



Nr. Cabinet Presedinte 3/ 22.03.2019
Consiliul de Supraveghere

Annual Report

for the year ended at 31 December 2018

This report is prepared in accordance with requirements of ASF Regulation 5/2018.

Report issued: 12 March 2019

Name of legal entity:	Banca Comerciala Romana SA
Headquarters:	15 Calea Victoriei street, Sector 3, Bucharest, postal code 030023
Contact:	
	Tel No. InfoBCR: 0800.801.227 +4021.407.42.00
	Website www.bcr.ro
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Registration Number in the Trade Register:	J40/90/1991
Company Registration Number:	J40/90/1991
Banking Register Number:	RB-PJR-40-008/18.02.1999
Notification registered as Personal Data Operator at ANSPDCP under No:	3776 and 3772
Subscribed and paid-up capital:	1,625,341,625.40 lei
The regulated market on which the bonds are issued:	Luxemburg Stock Exchange (www.bourse.lu)
The main characteristics of the bonds issued by BCR S.A.	Issuance in amount of RON 70,000,000, ISIN XS0474834925 Issuance in amount of RON 134,000,000, ISIN XS0496326223 Issuance in amount of EUR 4,158,000, ISIN XS0550567142 Issuance in amount of EUR 3,000,000, ISIN XS0609194450 Issuance in amount of EUR 2,000,000, ISIN XS0675038649 Issuance in amount of EUR 9,000,000, ISIN XS0746593069 Issuance in amount of EUR 5,000,000, ISIN XS0763990180



1. Analysis of the issuer's activity

1.1. Company presentation

Banca Comerciala Romana (BCR) was established in 1990, when it took over the commercial operations of the National Bank of Romania. Today, BCR Group (member of Erste Group) is one of the most important financial group in Romania, including universal banking operations (retail, corporate & investment banking, treasury and capital markets) as well as leasing companies, private pension and housing banks.

The Bank offers a complete range of financial services and financial solutions dedicated to each stage of the financial cycle in a lifetime, as a "one-stop shop": savings, investment, lending, consulting and advisory, leasing. BCR encourages long-term relationships with its clients belonging to all segments, offers affordable and transparent products, but also personalized consulting services.

Network

BCR offers a full range of financial products and services through a network of 21 business centers and 20 mobile offices dedicated to companies and 509 retail units located in the majority cities with a population of over 10,000 inhabitants from all across the country.

Bank and subsidiaries

During 2018, Banca Comerciala Romana Group ("BCR Group" or "the Group") comprised the parent bank, Banca Comerciala Romana S.A. and its subsidiaries, presented in the following table:

Company's Name	Country of incorporation	Nature of the business	Shareholding	
			31 December 2018	31 December 2017
BCR Chisinau SA	Moldova	Banking	100.00%	100.00%
BCR Leasing IFN SA	Romania	Financial leasing	99.97%	99.97%
BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA	Romania	Pension Fund Management	99.99%	99.99%
BCR Banca pentru Locuinte SA	Romania	Housing loans	99.99%	99.99%
Suport Colect SRL	Romania	Workout	99.99%	99.99%
CIT One SRL	Romania	Security activities and guard /Cash processing and storing	100.00%	100.00%
BCR Payments Services SRL	Romania	Payments transactions	99.99%	99.99%
BCR Fleet Management SRL*	Romania	Operational leasing	99.97%	99.97%

* Company held indirectly by BCR through BCR Leasing SA

Group structure has not changed since 31 December 2017.



1. Analysis of the issuer's activity (continued)

1.2. General evaluation elements

The BCR impact in the economy

In 2018, BCR approved new corporate loans (credit facilities, letters of credit, letters of guarantee, trade finance facilities) amounting to RON 7.1 billion (EUR 1.5 billion) for activities that have created thousands of jobs and generated new investments or have expanded the existing production facilities. Major sectors such as manufacturing (mainly automotive), agriculture, healthcare and IT have been financed.

BCR acted as a trusted partner for local entrepreneurs so that the total stock of SME financing, including leasing, recorded a 15% increase as compared to 2017, exceeding RON 5.4 billion (EUR 1.2 billion).

In retail banking business, BCR was a trustworthy and predictable partner by offering fixed-rate loans in RON. In 2018, BCR generated total new loans in local currency to individuals and micro-business of over 8 billion RON (EUR 1.7 billion), based on a 50% increase in sales of "Divers" cash loan and a three-fold increase in sales in the standard mortgage product "Casa mea", as compared to 2017. BCR has strengthened its position as the main banking partner for Romanians who want to buy a house, with more than 22% of the newly originated mortgage loans in 2018.

BCR signed a strategic partnership with IKEA, through which the bank provided more than 8,000 credit cards in just six months, establishing a record achievement for the retailer's global network.

Micro-business sales increased by 32% compared to 2017, supported by launching new products and by the key role played by BCR in the Start-Up Nation governmental program. Sales were boosted by the launch in the second half of 2018 of the BCR Immediat financing solution dedicated to companies with a turnover between 1 and 3 EUR million.

Co-financing of EU funded projects increased over the past year, BCR having a significant market share and a total co-financing portfolio of EUR 1.84 billion. The largest share of the funding went to infrastructure, rural and regional development projects.

BCR has achieved the great performance to include Romania into Guinness World Records, by organizing the largest financial education lesson through the Money School program in which 13,230 Romanians from all over the country were taught simultaneously. In 2018, more than 110,000 people attended the financial education lessons taught by the over 1,000 financial education teachers.

In September, the bank launched the intelligent banking platform George, which reached 300,000 users by the end of 2018. The introduction of George was one of the growth engines in digital retail transactions, which increased by 36% to 14 million.

BCR performance in 2018

The operating result increased to RON 1,635.4 million (EUR 351.4 million), higher by 21.7% than the previous year when it stood at RON 1,343.7 million (EUR 294.1 million), driven by improved operating income, overcompensating increase in operating expenses.

Net interest income increased significantly by 16.0%, to RON 2,047.2 million (EUR 439.9 million), from RON 1,764.2 million (EUR 386.2 million) in 2017, helped by increase in market interest rates and higher volumes of loans and current accounts.

Net fee and commission income advanced by 0.9% to RON 706.8 million (EUR 151.9 million), from RON 700.7 million (EUR 153.4 million) in 2017, despite the fierce competition and highly regulated market environment.

The income statement is converted using the average exchange rate for 2018 of 4.6541 RON/EUR when referring to 2018 results and using the average exchange rate for 2017 of 4.5686 RON/EUR when referring to the 2017 results. The balance sheets at 31 December 2018 and at 31 December 2017 are converted using the closing exchange rates at the respective dates (4.6635 RON/EUR at 31 December 2018 and 4.6585 RON/EUR at 31 December 2017, respectively). All the percentage changes refer to RON figures.

1. Analysis of the issuer's activity (continued)

Net trading result increased by 26.0% to RON 446.8 million (EUR 96.0 million), from RON 354.7 million (EUR 77.6 million) in 2017, mainly driven by higher exchanged currency volumes.

The operating income increased by 13.8% to RON 3,285.6 million (EUR 706.0 million) from RON 2,887.9 million (EUR 632.1 million) in 2017, driven by higher net interest income, slightly better fee income and higher net trading result.

General administrative expenses in 2018 reached RON 1,650.2 million (EUR 354.6 million), up by 6.9% in comparison to RON 1,544.2 million (EUR 338.0 million) in 2017, mainly due to higher personnel expenses, higher depreciation related to IT projects and costs related to new headquarters.

As such, **cost-income ratio** stood at 50.2% in 2018, versus 53.5% in 2017.

Risk costs and Asset Quality

Risk cost allocations in 2018 amounted to RON 121.2 million (RON 32.4 million in 2017), translating into an annual risk cost ratio of 32bps, significantly better than normalized risk cost given further releases from the non-performing portfolio following further clean-up actions and portfolio improvement.

NPL ratio² at 5.8%, as of 31 December 2018, reduced versus 8.1% as of December 2017, driven by good trend in recoveries and transition to IFRS 9. NPL provisioning coverage reached 100.3% as of December 18.

Loans and receivables to customers increased by 8.7% to RON 36,400.1 million (EUR 7,805.3 million) as of 31 December 2018, from RON 33,490.9 million (EUR 7,189.2 million) as of December 2017, mainly on the back of strong advance in retail, while corporate loans increased marginally.

Deposits from customers increased by 5% to RON 55,099 million (EUR 11,814.9 million) as of 31 December 2018, versus RON 52,496.1 million (EUR 11,268.9 million) as of 31 December 2017 driven by increase in retail deposits.

Solvency ratio, bank only, according to the capital requirements regulations (CRR) was 21.0% as of December 2018, well above the regulatory requirements of the National Bank of Romania. Furthermore, Tier 1+2 capital ratio of 19.6% (BCR Group) as of December 2018 is clearly showing BCR's strong capital adequacy and continuing support of Erste Group. In this respect, BCR enjoys one of the strongest capital and funding positions amongst Romanian banks.

BCR will continue to maintain high solvency ratio, proving its ability and commitment to support lending growth in both Retail and Corporate business lines, further reinforcing core revenue generating capacity.

Consolidated turnover for year ended at 31 December 2018 is RON 4,094,522 thousands (2017: RON 3,598,575 thousands) calculated according to NBR Regulation 5/2013 article 644 regarding prudential requirements for credit institution.

Liquidity in RON equivalents at 31 December 2018, calculated according to NBR Regulation 25/2011 was between 1.57 and 16.54 depending on residual maturity of assets and liabilities (2017 between 1.1 and 3.1).

1.2.1. Description of the main products

The Group provides day-to-day banking services and other financial services to governmental institutions, corporate and individual clients operating in Romania and abroad. These services include: accounts opening, domestic and international payments, foreign exchange transactions, working capital finance, medium and long term facilities, retail loans, finance micro

² Starting Dec-14 reported in compliance with draft EBA NPE definition.



1. Analysis of the issuer's activity (*continued*)

and small enterprises, bank guarantees, letters of credit and through subsidiaries also leasing, brokerage, financial consultancy services and asset management.

1.2.2. Evaluation of the technical-material supply activity

N/A

1.2.3. Valuation of sales activity

BCR is one of the most important financial groups on the Romanian market for banking-transaction, having the largest national ATM network over 2,000 automatic teller machines.

BCR serves the following groups of clients:

Private Individuals: BCR supports its customers to fulfill their aspirations, insuring their current and future financial well-being. BCR offers a full range of services and products, from real estate financing (mortgages), personal loans, personal accounts (including packages for entrepreneurs, students, NGOs and Foundations), debit and credit cards, investment and savings products, consultancy and sale of treasury products and financial market to private individual customers. BCR offers full Internet banking, Mobile Banking, Phone banking and E-commerce services.

Small and Medium Enterprises as well as large companies: as a leader in many banking areas, BCR plays a key role on the commercial companies segment by offering customized products, specialized programs and advice to micro-enterprises, small and medium-sized businesses as well as for large commercial companies.

Municipal authorities, public and non-profit sector: Thanks to the long and solid relationship with municipal authorities, as well as with the public and non for profit sector, BCR became the first choice for dedicated financial solutions (including special funding for infrastructure projects at national, regional and municipal level).

1.2.4. Evaluation related to issuer's employees

The number of own employees of the Bank at 31 December 2018 was 6,054 employees (31 December 2017: 6,126 employees).

The number of own employees of the Group at 31 December 2018 was 7,237 employees (31 December 2017: 7,265 employees).

Key statistics related to BCR's workforce:

- Gender distribution: 74.65% women and 25.35% men
- Average age: 38.81 years
- Level of studies: 85% employees with higher education and 15% employees with secondary education

Improvement and professional development

During 2018, there were 16,960 participations to various trainings and workshops organized according to the annual training plan, of which 55% represents participation to technical training courses.

1. Analysis of the issuer's activity (continued)

The total average number of training days was 5.64 days per employee, of which in class 3.97 days/ employee and 1.67 days/ employee in e-learning format.

Employees from the BCR retail units benefited of specialized programs for development of technical skills and other skills necessary in their daily activity. Thus, they participated in courses focused more on customer service in light of the new MIFID regulations, as well as in courses designed to improve the client-bank relationship.

The e-learning platform, produced internally, is actively used for on-line education as well as for regular testing sessions, such as: prevention and combating money laundering, information security, market abuse, financial sanctions, transparency and consumer protection, health and safety at work (SSM), compliance, etc.

