



BANCA COMERCIALĂ ROMÂNĂ SA

**CORPORATE GOVERNANCE
FRAMEWORK
REPORT**

2020



TABLE OF CONTENTS**I. Company profile****II. BCR principles, corporate governance structure and shareholding****III. BCR management structure****A - BCR organizational structure****B - Supervisory Board**

- Members – persons, appointment
- Professional experience
- Internal structure – subcommittees and their responsibilities
- Management Board control instruments

C - Management Board

- Members – persons, appointment
- Professional experience
- Internal structure – subcommittees and their responsibilities

IV. BCR Group structure and governance framework**A - BCR Group structure – overview****B - BCR Group governance framework****V. Performance management and remuneration strategy****VI. Community**

I. Company profile

Banca Comercială Română SA (“BCR” or “the Bank”) has a two-tier governance structure and carries out its activity based on a corporate governance framework in observance of the Romanian and European Union (EU) legal and regulatory requirements, as well as in alignment with Erste Group guidelines and the best international practices in the field.

Corporate governance in BCR



The corporate governance model applied both at the level of the BCR Group and at the individual Bank level is based on the interaction between the essential components of corporate governance, as they are presented in the image above. These components are implemented through policies, procedures, working instructions and dedicated processes, set up at the level of the functional lines of each entity (the Bank and its subsidiaries).

BCR objectives regarding corporate governance focus mostly on:

- Adapting to most recent changes;
- Strengthening the trust of stakeholders (shareholders, management, clients, employee, suppliers and other entities involved);
- Speeding up the decision making and execution process;
- Corporate governance processes and capacities clearly defined and communicated;
- Improved risk management; and

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- Alignment to legal requirements and to Erste Group requirements and standards.

BCR commits itself to continuously improve the corporate governance framework in order to observe the legitimate rights and interests of all the stakeholders, by ensuring the efficiency of its activity, maintaining Bank's financial stability and profitability, through:

- Activity transparency;
- Procedures well defined within the activity of the management body and of other bodies responsible for decision-making;
- Prevention of conflicts of interest at the level of the entire Bank;
- Implementing an efficient internal control system;
- Adequate separation of duties.

BCR Mission

The BCR mission is to increase Romania's economy and create prosperity. The Bank aims to be the most prestigious provider of financial services for its clients, private individuals, companies or public institutions. But in order to truly fulfil the role of catalyst of the Romanian economy, of financial supporter of communities and population, we must evolve and adapt permanently to the market demands.

We do this in order to strengthen our clients' confidence when they entrust us their money or when we finance them.

The confidence stems from our professionalism, from the responsibility or the way of providing the banking products and services which prove to the clients that BCR really cares about them and their needs.

A powerful bank is built by powerful people. By a team whose members are united by the same mission and ideals.

We, the people of the bank, are the ones who build, every day, the BCR Group, through our attitude and results.

Therefore, in order to reinforce our organizational identity and to have a common benchmark on the right attitude in our daily work, we have developed a series of principles that help us better understand our role within the bank. Thus, we will know how to act with passion and responsibility, ensuring the sustainable success of the bank - for us, for our clients and for Romania.

II. BCR principles, corporate governance structure and shareholding

From BCR's perspective, Corporate Governance means all rules, systems and processes implemented with a view to establish the relation between shareholders, management, clients, employees, suppliers and other parties involved in setting the objectives and the manner to achieve them, for increasing economic performance and, implicitly, the Bank's value. It also highlights the efficiency of the management systems, namely the role of

the Supervisory Board and of the Management Board, the responsibilities and remuneration of these structures' members, the credibility of the financial statements and the efficiency of control functions.

BCR establishes, reassesses on an annual basis and publishes on its website the corporate governance principles that ensure an adequate framework for its activity, in observance of the legal and regulatory requirements of the legislative framework in Romania, of Erste Group Bank guidelines, as well as the best international practices in the field.

The goal of this report is to annually assess the manner in which the general principles and the governance policy are implemented and reflected through the presentation of the corporate governance structure, including the manner in which it is transposed in the bank's internal governance and the manner in which its management body defines, supervises and implements an activity management framework that ensures the efficient and prudent management of the credit institution.

Based on the provisions of Companies Law no. 31/1990, with the subsequent amendments and completions ("Companies Law") and the Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, with the subsequent amendments and completions, and in compliance with its Charter, BCR's management body is organized in a two-tier structure, namely the supervision function is separated from the executive management.

The management body of the bank has ultimate and overall responsibility for the institution and defines, oversees and is accountable for the implementation of the governance mechanisms within the credit institution that ensure effective and prudent management of the institution. The management body's responsibilities include setting, approving and overseeing the implementation of:

- the overall business strategy and key policies of the institution within the applicable legal and regulatory framework, taking into account the institution's long term financial interests and solvency;
- the overall risk strategy, including the institution's risk appetite and its risk management framework and measures to ensure that the management body devotes sufficient time to risk issues;
- an adequate and effective internal governance and internal control framework that includes a clear organisational structure and well-functioning independent internal risk management, compliance and audit functions that have sufficient authority, stature and resources to perform their functions;
- a remuneration policy that is in line with the remuneration principles set out within the applicable regulatory framework as well as a selection and suitability assessment process for key function holders;
- arrangements aimed at ensuring the internal functioning of each committee of the management body, when established, detailing the: i. role, structure and tasks of each of them; ii. appropriate information flow, including the documentation of recommendations and conclusions, and reporting lines between each committee and the management body, competent authorities and other parties;
- a risk culture in line with the regulatory framework and aligned with the bank strategy which addresses the institution's risk awareness and risk-taking behaviour;

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- a corporate culture and values in line with the regulatory framework and aligned with the bank strategy, which fosters responsible and ethical behaviour, including a code of conduct or similar instrument;
 - a conflict of interest policy at institutional level and or staff, arrangements aimed at ensuring the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance, a process of disclosure and communications with external stakeholders and competent authorities.

