human rights violations, in 2020 there was no need for extra staff training of BRD's employees on human rights issues.

CULTURE AND PROFESSIONAL CONDUCT

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

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

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

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

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

FIGHT AGAINST CORRUPTION

BRD joined Société Générale's code, principles and regulations concerning anti-corruption. Any act of corruption or any act of traffic of influence is strictly forbidden in BRD.

As part of the projects initiated at the level of Société Générale in matters of corruption and in line with the group's standards, during 2020, at the Bank level, **the governance framework on anti-corruption / ABC governance (Anti-Bribery and Corruption) has been consolidated** by establishing dedicated governance roles and structures. The dedicated ABC governance structures continued their activity during 2020 and continuously strengthened their perimeter, including through dedicated reporting at the bank's management level.

Also, the revision of the internal normative framework in the ABC field was continued, being already implemented a series of consolidation initiatives (internal regulations, controls, IT applications, etc.), the initiatives being finalized, in line with the standards of the Société Générale Group.

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

The bank keeps monthly records of incidents related to possible acts of bribery or corruption. For transparency, this indicator is also reported at Group level, in addition to informing the bank's management body.

BRD staff that is the most exposed to the risks of corruption participated in the dedicated courses, the participation rate being 100%.

In 2020, the Bank organized ABC (Anti Bribery and Corruption) training sessions for both the population exposed to corruption and for the teams that requested it punctually. 311 people participated in this training and the main topics considered were: the reminder of the regulations and risks, of the internal policies and procedures Anti Bribery and Corruption and the discussion of case studies.

In 2020, the main actions in order to prevent and identify frauds undertaken by the Bank are: anti-fraud training and fraud risk awareness (e-learning, skype sessions), implementation of a fraud monitoring system on card transactions and online transactions -line (according to PSD2 requirements), monitoring specific indicators for high-risk areas, implementing new controls based on new types of fraud and threats and increasing their efficiency.

The Bank's priorities for 2021 in order to prevent and detect fraud are the following:

- increasing the efficiency of fraud prevention and detection indicators / controls on the small business and corporate area,
- proactive approach by permanent monitoring of areas / activities at risk of fraud,
- conducting anti-fraud training on awareness of fraud risks in retail, corporate and CallCenter, both by using the e-learning platform and skype.
- implementation of an application (based on machine-learning technology) for real-time detection and prevention of fraud on online transactions and protection of customers against cybercrime attacks.

OTHER CORPORATE GOVERNANCE ELEMENTS

CONFLICTS OF INTEREST

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

- the obligation to act only in the interest of the Bank and to make decisions without allowing themselves to be influenced by any own interests that could occur in their activity;
- the obligation to keep the confidentiality of any fact, data or information which they became aware of while performing their duties, understanding that they do not have the right to use or reveal such information either during or after the end of their activity;
- the obligation to inform other members of the Board of Directors and the internal auditors of any operation in which they have direct or indirect interests, which are contrary to the interests of the Bank, and not to take part in any deliberation regarding such operation;
- members of the Management Body shall not take part in any deliberation when, in meetings of the Board of Directors/ Executive Committee, decisions are taken about third parties with whom they are in a conflict of interest by nature of their position;

- the obligation to respect professional secrecy with regard to the confidential information to which they have access, the debates and the decisions they have taken and which have not yet become public.

REGIME APPLIED TO RELATED PARTIES

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

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

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

TRANSACTIONS OF PERSONS WITH ACCESS TO PRIVILEGED INFORMATION

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 deontological rules that need to be complied with by administrators, directors and other persons with access to inside information in order to avoid violating the legal framework applicable to trading in financial instruments issued by BRD. Similar rules are implemented for trading listed financial instruments issued by other issuers for which BRD provides certain services and which provide inside information to the Bank.

In addition, in order to protect persons who have access to inside information, periods of interdiction to trade financial instruments issued by BRD are established before the publication of Bank's periodic reports.

Also, there have been established obligations for reporting to the Bank of personal transactions with BRD financial instruments, performed through other intermediaries, by persons with access to inside information.

