

Principles regarding corporate governance for 2019 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 EGB Group guidelines, as well as the best international practices in the industry.

According to the corporate governance principles at BCR level, 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 is monitored, flows and control keys from the perspective of the undertaken mission and vision, targets' achievement as per the business plans, effective risk management.

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

Within this framework, the undertaken principles rely on the fact that BCR is part of Erste Group – 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

- 1. Observance of the rights of shareholders and their fair treatment**
- 2. Ensuring the framework for the implementation of an efficient corporate governance system**
- 3. Defining clear roles, competencies and responsibilities for the Supervisory Board and the Management Board**
- 4. Information transparency and their immediate dissemination, through**
- 5. Sustainable corporate social responsibility**

1. Observing the rights of shareholders and their fair treatment

- Ensures, based on clear and transparent provisions, at bank level, aimed at protecting shareholders' rights:
 - i. The right to safe registration means for shareholders/ associates;
 - ii. The right to timely, regular and relevant information with respect to the company's development;
 - iii. The right to attend and vote during the General Shareholders Meetings and additionally, the right to be informed with respect to the voting rules and procedures, applicable to this type of meetings;
 - iv. The right to their share of the company's profit, as per the number of shares owned;
 - v. The right to attend and to receive sufficient information with respect to the changes within the company: changes in the company's Charter, authorization to issue new shares, one-off transactions (for example- sale of a significant part of the company's assets);
 - vi. The right of the shareholders to address questions during the General Shareholders Meetings, also with respect to the independent auditor's report;
 - vii. 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 members.
- Ensuring an equal treatment of all shareholders
- Using confidential information in the own interest or as a mean of obtaining certain advantages is forbidden.

2. Ensuring the framework for the implementation of an efficient corporate governance system

- Establishing a governance structure which contributes to the effective oversight of its subsidiaries and takes into account the nature, scale and complexity of the different risks to which the group and its subsidiaries are exposed;
- Implementing an internal governance framework at the group level for its subsidiaries, which assures the commitment to meet all applicable governance requirements;
- Ensuring that enough resources are available for each subsidiary to meet both group standards and local governance standards;
- Setting up appropriate means to monitor that each subsidiary complies with all applicable internal governance requirements;
- Ensuring that reporting lines in a group should be clear and transparent.

3. Defining clear roles, competencies and responsibilities for the Supervisory Board and the Management Board

- Management structure represents an organizational structure which is efficient, prudent and transparent; a management framework developed efficiently in order to promote overall economic performance, sustainable growth of the company, market and the country's economy;
- Two tiers of the management structure, with a clear definition of responsibilities: the Supervisory Board has a role in directing the implementation of the overall strategy and the control function related to risks and the Management Board exercises its management responsibilities in relation to the overall activity of the bank;
- The clear definition of all responsibilities of the management bodies in the Charter and in the internal regulations;
- The compliance with the regulation framework of the activity established by the parent-company (Erste Group Bank AG), considering the business objectives, the risk profile and the policies established by the aforementioned and the assessment of decisions and practices at group level applicable to BCR, so that the Bank does not breach the provisions of the regulation framework or of the prudential rules applicable at individual level on Romanian territory;
- Establishing the number of Supervisory Board members, the number of independent members, appointment method, revoking and remuneration procedures ;
- Establishing the number and membership of the Management Board and assessing on a regular basis the attributions assigned to the aforementioned and the individual responsibilities assigned to each member of the Management Board;
- Appointing and revoking the Chairman and the other members of the Management Board, establishing the responsibilities of the Management Board, as well as the terms and conditions related to the members' mandates, assignment of responsibilities per member and their remuneration.

4. Information transparency and their immediate dissemination

- Supplying, on a regular basis and in due time, the relevant information and materials related to the company, in order to exert in an appropriate manner, the voting rights during the General Shareholders Meetings, according to the requirements of the regulatory framework applicable.

5. Sustainable corporate social responsibility

- Supporting projects focusing on long-term investments in the fields that directly contribute to a healthy development of the community, namely education (especially financial education), entrepreneurship and social solidarity.