The management structure is set up so as to meet the following objectives:

- to fit the dimension and complexity of the bank activity;
- to allow a clear separation of responsibilities between the supervisory function and the management function;
- to assign responsibilities and competencies along the functional/reporting lines in a clear, precise, well-defined and transparent manner;
- to ensure independence of the internal control system, so as to properly cover its main functions: risk management, compliance, internal audit;
- to improve the information flow, vertically, from top to bottom, and vice versa, and also horizontally, so as to ensure the delivery of comprehensive information, relevant in terms of the proper fulfilling of each organizational structure's tasks, in due time.

The BCR management structure consists of the **Management Board** – representing the executive/superior **management function**, which ensures the operational management of the bank, and the **Supervisory Board** – representing the **supervisory function**, which ensures the supervision, management and coordination of the Management Board activity. Their competencies and responsibilities are regulated through the Charter, the Internal Rules of each structure and also through BCR's Operational Book.

Efficiently organized corporate governance helps ensure the Bank's stability and maintains corporate governance and business conduct standards.

Shareholding

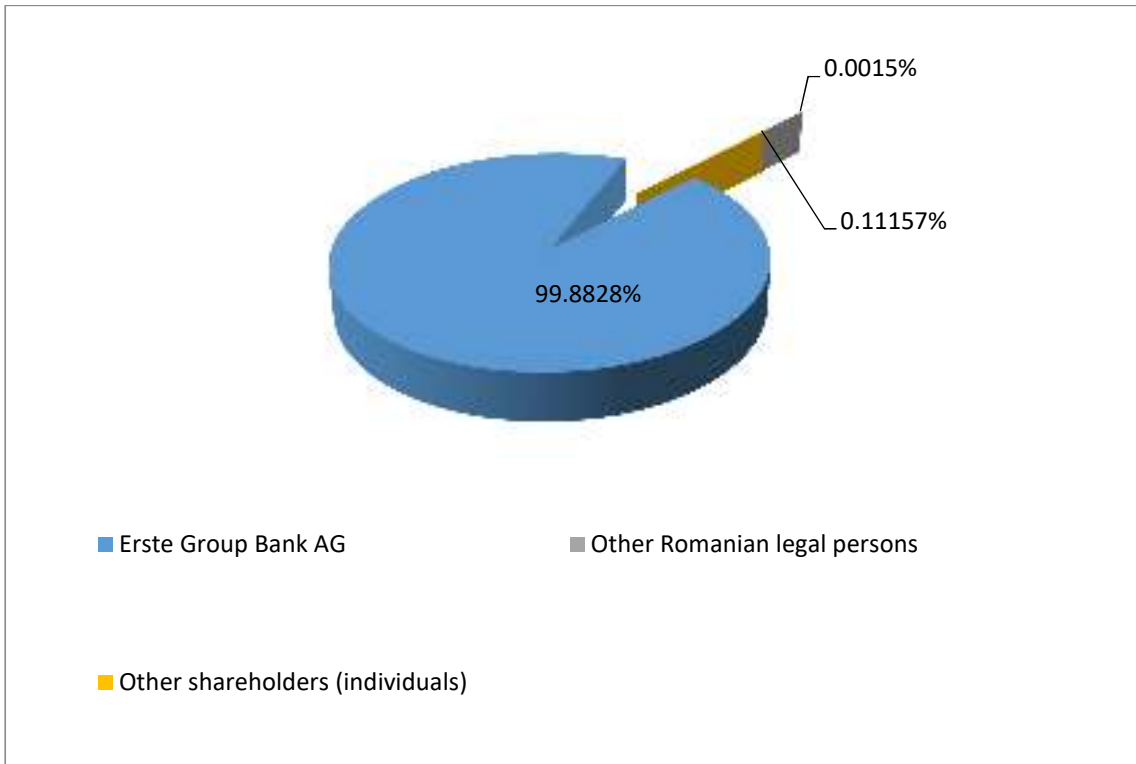
The Bank's subscribed and paid up capital is RON 1,625,341,625.40, divided in 16,253,416,254 nominative shares, with a nominal value per share of RON 0.1.

In 2020, the shareholding structure as per the BCR shareholders' register as of 31.12.2020 was the following:

- **Erste Group Bank AG**, AM Belvedere 1,1100 Wien, Austria, holds 16.234.373.129 nominative shares, with a nominal value per share of RON 0.1, accounting for 99,8828% of the total share capital, namely RON 1.623.352.344,20;

• **Romanian legal entities** (i.e. 1. SC Actinvest SA holds 226,802 shares; 2. FDI Certinvest Dinamic holds 13,699 shares; 3. BCR Leasing IFN SA holds 109 shares; 4. SIF Muntenia holds 1 share; 5. SIF Banat Crişana holds 1 share), holding 240,612 shares with a nominal value of RON 0.1 each, accounting for 0.0015% of the total share capital, namely RON 24,061.20;

• **Private individual shareholders** own 18.802.513 shares with a nominal value of RON 0.1 each, accounting for 0.11157% of the total share capital, namely RON 1.880.251,3.