At the same time, specific rules for pre-approval of transactions of certain categories of employees are implemented in order to prevent suspicions regarding the use of privileged information that may appear in the trading areas, as well as in their support and control (areas).

TRANSACTIONS CARRIED OUT BY THE MANAGEMENT STAFF

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

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

General Secretary /Corporate Governance ensures that the transactions notified by the persons discharging managerial responsibilities are promptly published, no later than 3 working days from the trade date, in a way which allows for a quick and non-discriminatory access to this information, in accordance with the legal provisions.

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

DIGITAL SECURITY

In Digital Security, BRD Groupe Société Générale is fully aligned to the global Group policies implemented for managing cybersecurity.

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

To fight cybercrime, the Bank has implemented solutions to protect the assets and transactions of its customers (individuals and legal entities), as well as the personal data of its customers, employees and suppliers.

BRD Groupe Société Générale constantly strives to adapt its security measures to enhance the protection of its customers against information security threats. Thus, there have been significant improvements in the prevention, detection and response to cyber-attacks, which are growing significantly internationally, accentuated by the context of the pandemic.

As an example, BRD Groupe Société Générale is one of the few Romanian commercial banks offering a free security solution for its remote banking applications, for both legal entities and individuals, also acting to raise awareness on the topics of information security through the contractual clauses of the “Remote Bank” services and through the BRD institutional website.

During 2020 also, the Information Security Division has been engaged in rising the awareness of BRD staff on the risks in information security, through multiple impact presentations, articles on the intranet site, regular anti-phishing exercises, and information on national and international alerts of cyber-attacks.

During 2020, BRD has continued to contribute to increasing its partners' responsibility for information security, by strengthening the specific information security clauses systematically included in the contracts in which BRD is the beneficiary, from the moment of selection.

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

In 2020, the IT Pole of BRD Groupe Société Générale (Business Solution Center) has documented and renewed two important certifications for the Bank: ISO27001:2013, regarding the secure management of information and PCI-DSS, essential for the relationship with the authorities and traders in Monetica activity.

PERSONAL DATA PROTECTION

BRD attaches great importance to the security and protection of the personal data it processes. As a trusted partner and custodian of its customers' personal data, BRD Groupe Société Générale SA processes and uses the personal data solely to provide high quality services and products in accordance with customer expectations from the Bank.

In the last years, BRD went through a complex process for GDPR implementation and continuously improves its operations involving the processing of personal data in order to comply with European and national data protection legislation and better serves the data subjects whose personal data it processes.

Personal data collected from data subjects (i.e customers, potential customers, collaborators, partners, employees, candidates for open positions within the bank etc) is processed only for specific purposes on which data subjects were clearly informed. When necessary, the Bank collects the consent from data subjects in order to provide personalized services and products. Comprehensive personal data protection policies were prepared in order to ensure the transparency of the processing activities undertaken by the Bank.

Operating in a field that involves extensive data processing, including data of very high personal nature, the Bank has implemented processes aimed to efficiently respond to exercising of rights requests and to manage potential data breaches. A Data Protection Officer (DPO) has been appointed since the application of GDPR, monitoring the compliance of Bank's operations at central level, in close cooperation with Legal and Compliance departments.

The Bank has taken measures to continuously improve the security of its applications in order to keep pace with technological developments. Moreover, the selection process of services/goods providers that

could have access to Bank's data considers only the third parties that have implemented adequate technical and organisational measures to keep Bank's data secure.

Data is kept for limited period of time, set up considering both the purpose of collection and relevant legislation. Upon expiration of the retention period the data is anonymized.

The technical and organisational measures implemented by the Bank to secure the personal data include the following:

- Information notice made available both in agencies and published on Bank's website
- Offering the possibility for data subjects to express consent and exercise their rights through various channels (bank units, website, email, etc.)
- Implementation of cookies consent on Bank's website
- Encryption of data at rest and in transit
- Developing a comprehensive training program including classroom, on-line and e-learning for all employees
- Auditing critical providers
- Implementation of privacy by design/by default process, including performance of privacy impact analysis for sensitive processing and minimization of data
- Granting access to data to employees based on need to know basis
- Periodic revision of access rights
- Performance of penetration tests in order to timely detect vulnerabilities of exposed applications
- Implementation of a normative framework aimed to the protection of personal data
- Set up of data protection unit within the Bank in order to monitor compliance with regulation and spreading the privacy culture by appointing data protection correspondents within each structure, etc.

