



CARPATICA
BANCA OPORTUNITATILOR

Corporate Governance Report

2015

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Table of Contents

About us	2
<i>Informative data about Banca Comerciala Carpatica - Issuer</i>	2
Corporate Governance Structures	2
<i>The General Assembly of the Shareholders</i>	2
<i>The Supervisory Board</i>	12
<i>The Executive</i>	15
<i>The ethics code of Banca Comerciala Carpatica</i>	22
<i>The financial auditor</i>	22
Nomination and remuneration	22
Transparency & Shareholder rights	23
Shareholding and affiliates	24
<i>Shareholding structure on 31 December 2015</i>	24
<i>Affiliates</i>	25
<i>Transactions with affiliates</i>	25
Human resources	Error! Bookmark not defined.
The remuneration policy	27
Communication and social responsibility	27
Financial schedule 2016	28

About us

Banca Comerciala Carpatica (hereafter referred to as the bank) is a dual-tier joint-stock company established in Sibiu, 1 Autogarii Street, Sibiu County, Romania, VAT Number RO 11447021, tel. +40 269 233985; Fax +40 269 233371.

The bank operates pursuant to the legislation in force on companies, the banking business, the capital market (Law 31/1990 as republished, on companies, GEO no. 99/2006 on credit institutions and capital adequacy, Law 297/2004 on the capital market) as also under the Articles of Incorporation.

The bank started its business in 1999 in Sibiu, as a medium-level bank, founded by Romanian businessmen and foreign partners.

On 31.12.2015, BANCA COMERCIALA CARPATICA SA had a network of 133 units: 57 Subsidiaries si 57 Agencies (57 Subsidiaries, 57 Agencies and 21 Working units on December 31, 2014:).

Informative data of Banca Comerciala Carpatica - Issuer

- BSE (Bucharest Stock Exchange) listing date: 09.06.2004 (2nd category), 26.04.2005 (1st category), respectively
- Number of shares: 1,101,371,411
- Nominal value: 0.1 lei/ share
- Share capital: 110,137,141.10 lei
- Stock capitalization at 31.12.2015; 113,441,225 lei (≈25 mil. Euros)

Note 1: On 31.12.2015 the subscribed and paid share capital of the Bank registered at the Trade Register was of 110,137,141.10. Considering the fact that on 31.12.2015 the stage of exercise by the existing shareholders of the right of preference was finalized, and they subscribed shares amounting 11.47 million RON, on 31.12.2015 the Bank also included in the accounting books on the subscribed and paid share capital the amount of 11,470,749.50 lei. As a result, the subscribed and paid share capital of the Bank as of 31.12.2015 was 121,607,890.6 RON.

Corporate Governance Structures

The General Assembly of the Shareholders

The General Assembly of Shareholders was convoked in 2015 three times, in compliance with the legislative provisions on the matter, as also with the internal procedure on AGA organizing and undertaking.

1. The General Assembly of the Shareholders taking **place** on 28.04.2015 had the following agenda:

The Ordinary General Assembly of the Shareholders:

1. Presenting and approving of individual and consolidated annual financial statements on 31.12.2014, prepared in accordance with the International Financial Reporting Standards, based on the reports submitted by the Executive, the Supervisory Board and the report The financial auditor on the Bank's financial statements.
2. Approval of the discharge of the Executive for the financial year 2014.
3. Approval of revenue and expenditure budget, and the work program for the financial year 2015
4. The Bank's financial auditor is appointed to audit the annual financial statements of the Bank for the financial years ended 2015, 2016 and 2017, and establishing the audit contract duration.
5. Establishing the adequate remuneration for the Supervisory Board members for the year 2015.

6. Electing a member of the Supervisory Board
7. Approving the persons who will carry out the necessary legal formalities in order to meet the advertising conditions of the decisions adopted by AGOA on 28.04.2015 and / or 29.04.2015, as well as granting them the right to delegate another person to carry out the mandate for the formalities mentioned above.
8. Approval of the date of **15.05.2015 as registration** date for identifying the shareholders who will be affected by the AGOA decisions, pursuant to art. 238 of Law no. 297/2004 on the capital market.