Shareholders - General Shareholders Meeting

The shareholders exert their rights within the General Shareholders Meeting (“GMS” or “General Meeting”).

The Bank’s shares are indivisible and offer its shareholders equal rights, each share representing the right to one vote in the General Shareholders Meeting.

The General Shareholders Meetings are convened by the Management Board at least 30 days before the established date. In extraordinary cases, as provided in the Companies Law, the Supervisory Board may convene the General Shareholders Meeting, depending on the Bank’s interests.

The General Shareholders Meetings are ordinary and extraordinary. The Ordinary General Shareholders Meeting is held at least once a year, within the term established by the applicable regulations and whenever it is necessary to approve the subjects falling under its competence. The Extraordinary General Assembly also meets whenever necessary.

The Bank ensures the protection of the shareholders' rights, enabling them to exercise the latter, by clear and transparent provisions at the Bank level that protect the shareholders' rights. BCR observes the rights of its shareholders and ensures that their rights are exercised effectively through a successful communication with the shareholders.

The shareholders have:

- the right to safe registration means for shareholders/shares owned;
- the right to receive timely, regular and relevant information with respect to the company's development, as provided by the proper legislation in force;
- the right to attend and vote during the GMS and, in this regard, the right to be informed with respect to the voting rules and procedures, applicable to this type of meetings; the right to receive dividends pursuant to the provisions of the relevant legislation and the Charter;
- the right to ask questions, also with respect to the independent auditor's report, the right to participate in strategic decision-making processes such as electing the Supervisory Board members or expressing opinions with respect to the remuneration of the Supervisory Board and Management Board members, according to BCR Charter.

In 2020, a number of two ordinary meetings of the GMS took place. In the context of the spread of the new type of coronavirus SARS-CoV-2 (COVID-19), one of the two meetings took place based on the provisions of art. 3 and art. 4 of GEO 62/2020 regulating some measures for companies referring to the organization of the statutory bodies' meetings, namely it took place through correspondence. The topics included on the agenda of the two meetings were the following:

- The budget for 2020 - BCR and BCR Group;
- Appointment of an independent financial auditor and the minimum contract duration;
- The financial statements for the financial year concluded on 31.12.2019;
- Distribution of profit for the financial year concluded on 31.12.2019;
- Liability discharge of the members of the Supervisory Board and of the members of the Management Board for the financial year of 2019;
- Elections and re-elections of BCR Supervisory Board's members;
- Remuneration structure for the members of the Supervisory Board of BCR for 2020;

Transparency and timely dissemination of information is ensured in the Bank by:

- Regular and timely communication of relevant and material information with respect to the company, in order to guarantee that voting rights are properly exerted in the general shareholders meetings;
- Timely, regular, complete and accurate reporting to shareholders of all current, financial, administrative and extraordinary activities;

III. BCR management structure

A. BCR organizational structure

BCR is organized on functional lines at the level of the BCR Head Office.

Thus, at the end of 2020, the Bank was organized on 5 functional lines, as follows:

- One line subordinated to the CEO; and
- Four lines covering the following areas: Operations & IT, Retail & Private Banking, Financial, Risk, each made up of several functional entities subordinated to the 4 Executive Vice-presidents.

At territorial level, the retail and corporate activity is organized on areas, coordinated for retail by a Retail Area Manager, reporting to the Deputy Executive Manager of the Retail Distribution Division, and for Corporate, by a Corporate Area Executive Manager, reporting to the Executive Manager of the Corporate Coverage Division.

The branch network of the Bank is composed of branches without legal personality, namely county branches, branches and units. The Retail Area Manager ensures the coordination of the retail activity, organized based on branches type A, B, C, which differ depending on the segment of clients and the product structure they offer. The Corporate Area Executive Manager ensures the coordination of the activity performed in corporate business centres.

According to the legal requirements, the management structure has the role to monitor, assess and regularly revise the efficiency of the management framework of the Bank's activity and of the policies which refer to it, so that it takes into consideration any change of internal and external factors which affect the Bank.

B. Supervisory Board (SB)

Members – persons, appointment

In accordance with the provisions of the BCR Charter, the Supervisory Board may comprise minimum five (5) members and maximum nine (9) members appointed by the Ordinary General Shareholders Meeting of the for a mandate of maximum three years, with the possibility to be re-elected for subsequent mandates of maximum three years.

According to the provisions of Article 17.3, letter a of BCR's Charter, the Supervisory Board members are nominated by shareholders or by other acting Supervisory Board members.

In accordance with the decision of the Ordinary General Shareholders Meeting from April 2019, the current structure of the Supervisory Board consists of 7 members. During 2020, the following changes in the Supervisory Board membership took place:

- Mrs. Alexandra Habeler Drabek took over her responsibilities as Supervisory Board member based on the NBR authorization received on February 21st 2020;

- Mr. Bernhard Spalt took over his responsibilities as Supervisory Board member based on NBR authorization received on February 26th 2020;
- On June 26th 2020 the General Shareholders Meeting approved the appointment of Mrs. Birte Quitt as member of the Supervisory Board. Mrs. Quitt took over her responsibilities as Supervisory Board member based on the NBR authorization received on November 3rd 2020.