As a result of the adoption of these policies and organizational measures, during 2020 no sanctions were imposed to the Bank by the Supervisory Authority.

V. RESPONSIBLE EMPLOYER

The year 2020 brought specific challenges generated by COVID-19 pandemic. These were reflected both in the change in the usual way of working - the widespread introduction of telework - and in the way in which employees interacted with each other. Also, a challenge was to maintain the cohesion of the teams and the mood of the employees at a high level.

The Bank's response to these challenges was built on the five strategic objectives in the field of Human Resources:

- Promoting diversity and inclusion
- Supporting employees in order to develop the Bank's business lines
- Creating a culture of responsibility
- Recognition of the individual contribution to the Bank's performance
- Encourage a work environment that supports employee involvement

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

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

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

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

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

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

The following are acknowledged for all the employees:

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

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

BRD tools and special programs:

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

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

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

In 2020, given the constraints and effects of the pandemic, we launched:

- "We Connect" a program that aims to provide employees with tools and opportunities to stay connected, in a period of uncertainty, as well as resources for learning, and personal and professional development. The program has meant so far over 80 webinars provided with the participation of almost 700 employees and 150 individual coaching sessions. The 10 topics of the webinars ranged from professional development, anxiety and stress management, resilience development to distance work management, time management and communication.
- "Horizon", a program dedicated to the development of managerial skills, which includes webinars on seven relevant topics: communication and performance, remote work, feedback, managerial roles, organizing attractive online meetings and managing remote teams. There have been already 11 webinars with over 100 participants.

In BRD, women are not a minority population; they actually represent 76% of all personnel (at the end of 2020). They also occupy a significant number of managerial positions (69% of the total managerial positions).

- 513 women are in maternity leave (10% of all women); when returning from maternity leave, they receive an integration training according to agreement with the direct manager
- As the number of employed women is high, most of them having ages between 26-42 years (61%), BRD organizes special events dedicated to them that aim personal and professional development and well-being.

The number of employees of the Group was 6,860 as of 2020 end (7,356 at the end of 2019), while the number of active employees of the Bank was 6,357 as of 2020 end (6,751 at the end of 2019).

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

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

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

During the year 2020 there were several changes in the governing body, including the appointment of new members (a female representative was elected within the Board of Directors), which also took into account the objective regarding the gender representation within the management body. The proposed target for 2021 is four women in the management body (25%).

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

Creating a culture of responsibility

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

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

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

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

At the beginning of 2020, all BRD employees completed a training session on the Code of Conduct in e-learning, training in which the components of the code were addressed. The course could be promoted only in case of a score of at least 80% at the final test.

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

Also, during 2020 the Bank's staff received dedicated professional training in order to raise awareness about risks and specific issues such as: the integrity of financial markets, preventing and combating corruption, preventing money laundering and terrorist financing, etc.

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

Acknowledging individual contribution to the Banks' performance

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

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

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

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

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

Encouraging an environment that promotes employees' commitment

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

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

The Organizational Culture Program launched in 2019 and interrupted between March and September 2020, due to the situation generated by Covid, aims to outline a vision for the new way of working, defining the current organizational culture, establishing and implementing an action plan that will support the spread of the new crops throughout the Bank.

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

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

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

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

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

Last but not least, several initiatives were carried out in the Bank in 2020 such as:

- Transversal projects
- Agile teams
- The new format for organizing the Board meeting
- Workshops and focus group on different business topics
- Open Studio: inspirational debates on topics related to business, technology, innovation, diversity and more.