In 2018, BCR continued the process of changing the organizational culture and for this purpose a series of events and workshops were organized, defining the new pillars that would form the basis of a healthy and sustainable organizational culture.

1.2.5. Evaluation related the impact of the issuer's core business on environment

Environmental protection and the responsible use of resources are endeavors integrated in the business strategies of environmentally conscious companies world-wide, and in Romania.

Banca Comercială Română:

- admits and accepts the fundamental importance of an integrated approach of the environmental and social factors, as well as of lasting development principles within its financing activity;
- pays adequate attention to its financing processes, securing before making the financing decision, the compliance of the respective projects with the minimal environmental protection, social protection and occupational safety standards applicable in Romania.

BCR does not finance activities which do not meet environmental requirements specified in the Romanian legislation, relevant international conventions and agreements to which Romania adhered expressly. Analysis of environmental issues is part of the lending process and is mandatory for every transaction.

1.2.6. Evaluation of Research and Development

N/A

1.2.7. Evaluating the issuer's risk management activity

The overall focus of risk and capital management throughout 2018 was on maintaining the BCR Group risk profile in line with the BCR Risk Strategy, increasing the capital base and supporting the strategic management initiatives with a focus on balance sheet optimization.

BCR Group uses a risk management and control system that is forward-looking and tailored to its business and risk profile. This system is based on a clear risk strategy that is consistent with the business strategy and focused on early identification and management of risks and trends.



1. Analysis of the issuer's activity (continued)

The overall risk profile for BCR Group, as well as the individual risk profiles are implemented through the BCR Group Risk Strategy and are subject to an annual comprehensive review process. A quarterly assessment of the risk profiles is considered to check if there are changes in respect of the risks materiality or if new risks occurred in the Bank activity.

Given BCR Group business strategy, the key risks for BCR Group are credit risk, market risk (including interest rate risk in the banking book), liquidity and funding risk and operational risk. All material risks are covered by BCR Group's control and risk management framework. This entails a set of different tools and governance to ensure adequate oversight of the overall risk profile and sound execution of the risk strategy, including appropriate monitoring and escalation of issues that could materially impact the risk profile of BCR Group.

Based on the BCR Group Risk Strategy and BCR Group overall and individual risk profiles, BCR Group subsidiaries, including BCR, set up their local risk profile. Also, BCR Group's capital management framework serves to ensure that the group and its subsidiaries are capitalized in line with the risk profile, regulatory requirements and economic capital requirements.

As part of its risk strategy, BCR Group analyses its actual risk profile and determines a target risk profile based on its strategic goals. The target risk profile is a result of the risk assessment process in combination with the boundaries set by the business strategy and the risk appetite framework.

In terms of governance, full oversight of the risk profile and a sound execution of the risk strategy is ensured including appropriate monitoring and escalation of issues that could materially impact the risk profile of the Group.

The proportionality principle is a crucial and integral part of BCR Group's overall risk framework and strategy. The proportionality principle is applied for the core components of BCR Group ICAAP framework (Risk Materiality Assessment/Risk taxonomy, Risk-bearing Capacity Calculation, Risk Appetite & Risk Profile, Stress testing, Risk Concentration Analysis).

BCR Group level risk management principles, concepts and processes are generally designed, developed and implemented to address over-arching organizational needs across both group and local entities/subsidiaries reflecting a high degree of granularity and detail.

However, subsequent implementation and application at BCR Group subsidiaries require an approach that takes differences in business structures, size, complexity and relevance into account. This will ensure a meaningful, suitable and adequate application across BCR Group in line with local needs and capabilities while still fulfilling overall BCR Group level requirements and standards.

The evaluation of proportionality criteria is reviewed on an annual basis and included in the Risk Strategy. In addition, a reassessment might be carried out outside the annual review cycle if changed business parameters indicate a need for a respective reclassification.

Starting from the volume and nature of BCR activity as part of BCR Group, the risk profile of BCR Group is driven by the Bank risk profile. Thus, the Risk Profile for BCR Group follows in general the same directions as the Bank, both with regard to overall risk profile and individual risks profiles based on the following considerations:

- the volume and nature of BCR activity as part of BCR Group;
- the categorization of BCR as a full subsidiary based on the Proportionality Principles.



1. Analysis of the issuer's activity (continued)

1.2.8. Outlook on issuer's activity

2019 expected macroeconomic development

The Romanian economy is expected to continue to cool off in 2019 in the context of slower European growth, reduced fiscal stimulus and slowing wage growth, which will constrain expansion of exports and consumption, respectively, while in the case of investments we expect only a moderate contribution to growth, given the government's lack of fiscal space and tepid absorption of EU funds. Our current forecast for the real GDP indicates a low single-digit growth in 2019.

Balance Sheet developments

In the current context, BCR Group expects in 2019 a mid-single digit growth in net loans supported by both retail and corporate segments.

Growth in **retail loans** is assumed to be driven by the positive development of cash loans coupled with mortgage lending despite legislative regulatory changes. Corporate lending advance is backed mainly by the increase on SME and Real Estate segments.

On the **liabilities** side, BCR will continue to capitalize on its very strong customer deposit base, further increasing the share of current accounts. Furthermore, BCR will continue to replace the intragroup long term funding by customer deposits. These actions are in line with the Bank's strategy to focus on local currency lending by relying on its strong self-funding capacity in RON. Both Retail and Corporate deposits follow estimated market growth development.

Income Statements developments

Net interest income is expected to continue growing in 2019, albeit at a slower pace as a consequence of stricter debt-to-income levels imposed by the Central Bank starting January 1st, with impact on new Retail loans, as well as the stabilization of market rates.

Net fee and commission income, the second key income component is expected to slightly increase in 2019. Corporate fees are estimated to marginally grow in 2019 based on fee income generated by SME initiatives.

All in all, the **operating income** should grow by low single digit in 2019, with NII remaining the biggest contributor.

Operating expenses are expected to show a relatively stable development in 2019 compared to 2018, despite further investments and higher unit costs.

Risk costs should again support net profit in 2019, with expected recoveries partly covering allocations. All in all, this will result in a certain amount of risk allocations, with the risk cost ratio tending towards a normalized evolution on the back of improved asset quality and further reduction of the NPL stock.

Based on the above-mentioned expected performance, BCR Group aims to deliver a return on equity (**ROE**) of mid-single digit in 2019 (only high level estimation of the banking tax impact was considered at this moment).



2. Issuer's tangible and intangible assets

Currently, BCR S.A. has a portfolio of 207 properties, located in 42 counties, of which the largest number of buildings are located in Bucharest - 26 units, Alba - 9 units, Suceava - 8 units, Hunedoara - 8 units, Bacau, Brasov, Constanta, Dambovita and Prahova - 7 units in each county, and the remaining 121 buildings are located in other counties in Romania.

The largest share in the property portfolio is held by the office spaces (68%) and commercial spaces (25%). The rest of the portfolio consists of independent construction with administrative destination (7%).

In 2018, BCR S.A. decided to pursue a strategy of optimizing the network of units by selling certain properties. The real estate elements included in the sale plan could be sold in the current real estate market without requiring any change for the purpose of the sale.

The business plan within the current strategy presented the Bank's intention to recover the book value of the buildings included in the sale-optimization strategy rather than through their use, hence qualifying for the reclassification from tangible assets (IAS 16 / IAS 40) into non-current assets held for sale (IFRS5), so that by the end of 2018, there were reclassified from real estate into stocks to the value of RON 110,443 thousands.

As of 31 December 2018, net tangible assets amounted to RON 923,453 thousands, out of which investment property amounted to RON 162,806 thousands. In total net tangible assets, Buildings and Land have represents 62%.

During 2018, BCR sold 37 properties (buildings and land), the net value of which amounted to RON 28,589 thousands and closed a number of 6 branches located in leased spaces and a number of 3 branches located in own property spaces.

On 31.12.2016 was performed the merger between the Romanian Commercial Bank S.A. (BCR) - the absorbing company and BCR Real Estate Management S.R.L. (BCR REM) and S.C. Bucharest Financial Piazza S.R.L. (BFP) - absorbed companies, using the "Net Asset Accounting Method". The main activity of the two absorbed companies was the management of real estate assets on a commission or contract basis.

As a result of the merger between the Bank, BCR Real Estate Management and Financial Piazza Bucharest, the following tangible assets (GBV and cumulative depreciation) were transferred to the Bank's portfolio (RON thousands) as at 31 December 2016:

Absorbed entity	Gross Book Value	Cumulative depreciation	Net Book Value
BCR REM	792,429	(200,193)	592,266
BFP	266,242	(18,941)	247,301
Merger Impact	1,058,701	(219,134)	839,567



2. Issuer's tangible and intangible assets (*continued*)

Description and analysis of depreciation degree of Bank's property

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 30 to 50 years (mainly 50 years)
- Office equipment 3 to 10 years
- Other furniture and equipment 3 to 10 years

3. Securities Market

3.1. Romanian and foreign markets where the securities issued by the Bank are traded

In 2009, BCR launched a EUR 3,000,000,000 Medium Term Notes Programme (MTN) approved by Commission de Surveillance du Secteur Financier Luxembourg and listed on the Luxembourg Stock Exchange.

BCR's current Debt Issuance Programme (implemented in 2013) is a programme for issuing debt instruments in various currencies and maturities with a limited range of interest rate structures. In April 2018, BCR's Extraordinary Shareholders General Meeting has approved the extension of the Debt Issuing Programme for a period of 10 years, as well as new bond structures (e.g. subordinated notes, MREL notes).

No new bonds were issued in 2018.

As of 31 December 2018, BCR had 7 bond issues outstanding, listed on the Luxembourg Stock Exchange (www.bourse.lu). The summary of the bonds issued is presented below:

ISIN	Issue date	Maturity date	Category	Type	Currency	Issue value	Paying Agent
XS0474834925	22.12.2009	22.12.2019	SENIOR	Fix rate Notes	RON	70,000,000	BNP Paribas, Lux
XS0496326223	07.04.2010	07.04.2020	SENIOR	Fix rate Notes	RON	134,000,000	BNP Paribas, Lux
XS0550567142	02.12.2010	02.12.2020	SENIOR	Index Linked Notes	EUR	4,158,000	BNP Paribas, Lux
XS0609194450	02.08.2011	02.08.2019	SENIOR	Index Linked Notes	EUR	3,000,000	BNP Paribas, Lux
XS0675038649	02.12.2011	02.12.2021	SENIOR	Index Linked Notes	EUR	2,000,000	BNP Paribas, Lux
XS0746593069	30.03.2012	30.03.2019	SENIOR	Zero Coupon	EUR	9,000,000	BNP Paribas, Lux
XS0763990180	30.03.2012	31.03.2019	SENIOR	Zero Coupon	EUR	5,000,000	BNP Paribas, Lux

Additional information regarding these bonds is available on the web page of the Luxembourg Stock Exchange: <https://www.bourse.lu/programme/Programme-BancaComRomana/13618>.

In 2018, 7 bond issues were redeemed, totalling approximately EUR 51.09 million.

3.2. Description regarding issuer's dividends policy

The proposal for the distribution of profit is in accordance with art. 29 para. 1 of the Accounting Law no. 82/1991, republished as subsequently amended and supplemented. The Supervisory Board proposes to the General Meeting of Shareholders the distribution of 2018 net profit as follows:

Element	Amount - RON
Dividend distribution ^[1]	485,223,699
Result reported ^[2]	485,223,699
Total	970,447,398

^[1]The amount of RON 485,223,699 represents the gross amount of the dividends.

^[2]The retained earnings totalling RON 485,223,699 will be used in accordance with the Bank's business strategy.



3. Securities Market (*continued*)

3.3. Description of any activities of the issuer to acquire its own shares

N/A

3.4. The number and nominal value of the shares issued by the parent company and owned by the subsidiaries:

At 31st December 2018 and 31st December 2017, BCR Leasing IFN SA holds 109 BCR shares with nominal value of 0.10 RON/share.

3.5. Presentation of the methods used by the bank for paying its obligation towards the owners of these types of securities in case that the bank issued bonds and/or other debt securities

The coupon payments and principal repayments of the bonds are made in accordance with the provisions of sections "Terms and Conditions" of the Base Prospectus, as well as the Final Terms of the bonds, published on the web page of the Luxembourg Stock Exchange (www.bourse.lu), direct link: <https://www.bourse.lu/programme/Programme-BancaComRomana/13618>.