Thus, the Supervisory Board structure at the end of 2020 is the following, out of which three members are independent:

SB Member	Position	Start date of the mandate	End date of the mandate
Manfred Wimmer	President	24.04.2019	24.04.2022
Alexandra Habeler – Drabek	Vice-President	21.02.2020	01.02.2021 – as a result of her resignation
Daniela Nemoianu Istocescu – independent member	Member	12.07.2019	24.04.2022
Hildegard Gacek – independent member	Member	24.04.2019	24.04.2022
Elisabeth Krainer Senger – Weiss – independent member	Member	24.04.2019	24.04.2022
Bernhard Spalt	Member	26.02.2020	24.04.2022
Birte Quitt	Member	03.11.2020	24.04.2022

Aspects related to the **selection process, eligibility requirements, independence criteria of Supervisory Board members, as well as other areas which have an impact on the credit institution** are included in the **Policy concerning the nomination and suitability assessment related to BCR management body.**

Professional experience

SB Member	Professional experience				
	Financial	Regulation framework	Planning and strategy	Risk management	Financial information interpretation
Manfred Wimmer	✓	✓	✓	✓	✓
Alexandra Habeler – Drabek	✓	✓	✓	✓	✓
Daniela Nemoianu Istocescu	✓	✓	✓	✓	✓
Hildegard Gacek	✓	✓	✓	✓	✓

Elisabeth Krainer Senger – Weiss	✓	✓	✓	✓	✓
Bernhard Spalt	✓	✓	✓	✓	✓
Birte Quitt	✓	✓	✓	✓	✓

Internal structure – Committees subordinated to the Supervisory Board and their responsibilities

The Supervisory Board gathers in quarterly/half-yearly meetings or on any occasion necessary, and the meeting calendar for the on-going year is established until at the end of the previous year. In 2020, 40 meetings of the Supervisory Board took place, organized and held in compliance with the provisions of the Charter and the Supervisory Board Internal Rules, out of which 4 were regular meetings, while the other meetings were held by other means of distance communication.

Furthermore, BCR follows the model of the Three Defence Lines through which the Bank ensures the efficiency and effectiveness of the risk management and the control processes.

In order to fulfil all these requirements, the Supervisory Board established the following advisory committees:

- **Audit Committee** – is a consultative body, which reviews, briefs, provides consultancy and assists the Supervisory Board in fulfilling its tasks in terms of internal control and audit, as well as in terms of the quality and performance of the Bank’s internal and external accountants and auditors, the authenticity of the Bank’s financial information and the adequacy of the controls and financial policies.

The Audit Committee is composed of three members and a replacement member, elected from the Supervisory Board members, of which the majority / two independent members including the chairman of the committee.

- **Risk and Compliance Committee** - is a consultative body that reviews, briefs, provides consultancy, and assists the Supervisory Board in fulfilling its tasks related to risks management, internal control and compliance and issues recommendations, according to the established authority limits.

Risk and Compliance Committee is composed of three members and a replacement member, elected from the Supervisory Board members, out of which the majority/two independent members, including the chairman of the committee.

- **Remuneration Committee** – is a consultative body that reviews, briefs, provides consultancy, issues recommendations and assists the Supervisory Board in fulfilling its tasks and responsibilities related to the remuneration policy and especially provides consultancy and monitors the remuneration, bonuses and benefits of the Management Board’s members.

The Remuneration Committee is composed of three members and a replacement member, elected from the Supervisory Board members, out of which the majority/ wo independent members including the chairman of the committee.

- **Nomination Committee** – is a consultative body that reviews, briefs, provides consultancy, issues recommendations and assists the Supervisory Board in fulfilling its tasks and responsibilities related to the nomination and suitability assessment of the Supervisory Board and Management Board members, and of individuals holding key offices, as well as of the management framework of the Bank's activity.

The Nomination Committee is composed of three members and a replacement member, elected from the Supervisory Board members, out of which the majority/two independent members including the chairman of the committee.

The structure of the Supervisory Board sub-committees at 31.12.2020

SB Member	Audit committee	Remuneration committee	Risk and Compliance Committee	Nomination Committee
Manfred Wimmer	Replacement member	Replacement member	Replacement member	Replacement member
Alexandra Habeler – Drabek	-	-	Deputy chair	Deputy chairwoman
Daniela Nemoianu Istocescu – independent member	Chairwoman	Member	-	-
Hildegard Gacek – independent member	Member	-	Chairwoman	Member
Elisabeth Krainer Senger – Weiss – independent member	-	Chairwoman	Member	Chairwoman
Bernhard Spalt	Deputy Chairman	Deputy Chairman	-	-
Birte Quitt	-	-	-	-

Management Board control instruments

The Supervisory Board supervises and coordinates the activity of the Management Board, as well as compliance with legal provisions, the Charter and the decisions of the General Shareholders Meeting related to the Bank's activity.

The Supervisory Board is responsible for setting and reviewing an adequate and efficient framework related to the internal control, which comprises risk management, compliance and audit functions, as well as an appropriate framework related to the financial reporting and accounting.

The Supervisory Board is directly responsible for supervising the activity of the Internal Audit Division, whose main goal is to perform in due time the audit missions or any other audit investigation covering the entire activity of the bank and its subsidiaries; the audit reports are submitted to the Management Board and/or to the Audit Committee, respectively the Supervisory Board.

The Supervisory Board is responsible for the supervision of the activity carried out by the Compliance Division, as well as the supervision of the compliance risk management.