Below are some BRD's key human resources indicators for 2020 and in evolution:

Indicator	2018	2018 % from total employees /FTE	2019	2019 % from total employees /FTE	2020	2020 % from total employees /FTE
Total number of female employees on permanent contracts	5,062	67	5,061	68	4,804	69
Total number of female employees on fixed-term contracts	628	8	580	8	469	7
Total number of male employees on permanent contracts	1,688	22	1,641	22	1,552	22
Total number of male employees on fixed-term contracts	143	2	114	2	113	2
Total number of employees	7,521	100	7,396	100	6,938	100
Number of female employees present on permanent contracts (FTE)	4,463	65	4,455	66	4,244	67
Number of female employees present on fixed-term contracts (FTE)	623	9	561	8	464	7
Number of male employees present on permanent contracts (FTE)	1,673	24	1,622	24	1,537	24
Number of male employees present on fixed-term contracts (FTE)	142	2	112	2	113	2
FTE	6,901	100	6,751	100	6,357	100
Number of work-study participants present during the year	656	10	1,168	16	108	2
Number of work accidents (as defined by local regulation)	4	0	2	0	8	0
Number of employees who had an annual performance evaluation (eligible employees with more than 6 months in the Bank)	5,921	99	6,200	100	6,249	99.96%

Training	2018	2019	2020
Total number of hours of training	296,459	356,340	325,867.75
Total number of hours of training for female employees (classroom and e-learning)	223,972	280,740	261,102.12
Total number of hours of training for male employees (classroom and e-learning)	72,488	75,600	64,765.63
Average number of training hours per employees who attended at least one training session during the year	37	52	44
Number of female employees who attended at least one training session during the year	5,980	5,133	5,514
Number of male employees who attended at least one training session during the year	2,100	1,806	1,925
Number of employees who have completed at least one training course	8,080	6,939	7,439

* part-time employees are marked as FTE=1

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

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

Any procurement act performed on behalf of BRD must comply with the principles and commitments of responsible procurement included in the Sustainable Sourcing Charter.

Before launching the procurement process (selection of suppliers), Acquisitions Department (ACH) assesses the environmental or social risks associated with the products or services, using the CSR risk matrix acquisitions department and includes in the contract model the CSR clauses (standard clauses regardless of the acquisition risk profile). In case of need of a derogation regarding CSR contractual clauses, this is done only after the budget owner consults the dedicated compartment within the General Secretariat of the Bank.

For the acquisitions of products and services included in the “very high risk” category from the CSR point of view, the evaluation criteria of the suppliers and minimum CSR requirements were established, transposed in the selection process, respectively in the contracting part.

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

VII. CLIMATE CHANGE

Environmental & social impact of business activities

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

In 2017, Société Générale pledged to help raise EUR 100 billion in funding for the energy transition between 2016-2020 and to report regularly on progress. This target has been exceeded, the percentage reached being 109% of the target. Thus, the target for the period 2019-2023 was set at EUR 120 billion.

In addition, in 2018, the Société Générale Group adopted exclusionary policies regarding oil exploration and extraction projects in desert areas and the Arctic. At the same time, the Société Générale Group has committed itself to withdrawing from all coal-mining projects by 2030 (for EU and OECD Member States) or 2040 (for all other countries).

Société Générale is also one of the first commercial banks to reduce its exposure to oil and gas exploration in absolute terms over the short term (-10% by 2025). It is also committed to reducing the intensity of its energy financing emissions (-18% by 2025).

Equator Principles

The Equator Principles (revised in June 2020, version IV) provide a common framework for the financial sector and are one of the core initiatives in the social and environmental field. BRD has been applying the Equator principles since 2009 and has special internal procedures and tools to ensure that they are followed.

The commitment made by the Société Générale Group provides for the assessment of social and environmental risks related to projects, corporate financing for investment objectives, in the amount of over 10 million USD in bridge loans, acquisitions of projects and companies (which meet certain criteria).

Sectoral Policies

BRD focused its initial efforts on clarifying and implementing its climate strategy in the mining and coal sector. Actions have already been taken in the energy sector (sectoral policy, stopping the financing of new projects for coal-fired power plants, etc.). Société Générale has developed a methodology for monitoring its exposure to loans to the coal sector in order to implement its commitment to the IEA's 2DS plan for 2020, and BRD reports every six months on the implementation of this sectoral policy.