4. Issuer's management (*continued*)

4. Issuer's Management

The members of the Supervisory Board, during the year were:

01.01.2018 – 16.10.2018

- Manfred Wimmer – Austrian citizen, born on 31.01.1956 – Chairman of Supervisory Board
- Andreas Treichl – Austrian citizen, born on 16.06.1952 – Deputy - chairman of Supervisory Board
- Gernot Mittendorfer – Austrian citizen, born on 2.07.1964 – Member of Supervisory Board
- Brian O'Neill – American citizen, born on 28.02.1953 – Member of Supervisory Board
- Tudor Ciurezu – Romanian citizen, born on 24.11.1954 – Member of Supervisory Board
- Hildegard Gacek – German citizen, born on 05.07.1952 – Member of Supervisory Board
- Wilhelm Koch – German citizen, born on 13.12.1968 - Member of Supervisory Board (until 31.01.2018)

17.10.2018 – 31.12.2018

- Manfred Wimmer – Austrian citizen, born on 31.01.1956 – Chairman of Supervisory Board
- Andreas Treichl – Austrian citizen, born on 16.06.1952 – Deputy - chairman of Supervisory Board
- Gernot Mittendorfer – Austrian citizen, born on 2.07.1964 – Member of Supervisory Board
- Brian O'Neill – American citizen, born on 28.02.1953 – Member of Supervisory Board
- Tudor Ciurezu – Romanian citizen, born on 24.11.1954 – Member of Supervisory Board
- Hildegard Gacek – German citizen, born on 05.07.1952 – Member of Supervisory Board
- Elisabeth Krainer Senger Weiss – Austrian citizen, born on 06.08.1972– Member of Supervisory Board



3. Securities Market (*continued*)

The Members of the Management Board as of 31.12.2018 were as follows:

1. **Sergiu Cristian MANEA** – Executive President, Chairman of the Management Board - mandate valid until 28.02.2022;
2. **Elke MEIER** – Executive Vice-President coordinating the Financial functional line, Member of the Management Board, appointed by the Supervisory Board as of January 1st 2018 and took over her position starting with 18.05.2018, after receiving NBR approval - mandate valid until 31.12.2020;
3. **Frank Michael BEITZ** – Executive Vice-President, coordinator of the Risk functional line, Member of the Management Board, appointed by the Supervisory Board as of January 1st 2018 and took over his position starting with 15.03.2018, after receiving NBR approval - mandate valid until 31.12.2019;
4. **Dana Luciana DIMA** - Executive Vice-President coordinating the Retail and Private Banking functional line, Member of the Management Board - mandate valid until 31.10.2021;
5. **Ryszard Ferdynand DRUŻYŃSKI** - Executive Vice-President coordinating the Operations & IT functional line, Member of the Management Board - mandate valid until 31.10.2021.

Management Board members meet the general conditions provided by the law and the special conditions of the Banking Law, National Bank's regulations, and Recruitment and Remuneration Policy of BCR Group management.

Professional experience details of Management Board may be found on the following link: <https://www.bcr.ro/en/about-us/bcr-management>

There are no litigation or administrative proceedings in the records of the bank involving the members of the Supervisory Board or the Executive Committee of BCR.

5. Financial highlights

5.1. Statements of financial position

The structure and evolution of the Group's main asset, liability and equity categories are presented below.

ASSETS in RON thousands	Group				Bank			
	31.12.2018	31.12.2017	31.12.2016	2018/2017%	31.12.2018	31.12.2017	31.12.2016	2018/2017%
Cash and cash balances	11,123,191	11,369,344	11,911,895	-2.2%	10,862,852	11,245,387	11,648,878	-3.4%
Financial assets held for trading	213,965	104,694	633,199	104.4%	214,092	104,694	633,199	104.5%
Derivatives	31,062	41,449	73,486	-25.1%	31,189	41,449	73,486	-24.8%
Other financial assets held for trading	182,903	63,245	559,713	189.2%	182,903	63,245	559,713	189.2%
Financial assets designated at fair value through profit or loss	-	15,131	15,319	-100.0%	-	15,131	15,319	-100.0%
Non-trading financial assets at fair value through profit or loss	39,395	-	-	x	39,152	-	-	x
Equity instruments	33,475	-	-	x	33,232	-	-	x
Loans and advances to customers	5,920	-	-	x	5,920	-	-	x
Financial assets available for sale	-	6,599,950	5,574,087	-100.0%	-	6,146,992	4,845,303	-100.0%
thereof pledged as collateral	-	141,831	-	-100.0%	-	557,101	461,222	-100.0%
Financial assets at fair value through other comprehensive income	5,222,081	-	-	x	5,187,019	-	-	x
thereof pledged as collateral	-	-	-	x	-	-	-	x
Equity investments	40,721	-	-	x	40,721	-	-	x
Debt securities	5,181,360	-	-	x	5,146,298	-	-	x
thereof pledged as collateral	-	-	-	x	41,748	-	-	x
Financial assets - held to maturity	-	14,756,894	13,904,201	-100.0%	-	13,375,729	12,386,197	-100.0%
thereof pledged as collateral	-	-	780,155	x	-	551,355	881,003	-100.0%
Loans and advances to banks	-	2,215,113	552,830	-100.0%	-	2,420,035	651,414	-100.0%
Loans and advances to customers	-	33,490,883	32,291,134	-100.0%	-	32,020,306	31,162,509	-100.0%
Financial assets at amortised cost	50,843,219	-	-	x	48,732,568	-	-	x
thereof pledged as collateral	690,952	-	-	x	1,693,280	-	-	x
Debt securities	15,879,108	-	-	x	14,297,905	-	-	x
Loans and advances to banks	123,840	-	-	x	388,848	-	-	x
Loans and advances to customers	34,840,271	-	-	x	34,045,815	-	-	x
Finance lease receivables	990,868	-	-	x	-	-	-	x
Property and equipment	1,169,260	1,315,683	1,472,604	-11.1%	760,646	1,015,988	1,158,548	-25.1%
Investment property	162,806	121,490	422	34.0%	162,806	121,490	-	34.0%
Intangible assets	361,898	320,872	289,304	12.8%	354,020	314,231	280,699	12.7%
Investments in joint ventures and associates	20,027	17,375	16,568	15.3%	7,509	7,509	7,509	0.0%
Current tax assets	181,800	86,736	162,480	109.6%	178,822	83,435	159,029	114.3%
Deferred tax assets	202,165	168,778	322,508	19.8%	197,061	157,361	310,554	25.2%
Assets held for sale	161,114	43,039	2,292	274.3%	117,699	14,792	2,292	695.7%
Trade and other receivables	563,014	-	-	x	543,179	-	-	x
Investments in subsidiaries	-	-	-	x	403,152	533,510	622,150	-24.4%
Other assets	275,502	305,257	365,730	-9.7%	148,677	157,895	184,625	-5.8%
Total assets	71,530,305	70,931,239	67,514,573	0.8%	67,909,254	67,734,485	64,068,225	0.3%

Total assets of BCR as at 31 December 2018 amounted to RON 67,909,254 thousands, increasing by 0.3% compared to 31 December 2017 (RON 67,734,485 thousands). At Group level, the total assets increased by 0.8% from RON 70,931,239 thousands as at 31 December 2017 to RON 71,530,305 thousands as at 31 December 2018.



5. Financial highlights (continued)

Liabilities and Equity in RON thousands	Group				Bank			
	31.12.2018	31.12.2017	31.12.2016	2018/2017%	31.12.2018	31.12.2017	31.12.2016	2018/2017%
Financial liabilities held for trading	32,988	44,661	38,391	-26.1%	32,988	44,661	38,391	-26.1%
Derivatives	32,988	44,661	38,391	-26.1%	32,988	44,661	38,391	-26.1%
Financial liabilities measured at amortised cost	61,618,808	62,007,067	59,236,059	-0.6%	58,326,984	58,920,983	55,825,328	-1.0%
Deposits from banks	2,127,723	3,205,191	5,132,627	-33.6%	3,076,973	4,180,001	5,626,083	-26.4%
Borrowings and financing lines	2,408,375	2,249,500	2,177,267	7.1%	672,249	838,133	1,154,233	-19.8%
Deposits from customers	55,098,959	52,496,062	48,235,198	5.0%	52,593,690	49,885,158	45,354,909	5.4%
Debt securities issued	349,153	539,648	637,192	-35.3%	349,153	539,648	637,192	-35.3%
Subordinated loans	1,041,982	2,371,499	2,344,779	-56.1%	1,041,982	2,371,499	2,344,779	-56.1%
Other financial liabilities	592,616	1,145,167	708,996	-48.3%	592,937	1,106,544	708,132	-46.4%
Provisions	1,151,688	1,192,565	1,104,102	-3.4%	1,120,255	1,149,625	1,069,547	-2.6%
Current tax liabilities	97,782	230	1,262	42413.9%	97,110	-	-	x
Deferred tax liabilities	-	25	3,966	-100.0%	-	-	-	x
Liabilities associated with assets held for sale	15,438	12,819	-	20.4%	-	-	-	x
Other liabilities	246,887	234,759	326,404	5.2%	193,842	174,559	242,726	11.0%
Total equity	8,366,714	7,439,113	6,804,389	12.5%	8,138,075	7,444,657	6,892,233	9.3%
Share capital	2,952,565	2,952,565	2,952,565	0.0%	2,952,565	2,952,565	2,952,565	0.0%
Retained earnings	3,766,482	2,667,566	1,977,946	41.2%	3,525,615	2,654,298	2,083,989	32.8%
Other reserves	1,647,667	1,818,982	1,873,878	-9.4%	1,659,895	1,837,794	1,855,679	-9.7%
attributable to non-controlling interest	46	36	25,397	27.8%	-	-	-	x
attributable to owners of the parent	8,366,668	7,439,077	6,778,992	12.5%	-	-	-	x
Total liabilities and equity	71,530,305	70,931,239	67,514,573	0.8%	67,909,254	67,734,485	64,068,225	0.3%



5. Financial highlights (continued)

5.2. Profit or Loss

in RON thousands	Group				Bank			
	31.12.2018	31.12.2017	31.12.2016	2018/2017%	31.12.2018	31.12.2017	31.12.2016	2018/2017%
Net interest income (1)	2,047,195	1,764,197	1,786,695	16.0%	1,946,477	1,678,727	1,726,463	15.9%
Interest income	2,545,368	2,195,669	2,276,682	15.9%	2,392,496	2,038,192	2,135,535	17.4%
Other similar income	38,693	40,835	91,518	-5.2%	38,489	40,571	91,308	-5.1%
Interest expense	(513,662)	(451,079)	(550,659)	13.9%	(461,631)	(378,830)	(469,549)	21.9%
Other similar expense	(23,204)	(21,228)	(30,846)	9.3%	(22,877)	(21,206)	(30,831)	7.9%
Net fee and commission income (2)	706,814	700,738	708,932	0.9%	673,853	661,160	672,086	1.9%
Fee and commission income	881,176	845,336	839,312	4.2%	824,162	792,219	792,814	4.0%
Fee and commission expense	(174,362)	(144,598)	(130,380)	20.6%	(150,309)	(131,059)	(120,728)	14.7%
Dividend income (3)	3,731	4,155	2,878	-10.2%	11,684	19,872	5,004	-41.2%
Net trading result (4)	431,709	329,191	313,020	31.1%	426,985	329,214	313,067	29.7%
Gains/losses from financial instruments measured at fair value through profit or loss (5)	18,429	1,689	(1,148)	991.1%	18,429	1,689	(1,148)	991.1%
Foreign currency translation (6)	(3,347)	23,815	2,445	-114.1%	(6,209)	17,251	(2,821)	-136.0%
Net result from equity method investments (7)	2,651	807	1,795	228.5%	-	-	-	x
Rental income from investment properties & other operating leases (8)	78,388	63,289	53,549	23.9%	11,045	9,840	1,014	12.2%
Personnel expenses (9)	(780,810)	(741,664)	(729,874)	5.3%	(684,947)	(661,913)	(657,036)	3.5%
Other administrative expenses (10)	(671,461)	(635,573)	(671,594)	5.6%	(689,897)	(652,791)	(804,923)	5.7%
Depreciation and amortisation (11)	(197,901)	(166,983)	(169,029)	18.5%	(136,238)	(117,269)	(105,780)	16.2%
								x
Operating Income (1+2+3+4+5+6+7+8)	3,285,570	2,887,881	2,868,166	13.8%	3,082,264	2,717,753	2,713,665	13.4%
Operating Expenses (9+10+11)	(1,650,172)	(1,544,220)	(1,570,497)	6.9%	(1,511,082)	(1,431,973)	(1,567,739)	5.5%
Operating Result	1,635,398	1,343,661	1,297,669	21.7%	1,571,182	1,285,780	1,145,926	22.2%
				x				x
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss (12)	2,221	151	111,747	1370.9%	2,221	151	111,754	1370.9%
Net impairment loss on financial instruments (13)	(121,217)	(32,418)	279,990	273.9%	(122,361)	(22,699)	217,288	439.1%
Other operating result, out of which (14)	(87,920)	(406,259)	(518,915)	-78.4%	(260,487)	(456,210)	(468,927)	-42.9%
								x
Pre-tax result from continuing operations	1,428,482	905,135	1,170,491	57.8%	1,190,555	807,022	1,006,041	47.5%
Taxes on income	(226,219)	(237,008)	(130,428)	-4.6%	(220,108)	(236,712)	(119,955)	-7.0%
Net result for the period	1,202,263	668,127	1,040,063	79.9%	970,447	570,310	886,086	70.2%
Net result attributable to non-controlling interests	10	6	(1,783)	66.7%	-	-	(1,783)	x
Net result attributable to owners of the parent	1,202,253	668,121	1,041,846	79.9%	970,447	570,310	1,041,846	70.2%



5. Financial highlights (continued)

Net profit of BCR as at 31 December 2018 amounted to RON 970,447 thousands, increasing by 70.2% compared to 31 December 2017 (RON 570,310 thousands). At Group level, the net profit increased by 79.9% from RON 668,127 thousands as at 31 December 2017 to RON 1,202,263 thousands as at 31 December 2018.