The Extraordinary General Assembly of the Shareholders

1. Approving the the Bank's share capital reduction by the amount of 204,491,908.30 lei from 314,629,049.40 lei to 110,137,141.10 lei, by canceling a number of 2,044,919,083 shares with a nominal value of 0.1 lei in proportion to the shares held by each shareholder in the Bank's share capital on the date of registration. The capital reduction is performed to partially cover the accumulated losses of the Bank, registered on 31.12.2014 amounting to 204,491,908.30 lei.
 - 1.1. In implementing this decision, the Executive will perform all the necessary documents and will adopt all the decisions necessary for the enforcement of the decision of the AGEA;
 - 1.2. If the mathematical calculation of the number of shares to be held by a shareholder following the implementation of the reduction of capital is not a natural number, the number of shares to be effectively owned by such shareholder after the cancellation of shares shall be rounded to the natural number immediately higher;
 - 1.3. Changing Articles of Incorporation of the Bank as follows:
Point 7.1 from "Art. 7 (Share capital) of Chapter 4 (Share capital, increase or reduction of the Share capital, shares, rights and obligations of the shareholders) is amended to read as follows:
"7.1 The share capital of Banca Comerciala "Carpatica" S.A. lei is worth 110,137,141.10, fully subscribed and paid, divided into 1.101.371.411,00 shares with nominal value of 0.1 lei each."
 - 1.4. In accordance with Article 1292 of CNVM Regulation no. 1/2006, the approval:
 - (i) the date of 15.07.2015 as a *Registration* date in connection with the reduction of the share capital, for identifying the shareholders who will be impacted by the decision to reduce the share capital;
 - (ii) The date of 14.07.2015 as *Ex. date*.
11. **Approval** of partial coverage of the accumulated accounting loss on 31.12.2014 of the following elements:

- ❖ Share capital: 204,491,908.30 lei
- ❖ Inflation adjustments to the share capital: 16,119,702 lei
- ❖ Retained earnings from specific provisions: 93,427,061 lei*
- ❖ Retained earnings representing the surplus made from asset revaluation reserves: 11,895,376 lei*
- ❖ Retained earnings from the application of IAS 29: 484.838 lei*

* Both the losses accumulated proposed for coverage, and the elements of the retained earnings used to cover the loss are presented in the financial statements on the line of Retained earnings / (accumulated losses), so that the impact at the

presentation level o the line of Retained earnings / (accumulated losses) of the coverage of the elements of the retained earnings of the accumulated losses is 0.

2. Approving the the capital increase with the amount of 135,000,00 lei, from the level registered subsequently to the capital reduction of 110,137,141.10 lei to the maximum level of 245,137,141.10 lei, under the following conditions:
 - 2.1 The share capital increase will be implemented after the registration of the capital reduction to the level of 110,137,141.10 lei in the shareholder register kept by the Central Depository
 - 2.2 The share capital increase is carried out through the issue of a number of 1,350,000,000 new shares, nominative, ordinary, de-materialized shares, each with a nominal value of 0.1 lei / share.
 - 2.3 The issue price for the newly issued share subscribed in exercising the preemptive right will be of 0.1 lei / share, that will be equal to the nominal value of the share.
 - 2.4 The issue price for the new shares that were not subscribed within the period for exercising the right of preference and will be offered for sale in a public offering or in a private placement will be of 0.11 lei / share.
 - 2.5 The share capital increase is achieved by:
 - 2.5.1 offering new shares for subscription, for the preemptive right, to the (i) shareholders registered in the register of shareholders of the Bank at the registration date related to the capital increase who have not alienated the preemptive rights and (ii) the persons who have acquired - during the trading of the preemptive rights - preemptive rights of the shareholders registered in the Bank shareholders' register on the date of registration related to the capital increase;
 - 2.5.2 after the period for exercising the preemptive right, the newly issued shares remained unsubscribed will be offered for subscription in a public offering or a private placement.
 - 2.6 The preemptive rights will be tradable on the regulated market managed by the Bucharest Stock Exchange in accordance with the specific regulations of this market.
 - 2.7 The number of preemption rights will be equal to the number of shares issued by the Bank registered in the shareholder register after the capital reduction, respectively the number of preemptive rights will be of 1,101,371,411 preemptive rights, each shareholder registered in the shareholder register on the registration date related to the increase capital will be allocated a number of preemptive rights equal to the number of shares held.traduceri.autorizate2007@gmail.com
 - 2.8 For subscription of new shares with preemptive right a number of 0.815830 preference rights is necessary. A shareholder of the Bank on the registration date who has not alienated the preemptive rights may acquire a maximum number of newly issued shares calculated by dividing the number of shares held by such shareholder on the registration date of the preemptive rights necessary to subscribe a new action (0.815830). If from the mathematical calculation the maximum number of shares that can be subscribed in the preemptive right is not a natural number, the maximum number of shares that can be actually subscribed will be rounded up to the next higher natural number.
 - 2.9 The period for exercising the preemptive right will be one month from the date stated in the prospectus / the offer proportionate prospectus and will start at a date later than the registration date related to the capital increase and the date of publication of the decision in the Official Gazette.