Environmental impact of own activities

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

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

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

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

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

Based on the above, BRD has set for 2020 a series of objectives designed to help reduce the Bank's impact on the environment. The way in which these objectives are reflected in the analysis of the indicators given above is the following:

- **Transport:** BRD showed openness to analyze the possibility of optimizing fuel consumption in the car fleet, both by reducing the journey in terms of the use of conference instruments, by suppressing

travel and, respectively, by identifying electric cars to support the achievement of sustainable development objectives and care for the environment. It should be noted that in 2020 the application for eco-vouchers was initiated within the “Program on reducing greenhouse gas emissions in transport, by promoting clean and energy efficient road transport vehicles 2020-2024”. The project will continue in 2021. As for the travel segment, they have been affected by the COVID-19 pandemic and, as a result, a decrease of over 70% is to be taken into account.

- **Paper:** in terms of paper consumption, a series of measures aimed at digitizing the various stages of work and, respectively, the electronic signature allowed significant decreases in this area (-38% in volume / value).

Indicator	Measurement unit	2019	2020
Total number of employees	employees	7 396	6 938
Total number of occupants	occupants	7 488	5 807
Occupied area m ²	m ²	223 086	218 764
Waste	tonnes	448	402
Distances travelled for business purpose	Mil km	11	9
Distance travelled by plane	Mil km	1,7	0,5
Distance travelled by train	Mil km	0,03	0,05
Distance travelled by car	Mil km	9,3	8,3
Water consumption	Mil m ³	0,07	0,05
Paper consumption	tonnes	636	381
Paper consumption per occupant (kg/occupant)	kg	85	65,55
Desk paper per occupant	kg	72,48	53,6
Recycled paper bought	tonnes	0	0
Total energy consumption	GWh	57	54
Total energy consumption per occupant	kwh	7 567	9 303
Total electricity consumption	GWh	30	28
Total electricity consumption per occupant	kwh	3 972	4 841
Renewable electricity consumption	GWh	13	13
Renewable electricity production	MWh	n / a	n / a
Total CO2 emissions	T equivalent CO2	19 950	17 580
GHW per occupant	T equivalent CO2	2,67	3,03

The consumption of gas and thermal agent are in accordance with the ambient temperature.

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

Aware of the impact that the Bank has on the environment through its business activity, BRD also has a strategy that involves controlling resources and reducing the negative impact, while measuring its carbon emissions as seen in the table above.

Building on the progress made in 2020, for 2021 we aim, among other things:

- **Transport:** Continuation of the project that will allow the automation of roadmaps in the management of the BRD fleet, but also the optimization of the fleet.
 - an implementation of automatic roadmap generation - H1 / 2021
 - populate the new fleet management application with fleet information - H2 / 2021
 - a generation of consolidated reports at the level of the fleet for the route and analysis of car use optimization - H2 / 2021
- **Paper:** The electronic signing of documents will continue with the implementation of the electronic archiving project, which will reduce the consumption of paper and the volume of physically archived documents, respectively;
- **Courier:** Reducing paper consumption by implementing various digitization projects will attract optimizations in courier services.

Waste collection and recycling in BRD

BRD has implemented a program for collecting and recycling waste from electrical and electronic equipment, in partnership with the associations Recolamp and Ateliere fara Frontiere (AFF). In 2020, BRD handed over 180 kg of light bulbs free of charge to Recolamp and 12.5 tons of electrical and electronic waste to the Ateliere fara Frontiere Association, being the largest contributor to AFF. Paper waste is also subject to collection and recycling in BRD (27.3 tons of recycled paper + cardboard in 2020, an increase of 30% compared to 2019).

Environmental and social factors (E&S) - environmental and social risk assessment standards

Climate change is a severe risk, ranked in the Risk Report, prepared by the World Economic Forum in the top 5¹³, as a probability of occurrence. Climate risks include physical, transitional and third party liability risks. Physical risk refers to acute risks (caused by one-off events) or chronic risks (long-term changes) related to temperature, wind, water or solid waste. Transition risk refers to the financial risks that could result from the process of migrating to a low-carbon economy. Changes in policy, technology and physical risks could lead to a reassessment of the value of a wide range of assets as costs and opportunities become apparent. Liability risk is the impact that could occur if parties who have suffered loss or damage due to the effects of climate change seek compensation from those they hold liable.