The Supervisory Board exerts a permanent control over the Bank’s administration and the Management Board, by the following means:

- The Supervisory Board is responsible to check the compliance of the administrative operations performed by the Management Board based on the applicable legislation, the Bank’s Charter and the decisions of the Bank’s Shareholders’ General Meeting;
- The Supervisory Board represents the Bank in its relations with the Management Board;
- The Supervisory Board is not involved in the daily management of the Bank, and these tasks are not delegated to the Supervisory Board except for some clauses included in the applicable legislation and/or the Bank’s Charter.

C. Management Board (MB)

Members – persons, appointment

According to the provisions of the Management Board Internal Rules, it provides the current management of the Bank and performs its duties under the supervision of the Supervisory Board, which appoints and revokes Management Board members and the Management Board chairman from the members of the Management Board, acting in accordance with the provisions in force and the Bank’s Charter.

According to the provisions of article 20.1 of the Charter, the number of Management Board members is minimum 3 and maximum 7 members, as established by the Supervisory Board. As of December 31st, 2020, the Management Board had 5 members.

Thus, during 2020, the following changes took place in the structure of the Management Board, namely:

- ❖ Mr. Ryszard Druzynski’s mandate as member of the Management Board and Executive Vice President coordinating the Operations & IT functional line ended as of 31.12.2020.
- ❖ The Supervisory Board approved in its meeting held on 23.11.2020 the appointment of Mr. Thomas Kolarik as Executive Vice-President of BCR, coordinating the Operations & IT functional line – nomination that is currently under NBR authorization process – mandate until 31.12.2023.

The Management Board membership on December 31st, 2020:

MB Member	Position	Responsibility area
Sergiu Manea	President – CEO	Executive President
Elke Meier	Executive Vice-President - CFO	Financial
Dana Dima	Executive Vice-President	Retail & Private Banking
Ilinka Kajgana	Executive Vice-President - CRO	Risk
Ryszard Druzynski	Executive Vice-President - COO	Operations & IT

Professional experience

MB Member	Professional experience					
	Financial markets	Management framework	Strategic planning	Risk Management	Interpretation of credit institution financial information	Internal control process
Sergiu Manea	✓	✓	✓	✓	✓	✓
Elke Meier	✓	✓	✓	✓	✓	✓
Dana Dima	✓	✓	✓	✓	✓	✓
Ilinka Kajgana	✓	✓	✓	✓	✓	✓
Ryszard Druzynski	✓	✓	✓	✓	✓	✓

Internal structure – subcommittees and their responsibilities

The Management Board meets in weekly meetings or whenever necessary. During 2020, the Management Board had 112 meetings, namely 45 regular meetings and 67 ordinary meetings held through other means of distance communication.

As of 31.12.2020, the structure of the Management Board subordinated committees was the following:

Subcommittee	Role and scope
Assets and Liabilities Committee (ALCO)	ALCO reviews, briefs and assists the Management Board in fulfilling the responsibilities assigned to it in the field of asset and liability structure management, financing strategy, interest policy, liquidity policy, pricing for saving/credit/card and service products, introduction/suspension of services and products and is an analysis and decision body that issues decisions and recommendations according to the established authority limits. During the year, 15 meetings were held, of which 12 regular meetings and 3 per rollam.
Credit Committee (CC)	Revises, briefs and assists the Management Board in fulfilling the responsibilities assigned to it in the field of granting credits, the modification of conditions for the granting, using and/or guaranteeing some previously granted credits, concluding agreements, extending the term of validity of agreements, issuing letters of guarantee, factoring operations and other activities for retail, corporate and workout clients. During the year, 61 meetings were held, of which 51 regular meetings and 10 per rollam.

Risk Committee of the Management Board (RCMB)	It is subordinated to the Management Board, it has responsibilities for analysing, pre-approving and approving aspects regarding risk management. During the year, 9 meetings were held, of which 3 regular meetings and 6 per rollam.
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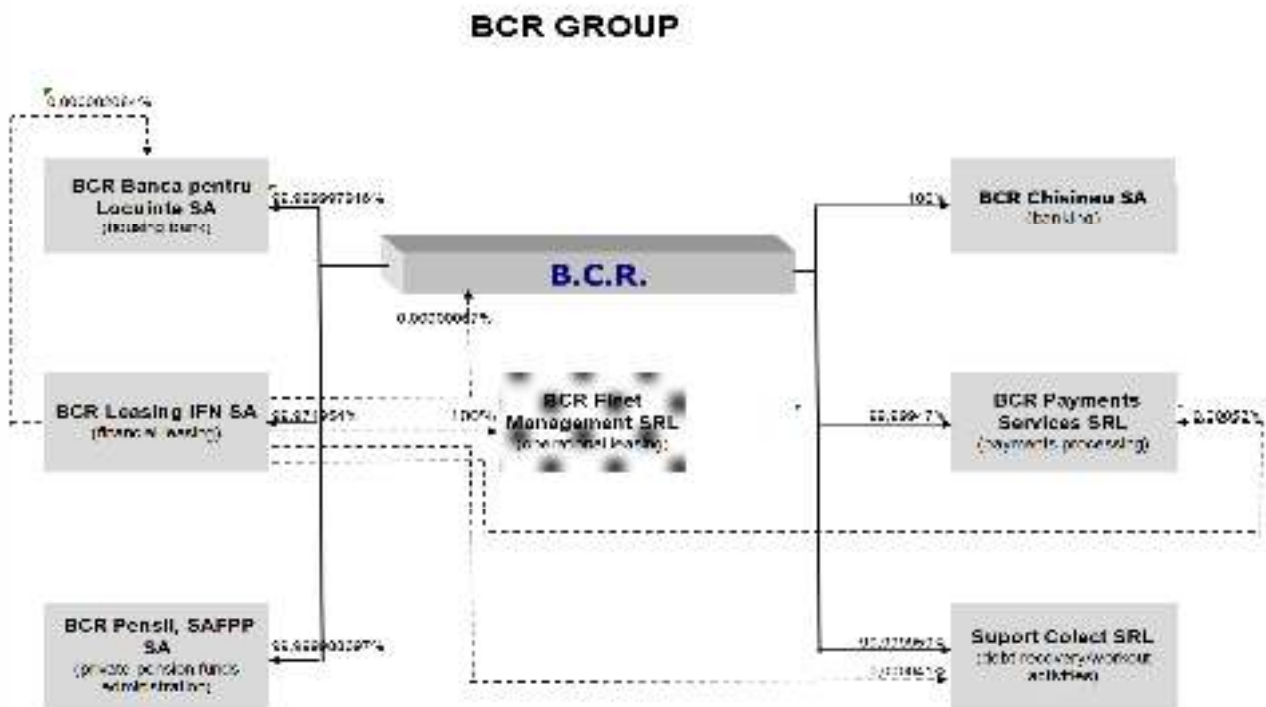
IV. BCR Group structure and governance framework