- 2.10** The shares remained unsubscribed after offering them in a public offering or private placement will be canceled by decision of the Executive, finding the actual results of the capital increase and approving the amendments to the articles of association following the value of capital increase to be determined by reference to the shares actually subscribed within the phases mentioned in section. 2.5 above.
- 2.11** The share capital increase is made to ensure the implementation of the development plans of the Bank.
- 2.12** The Executive Board is empowered to take any steps necessary to comply with the decision of the capital increase, including but not limited to:
- (a) contracting the services necessary for the documentation needed to implement the capital increase, including but not limited to the document of presentation of the preemptive rights, the prospectus /the proportionate prospectus to conduct the preemptive rights to and / or the public offering and to actually conduct the share capital increase;
 - (b) subscription period and terms of payment;
 - (c) marketability details for the preemptive rights on the regulated market;
 - (d) determination of the method of placement after the expiry of the exercise period of the preemptive rights or public offering or private placement as well as the placement recording technique (i.e. using the trading system of the regulated market or by direct transfer);
 - (e) cancellation of unsubscribed shares in the last stage of the issue;
 - (f) adopting all the necessary decisions to implement the decision to increase the share capital;
 - (g) amendment of the Articles of incorporation of the Bank based on the results of the share capital increase.
- 2.13** In accordance with Article 1292 of CNVM Regulation no. 1/2006, the approval:
- (i) Of the date of 06.10.2015 as the Record date corresponding to the share capital increase for identifying shareholders who will be impacted by the decision to increase the share capital or the shareholders who benefit from preemptive rights
 - (ii) The date of 05.10.2015 as Ex. date.
- 2.14** Changing Articles of Incorporation of the Bank as follows:
- 2.14.1** Pct. 8.2 from Art. 8 (*Share capital increase*) of Chapter 4 (*Share capital, increase or reduction of the Share capital, shares, rights and obligations of the shareholders*) is amended to read as follows:
- "8.2 The shares issued for capital increase will be offered for subscription to the Bank's shareholders in proportion to the number of the shares they hold, with the possibility of exercising preemptive rights, if it was not taken or limited under the terms and conditions set by the decision of extraordinary general meeting of the shareholders. The decision of the Extraordinary General Meeting of Shareholders shall be published in the Official Gazette of Romania, Part IV, granting for the preemptive rights, if any, a period of one month from the date of publication or the date established in the prospectus / proportionate prospectus, if appropriate."*
- 2.14.2** Pct. 8.3 from Art. 8 (*share capital increase*) of Chapter 4 (*capital increase and capital reduction, shares, rights and obligations of the shareholders*) shall be deleted.

3. Approving the resumption of talks with the representatives of Nextebank to establish the conditions of a potential merger between Banca Comerciala Carpatica and Nextebank and assuming the costs of the preliminary proceedings to establish the conditions of the merger and / or drawing the eventual merger plan.
4. Information note on the possibility of attracting a subordinated loan from some of the Bank's shareholders or third parties.
5. Approval of the execution by the Executive, during the financial year 2015, of:
 - legal documents whereby the bank can acquisition, alienate, change or establish securities with assets from the category of fixed assets of the bank,,
 - legal documents whereby the bank leases tangible assets for a period of over one year, from the same co-contractor or stakeholders or affiliates,
 - the association document on a period of over one year,
 of which value exceeds, individually or jointly, during the financial year, 20% of the total of fixed assets of the bank, less the receivables.
6. Approving the persons who will carry out the necessary legal formalities in order to meet the advertising conditions of the decisions adopted by AGEA on 28.04.2015 and / or 29.04.2015, as well as granting them the right to delegate another person to carry out the mandate for the formalities mentioned above.
7. Approval of the date **of 15.05.2015** as registration date for identifying the shareholders who will be affected by the AGEA resolutions, except for the AGEA resolutions which were approved on specific registration dates in accordance with art. 238 of Law no. 297/2004 on the capital market.

The General Meeting of Shareholders elected Mr. Marzo Giaime as member of the Supervisory Board, but it didn't meet the majority stipulated by law for choosing a financial auditor of the Bank for auditing the annual financial statements of the Bank for the financial years ended 2015, 2016 and 2017 and establishing the audit contract duration.

The Extraordinary General Meeting of Shareholders rejected the reduction or increase the share capital of the Bank, as well as the resumption of talks with the representatives of Nextebank to establish the conditions of a potential merger between Banca Comerciala Carpatica and Nextebank.

All the topics from the agenda of the Extraordinary and Ordinary General Assembly have been enacted with majority of votes.