Climate change is not seen by the Société Générale Group as a distinct risk, but rather as an additional factor for the categories already covered by the Bank's risk management system (credit risks, operational risks, market risks, etc.). At the same time, for physical risk, the Société Générale Group continues to explore the approach and understanding of this particular type of risk. In line with the Société Générale Group's policy, BRD has introduced the calculation of a climate vulnerability index (CVI) that reflects the transition risk associated with a client or group of clients. CVI is represented on a 7-step impact scale (high positive, moderate positive, low positive, no impact, low negative, moderate negative and high negative), for the following portfolios: oil and gas, electricity generation, metals and mining, automobiles, shipping, aircraft. Thus, the Bank is in a dialogue with its customers, especially with those classified moderately and high negatively, on their climate vulnerability, in order to develop a strategy to mitigate the transition risk.

In 2020, BRD implemented an environmental and social risk assessment process for certain categories of customers and transactions, a process approved by the Bank's management committee. The process

¹³ World Economic Forum, Risk Report 2021

is based on the principle of the 3 lines of defence. BRD takes into account in its lending decisions, related to corporate clients, environmental and social risks, applying in this sense the standards of Société Générale Group and other international standards to which the latter has adhered. The assessment of the environmental and social risks associated with corporate clients is performed for certain categories of clients, while the application of exclusion criteria (dictated by specific activities), is applied to all clients of this type. The environmental or social risks of a company are generally related to the sector in which it operates and to the vulnerability of the communities and the environment in which it operates. BRD applies in its E&S evaluations the Group's 12 sectoral and cross-sectoral policies, some of them from the perspective of climate change, as follows: coal, oil and gas thermal energy, thermal energy sector, agriculture and agri-food industry, palm oil, fishing, forestry, dams and hydropower, maritime transport, mining, biodiversity, nuclear energy. These sectoral and intersectoral E&S policies of the Société Générale Group are public and accessible at <https://www.societegenerale.com/en/responsability/csr-ambition/csr-commitments>. BRD has credit limits set for certain sectors (e.g. renewable, real estate).

Customer assessments in terms of E&S risk are based on public ESG (non-financial reports) information, their CSR strategy and negative information on environmental and social risks. As part of customer relationship management, sales teams have begun to integrate environmental and social issues into the dialogue with corporate customers. In some cases, based on the recommendations included in SG's sectoral E&S policies, they encourage customers to adhere to various international standards applied by the Bank in its E&S evaluation process. The scope of the E&S risk assessment related to transactions refers to those operations that fall within the scope of the Equator Principles or certain categories of services for which the underlying asset is known and raises certain environmental or social issues. The management of environmental and social risks related to transactions is incorporated in the credit granting process and is based on the approval competencies related to that customer or transaction, and the customer assessment process, in the KYC process. The process of assessing the risks related to a client or transactions consists of 3 stages:

1. Identification of E&S risks
2. Assessment of these risks
3. Defining an action plan for risk prevention or mitigation (if applicable)

Customer E&S evaluation is an iterative process that begins in the prospecting stage and is updated periodically. Each new transaction or service that falls within the scope of the assessment must be analysed from an E&S point of view. BRD, as part of Société Générale Group, has access to its experience, respectively to a number of CSR correspondents and technical specialists. BRD has a process of validation and escalation of certain risk categories at Group level.

Sustainable financing with a positive impact

In its business relations with corporate clients, the Bank aims to identify the business opportunities with positive impact deriving from the activity of its clients. Positive impact financing is the financing of an activity or investment that has at least a positive impact on one of the three pillars of sustainable development (environment, social and economic development) and whose potentially negative effects have been properly managed. In accordance with the global policy of the Société Générale Group, BRD is interested in financing with priority the investment projects that support the sustainable development of the local community, with a positive social and environmental impact. BRD has defined a plan for sustainable and positive impact financing, following the Group's guidelines and aiming to contribute to the Group's commitments. BRD can offer green loans, sustainable loans related to sustainability criteria, mediate green bonds, for different categories of asset and transactions, based on recognized international standards, such as the LMA Principles of Green Financing and the LMA Principles of loans related to sustainability criteria, which are fairly new transactions on the local market. It can also support the Société Générale Group in issuing green bonds on the international market for clients in its portfolio. BRD aims for sustainable financing opportunities with an emphasis on energy efficiency and energy transition, clean mobility, sustainable municipal projects, the circular economy, green buildings, social inclusion, etc., based on a proactive approach.

