

The answers to the questions addressed by a shareholder - private individual - with the occasion of the July 30th General Meeting of Shareholders

Q1	<p>Considering article 11.2 letter d) of the BCR Charter and article 24 paragraph 4 of the NBR Regulation no. 5/2013 regarding prudential requirements for credit institutions, please state when the assessment of the SB and MB members' activity was performed and formalized, who performed this activity and when it was discussed within the OGSM.</p>
A1	<p>The article 11.2.(d) of BCR Articles of Incorporation refers to the appraisal of the Management Board and Supervisory Board members' performance of their specific duties during a financial year.</p> <p>With respect to this aspect:</p> <ul style="list-style-type: none"> • The appraisal of the Management Board members' performance was achieved by the Supervisory Board, on 05.07. 2014; • The appraisal of the Supervisory Board members' performance was achieved by the Ordinary General Shareholders Meeting (OGSM) on 28.04.2014 • the General Shareholders Meeting of BCR held on 28.04.2014 analyzed, assessed and approved the Supervisory Board Activity Report and the Management Board Report which comprised the documentation of the aforementioned appraisals. Based on these documents the OGSM approved the discharge of liability of Supervisory Board members and of the Management Board members. <p>Please note that your reference made to article 24, 4th paragraph of the NBR Regulation 5/2013 is not related to the performance appraisal described by BCR's Articles of Incorporation and Company Law no 31/1990, but to the general responsibility of a credit institution to have the management bodies' members assessed on an ongoing basis from suitability perspective. Therefore such responsibility referred to in NBR Regulation does not fall under the pouvoirs of the General Meeting of the Shareholders.</p>
Q2	<p>Please state when, throughout 2014, the SB performed an assessment/monitoring regarding the consistency of implementing the BCR strategy, tolerance/risk appetite and policies, the compliance of the performance standards with the long-term financial interests and the company solvency; please state whether the SB assessed the MB members' performance against the aforementioned standards.</p>
A2	<p>BCR has a comprehensive internal rules framework addressing all the aspects referred to in your question. Such framework features proper reporting and escalation mechanisms to the senior decision making bodies in order to ensure the compliance of BCR activity with the accepted standards on continuous basis.</p> <p>More specific:</p> <ul style="list-style-type: none"> (i) Supervisory Board assesses the implementation of BCR strategy on regular basis. The last assessment was made on March 20th, 2014, when BCR Strategy Implementation Report for H2 2013 was discussed, analyzed and acknowledged; (ii) in order to ensure a consistency between risk strategy, risk appetite / risk tolerance and risk profile, in June 2014 the Supervisory Board approved as a package the following:

	<ul style="list-style-type: none"> o Risk strategy for 2014; o Risk Appetite for 2014; and o Risk Materiality Assessment for 2013 and 2014 perspective; <p>(iii) The Supervisory Board also approved in June 2014 BCR Enterprise Risk Management Principles, an umbrella policy encompassing ICAAP and other risk relevant policies, laying out general principles, functions and requirements for Enterprise wide Risk Management (ERM) and its main components;</p> <p>(iv) The risk and other relevant analysis (dashboard of key risk indicators, macro overview, solvency details, capital requirements, ICAAP results, retail & corporate risk relevant reports, market & liquidity & operational key issues and indicators, R-unit etc) are acknowledged and monitored by the SB on a quarterly basis in a comprehensive report named 'Risk Reporting Package'. The last available report concerns Q1 2014 data, whilst Q2 2014 report is under processing.</p>
Q3	Please state the means through which the SB or one of its committees constantly ensure that the decision-making process of the management body is not dominated by any person or small group of persons in such a way that should be detrimental to the BCR interests.
A3	<p>The Supervisory Board implemented a series of policies in order to ensure the efficiency, effectiveness and balance of the decision making process, including the following</p> <ul style="list-style-type: none"> (i) <u>Equal voting rights</u>: according to the Management Board by-laws, which are approved by the Supervisory Board, all the Management Board members benefit of equal voting rights. The decisions are being taken with majority of votes of the seven Management Board members and, in certain situations, with unanimity of votes; (ii) <u>Transparency of decision making process</u>: all the Management Board discussions are properly recorded and are being put on request at the disposal of the Supervisory Board members/ the external auditor/ the regulatory authorities supervising the implementation of sound governance principles; (iii) <u>Segregation of responsibilities</u>: each Management Board member has specific responsibilities pertaining to the coordinated activities, thus segregation of duties being insured; (iv) <u>Regular reporting</u>: The Management Board reports to the Supervisory Board regarding the activity and the decisions made on quarterly basis. The last Management Board report (Q1 2014) was approved by the Supervisory Board on June 26th, 2014 and the Q2 report is under processing.
Q4	Please state whether BCR – in compliance with Part 8 of the EU Regulation 575/2013 – published the information envisaged in Title II and whether the bank approved a formal policy in order to comply with the publishing requirements envisaged by the above-mentioned Regulation.
A4	<p>Regulation 575/2013 entered into force at of the beginning of this year and it does not stipulate a specific deadline when a credit institution should publish the respective information; consequently, BCR will comply with the disclosure duty during this year.</p> <p>Moreover, we highlight that, according to NBR requests formulated during the joint meeting between NBR and RBA (Romanian Banking Association) held on April 8th, 2014, the yearly report regarding the data which are subject to transparency and</p>