The corporate governance model at BCR Group level (and at the individual Bank level) is based on the interaction of corporate governance structures at the bank level (e.g. shareholders, Management Board, group structure governance, risk management, compliance, internal audit, remuneration, communication).

The model for the governance of subsidiaries is decentralized using function coordinators in BCR with assigned responsibilities and with a centralized reporting system to the BCR management body regarding the main activities and risks assumed. The unitary supervision of the BCR Group governance structure is carried out by the corporate governance function exercised in BCR by the Legal Division.

A. BCR Group structure – overview

On December 31, 2020, the BCR Group structure (Bank and its 7 subsidiaries) was as follows:



The BCR subsidiaries are registered companies active on the Romanian market (except for BCR Chisinau SA – financial institution registered in the Republic of Moldova), organized from a legal perspective as joint stock companies or limited liability companies, with a governance system such as:

- two-tier system (the management function is carried out by the Management Board/Directorate and the supervisory function ensured by the Supervisory Board): BCR Chisinau SA, BCR Banca pentru Locuinte SA, BCR Pensii SAFPP SA and BCR Leasing IFN SA;
- unitary system (management ensured by the Board of Directors): BCR Payments Services SRL, Suport Colect SRL and BCR Fleet Management SRL.

BCR Banca pentru Locuinte SA

Subsidiary directly held by BCR, registered as a joint stock company, in 2008, operating under the regulations of the National Bank of Romania regarding credit institutions, as well as under specific provisions and regulations for housing banks issued by the supervisory authority, the Ministry of Public Finance and the European Commission (with respect to the Basel III regulations).

The savings and loans company's objective was to promote, support and capitalize on the development of the Romanian savings and loans system, offering savings and loans products (bauspar products), especially to individuals, as an alternative to housing loans, as well as medium - term deposit products.

The structure of the Supervisory Board on December 31, 2020:

Name	Position
Elke Meier	Chairman
Alexandru Berea	Deputy Chairman
Pavel Vanek	Member

Structure of the Management Board on December 31, 2020:

Name	Position
Mircea Sacuiu	CEO
Marilena Popovici	Member
Arion Negrila	Member

BCR Chisinau SA

Subsidiary directly held by BCR, registered as a joint stock company, in 1998, under the Law of financial institutions of the Republic of Moldova no 550-XIII/21.07.1995. It's a medium-sized bank authorized to operate all kinds of banking activities in the Republic of Moldova.

The territorial network includes the headquarters in Chisinau four branches and 1 agency.

The structure of the Supervisory Board on December 31, 2020:

Name	Position
Sergiu Manea	Chairman
Vacant position	Member
Ganna Lishchenko	Member

The structure of the Management Board on December 31, 2020:

Name	Position
Juan Luis Martin Ortigosa	CEO
Natalia Codreanu	Member
Victoria Revenco	Member

BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA

Subsidiary directly held by BCR, registered as a joint stock company in 2007, under the specific legislation issued by the Financial Supervisory Authority. The company operates in the private pension funds management field: Fondul de Pensii Administrat Privat BCR (Pillar 2) and Fondul de Pensii Facultativ BCR Plus (Pillar 3).

The structure of the Supervisory Board on December 31, 2020:

Name	Position
Dana Dima	Chairman
Elke Meier	Member
Ilinka Kajgana	Member

The structure of the Directorate on December 31, 2020:

Name	Position
Radu Craciun	CEO
Dragos Gheorghe	Member
Adela Maria Cercel	Member

BCR Leasing IFN SA

Subsidiary directly held by BCR, registered as a joint stock company in 2001 is one of the important players on the Romanian leasing market. The company is governed by Law no 93/2009 on non-banking financial institutions.

The company provides competitive, fast and flexible financing solutions, with staged VAT payment, for the purchase of vehicles (cars, light and heavy commercial vehicles, car fleets), agricultural and industrial equipment, construction equipment, medical equipment, IT components, etc. BCR Leasing offers are addressed

to individuals and companies, bank's customers, as well as its own customers, directly or through collaborating dealers and brokers.