5.3. Cash Flow

in RON thousands	Group			Bank		
	31.12.2018	31.12.2017	31.12.2016	31.12.2018	31.12.2017	31.12.2016
Net result for the period	1,202,263	668,127	1,040,063	970,447	570,310	886,086
Non-cash adjustments for items in net profit/(loss) for the year						
Depreciation, amortisation of assets	197,901	166,983	169,029	136,238	117,269	105,780
Allocation to and release of impairment of loans	170,821	123,719	562,306	146,466	83,983	497,728
Gains/(losses) from the sale of tangible and intangible assets	(7,945)	(2,194)	(1,676)	(12,648)	(2,790)	2,079
Other provisions	(28,969)	131,401	290,730	(17,448)	131,401	273,284
Impairment of subsidiaries	-	-	-	166,410	97,410	45,856
Impairment tangible and intangible assets	94,636	73,560	-	96,024	70,375	-
Current and deferred tax not paid	(6,908)	237,008	126,628	(3,610)	236,712	92,276
Other adjustments	(12,284)	186,978	(23,430)	(12,242)	214,581	17,879
Adjustments for items in net profit/(loss) for the year	(542,504)	(345,444)	(260,653)	(510,827)	(326,015)	(222,319)
Interest income from investing activities	(672,116)	(480,410)	(393,234)	(615,632)	(433,008)	(345,243)
Interest expense for financing activities	129,612	134,966	132,581	112,758	122,710	122,924
Dividend income from investing activities	-	-	-	(7,953)	(15,717)	-
Changes in assets and liabilities from operating activities after adjustment for non-cash components						
Financial assets - held for trading	(119,658)	496,468	(390,419)	(119,658)	496,468	(390,419)
Non-trading financial assets at fair value through profit or loss	14,720	-	6,927	14,720	-	6,927
Financial assets - available for sale	-	(1,076,739)	1,495,444	-	(1,328,131)	1,295,194
Financial assets at fair value through other comprehensive income	51,679	-	-	58,044	-	-
Financial assets - held to maturity	-	(3,117,152)	(3,117,152)	-	(2,841,802)	(3,117,152)
Loans and advances to credit institutions	-	(1,663,796)	(348,427)	-	(1,770,134)	(466,783)
Loans and advances to customers	-	(1,453,356)	(402,683)	-	(1,071,668)	113,420
Financial assets at amortised cost	(1,067,033)	-	-	(769,762)	-	-
Loans and advances to banks	2,075,058	-	-	2,015,026	-	-
Loans and advances to customers	(3,142,091)	-	-	(2,784,788)	-	-
Other assets from operating activities	29,754	47,667	58,104	9,771	27,539	53,006
Financial liabilities measured at amortised cost	1,002,933	2,966,909	4,126,197	1,120,652	3,483,210	4,023,273
Deposits from banks	(1,048,821)	(1,742,276)	(1,677,214)	(1,075,682)	(1,446,082)	(1,586,075)
Deposits from customers	2,604,305	4,273,014	5,630,622	2,709,941	4,530,880	5,368,205
Other financial liabilities	(552,551)	436,171	172,789	(513,607)	398,412	241,143
Other liabilities from operating activities	12,131	(82,544)	4,975	19,283	(68,167)	(2,153)
Cash flow from operating activities	991,537	474,747	6,453,115	1,291,860	962,353	6,328,988



5. Financial highlights (continued)

Proceeds of disposal	1,261,843	1,851,159	2,054,267	922,799	1,549,878	1,712,929
Financial assets - held to maturity	-	1,761,132	2,036,760	-	1,536,610	1,708,200
Debt securities	998,355	-	-	684,090	-	-
Financial assets at fair value through other comprehensive income	198,641	-	-	198,641	-	-
Property and equipment, intangible assets and investment properties	64,847	90,027	17,507	40,068	13,268	4,729
Acquisition of	(1,408,856)	(3,002,011)	(6,107,593)	(1,122,831)	(2,804,596)	(5,471,642)
Financial assets - held to maturity	-	(2,640,477)	(5,768,416)	-	(2,594,013)	(5,258,583)
Debt securities at amortised cost	(1,013,296)	-	-	(926,943)	-	-
Property and equipment, intangible assets and investment properties	(395,560)	(361,534)	(339,177)	(195,888)	(210,583)	(213,059)
Contribution to increase in share capital of subsidiaries	-	-	-	(30,000)	(22,079)	-
Interest received from investing activities	656,890	480,410	393,234	603,157	433,008	345,243
Dividends received from investing activities	-	-	-	7,953	15,717	2,126
Cash flow from investing activities	509,877	(670,442)	(3,660,092)	381,078	(828,072)	(3,411,344)
Dividends paid to equity holders of the parent	(213,476)	-	-	(213,476)	-	-
Dividends paid to non-controlling interests	(14,587)	-	-	(14,587)	-	-
Debt securities issued	(219,251)	(80,005)	(275,044)	(219,251)	(80,005)	(275,044)
Inflows from other financing activities	782,144	460,257	359,779	-	-	-
Outflows from other financing activities	(1,950,510)	(592,142)	(275,115)	(1,492,303)	(335,057)	(126,286)
Interest expense paid for financing activities	(131,887)	(134,966)	(132,581)	(115,856)	(122,710)	(122,923)
Other financing activities	(32,004)	(33,209)	(35,892)	(15,973)	(20,953)	(26,234)
Subordinated loans	(99,883)	(101,757)	(96,689)	(99,883)	(101,757)	(96,689)
Cash flow from financing activities	(1,747,567)	(346,856)	(322,961)	(2,055,473)	(537,772)	(524,253)
			-			-
Cash and cash equivalents at beginning of period	11,369,344	11,911,895	9,441,833	11,245,387	11,648,878	9,255,487
Cash flow from operating activities	991,537	474,747	6,453,115	1,291,860	962,353	6,328,988
Cash flow from investing activities	509,877	(670,442)	(3,660,092)	381,078	(828,072)	(3,411,344)
Cash flow from financing activities	(1,747,567)	(346,856)	(322,961)	(2,055,473)	(537,772)	(524,253)
Cash and cash equivalents at end of period	11,123,191	11,369,344	11,911,895	10,862,852	11,245,387	11,648,878

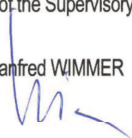
6. Annexes

The following documents are annexed to this report:

1. The bank's constitutive act valid at 31 December 2018;
2. Resignation/dismissal acts among members of the executive management
3. List of the subsidiaries of the issuer and entities controlled or controlling the issuer
4. Statement of Compliance of the members of the Executive Committee who assume responsibility for the preparation of the Financial Statements
5. Financial Statements as at 31 December 2018
6. Auditors' report

Chairman of the Supervisory Board,

Manfred WIMMER

A handwritten signature in blue ink, appearing to be "M. Wimmer", written over the printed name.

**CHARTER OF
BANCA COMERCIALĂ ROMÂNĂ S.A.**

company managed in a dualist system, located in Bucharest, Bd. Regina Elisabeta nr.5, sector 3,
registered with the Trade Registry under no.J40/90/1991, Sole registration number 361757
registered with the National Bank of Romanian registry of credit institutions under no. RB-PJR-40-008
(Updated based on the Supervisory Board of BCR
Resolution dated no.1a/22.10.2018

**CHAPTER I
General provisions**

Article 1. Corporate and legal name, legal form, governing law, logo

- 1.1. The corporate and legal name of the company is Banca Comercială Română S.A. In this Charter, Banca Comercială Română S.A. is referred to as the "**Bank**".
- 1.2. The Bank is a Romanian legal person, organised and operating in accordance with Romanian law in force, in particular with the companies and banking legislation, and this Charter as a joint-stock company, managed under the two-tier management system (*administrata in sistem dualist* in Romanian), duly licensed by the National Bank of Romania ("**NBR**") as Romanian credit institution.
- 1.3. In any form of advertising, official document, agreement or any other such documents, the initials, logo, emblem or any other such marks or symbols of the Bank are used only by the Bank, its subsidiaries, branches, representative offices and agencies.
- 1.4. The Bank's liabilities are secured by the Bank's patrimony, and its shareholders shall be held liable only within the limit of the subscribed shares.
- 1.5. The Bank's patrimony may not be encumbered by debts or other personal obligations of the Bank's shareholders.

Article 2. Registered seat and secondary units

- 2.1 The Bank's registered seat and headquarters (sediul real in Romanian) are located at No. 15, Calea Victoriei, district 3, Bucharest, Romania.
- 2.2 The registered seat or headquarters of the Bank may be re-located at any other location exclusively in Romania.
- 2.3 The Bank has and can establish secondary units that are not legal persons, such as branches, agencies, representative offices as well as subsidiaries that are legal persons, in Romania and abroad in accordance with this Charter and companies' and banking legislation.

Article 3. Duration

- 3.1 The Bank is incorporated and operating for an indefinite period of time.
- 3.2 The Bank may **cease** to carry on its business activities in accordance with companies' and banking legislation in force.

**CHAPTER II
The Bank's share capital and equity**

Article 4. Share capital and shares

- 4.1 The share capital of the Bank amounts to RON 1.625.341.625,4 fully subscribed and paid up in cash by shareholders, divided into 16.253.416.254 nominative, ordinary shares, with a face value of RON 0.1/share.
- 4.2 The shares issued by the Bank are nominative, ordinary, issued in book-entry form by registration in the shareholders registry, are of equal value and grant equal rights to their owners.
- 4.3 Each share issued by the Bank paid up and owned by a shareholder (other than the Bank) grants one vote in the shareholders meetings, unless the shareholders decide for the Bank to issue preferential shares with no voting right attached.

- 4.4 The shares are indivisible, and the Bank acknowledges only one owner for each share. In case a share is the joint property of several persons, these persons must designate a representative to exercise the rights attached to the ownership of the respective share.
- 4.5 The ownership of one or more shares issued by the Bank equals to the adherence of the respective owner to the provisions of this Charter.

