

Principles regarding corporate governance for 2023 in BCR and BCR Group

Banca Comercială Română SA (BCR), bank managed in a two-tier system, carries out its activity based on a corporate governance framework which is in line with the legal and regulatory requirements of the Romanian legislative framework, the Erste Group Bank AG Group guidelines, as well as the best international practices in the industry.

According to the corporate governance principles, in compliance with the provisions of the regulatory framework issued by the National Bank of Romania (NBR), the overall management structure and especially the supervisory function have the responsibility to establish, assess and periodically and systemically review: how the bank's activity is organized, the collective and individual competencies and responsibilities, how the implementation and application of the entire set of regulations, flows and control keys is monitored from the perspective of the undertaken mission and vision, how targets are achieved as per the business plans, how risks are efficiently managed.

The corporate governance principles are applicable at the BCR Group level, and BCR management body ensures that for BCR subsidiaries there is a proper corporate governance framework in place in order to meet all applicable governance requirements.

Within this framework, the assumed principles take into consideration that BCR is part of Erste Group Bank AG – one of the largest financial services suppliers from Central and Eastern Europe and comply with the corporate governance principles applicable at Group level.

The principles of corporate governance at BCR level

• The structure of the Supervisory Board and its committees

- the Supervisory Board also includes independent members: It has an appropriate mix of independent members and non-independent non-executive members to avoid one person or a small group of people dominating its decision-making process. The size and diversity of the board shall be commensurate with the sophistication and scale of the company. It has also established appropriate committees to assist the board in the effective performance of its duties
- the Supervisory Board membership is diverse, with relevant knowledge, independence, experience and diversity of perspectives in order to generate effective challenges and discussions as well as an objective decision-making process

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• Transparency

- the information is provided in easily understandable forms and means of communication, is freely available and directly accessible to those involved and affected and informed of the results arising from it;
- whatever decision is taken, its application is made only in accordance with established rules and regulations.
- the executive management provides shareholders and other stakeholders with clear, accurate and timely information such as financial performance, conflicts of interest and risks.
- through transparency, stakeholders can have confidence in the company's decision-making and management processes

• Reporting and audit

- permanent and high-quality supervision, timely and high-quality reporting to shareholders on financial statements, strategic and operational performance, corporate governance and social factors
- the Bank's management presents a fair, balanced and understandable assessment of the organization's financial, environmental, social and governance position, performance and prospects in its annual report and on its website.
- there is an effective and independent internal audit function within the Bank, which enjoys the respect, confidence and cooperation of both the Executive Committee and the Supervisory Board.

• Risk oversight

- within the Bank operates a risk oversight and internal control system
- the Supervisory Board proactively oversees, reviews and approves the risk management approach on a regular basis or at any significant change in the business and ensures that it is working efficiently
- the Supervisory Board and the Management Board determine risks of all types and how best to control them. They act on these recommendations to manage them and inform all relevant parties of the existence and status of risks.

• Responsibility

- the company recognizes the rights of all stakeholders permitted by applicable law and seeks to cooperate with such persons or companies for its own development and financial stability.
- the responsibility goes hand in hand with the accountability. The Supervisory Board should be accountable to shareholders for the way the company has fulfilled its responsibilities.