	<p>publication rules related to 2013, until the publication by EBA of the technical standards drafts, was drafted abiding the provisions of NBR Regulation 18/2009. Consequently, on June 20th, 2014, BCR performed the publishing requirements as included in part 8 of the EU Regulation no. 575/2013 – Chapter II.</p>
Q5	<p>During the PGSM meeting of 18.04.2014, I requested reasonable explanations as to the substantiation of the high personnel related expenses made in respect of R-Unit, in comparison with the low level of recoveries obtained. I received a brief, irrelevant answer from Mr Bernd Mittermair, who mentioned that this comparison between the recoveries pertaining to the Suport Colect portfolio and the total PEREX level is irrelevant. Considering Mr Treichl's public position as regards the efficiency and effectiveness of R-Unit and the circumstance in which, after one year since its set-up, this receivables recovery unit is disbanded, please state who bears and assumes responsibility for this strategy which is difficult to qualify.</p>
A5	<p>We disagree with your appreciations regarding the lack of efficiency of the R-Unit structure. To this extent, please note that the employee related expenses represented only 1.96 % of the total amount collected through the efforts of the R-Unit in 2013, namely BCR had a total R-Unit related PEREX expense of RON 41.1 million, whilst the 2013 collections totalized Eur 2,092.2 million.</p> <p>BCR's decision to create an infrastructure dealing with NPLs was not aimed to the sole objective of ensuring short term collection but to develop a framework addressing the issues of its clients facing a distressed situation in a more comprehensive manner. Therefore, irrespective the balance sheet clean-up measures undertaken through NPL portfolio sell-off transactions, R-Unit will continue to exist and support BCR's short, mid and long term remedial, restructuring and recovery strategy and nothing changed in this respect.</p>
Q6	<p>Information has lately appeared in the media regarding the financial losses (EUR 20 million) and the significant reputation losses triggered by the relation of BCR with Avicola Buzau. To that effect, please state the manner in which the MB members were involved in managing/unrolling of this loan. Does the SB intend to request an independent audit concerning the administration and management of the loans granted to SC Agricola Buzau, including the Avicola Buzau – BCR – Aylex relation?</p>
A6	<p>Banking secrecy obligations forbid BCR to disclose details regarding the exposure and its management. However, we can confirm that efforts of various decision makers and other specialists from BCR have been deployed, according to the specific responsibilities set up under BCR governance framework.</p> <p>As you are aware, both the Management Board and the Supervisory Board of BCR have committees which deal with antifraud management on continuous basis. As issues related to a potential fraud have never been raised during the time in respect of these loans, there are no reasons for which the Supervisory Board of BCR should ask for an audit on the origination and further management of the exposure.</p>
Q7	<p>Based on the public information, we can conclude BCR rewarded the management staff with substantial bonuses. Please state whether the performance measurement used to compute the components of the variable emoluments included an adjustment for all the risk types - present and future – and whether the capital costs and necessary liquidity were taken into account. Were the SB or the Remuneration Committee informed about the fact that the MB granted guaranteed variable emoluments under the circumstances in which this is incompatible with the healthy risk administration or the principle of performance-based remuneration; who received guaranteed variable emoluments</p>