Article 5. Share capital increase/reduction

- 5.1 The share capital of the Bank may be increased in accordance with the applicable companies' and banking legislation, based on the shareholders resolution.
- 5.2 By way of exception from the provisions of Art. 5.1 above, whenever a share capital increase is justified by the need to comply with the prudential requirements provided in the norms of the NBR or to comply with other legal requirements, the Management Board is authorised, for a period of five (5) years as of the date of registration of this updated Charter with the trade registry, to increase the share capital of the Bank by an amount not exceeding, in aggregate over the period referred to above, RON 162.534.161,45 by way of one or more issuances of shares.
- 5.2.1 Within the meaning of this Art 5.2, the authorised share capital is of RON 162.534.161,45 ("Authorised Share Capital").
- 5.2.2 Exclusively for the purpose of the share capital increase carried out in accordance with this Art. 5.2, the Management Board is conferred the competency of deciding, for each of the share capital increases up to the Authorised Share Capital, to limit or to suspend the preference right of the Bank's shareholders, in accordance with the applicable law and provided that such limitation or suspension is justified by the time restraints with respect to the implementation of the respective share capital increase.
- 5.3 The shares may not be issued for an amount below the nominal value of the shares. However the shares may be issued with a premium to the nominal value.
- 5.4 Save where Art. 5.2.2 applies, the shares issued within a share capital increase shall be offered, in accordance with the applicable law, with priority to the shareholders of the Bank to exercise their preference right. If, upon expiry of the preference right period, the newly issued shares have not been fully subscribed, the unsubscribed shares may be annulled or offered to other Romanian or foreign investors, in accordance with the resolution of the competent corporate body approving the share capital increase. If the unsubscribed shares are offered to the public, the Bank will observe the legal provisions concerning public offerings within the meaning of the capital markets legislation.
- 5.5 The reduction of the share capital shall be performed in accordance with the applicable law and shall, at all time, comply with the minimum level of the share capital imposed by the banking legislation.
- 5.6 If the Management Board of the Bank becomes aware that, due to losses, the net assets, calculated as total assets minus total liabilities of the Bank, represent less than ½ of the subscribed share capital, it shall convene the extraordinary general shareholders meeting to decide the share capital increase, the share capital reduction or the dissolution of the Bank.
- 5.7 When the share capital reduction is justified by losses, the share capital may be decreased only by way of decrease in the number of issued shares or in the nominal value of the shares; in this case, the reduction by way of restitution to the shareholders of a part of their contribution to the share capital is prohibited.
- 5.8 A resolution on share capital reduction shall clearly state the reasons of the reduction and the procedure used for its implementation.

Article 6. Shareholders' registry

- 6.1 The Bank holds the evidence of its shares in a shareholders' registry, numbered, stamped and sealed, in accordance with Romanian law, registry kept by the Bank.
- 6.2 The shareholders' registry is kept up-to-date by care of the Management Board. The shareholders registry presents, among others:
- (i) identification data of each shareholder: name, surname/corporate name, personal identification number/fiscal code, domicile/registered seat;
 - (ii) number and type of shares held by each shareholder;
 - (iii) source of the ownership (purchase, donation, inheritance etc.);
 - (iv) date as of which the respective shareholder has been registered in the shareholders' registry;
 - (v) any encumbrance instituted on a part or all of the shares held by a shareholder, indicating also the name of the creditor in whose favour the encumbrance was instituted; and

- (vi) the identification data of the representatives of the shareholders (assignors/assignees) in case of a share transfer;
- 6.3 In the relationship between the Bank and its shareholders, the ownership right over shares arises only by and as of the registration of the respective shareholder in the shareholders' registry. Any transfer of shares not registered with the shareholders' registry shall not produce any legal effects towards the Bank who shall not recognise the assignee as a shareholder of the Bank.
- 6.4 Any changes to the identification or contact data included in the shareholders registry shall be communicated by the shareholders by way of a letter addressed to the Management Board that will be accompanied by justifying documents with respect to the changes in the above referred data. The Bank will not be held responsible for the effects triggered by non-current data registered in the shareholders' registry, unless the respective changes have been communicated in accordance with this Art. 6.3.
- 6.4 Any shareholders' certificate issued by the Bank to the benefit of the shareholders in accordance with the applicable law shall be for informative purpose only and shall not represent at any time an ownership title of the respective shares by the person holding the shareholders' certificate.

Article 7. Transfer of shares

- 7.1 Ownership right over the shares is transferred by entry made in the shareholders' register, signed by the seller and the buyer or by their representatives.
- 7.2 In case of universal transfer of shares (e.g. inheritance, merger, spin off, split up), the Management Board shall register the ownership transfer in the shareholders' registry based on any documents attesting the universal transfer of the ownership right (e.g. certificate of inheritance, court decision or any other decision on the approval of a merger/spin off/split up etc). The Management Board is entitled to request any other documents that attest the universal transfer of the shares.

Article 8. Bonds

- 8.1 The Bank may issue bonds in accordance with the applicable law.
- 8.2 If the Bank intends to issue bonds under an offering programme of medium term notes ("MTN Programme"), the extraordinary general shareholders meeting shall decide the main terms and conditions of the MTN Programme, including but not limited to the general limits with respect to: maximum amount of the MTN Programme, period of the MTN Programme, type (private or public) and number of the offerings under the MTN Programme, territoriality of the offerings under the MTN Programme, types/structures of the bonds offered; nominal values, maturities, coupon rates and other general features of the MTN Programme.
- 8.3 The Management Board shall implement an MTN Programme within the limits set out by the shareholders' resolution approving the MTN Programme, in compliance with the applicable laws.

CHAPTER III

A. Business activities of the Bank

Article 9. Core area of business and principal activities

- 9.1 The core area of Bank's business is monetary intermediation (**CAEN Code 641**). The Bank's principal activity is other monetary intermediation activities (**CAEN Code 6419**).
- 9.2 The Bank carries out activities authorised by the NBR which are specific to the following CAEN Codes:

CAEN Code 6419 – other monetary intermediation activities;
CAEN Code 6492 – other crediting activities;
CAEN Code 6499 – other financial intermediation not specified elsewhere;
CAEN Code 6612 – activities for intermediation of financial transactions;
CAEN Code 6619 – activities ancillary to financial intermediation, exclusively insurance activities and pension funds;
CAEN Code 6629 – other activities, ancillary to the activities of insurers and pension funds;
CAEN Code 7022 – activities of business and management consultancy;
CAEN Code 6420 - activities of holdings;
CAEN Code 6311 - processing of data, management of web pages and ancillary activities;
CAEN Code 7010 - activities of departments (centres), centralised administrative offices;
CAEN Code 6630 – services of funds management.

Under the above referred CAEN Codes, the Bank performs the following main specific activities:

- a) acceptance of deposits and other repayable funds;
- b) granting of credits including, among others: consumer loans, mortgage loans, factoring with or without recourse, financing commercial transactions, including forfeiting;
- c) payment operations;
- d) issuance and management of payment instruments such as: credit cards, traveller's cheques and such other, including the issuing of electronic money;
- e) issuance of guarantees and assuming commitments;
- f) trading for own account and/or for the account of customers, according to the law, in:
 - money market instruments such as cheques, bills of exchange, promissory notes, certificates of deposit;
 - foreign currency;
 - financial futures and options contracts;
 - exchange and interest-rate based instruments;
 - transferable securities and other financial instruments;
- g) participating in the issuance of securities and other financial instruments by underwriting and placement thereof or by placement and provision of services related to such issuances;
- h) consultancy services on capital structure, business strategy and other issues related to commercial business, services related to mergers and acquisitions as well as other consultancy services;
- i) portfolio management for clients and consultancy related thereto;
- j) custody of and management of financial instruments;
- k) interbank market brokerage;
- l) provision of services related to supply of data and references in crediting area;
- m) rental of safe deposit boxes;
- n) operations with precious metals, precious stones and with other objects manufactured out of precious metals or stones;
- o) acquisition of participations in the share capital of other entities and
- p) any other activities or services within the financial sector subject to regulation by special laws, namely:
 - acting as depositary in relation to assets of investments funds and investment companies;
 - distribution of units and shares issued by investments funds and investment companies, respectively;
 - acting as authorised operator of the Electronic Archive for Movable Securities for the purpose of registration with the Electronic Archive for Movable Securities of security interests created in relation to the operations carried out by the Bank and/or the operations of the companies belonging to the same group as the Bank;
 - data-processing services, database management or any other similar activities for third parties;
 - acting as depositary in relation to assets of the privately managed pension funds;
 - acting as depositary in relation to financial assets of the optional pension funds;
 - acting as marketing agent in relation to privately managed pension funds and as marketing agent in connection with the prospectuses of the optional pension schemes;
 - acting on behalf and in the name of other credit/financial institutions in connection with crediting/financial operations or with other operations ancillary to credit/financial operations; and
 - acting in the name and on behalf of other entities to promote their services to the Bank's clients, in subsidiary to services and products provided by the Bank.
 - acting for and on behalf of other financial entities for the sale / distribution of their products / financial services, as well as providing the necessary support services for the sale/distribution of these types of products/services;

- acting for and on behalf of other payment institutions/ institutions issuing electronic currency as a paying agent / electronic currency payment agent.

Operations referred to in letters f), g), h), i) and j) may be performed in relation to all investment services regulated by the Capital Markets Law and the legal framework related thereto, to extent such operations relate to the financial instruments regulated by the above referred law.

B. Activities ancillary to the Bank's main business activities

Article 10. Ancillary activities

For the purpose of fulfilling its main activities, the Bank can also perform the following ancillary activities:

- a) non-financial mandate or commission operations, in particular on the account of other entities within the group to which the Bank belongs, specific to the following CAEN Codes:

CAEN Code 6419 - other monetary intermediation activities;

CAEN Code 6629 - other activities, ancillary to the activities of insurers and pension funds;

CAEN Code 6832 - activities for the management of immovable transactions based on a commission or contract; and

CAEN Code 6831 - activities of real estate agencies based on a commission or contract.

In particular, under the above referred CAEN Codes, the Bank performs the following main specific activities:

- performing operations regarding public budget execution, within the limits of the mandate;
 - performing operations as insuring agent;
 - debt collection in relation to the enforceable titles belonging to the Bank and/ or to the companies of the Bank's group carrying out financial activities;
 - mandate operations regarding the drawing up of the leasing documents for concluding leasing contracts between the Bank and SC BCR Leasing IFN SA which are funded by the Bank;
 - debt collection on its behalf and/or on behalf of its subsidiaries and/or of third parties; and
 - performing real estate activities (management and transactions) in the name and on behalf of the Bank's subsidiaries and/or of the group of the Bank's majority shareholder.
- b) provision of services to the Bank's customers which, although ancillary to the Bank's main activity, represent an extension of the banking operations:
 - **CAEN Code 7022** (*Activities of business and management consultancy*) – under which the Bank is entitled to provide any type of advisory services and/or activities to the benefit of its customers, including but not limited to: capital structure, corporate restructuring, business strategy and management (including financial management (excluding corporate taxes), marketing management, human resources management, business processes management, other projects management (excluding construction projects));
 - **CAEN Code 6420** (*Activities of holdings*) – under which the Bank is entitled to acquire, manage and alienate any participation or interest in other companies and/or entities within the limits prescribed by applicable law;
 - **CAEN Code 7010** (*Activities of departments (centres), centralised administrative offices*) – under which the Bank is entitled to carry out any activities that are specific to the organisation, operation and management of the Bank and by the Bank of its subsidiaries and secondary offices;
 - **CAEN Code 6311** (*Processing of data, management of web pages and ancillary activities*) – under which the Bank is entitled to provide services of data processing, data base management or any other similar services;
 - **CAEN Code 6619** (*Activities ancillary to financial intermediation, excluding activities specific to insurance and pension funds*) and **CAEN Code 6612** (*Activities for intermediation of financial transactions*) – under which the Bank is entitled to provide services to its own clients, including:

- (i) valuation of movable and immovable assets to determine adequacy of security for loans, expert evaluation of technical-economic documentation and pre-feasibility and feasibility studies presented by clients in view of granting credits for investments;
 - (ii) sale to the Bank's clients of standard prints specific to banking activities.
- **CAEN Code 5229** (*Other activities ancillary to transportation*) and **CAEN Code 5040** (*Transportation of merchandise on internal waterways*) – under which the Bank is entitled to carry out cash collection and transport to and from the clients of the Bank through the Bank's special transport vehicles (for valuable assets) and through naval transportation means.
- c) performing activities for the management of movable and/or immovable assets, which are property of the Bank, but are not used for the performance of its financial activities:
- **CAEN Code 6810** (*Acquisition and sale of own immovable assets*) under which the Bank is entitled to carry out transactions with movables and/or immovable assets for the purpose of collecting the Bank's receivables, as well as the sale of immovable assets to third parties, including the employees of the Bank, in accordance with the law;
 - **CAEN Code 8559** (*Other forms of education*) – under which the Bank is entitled to organise and conduct professional training of the staff in its own training centres, including provision of accommodation and board;
 - **CAEN Code 5510** (*Hotels and other similar accommodation facilities*) and **CAEN Code 5610** (*Restaurants*) – under which the Bank is entitled to provide accommodation and board for its employees and the families thereof in training centres during periods when no professional trainings are carried out.
- d) Operations related to the estate consisting of movable and/or immovable assets which are used and necessary for the purpose of carrying out the Bank's financial services, specific to the following CAEN Codes:
- **CAEN Code 6810** (*Sale and purchase of own real estate assets*);
 - **CAEN Code 6820** (*Lease or sub-lease of immovable assets owned or subject to leasing agreements*).
- e) rendering IT services for the Bank and/ or for the companies within the group of which the Bank is part, under which the Bank is entitled to carry out telecommunication and IT activities and services specific to the following CAEN Codes:
- **CAEN Code 6110** (*Telecommunication activities through cable network*);
 - **CAEN Code 5829** (*Activities for editing of software products*),
 - **CAEN Code 6120** (*Telecommunication activities through networks without cable (satellite exclusively)*);
 - **CAEN Code 6190** (*Other telecommunication activities*);
 - **CAEN Code 6201** (*Activities for development of software by order (client oriented software)*);
 - **CAEN Code 6202** (*Consultancy activities in information technology*);
 - **CAEN Code 6203** (*Management activities (management and operation) of calculation equipment*);
 - **CAEN Code 6209** (*Other services related to the information technology*);
 - **CAEN Code 6311** (*Data processing, web pages management and related activities*);
 - **CAEN Code 6312** (*Activities specific to web portals*);
 - **CAEN Code 6399** (*Other activities of information services not specified elsewhere*).