Such an operation was carried out during 2020, at the level of the Top Corporates Coverage Directorate, consisting of a loan granted to the Municipality of Bucharest (PMB), representing co-financing within a program for the acquisition of 130 hybrid buses, benefiting from funds from the Administration of the Environmental Fund - AFM - (total project value: RON 488 M, incl. VAT, AFM financing value: **RON 340**

M, credit value: **RON 50 M**). The positive impact of the project results from the technical specifications of the purchased buses and is to be monitored in the form of annual reports, which were agreed by PMB through the credit agreement, in accordance with the E&S policy of BRD / SG.

The Bank aims to help raise awareness on ESG issues among its customers and partners, through the E&S risk process and it aims to promote environmentally friendly offerings and sustainable supply chains, by applying the Group's Sustainable Sourcing Charter. The Bank also provides in-house training for a better understanding of sustainability issues. In 2020, a total of 56 people received training on issues related to the E&S risk management process.

VIII. RESPONSIBILITY FOR THE DEVELOPMENT OF THE ROMANIAN SOCIETY

2020 was marked by the crisis generated by the COVID 19 pandemic, which greatly influenced BRD's strategy of involvement in society. The first part of the year was under the concept of #Responsible Together and meant a mobilization to support the efforts made by the authorities and civil society in this difficult period. In the second half of the year, BRD focused on restarting the economy with the message # Restart Together. The Bank continued to support the pillars that from our perspective are important for the future of society: culture, education & science and technology, volunteering & solidarity, sports and the environment.

Through our messages and actions, we wanted to give a positive message that economic, cultural and social activities can restart in compliance with health rules or can be reinvented to stay in touch with the public. During this period, almost all cultural, educational, technological or volunteer programs remained in our program and took place both offline and online.

The total amount invested in 2020 in projects for the society was about 10,200,000 RON.

COVID CRISIS

The bank acted from the very first weeks of the health crisis, approving in March a grant of RON 2 million to support two sectors affected by the crisis: the medical sector and the independent cultural sector. Thus, BRD donated 1.7 million lei to the Association for Community Relations and the national network of Community Foundations to provide hospitals with medical protection equipment, Covid-19 tests, disinfectants and medical equipment. Following this donation, it was possible to buy: 53,400 medical equipment (gloves, masks, medical suits), test devices for covid and fans. The equipment reached 70 hospitals in 43 cities.

300,000 lei were used to develop together with Fundația9, the cultural foundation of BRD, a program of micro-grants for independent artistic productions. The program, called Artists Rooms, selected from about 500 applications received, 38 projects, supporting 50 young artists but also important voices of the Romanian art world in various fields, from visual arts and new media to performing arts. A selection of these projects were exhibited at the cultural center BRD Scena9 Residence in July and registered more than 1000 visitors.

EDUCATION, TECHNOLOGY & INNOVATION

In the field of technology and innovation, BRD supports the training of key players (new generation, IT and technology specialists and entrepreneurs) for a digital society. The projects that BRD developed go in the direction of education in STEM disciplines and are carried out under the **MINDCRAFT program platform** - BRD development hub, which includes: BRD First Tech Challenge Romania, robotics laboratories within the Polytechnic University of Bucharest, Innovation Labs program for young entrepreneurs and start-up teams, Partnership with RIDS (Romanian Institute for Data Science). In 2020, these programs took place mainly online, bringing together important actors: pupils, students, teachers, young entrepreneurs, experts and impacted over 50,000 beneficiaries.

In addition, for the public passionate about technology and science, BRD developed a dedicated journalism project: **MINDCRAFT Stories**. This is a platform aiming to make science popular, to explain it and to open conversations about technological discoveries, inventions, paying particular attention to

the Romanian scientific landscape, but not only. In 2020, the platform had over 1.4 million visitors, and the theme that was found mainly was related to the evolution of COVID, scientific discoveries related to the pandemic, its evolution in Romania and in the world.