	(remuneration), in what amount and for what?
A7	<p>According to Supervisory Board decision 23/05.07.2013 BCR Board bonuses are conditioned by the achievement of the minimum performance criteria set for 2013 as follows:</p> <ul style="list-style-type: none"> • EVA (Financial Indicator set at BCR Group level); • Local capital requirement (Core Tier 1 ratio). <p>As the above conditions have been met for 2013, BCR Board members were entitled for 2013 bonus payment.</p> <p>As stipulated in the Selection and Reward Policy applicable for the Management Structure in BCR Group for 2013, for Management Board members, performance bonuses were determined based on:</p> <ul style="list-style-type: none"> • annual performance evaluation concluded by Appraisal Committee set at Erste Group level, and • the correlation between performance and bonus potential. <p>On 16th of May, 2014, the Supervisory Board approved the proposal regarding the BCR Management Board performance bonus pay-out for 2013.</p> <p>The calculated bonus amount is based on the bonus multipliers set as % of bonus potential (per type of KPI). Considering the achievement of Core Tier 1 ratio and the different performance achievements of BCR Board for 2013, the Appraisal Committee at Erste Group level recommended applying an adjustment factor to the individual bonus amounts. This adjustment factor was based on the overall performance of BCR Group and takes into account the relevant risks that BCR is exposed to.</p> <p>To account for the long-term financial interests of the company and in line with the provisions of NBR Regulation 18/2009, all individual bonuses for the Management Board were deferred over 3 years (60%,20%,20%), 50% of each installment being paid in cash and 50% in phantom shares (tracking the performance of Erste Bank shares). The deferred portion is subject to the achievement of the minimum performance criteria for the respective years.</p> <p>The performance bonuses approved for the members of the Management Board have been determined according to the information presented above. The adjustment factor, as recommended to be applied by the Appraisal Committee at Erste Group level, was based on the overall performance of BCR Group and took into account the relevant risks that BCR is exposed to.</p> <p>Guaranteed variable payment is both legal and compatible with a health risk management, as long as it is in compliance with the rules set forth by the regulatory framework (note that this it is permitted under EBA guidelines too).</p> <p>According to the Reward Policy applicable in BCR, which is in line with the regulatory framework mentioned above, the guaranteed variable payment is exceptional and occurs only when hiring new staff and is limited to the first year of employment therefore promoting a sound and effective risk management.</p> <p>For 2013, the guaranteed variable pay was granted to 7 employees (with a total value of 80,928 EUR gross) part of their employment offer. Granting this element is meant to offer BCR a competitive advantage when competing for talented candidates within the labor market. The guaranteed variable pay has not been granted for the management structure and/or key execution function.</p> <p>The Remuneration Committee (consultative body for BCR Supervisory Board) oversees the remuneration strategy for the Management Board, Identified Staff and coordinators</p>

	<p>of control functions and reviews on behalf of the Supervisory Board the process of determining annual variable remuneration of the Management Board's members, Identified Staff, coordinators of control functions. As the guaranteed variable pay has not been granted for the management structure and/or key execution function for 2013, there was no mandatory reporting requirement in this respect.</p>
Q8	<p>We have lately seen that most of the tenders organized by BCR in the area of receivables recovery are constantly being won by APS company to the detriment of other companies. Please state whether BCR took any measures meant to avoid potential conflicts of interests and whether it established a way of managing such conflicts.</p>
A8	<p>First of all, we are surprised by allegation that 'most of the tenders organized by BCR in the area of receivables recovery are constantly being won by APS company to the detriment of other companies' for the very simple reason that this is incorrect.. With this occasion, we would like to ask you that, before making public false information, to perform in advance the relevant verifications with the BCR PR office (information which would be made available to you subject to applicable confidentiality rules). On a contrary, BCR may seek legal relief to defend its interests which may be damaged by spreading of untrue rumors, harming its existing or prospective contractual relationship and triggering reputational risk.</p> <p>With respect to conflict of interest checks, please rest assured that BCR has in place strict policies for avoiding conflict of interests, which are run on continuous basis and which are abode by all BCR employees, including the members of the Management Board.</p> <p>Hence, should you have concerns regarding breaches of legal undertakings by BCR employees or members of the Management Board, please submit the facts to the attention of the Compliance & Antifraud Division (toma.pinchis@bcr.ro) in order to be properly reviewed.</p>