CHAPTER IV

General Meetings of Shareholders

Article 11. Types of shareholders meeting; powers

- 11.1 The governing body of the Bank is the general meeting of shareholders. The general meetings of shareholders are ordinary and extraordinary.
- 11.2 The ordinary General Meeting of Shareholders debates and decides upon the following matters:

- a) discussion, approval of or changes to the annual financial statements, based on the reports presented by the Supervisory Board, the Management Board and by the financial auditor, including the reports of the committees of the Supervisory Board if applicable, and deciding upon distribution of profits as dividends, reserves or other distribution;
- b) election and revocation of the members of the Supervisory Board;
- c) establishment of adequate remuneration, for the ongoing financial year, of the members of the Supervisory Board;
- d) assessment of the activity of the members of the Supervisory Board and of the Management Board and release on the management performed by the Management Board for the preceding financial year;
- e) approval of the income and expenditure budget and, if applicable, the business plan for the next financial year;
- f) approval of the pledging, leasing or closure of the Bank units;
- g) approval of legal actions commencement against the members of the Supervisory Board and the financial auditor and designation of the person empowered to represent the Bank in the court proceedings;
- h) appointment and revocation of the financial auditor and establishment of the minimum term of the contract with the financial auditor; and
- i) other matters that are included on the agenda of the meeting and are attributed to the ordinary General Meeting of Shareholders by law.

11.3 The extraordinary General Meeting of Shareholders debates and decides upon the following matters:

- a) change in the legal form of the Bank;
- b) reduction of the share capital;
- c) increase of the share capital, except where the increase is decided by the Management Board in accordance with Art. 5.2 of this Charter;
- d) changes in the Bank's main business activities as set forth in Article 9 of this Charter;
- e) merger of the Bank with any other company or the split – up of the Bank;
- f) liquidation and dissolution of the Bank;
- g) issuance of bonds, subject to the provisions of Art. 8 of this Charter;
- h) conversion of one category of bonds into another category or into shares;
- i) conversion of shares from one class to another;
- j) prior approval of the main terms and conditions of any transaction/series of transactions of acquisition, disposal, lease and/or encumbrance of any fixed assets of the Bank, the book value of which exceeds, individually or in aggregate, twenty five (25) percent of the Bank's own funds as recorded in the last annual financial statements;
- k) prior approval of the main terms and conditions of any legal acts concluded by the Management Board for and on behalf of the Bank, for the acquisition, disposal, lease, exchange or encumbrance of Bank's assets, the book value of which exceeds fifty (50) percent of the book value of the Bank's assets on the date when the legal act is concluded by reference to the latest annual financial statements;
- l) the acquisition by the Bank of its own shares, directly or indirectly, in accordance with the law, unless the Bank acquires own shares by operation of a corporate action, e.g. exercise by a shareholder of the right to withdraw from the Bank in the instances prescribed by the law;
- m) any amendments to the Bank's Charter;
- n) any public offering of shares issued by the Bank or admission thereof to trading on any regulated market/multilateral trading facility;
- o) any acquisition or alienation by any member/members of the Management Board or of the Supervisory Board in his/her own name of assets from or to the Bank, the value of which exceeds 10% of the net asset value of the Bank;

- p) other matters that are included on the agenda of the meeting and are assigned to the extraordinary General Meeting of Shareholders by law.
- 11.4 The following duties are delegated to the Management Board and decisions on these matters may be taken subject to prior endorsement by the Supervisory Board:
- a) increase of the share capital, in accordance with Art. 5.2 of this Chapter;
 - b) change in the Bank business activities as set forth in Art. 10 of this Charter;
 - c) relocation of the Bank's registered seat, to any other location in Romania;

Article 12. Convening of the shareholders meetings

- 12.1 The general shareholders meetings are convened by the Management Board whenever necessary. The Ordinary Shareholders Meeting shall be convened at least once a year, within five (5) months as of the end of the financial year.
- 12.2 The shareholders meeting shall assemble after the expiry of at least 30 days from the publication of the convening notice in the Official Gazette of Romania on the date indicated in the convening notice for the first or for the second convening date.
- 12.3 The convening notice having the minimum information prescribed by the law shall be published in the Official Gazette of Romania, Part IV and in a widely spread newspaper and on the Bank's webpage.
- 12.4 One or more shareholders representing at least 5% of the Bank's share capital may require, by written request addressed to the Management Board, the supplementing of the published agenda of a meeting with additional items within 15 days as of the publication of the convening notice in the Official Gazette.
- 12.5 To the extent the request to supplement the agenda fulfils the legal requirements, the Management Board shall re-publish the convening notice with the updated agenda in accordance with Art. 12.3 above with at least 10 days prior to the date of the meeting indicated in the convening notice for the first convening.
- 12.6 The Management Board shall immediately convene a general shareholders meeting, upon request of shareholders representing, individually or together, at least 5% of the share capital, provided that the request to convene a meeting relates to matters that fall within the area of competence of the shareholders' meeting. In this case the shareholders meeting shall be convened within 30 days and shall be held within 60 days as of the date of registration of the respective letter of request with the Bank.
- 12.7 No resolution may be adopted on matters that have not been included in the published convening notice, unless all shareholders of the Bank attend in person or by representation the meeting and none of them opposes or challenges the resolution.

Article 13. Access to information in connection with a shareholders meeting

- 13.1 The convening notice for a shareholders meeting shall include the location and the date on which the meeting shall be held, as well as the agenda expressly detailing all matters which will be subject to debates in the meeting.
- 13.2 The annual financial statements, the annual reports of the Management Board and of the Supervisory Board, as well as the proposal for the distribution of dividends shall be made available to the shareholders at the registered seat of the Bank and shall be published on the web site of the Bank as of the date of publication of the convening notice for the ordinary general shareholders meeting.
- 13.3 Each shareholder may address in writing questions to the Management Board related to the activity of the Bank prior to the date when the meeting is held and the answers to these questions will be granted in the meeting. Additionally, the Management Board may choose to post the answers to the questions of the shareholders on the Bank's website in section "Frequently Asked Questions".
- 13.4 In case the convening notice includes a proposal for the appointment of members of the Supervisory Board, the Bank shall make available to the shareholders the information on the name, domicile location and professional qualification of the persons proposed as candidates for members in the Supervisory Board and such list may be consulted and supplemented by the shareholders up to the 4th business days prior to the date of the meeting in the first convening.
- 13.5 When the agenda of the meeting includes proposals for the amendment of the Charter, the convening notice shall include the full text of such proposals.

Article 14. Pre-voting formalities related to the shareholders' meetings

- 14.1 Only shareholders registered with the Bank's shareholders' registry on the reference date established by the Management Board are entitled to attend to and vote in the convened shareholders meeting.

- 14.2 All shareholders may participate in the general meetings in person (in case of legal persons, through their legal representative(s)) or by representation, based on a special power of attorney granted solely for the respective shareholders meeting (first or second convening). A shareholder may appoint **as** representative in the meeting any person, save for the members of the Management Board, Supervisory Board and Bank's officers. The powers of attorney shall be submitted by the shareholder intending to participate by representation with the Bank with at least 2 Business Days prior to the date of the shareholders meeting in the first convening. The shareholders and their representatives shall present an identity document and a power of attorney, as applicable, in order to attend the general meeting of shareholders.
- 14.3 On the date and at the time indicated in the convening notice for the shareholders meeting at the first convening, the chairman of the Management Board (the "**MB Chairman**"), as chairman of the meeting, shall open the meeting, after ascertaining that the convening formalities have been fulfilled and the quorum requirements have been met. The MB Chairman shall chair the general meeting of the shareholders. In the absence of the MB Chairman, the meeting will be opened and chaired by a member of the Supervisory Board, in the following order: the Chairman of the Supervisory Board (the "**SB Chairman**"), the Vice Chairman of the Supervisory Board and the other members of the Supervisory Board according based on their seniority in age (decreasing).
- 14.4 The chairman of the meeting may appoint, from among the Bank's employees, one or more technical secretaries whose duties include: (i) preparing minutes on the quorum and observance of all legal and statutory formalities for the orderly holding of the respective shareholders meeting, (ii) participating in all the operations carried out by the secretaries of the meeting.
- 14.5 The general meeting of shareholders appoints from among the shareholders attending the meeting in person or by representation one to three secretaries who verify the attendance list of the shareholders, the portion of the capital each shareholder represents, the minutes prepared by the technical secretaries of the meeting and the fulfilment of all the formalities required by law and the Charter to hold the meeting, after which the discussion of the issues on the agenda shall commence.
- 14.6 If the minimum quorum for the first convening date is not met, the meeting shall re-assemble in the second convening date, at the hours and at the location set out in the published convening notice.
- 14.7 The members of the Management Board, as well as the members of the Supervisory Board, attend the general meetings of the shareholders as invitees, with no right to vote, except when they attend the meetings as shareholders.
- 14.8 Decisions in the general meeting of shareholders shall be adopted by open vote, unless the following matters are subject to the shareholders' voting (secret vote): appointment or revocation of the members of the Supervisory Board, appointment, revocation or dismissal of the Bank's financial auditors, adoption of a resolution to engage the liability of the members of the Supervisory Board or the Management Board.

Article 15. Quorum and majorities

- 15.1 General quorum and majority requirements for the shareholders meetings of the Banks, in the first and in the second convening, are as follows:
- a) for the ordinary shareholders meeting in the first convening – the meeting is legally convened if shareholders representing at least $\frac{1}{2}$ of the total number of voting rights are present or represented and decisions are adopted with the majority of the votes expressed;
 - b) for the ordinary shareholders meeting in the second convening – the meeting is legally convened regardless of the number of shareholders attending and decisions are adopted with the majority of the votes expressed;
 - c) for the extraordinary shareholders meeting in the first convening – the meeting is legally convened if shareholders representing at least $\frac{3}{4}$ of the total number of voting rights are present or represented and decisions are adopted by votes representing at least $\frac{1}{2}$ of the total number of voting rights; and
 - d) for the extraordinary shareholders meeting in the second convening – the meeting is legally convened if shareholders representing at least 35% of the total number of voting rights are present or represented and decisions are adopted with the majority of the votes expressed.
- 15.2 Special majority requirements for the shareholders meetings of the Banks for the adoption of decisions on certain matters are as follows:
- a) revocation of members of the Supervisory Board (in first convening):
 - ✓ at least $\frac{2}{3}$ of the voting rights expressed by the shareholders present or represented;
 - b) change in the Bank's principal object of activity and reduction of the share capital:
 - ✓ at least $\frac{2}{3}$ of the voting rights expressed by the shareholders present or represented;

- c) change of the legal form, merger, split up, spin off, liquidation and dissolution of the Bank, where the shareholders' approval is necessary:
 - ✓ at least $\frac{3}{4}$ of the total voting rights;
- d) increase in the share capital including by way of initial public offering for the purpose of admission to trading of the shares issued by the Bank on the Bucharest Stock Exchange, save where the share capital is implemented by the Management Board, in accordance with Art. 5.2 of this Charter:
 - ✓ at least $\frac{3}{4}$ of the total voting rights;
- e) acquisition, disposal, lease and/or encumbrance of any fixed assets of the Bank, the book value of which exceeds, individually or in aggregate, twenty five (25) percent of the Bank's own funds as recorded in the last annual financial statements:
 - ✓ at least $\frac{3}{4}$ of the total voting rights;
- f) approval of the main terms and conditions of any legal acts concluded by the Management Board for and on behalf of the Bank, for the acquisition, disposal, lease, exchange or encumbrance of Bank's assets, the book value of which exceeds fifty (50) percent of the book value of the Bank's assets on the date when the legal act is concluded by reference to the latest annual financial statements:
 - ✓ at least $\frac{3}{4}$ of the total voting rights;
- g) amendments to Art 15.2 c) – f) and 27.3 of this Charter:
 - ✓ at least $\frac{3}{4}$ of the total voting rights.
- h) increase of the share capital by increasing the nominal value of the shares:
 - ✓ unanimity.