Another platform, this time covering another priority area, education, is **Școala9**, launched by BRD in 2018. The publication is an approach to support the modernization of pre-university education, it has become, in a short time, a space that brings together ideas and launches a challenge to dialogue to all actors - teachers, parents, students, decision makers (institutions), education specialists - regarding the direction in which the Romanian education is heading.

In the last quarter of the year, BRD signed an editorial partnership with the Ringier group, which led to an increase in the number of readers, with over 700,000 unique users registered at the end of the year on the platform.

In December, BRD signed another contract to support the transformation of education, with the Association for Values in Education (AVE). The program aims to **close literacy gaps between children** by creating and implementing, for the first time in Romania, a tool with methodological validation (similar to Pisa), that analyzes writing and reading abilities of children from 70 schools in 8 counties, with **deep intervention and impact at the level of 16,800 preschool and primary school children**. The program wants to recover children who have reading and writing difficulties, emphasized by the closure of schools due to the pandemic and to reduce the number of illiterate children, in the context where 42% of 15-year-olds in Romania are functionally illiterate.

CULTURAL PATRONAGE

In 2020, BRD continued to invest in supporting contemporary culture and young creators. The cultural sector was severely affected by the closure of theatres, museums and cultural spaces, and BRD decided to support the sector through two initiatives: to continue funding programs and restarting cultural activity, but also through **Artists Rooms**, the special fund created to support independent artists.

The main programs focused on the strategic pillars promoted by the Bank: classical music, contemporary art and the promotion of the young generation.

Fundația9 continued its programs - **Scena9**, the online and printed cultural journalism platform and **BRD Scena Residence** - the cultural centre in Bucharest dedicated to the new generations of creators. Together, the Foundation's programs have reached over 1 million consumers, especially young people, and over 100 cultural events, contemporary art exhibitions, debates, children's workshops, film and music evenings.

Classical music continued in 2020, BRD partners managing to schedule all planned concerts, even in special conditions. We had over 50 music concerts in all regions of the country, the most important partnerships being Sonoro Conac, Sonoro Musikland, Violoncellissimo, Stradivarius Tour or Euphonia.

The White Night of Galleries also continued, a project we have been supporting for 5 years, in order to promote contemporary art to the general public. For the first time, the program was organized over 3 days, to allow visitors to safely participate in art events.

Our message for this difficult period was *#Culturamergemaidedeparte*.

SOLIDARITY

Ziua V, BRD internal volunteering program promotes the involvement of our employees in volunteering projects that generate change in local communities. Even more, the Bank facilitates their involvement and allocates 1 day/ year/ employee for volunteering actions. Launched in 2018, the program is based on a special online platform, where 2,550 employees registered to access volunteering opportunities in different areas and intervention domains.

In 2020, the platform supported 22 volunteering actions throughout the country, with focus towards online and safe distance projects:

- Online mentorship, school tutoring and Career nights in benefit of children in foster care system,

- Safe distance charity races for the benefit of disabled people,
- Blood donation campaigns,
- Recurrent money donations totalling 25,000 euro to support single moms, poor families and programs for children in hospital,
- Preparing Christmas Gifts and donating winter shoes for children in disadvantaged communities.

ENVIRONMENTAL IMPACT

In 2019, we launched the *BRD Fund for Forests* initiative, which aims to finance and promote programs and actions that protect forests in Romania. In 2020, the Forest Fund was involved in a program monitoring and protecting a valuable forest in the Sibiu area, together with the WWF Romania Foundation and financed the start of a reforestation project in Neamț County, on an area of 60 hectares. The latter project is a joint venture with several entities in the Société Générale Group in France and Romania. The program carried out by the French company EcoTree involves the restoration of the soil, forest lakes and the population of the forest planted with honey plants and beehives. In this way, and through the involvement of the people in the area, the forest will be able to bring benefits to the local economy.

The project is important precisely because of the multiple effects it has on the environment, people and the local economy.

IX. APPLICABLE LEGAL FRAMEWORK

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