The structure of the Supervisory Board on December 31, 2020:

Name	Position
Ilinka Kajgana	Chairman
Bogdan Ionut Speteanu	Member
Vlad Alin Hutuleac	Member
Bogdan Cernescu	Member
Karin Schmidt-Mitscher	Member

The structure of the Directorate on December 31, 2020:

Name	Position
Vlad Bogdan Vitcu	CEO
Vladimir Marius Mihai Catanescu	Member
Adrian Stefan Melinte	Member

BCR Payments Services SRL

Subsidiary held directly by BCR, incorporated as a limited liability company in 2011 to take over from BCR a part of the payments processing and maintenance operations on customers' accounts, activity previously performed by Sibiu BCR Processing Centre, with the aim of increasing the operational efficiency and optimisation of the costs related to this type of activity.

The company became operational after receiving the NBR authorisation at the beginning of 2012 and is responsible for payment activities: centralised processing of payment transactions in local and foreign currency, support activities for debt instruments processing and direct debit mandates, as well as activities related to maintenance on customers' accounts: updating and changes operations on the individuals' accounts and starting with October 1st, 2020 administration of clients onboarding, KYC updates of customers' files and all the maintenance operations on customers' accounts for legal entities. As temporary approved project, the company has a dedicated team for physical archiving of documents from BCR units and, also, for the electronic archive of the respective documentation (clean-up branches and documents processing). The company services all local units of BCR, as well as the internal entities from BCR headquarters, based on the outsourcing contract signed with BCR.

The structure of the Board of Directors on December 31, 2020:

Name	Position
Ryszard Druzynski	Chairman
Lelia Chitu	Member
Dana Dima	Member

Suport Colect SRL

Subsidiary directly held by BCR, organized as limited liability company, in 2009, with the purpose of improving the recovery of the overdue loans granted by BCR, in the context of the global crisis. Its main activity is monitoring and recovering/buying receivables from clients.

The structure of the Board of Directors on December 31, 2020:

Nume	Position
Ilinka Kajgana	Chairman
Sergiu Manea	Member

BCR Fleet Management SRL

Subsidiary indirectly held by BCR, through the BCR subsidiary, BCR Leasing IFN SA (sole shareholder) in 2009, organized as a limited liability company, which provides for BCR Group operational leasing services and car fleet management.

The structure of the Board of Directors on December 31, 2020:

Name	Position
Bogdan Ionut Speteanu	Chairman
Vlad Bogdan Vitcu	Member
Ilinka Kajgana	Member

B. BCR Group governance framework

The organizational structure of the BCR Group is transparent, in accordance with BCR organizational structure, established as a means to promote efficiency and show a prudent management.

The basic principles for an efficient supervision of the BCR subsidiaries, together with the internal regulations of the Bank, represent in the same time, the framework and sound basis for the compliance, supervision, governance and risk management activity.

The roles and responsibilities of BCR's Management Board members include, as well, the activity of supervision of the Bank's subsidiaries, which are responsible for ensuring:

- a corporate governance framework within BCR Group;
- the implementation of the governance policies and mechanisms adequate to the structure, activity and risks incurred by the BCR Group entities.

In this context, in establishing the corporate governance framework at BCR Group level, the BCR Management Board holds the following competences (of approval/pre-approval) regarding the subsidiaries:

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- ✓ the governance structure;
 - ✓ the general business strategy, the business plan and the main activity fields;
 - ✓ changes of the main object of activity;
 - ✓ merger/split, dissolution and liquidation;
 - ✓ acquiring its own shares exceeding 10% of the subsidiary's share capital, when such acquisition is allowed according to the Companies Law; and
 - ✓ proposals of candidates for the appointment as members in the Supervisory Board or Board of Directors;
 - ✓ decides on the approval, at subsidiary level, of all topics included on the agenda of the General Shareholders Meeting of such company, except for those under the responsibility of the BCR Supervisory Board.

Likewise, BCR Management Board supervises the activity of the bank's subsidiaries by means of its subordinated committees, thus ensuring the implementation of a joint strategy at Group level. Based on specific roles and responsibilities, the Management Board members are appointed within the Supervisory Boards/Boards of Directors of such entities, as the case may be.

The BCR Management Board members appointed within the Supervisory Boards/Boards of Directors of BCR subsidiaries have specific duties established by the Companies Law, the Charter and other internal regulations of such entities, depending on the nature and complexity of their type of activity, by observing, at the same time, the legal requirements at local level.

In order to ensure an adequate corporate governance framework within BCR Group and also governance policies and mechanisms proper to the structure, activity and risk implied by the group entities, each member of the BCR Management Board, which is also a member of the Supervisory Board/Board of Directors of a subsidiary, will ensure that all strategic decisions, standards and policies implemented in BCR/Erste Group will be observed and properly implemented within each company.

V. Performance management and remuneration strategy

In BCR, the assessment of the staff professional activity is conducted periodically, evaluated by individual performance evaluation, by measuring the achievement rate of pre-set targets and by assessing the quality of their activities and compliance with the provisions of BCR Internal Regulation.

The key prerequisite to achieve the bank's objectives is the performance of the staff.

Individual performance in BCR is understood as a summary indicator. Its measurement requires a complex view of each person's actions, combining:

- The accomplishment of individual objectives/ performance indicators (KPI);
- Staff's competencies, reflected in his/ her professional conduct.

The recommended share of the two perspectives is 75% objective and 25% competent.

Performance and professional development management in BCR is sustained by Emma PDS application.

The remuneration philosophy of BCR adapts to the realities of the banking sector and economic environment. It is based on BCR business strategy and long-term goals, the Bank's culture and organizational structure and is influenced by market practice.