Article 16. Post-voting formalities related to the shareholders' meetings

- 16.1 The secretary or secretaries (as the case may be) of the general meeting of shareholders draw up the minutes of the meeting, which are signed by MB Chairman, or by the other person chairing the meeting, and by the secretary or secretaries (as the case may be) of the general meeting of shareholders. Such minutes record the fulfilment of the convening formalities, the date and place of the general meeting of shareholders, the shareholders present or represented, the number of shares held by the shareholders present or represented, the summary of the debates and the decisions adopted, and at the request of the shareholders, the statements made by such shareholders in the meetings. All documents in connection with the convening of the meeting and the attendance list of the shareholders are attached to the minutes.
- 16.2 The minutes, signed by the chairman and the secretary or secretaries of the meeting, are entered into the register of the general meetings of shareholders.
- 16.3 The decisions of the general meeting of shareholders are submitted within fifteen (15) days from the date of the general meeting of shareholders with the National Trade Register Office and published in the Official Gazette and on the Bank's web page.
- 16.4 Decisions adopted by the general meeting of shareholders in accordance with the law and the Charter are also binding upon those shareholders who did not attend the meeting or voted against such decisions.
- 16.5 Shareholders who did not vote in favour of proposals to decide upon:
- (a) change in the main object of the Bank's activity;
 - (b) relocation of the Bank's registered seat abroad;
 - (c) change in the legal form of the Bank;
 - (d) merger, spinoff or split up of the Bank
- are entitled to withdraw from the Bank as shareholders and to request the Bank to acquire their shares. The right of withdrawal may be exercised within 30 days as of the publication of the shareholders resolution in the Official Gazette, Part IV, in cases set out at (a) – (c) above or as of the date when the shareholders resolution has been adopted in case of (d) above.
- In cases where, under the applicable law, no shareholders' resolution is necessary for the approval of the merger/split-up/spin off, the shareholders of the Bank that are not in favour of the merger/spin off/split up may exercise the withdrawal right within 30 days as of publication date of the merger/spin off/split up in accordance with the relevant legal provisions.
- The price that will be paid by the Bank for the shares that are subject to the exercise of withdrawal right shall be established by an independent authorised expert, as average value resulting from at least to valuation methods recognised by the applicable law on the evaluation date.

CHAPTER V Supervisory Board

Article 17. Organisation

- 17.1 The Bank is managed in a dual system, by a Management Board supervised by a Supervisory Board, in accordance with the companies and banking legislation in force and this Charter.
- 17.2 The Supervisory Board is composed of minimum five (5) members and maximum nine (9) members appointed by the ordinary general shareholders meeting for a maximum three-year term, with the possibility of being re-elected for subsequent maximum three-year mandates.
- 17.3 The candidates for the position of a member in the Supervisory Board may be nominated by the shareholders or by the other members of the Supervisory Board in office.
- 17.4 The members of the Supervisory Board must fulfil the general conditions provided by the laws in force, as well as the special conditions relating to such position, stipulated in the company law, banking law and in the regulations of the NBR as well as in other European pieces of legislation, as applicable from time to time. 17.5 In the event of a vacancy in the Supervisory Board, the Supervisory Board shall elect an interim member until the general meeting of shareholders having on the agenda the appointment of a Supervisory Board member is held. The Management Board calls as soon as possible the general meeting of shareholders in accordance with Article 12 having on the agenda election of members to fill the vacant positions as members of the Supervisory Board. The newly appointed members shall serve on the Supervisory Board for the term and under the conditions established by the general meeting of shareholders.
- 17.6 The SB Chairman and the Deputy SB Chairman are elected by the Supervisory Board from the members of the Supervisory Board.
- 17.7 The SB Chairman is authorized to call and set the agenda for the meetings of the Supervisory Board with the full cooperation and assistance of the Management Board of the Bank. If requested by the SB Chairman, the Management Board provides the Supervisory Board with all necessary materials and documents for the meeting of the Supervisory Board. The SB Chairman chairs all meetings of the Supervisory Board and has such other powers and duties as designated in this Charter and as may be set forth in the Supervisory Board Internal Rules (*Regulamentul de organizare și funcționare al Consiliului de Supraveghere* in Romanian) (the "**Supervisory Board Internal Rules**"). If the SB Chairman or the Deputy SB Chairman cannot be present or are forbidden to vote, the other members of the Supervisory Board shall elect a chairman for the meeting who has the same rights and obligations as the SB Chairman, except for the right to the casting vote as provided in Art. 18.9 which is an exclusive right of the SB Chairman.

Article 18. Functioning

- 18.1 The Supervisory Board shall assemble in regular meetings, called by the SB Chairman, once every three (3) months. Notice of the regular meetings is sent to the members of the Supervisory Board at least seven (7) calendar days prior to the proposed date of the regular meeting.
- 18.2 At the regular meetings of the Supervisory Board, the Management Board submits and presents written reports on the operations carried out and the register of the minutes of the Management Board meetings. The reports are provided to the members of the Supervisory Board in advance of the meeting of the Supervisory Board together with the call notice for such meetings.
- 18.3 When required, special meetings of the Supervisory Board may be called either by: (i) the SB Chairman, or the Deputy SB Chairman, upon the motivated request of the two (2) members of the Supervisory Board or upon the request of the Management Board; or (ii) two (2) members of the Supervisory Board, should the SB Chairman or the Deputy SB Chairman fail to call the meeting upon their motivated request or request, as the case may be.
- 18.4 The notices for the Supervisory Board meetings shall be provided in writing, by courier, registered mail or electronic mail and shall include the proposed agenda with the supporting materials, the location of the meeting and such other supplementary documentation as the SB Chairman or the Deputy SB Chairman, as the case may be, shall deem appropriate. Supervisory Board meetings may be held at any time without notice if all the members of the Supervisory Board are present or if those not present expressly waive the requirement to receive notice of the meeting in writing.
- 18.5 The Supervisory Board may hold meetings by telephone or video conference, by correspondence or by other distance means of communication that meet the technical requirements necessary in order to ensure the identification of the participants, their effective participation to the Supervisory Board's meetings and the transmission of debates on a continuous basis. The content of the minutes drafted following such Supervisory Board's meeting by telephone, video conference, correspondence or any other distance means of communication shall be confirmed in writing by all members of the Supervisory Board attending the meeting.
- 18.6 The Supervisory Board is legally convened if the majority of its members are present, and the decisions are adopted with the affirmative vote of majority of the Supervisory Board's members.

- 18.7 The members of the Supervisory Board may be represented in the Supervisory Board meetings by other members of the Supervisory Board with the authority of a special power of attorney, however, one present member may represent only one other member of the Supervisory Board in one meeting. The power of attorney shall be submitted to the Bank prior to the Supervisory Board meeting.
- 18.8 In respect of any decision of Supervisory Board, in case of parity of votes, the SB Chairman shall have the casting vote.
- 18.9 The members of the Management Board attend the meetings of the Supervisory Board as invitees only with no right to vote. The Supervisory Board at any point may require any or all of the members of the Management Board present at a meeting of the Supervisory Board to leave the meeting.
- 18.10 Minutes of the meetings of the Supervisory Board are kept at every meeting, containing, among others, the name of the participants, the agenda of the meeting, the deliberations, the decisions made, the number of votes cast and any dissenting opinions. The minutes are entered into the register of the Supervisory Board meetings and signed in accordance with the procedures established pursuant to the Supervisory Board Internal Rules.

Article 19. Powers and Duties

- 19.1 The Supervisory Board supervises, manages and coordinates the activities of the Management Board and the compliance with the applicable law, Charter and the general meeting of shareholders' decisions. The Supervisory Board has the following main duties:
- (a) exercises permanent control over the management of the Bank by the Management Board;
 - (b) appoints and revokes the members of the Management Board, including the MB Chairman, setting out the powers of the Management Board, the terms and conditions of their mandate, allocating the duties of each member and approving their remuneration;
 - (c) checks the compliance of the management operations with the applicable law, the Charter and the resolutions adopted by the shareholders' meetings; and
 - (d) reports at least annually to the general meeting of the shareholders on the supervisory activity carried out.
- 19.2 The Supervisory Board has the following special powers and duties:
- (a) represents the Bank in relation with the Management Board;
 - (b) elects and revokes the SB Chairman and the Deputy SB Chairman;
 - (c) reviews and endorses proposals of the Management Board to be included on the agenda and submitted for the approval of the general meetings of shareholders;
 - (d) establishes consultative committees composed of at least two (2) members of the Supervisory Board the duties of which include the carrying out of researches and drawing up recommendations to the Supervisory Board in areas such as audit, remuneration of the members of the Management Board, of the Supervisory Board and of the Bank's personnel, nomination of candidates for the management positions or other areas expressly provided by the applicable law;
 - (e) approves the internal rules of the Supervisory Board and the internal rules of the consultative committees established by the Supervisory Board;
 - (f) approves the internal rules of the Management Board ("**Management Board Internal Rules**"); and
 - (g) any other powers expressly provided by the Supervisory Board Internal Rules.
- 19.3 The Supervisory Board may not undertake or be delegated any management duties of the Bank. Nonetheless, for the following type of operations, the written consent of the Supervisory Board shall be required prior to the implementation of the respective operations by the Management Board, as and if specified in the Supervisory Board Internal Rules and/or in the Management Board Internal Rules:
- (a) establishment and any changes to the Bank's general strategies, policies, procedures, by-laws and other internal norms;
 - (b) matters concerning the Bank's subsidiaries;
 - (c) matters concerning the duties delegated to it as set out in Art. 11.4 above;
 - (d) matters related to internal and external audit of the Bank;
 - (e) transactions, investments, contracts, agreements, arrangements concluded by the Bank or undertaking of obligations by the Bank, the value of which exceeds certain thresholds;
 - (f) write off of losses from the books, the value of which exceeds certain thresholds;
 - (g) agreements between the Bank and the trade union, including the collective labour agreement;
 - (h) outsourcing of services;
 - (i) materials that are submitted to the approval of shareholders in the shareholders meetings; and
 - (j) establishment and closing of secondary units of the Bank in the European Union's and/or third countries.

Further details on specific types of operations, as well as thresholds above which the implementation of the operations requires the consent of the Supervisory Board are included in the Supervisory Board Internal Rules and Management Board Internal Rules.

Chapter VI **Management Board (*Directorat* in Romanian)**

Article 20. Organisation of the Management Board

- 20.1 The Management Board is composed of minimum three (3) members and maximum seven (7) members appointed by the Supervisory Board for a maximum four-year term, with the possibility of being re-elected for subsequent mandates of maximum four years. The Supervisory Board shall decide the number of members that will create the Management Board, which shall at all time be odd.
- 20.2 In case of a vacancy in the Management Board, the Supervisory Board shall proceed without delay with the appointment of a new member. The newly appointed member shall serve on the Management Board for the term and under the conditions established by the Supervisory Board.
- 20.3 The members of the Management Board must fulfil the general conditions provided by the laws in force, as well as the special conditions relating to bank managers; stipulated in the company law, in the banking law and in the regulations of the NBR, as well as in other European pieces of legislation, as applicable from time to time.
- 20.4 The MB Chairman has such other powers and duties as provided in the Management Board Internal Rules.
- 20.5 In case the members of the Management Board are employees of the Bank, during the management mandate their individual labour agreement is suspended.
- 20.6 The remuneration of the members of the Management Board shall be approved by the Supervisory Board.

