

Principles regarding corporate governance for 2021 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

• Board role and responsibilities

- The Management Board acts based on a sound basis and in the best long-term interests of the company, in good faith, care and readiness, for the benefit of the shareholders, taking into consideration the relevant stakeholders, including the creditors

• Leadership and independence

- Clear roles and responsibilities for the members of the Management Board, to facilitate the accountability of the management for both the Bank and its shareholders and to promote the success of the company
- The Supervisory Board has a sufficient number of independent members. The independence is established in accordance with the Applicable Legislation, as well as with the internal regulations of the Bank

• Composition and appointment

- 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

• Corporate culture

- The Management Board adopts high standards of business ethics, ensuring that its vision, mission and objectives are sound and demonstrate its values
- The Codes of conduct and ethics are communicated and integrated into the Bank's strategy and operations, including risk management systems and remuneration structures

• Risk oversight

- Within the Bank there is a risk supervision system and an internal control system
- The Supervisory Board proactively oversees, reviews and approves the risk management approach on a regular basis or with any significant change in the business and ensures that it operates effectively

• Remuneration

- Remuneration is designed to align efficiently the interests of the executive management members with those of the company and its shareholders, to help ensure long-term performance and sustainable value creation
- The aggregate remuneration is adequately balanced with the needs to pay dividends to shareholders and to retain capital for future investments

• Reporting and audit

- Permanent and high-quality supervision, high-quality and timely presentation to the shareholders of the information regarding the financial statements, strategic and operational performances, corporate governance and social factors
- A solid audit practice is essential for a high-quality standards activity.

• Shareholders rights

- Are equal and protected
- Ensures, through clear and transparent provisions of the Articles of Incorporation, the right of the shareholders to participate through the general meetings of shareholders in the decision-making process for the most significant decisions of the bank, including significant changes in the company, nomination and election of members of the Supervisory Board, annual financial statements and the budget, etc
- Provides relevant information and materials regarding the company in a timely and regular manner, for the proper exercise of voting rights within the general meetings of shareholders