Remuneration decisions are made based on a combination of:

- Business results;
- Performance against objectives set out in performance scorecards;
- General individual role performance;
- Local market position and practice

BCR shall regularly assess its remuneration practices (at least on annual basis), in order to ensure that:

- incentives are correctly established, risks are efficiently managed and excessive risk taking is not encouraged;
- the principles envisaged within the Remuneration Policy comply with all regulation principles in force.

Within BCR, the total remuneration package is composed of the following elements:

- Fixed remuneration:
 - Base salary;
 - Benefits
- Variable remuneration

VI. Community

BCR aims to be an active member in the communities where it operates, understands their needs and acts for the development of the local communities where it operates.

Thus, BCR's strategic directions regarding community outreach are as follows:

- Financial education is one of the strategic directions of community outreach generated by a truly considerable need: Romania has one of the lowest levels of financial education in the European Union, according to the European Commission studies. Through our free program of financial education, Scoala de Bani (The Money School), almost 450,000 Romanians have been supported, in the last 4 years, to better understand the factors that influence their financial decisions and develop a responsible financial behaviour;
- Entrepreneurial education, through the latest program launched by BCR (2020) - Business School, which follows the successful recipe of the Money School. It is a special program specially designed for Romanian entrepreneurs, through which they can access key information for developing a successful

business. Management courses and advices are offered on an e-learning platform, developed in collaboration with the economist Iancu Guda and BCR experts have conducted, in the last year, online sessions with more than 1,000 entrepreneurs, with whom they discussed the trust indicators that a bank monitors when lending.

- Education for the development of practical skills, having strategic partnerships with the largest universities in the country, with the main aim of creating projects that help develop the students' practical skills for easier integration into the labour market;
- Civic leadership and projects for youth, through the development of projects that support hundreds of NGOs annually (Bursa Binelui), encouraging its employees to be responsible citizens, integrating the Bank into the community design (Brutaria de Fapte Bune), as well as motivating young people to become more involved in the lives of the communities they are part of;
- Youth projects and the support of local communities, we encourage young people to become more involved in the communities they are part of. One of the projects through which we inspire young people to do more for their local communities, and provide them with tools to inspire others, in turn, is the Youth Capital of Romania. The Youth Capital of Romania is the most ambitious national program for youth, as it emphasizes the development of youth ecosystems in the Romanian areas, in general, and the development of urban youth ecosystems, in particular. As part of the program, the local authorities collaborate with non-governmental organizations. The Youth Capital of Romania program was launched in 2016, and the cities that have been Youth Capitals so far are Timisoara, Bacau, Baia-Mare, Iasi. Currently, the title is owned by the City of Constanta.

We aim, through all of our actions, to be an integral part of the society, to have a team of responsible citizens, with solid principles and we seek to mediate and support the development of value in the communities we are members of.

BCR strives to be a model, a source of inspiration and a catalyst for all of its stakeholders, from this point of view.

In addition to initiating or supporting meaningful social responsibility programs, our goal is for every BCR employee to become an ambassador of community participation.

At the same time, BCR team members are encouraged to act as responsible citizens in the communities they belong. BCR employees have the right to a day off for volunteering activities; they are encouraged to suggest and implement projects with real social impact and to redirect 2% of their income tax to social welfare companies.

Also, BCR aligns its business strategy to the needs of the community, permanently developing innovative products for our clients, in order to help them fulfil their dreams and aspirations. Also, BCR is an important factor of economic development, by providing active support to business community members.

In 2020, respectively until the date of completion of this report, in the context of the crisis generated by the COVID-19 pandemic, BCR decided to apply a comprehensive protection and support program for the companies and individuals affected by the COVID-19 epidemic. The measures aim to back the economy and jobs, as well as support for credit adjustment, along with a series of solutions to ensure fast and efficient remote banking assistance, as follows:

- BCR implemented over 41,000 requests for deferrals to pay the instalments, both based on GEO 37/2020, and based on BCR's own solution, which it maintained active throughout the year. 65% of customers chose BCR's three-month rate deferral solution. Immediately after declaring the state of emergency, in March 2020, BCR took the decision to apply the postponement for three months of the minimum mandatory monthly payment amounts related to credit cards and overdrafts held by over 350,000 customers, individuals.
- BCR supported over 4,800 companies through deferred instalments, financing through the SME Invest program, new loans and credit extensions.
- BCR supports its clients and encourages those who have urgent reasons for restructuring the loans, especially cases of job losses, to address the bank responsibly.
- BCR will advise all of its affected clients during this period with customized solutions, so as to avoid over-indebtedness or other negative consequences in the Credit Bureau. The Bank's solutions, considered with responsibility and prudentially, will be adapted to the situation of each client, including for clients who, for objective reasons, could not contact the bank in time.
- BCR made available RON 2.5 million for the fight against the COVID-19 pandemic. The money was directed to local hospitals, communities and NGOs involved in acquiring and collecting sanitary materials, supporting vulnerable people - especially the elderly and helpless - in the education on prevention and protection of people, but also for the efforts to ensure distance learning.
- Supporting the emergency fund for the hospitals opened by the Save the Children organization.
- In addition, as the main role of a bank is to ensure the support of ideas that help the development of society, we decided to extend the support provided, through the BCR-InnovX Accelerator, to companies and entrepreneurs who propose technology innovative solutions for the health and economy challenges generated by COVID-19.