Article 21. Functioning of the Management Board

- 21.1 The Management Board is legally convened if the majority of its members are present, and the decisions are adopted with the affirmative vote of majority of the Management Board's members, save for the cases mentioned under Section 21.4 and Article 23 below, when unanimity of all the Management Board's members' votes is required.
- 21.2 Members of the Management Board may be represented in the Management Board meetings by other members of the Management Board under the authority of a special power of attorney, however, one present member may represent only one other member of the Management Board in one meeting.
- 21.3 The Management Board may hold meetings by physical presence of members at the Bank's headquarters or at the location specified in the call notice, or by telephone or video conferences or by other distance means of communication that meet the technical requirements necessary in order to ensure the identification of the participants, their effective participation to the Management Board's meetings and the transmission of debates on a continuous basis. For the avoidance of doubt, it shall be considered a valid distance mean of communication any electronic means that ensure the permanent and immediate information and notification of the Management Board's meetings regarding the debates and the comments submitted by the other Management Board's members.
- 21.4 Notwithstanding the above, the Management Board may pass decisions by correspondence without calling formalities and the necessity of having a meeting hold, under certain exceptional cases justified by the emergency of the situation and the Bank's interest. However, no such procedure may be used for the decisions referring to the annual financial statements or the share capital of the Bank.

Article 22. Powers and duties

- 22.1 The management of the Bank pertains exclusively to the Management Board, that fulfils the necessary and useful for the accomplishment of the Bank's object of activity, save for those duties reserved by law in the competency of the Supervisory Board or of the shareholders' meetings. The operational management of the Bank is undertaken by the Management Board, having the powers and responsibilities provided under the law and by the Management Board internal rules.
- 22.2 The MB Chairman and the other members of the Management Board have such powers and duties as provided by law and as may be set forth in the Management Board Internal Rules.
- 22.3 The Management Board shall have the following main duties, among others:
 - (a) convening of the general shareholders meetings, in accordance with the law and with this Charter;

- (b) setting up and closing up Bank's secondary seats in Romania: branches, agencies, representative offices or other units without legal personality;
 - (c) performing the duties set out in Art. 19.3 of this Charter, subject to prior approval of the Supervisory Board;
 - (d) submitting to the Supervisory Board the annual financial statements and the annual report, immediately after such documents have been drawn up;
 - (e) keeping the Supervisory Board properly informed to enable the Supervisory Board to perform its duties in an efficient manner and provides to it any information and documents requested;
 - (f) communicating in due time to the Supervisory Board any information with respect to events that may have a significant influence over the Bank's standing;
 - (g) informing the Supervisory Board about all acts of misconduct discovered in the exercise of their powers; and
 - (h) establishing committees as considered necessary and appropriate. Such committees shall have the powers and authority as provided in the Management Board Internal Rules and in the respective committees' internal rules.
- 22.4 Other specific powers and duties of the Management Board are regulated in the Management Board Internal Rules.

Article 23. Representation powers

- 23.1 In relation to third parties, the Bank is represented and bound by the joint signatures of two persons as follows:
- (a) two members of the Management Board;
 - (b) two persons / positions authorized unanimously by all members of the Management Board, in accordance with the companies' and banking legislation in force and the internal rules of the Bank.
- 23.2 Notwithstanding the foregoing, the Bank may be represented and bound by one person / position unanimously appointed by all members of the Management Board, if and as further detailed in and provided by the Bank's internal regulations and/or norms, in the following situations:
- (a) in case of movable and immovable mortgages entered into by the Bank in its ordinary course of business: execution, amendment and/or performance of any formalities necessary and/or recommended (applications for registration, de-registration, amendment of registration) before any relevant authority and/or institution (including but not being limited to land book offices, Electronic Archive of Movable Security Interests ("AEGRM"), etc.);
 - (b) in case of any operation subject to be registered in AEGRM (e.g. assignment of receivables) and/or land book offices (e.g. rental agreements): performance of any formalities necessary and/or recommended (applications for registration, de-registration, amendment of registration);
 - (c) in case of documents issued from an operational perspective falling within AEGRM duties and related to the capacity of AEGRM as authorized operator
 - (d) in case of the payments which are carried out through electronic payment systems, which automatically allow using only a single authorized person's electronic signature;
 - (e) in relation to any legal and/or regulatory formalities and/or requirements which must be performed and/or complied with before any public authority and/or institution by using a single electronic and/or handwritten signature;
 - (f) in case of financial services agreements executed by using distance means of communication;
 - (g) in case of liabilities products for private individuals – including contracts and addendums thereto (e.g. framework agreement for banking services, current accounts, current account packages, term deposits, saving products, Escrow accounts etc.) and all related banking services (e.g. direct debit, standing order, internet banking); and
 - (h) in case of unsecured loans for private individuals – including contracts and addendums thereto (e.g. cash loans, overdraft, credit card) and
 - (i) in case of secured credit card for private individuals – including contracts and addendums thereto.
- 23.3 All persons entitled by law to represent the Bank in relation to third parties shall be registered with the Trade Registry.

CHAPTER VII Conduct

Article 24. Confidentiality

- 24.1 The members of the Supervisory Board, the members of the Management Board and all employees of the Bank have a duty to maintain confidential all confidential information relating to the activities and operations of the Bank, as required by the applicable law and employment or consultancy agreements.
- 24.2 The members of the Supervisory Board and the members of the Management Board have a duty of care and loyalty to the Bank. Such duties shall be fulfilled in the interests of the Bank's shareholders and stakeholders.

CHAPTER VIII Financial Control

Article 25. Financial auditors

- 25.1 The Bank will conclude a financial audit services agreement with a financial auditor, who will be an international auditing firm of international reputation, authorized by the Chamber of Financial Auditors of Romania.
- 25.2 The agreement for the provision of financial audit services shall include among other provisions the obligation of the financial auditor to submit to the general meeting of shareholders an annual report together with its opinion, as required by law, on the financial operations of the Bank in the previous financial year.

Article 26. The financial year and financial statements

- 26.1 The financial year of the Bank shall commence on January 1 and shall end on December 31 of every calendar year.
- 26.2 The Bank shall keep the accounting records in Romanian lei, shall draw up the financial statements in accordance with the applicable law.

Article 27. Dividend policy

- 27.1 The shares issued by the Company bear the right to dividends from profits established in accordance with the annual financial statements of the Bank approved by the shareholders meeting, save for the treasury shares and shares that have not been paid up that will not have attached the right to dividend.
- 27.2 The profit remaining after the payment of taxes due shall be distributed, based on the resolution of the general meeting of the shareholders, for the establishment of funds, payment of dividends and for other purposes.
- 27.3 To the extent permitted by the applicable legislation and by the regulations of the NBR at least 40% of the annual net profit determined in accordance with the International Financial Reporting Standards shall be approved to be distributed to the shareholders as dividends.
- 27.4 The dividends are distributed to the shareholders proportionally to their participation in the paid up share capital.
- 27.5 The dividends are paid within the terms established by the shareholders meeting but not later than 6 months as of the date of approval of the annual financial statements for the ended financial year, under the sanction of payment of penalties.

Article 28. Records of the Company

- The Management Board shall ensure that the Bank keeps all the registers required by the applicable legislation.

CHAPTER VIII Miscellaneous

Article 29. Corporate restructurings

The merger, dissolution, split-off and liquidation of the Bank are carried out in the conditions and with the observance of the procedures provided by applicable legislation in force.

The provisions of this Charter shall be supplemented by the legal provisions in force.

The current Charter was signed today, 22.10.2018. the authentication date, at the Banca Comerciala Romana S.A. Headquarters in Bucharest, Calea Victoriei, nr. 15, sector 3, in one original copy which shall remain in the archives of the notary office and 4 (four) duplicates, out of which 1 (one) shall remain in the archive of the notary office and 3 (three) shall be issued to the party.

Sergiu Cristian Manea
Executive President



Anexa 2 / Annex 2

Actele de demisie/demitere in randul membrilor administratiei conducerii executive/ Resignation/dismissal acts among members of the executive management

To Mr. Manfred Wimmer, Chairman of BCR Supervisory Board

RESIGNATION

Consiliul de Supraveghere

Nr. Intraire/leşire 236/40/2018

The undersigned,

Wilhelm Koch, German citizen, holder of the passport no. C4VWR9WV, issued on 27.11.2015,

I hereby resign from my quality of BCR Supervisory Board membership and from the related BCR Supervisory Board committee – namely Audit and Compliance Committee, starting with the date of 31.01.2018.

I am therefore kindly asking the Supervisory Board to acknowledge my resignation, to release me from all my duties starting with the date of my resignation and for this purpose to properly request the liability discharge within the Ordinary General Shareholders meeting.

Signature


Wilhelm Koch

Consiliul de Supraveghere

Nr. Intraire/ieșire 10/5/2018

Domnule Presedinte,

Subsemnatul Ciurezu Tudor, membru al Consiliului de Supraveghere al Bancii Comerciale Romane, urmare a faptului ca Societatea de Investitii Financiare Oltenia S.A., societate la propunerea careia am fost ales membru in Board-ul B.C.R. nu mai detine calitatea de actionar al B.C.R., participatia sa formand obiectul contractului de vanzare-cumparare actiuni incheiat cu Erste Group Bank AG finalizat cu succes, va anunt ca incepand cu 01.01.2019 imi dau demisia din Consiliul de Supraveghere al B.C.R.

Cu acest prilej aduc multumirile si aprecierile mele sincere domnilor Treichl Andreas si Wimmer Manfred, fost si actual presedinte, Consiliului de Supraveghere in totalitate, pentru atmosfera de colaborare si inalta tinuta profesionala ce a caracterizat intreaga perioada de activitate.

Va doresc realizari deosebite in viitor!

Sarbatori fericite !

Cu stima,

conf. univ. dr. ec. Tudor CIUREZU

05.12.2018

Domnului Presedinte al Consiliului de Supraveghere al B.C.R.

Annex 3: List of the subsidiaries of the issuer and entities controlled or controlling the issuer

List of the subsidiaries and entities controlled by the issuer

- BCR Chisinau SA
- BCR Leasing IFN SA
- BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA
- BCR Banca pentru Locuinte SA
- Suport Colect SRL
- CIT One SRL
- BCR Payments Services SRL
- BCR Fleet Management SRL

List of the entities controlling the issuer

The ultimate parent of the Group is Erste Group Bank AG.



Banca Comercială Română S.A.
Societate administrată în sistem dualist

Calea Victoriei nr. 15,
Sector 3, București, cod 030023

contact.center@bcr.ro
www.bcr.ro
InfoBCR: 0800.801.227, apelabil
gratuit din orice rețea națională;
+4021.407.42.00 apelabil din
străinătate la tarif normal

Înmatriculată la Registrul
Comerțului: J40/90/1991
Înmatriculată la Registrul Bancar
Nr. RB-PJR-40-008/18.02.1999
Cod Unic de Înregistrare: RO 361757

Înregistrată la Registrul de evidență
a prelucrărilor de date cu caracter
personal sub nr. 3776 și 3772
Capital Social: 1.625.341.625,40 lei
SWIFT: RNCB RO BU

STATEMENT

According to the articles 30 and 31 of the Accounting Law no. 82/1991

The "Separate and Consolidated Financial Statements" as at December 31st, 2018 for the Group Banca Comerciala Romana (the Group) and for the bank individually (Bank) have been prepared in accordance with National Bank of Romania Order no. 27/2010 for the approval of the Accounting Regulations compliant to International Financial Reporting Standards, applicable to credit institutions, as subsequently amended and supplemented.

We, Sergiu Cristian Manea as Executive President and Elke Meier as Executive Vicepresident of Banca Comerciala Romana SA, undertake the responsibility for the preparation of the Separate and Consolidated Financial Statements as at 31.12.2018 and we confirm the following:

- a) The accounting policies applied for the preparation of the separate and consolidated financial statements for the year ended 2018 are in accordance with accounting regulations applicable to credit institutions, correspondingly in accordance with the NBR's Order no. 27/2010;
- b) The Annual Separate and Consolidated Financial Statements reflect a true and fair view of the financial position, financial performance and further information related to the activity of the Bank and the Group;
- c) Banca Comerciala Romana SA prepared its Financial Statements and carry on their business under conditions of continuity.

Executive President,
Sergiu Cristian Manea



Executive Vicepresident,
Elke Meier