- II. The General Assembly of the Shareholders taking **place** on 18.06.2015 had the following agenda:

The Ordinary General Assembly of the Shareholders:

1. The Bank's financial auditor is appointed to audit the annual financial statements of the Bank for the financial years ended 2015, 2016 and 2017, and establishing the audit contract duration.
2. Election of two members of the Supervisory Board.
3. Approval that any of the members of the Executive who will carry out the necessary legal formalities in order to meet the advertising conditions of the decisions adopted by AGOA on 18.06.2015 and / or 19.06.2015, as well as granting them the right to delegate another person to carry out the mandate for the formalities mentioned above.

Section 3.1 was included on the agenda at the request of the shareholders Werner Keul, WK Group S.R.L, Raicu-Florian Sever and Raicu Mihaela:

3.1 Adoption of austerity measures (saving) on the organization and management of the Bank, in conjunction with the volume of turnover, activity and performance.

Approval of the date of **06.07.2015 as registration** date for identifying the shareholders who will be affected by the AGOA decisions, pursuant to art. 238 of Law no. 297/2004 on the capital market.

The Extraordinary General Assembly of the Shareholders:

1. Approving the the Bank's share capital reduction by the amount of 204,491,908.30 lei from 314,629,049.40 lei to 110,137,141.10 lei, by canceling a number of 2,044,919,083 shares with a nominal value of 0.1 lei in proportion to the shares held by each shareholder in the Bank's share capital on the date of registration. The capital reduction is performed to partially cover the accumulated losses of the Bank, registered on 31.12.2014 amounting to 204,491,908.30 lei.

1.1. In implementing this decision, the Executive will perform all the necessary documents and will adopt all the decisions necessary for the enforcement of the decision of the AGEA;

1.2. If the mathematical calculation of the number of shares to be held by a shareholder following the implementation of the reduction of capital is not a natural number, the number of shares to be actually owned by such shareholder after the cancellation of shares shall be rounded to the natural number immediately higher;

1.3. Changing Articles of Incorporation of the Bank as follows:

Point 7.1 from "Art. 7 (Share capital) of Chapter 4 (Share capital, increase or reduction of the Share capital, shares, rights and obligations of the shareholders) is amended to read as follows:

"7.1 The share capital of Banca Comerciala "Carpatica" S.A. lei is worth 110,137,141.10, fully subscribed and paid, divided into 1.101.371.411,00 shares with nominal value of 0.1 lei each."

1.4. In accordance with Article 1292 of CNVM Regulation no. 1/2006, the approval:

(iii) the date of 08.09.2015 as a Registration date in connection with the reduction of the share capital, for identifying the shareholders who will be impacted by the decision to reduce the share capital;

(iv) The date of 07.09.2015 as Ex. date.

1.5. 11. Approval of partial coverage of the accumulated accounting loss on 31.12.2014 of the following elements:

- ❖ Share capital: 204,491,908.30 lei
- ❖ Inflation adjustments to the share capital: 16,119,702 lei
- ❖ Retained earnings from specific provisions: 93,427,061 lei*
- ❖ Retained earnings representing the surplus made from asset revaluation reserves: 11,895,376 lei*
- ❖ Retained earnings from the application of IAS 29: 484.838 lei**

* * Both the losses accumulated proposed for coverage, and the elements of the retained earnings used to cover the loss are presented in the financial statements on the line of Retained earnings / (accumulated losses), so that the impact at the presentation level o the line of Retained earnings / (accumulated losses) of the coverage of the elements of the retained earnings of the accumulated losses is 0.

2. Approving the the capital increase with the amount of 135,000,00 lei, from the level registered subsequently to the capital reduction of 110,137,141.10 lei to the maximum level of 220.274.282,20 lei, under the following conditions:
 - 2.1 The share capital increase will be implemented after the registration of the capital reduction to the level of 110,137,141.10 lei in the shareholder register kept by the Central Depository
 - 2.2 The share capital increase is carried out through the issue of a number of 1,101,371,411 new shares, nominative, ordinary, de-materialized shares, each with a nominal value of 0.1 lei / share.
 - 2.3 The issue price for the newly issued share subscribed in exercising the preemptive right will be of 0.1 lei / share, that will be equal to the nominal value of the share.
 - 2.4 Increasing the share capital is achieved by offering new shares for subscription, for the preemptive right, to the (i) shareholders registered in the register of shareholders of the Bank at the registration date related to the capital increase who have not alienated the preemptive rights and (ii) the persons who have acquired - during the trading of the preemptive rights - preemptive rights of the shareholders registered in the Bank shareholders' register on the date of registration related to the capital increase;
 - 2.5 The preemptive rights will be tradable on the regulated market managed by the Bucharest Stock Exchange in accordance with the specific regulations of this market.
 - 2.6 The number of preemption rights will be equal to the number of shares issued by the Bank registered in the shareholder register after the capital reduction, respectively the number of preemptive rights will be of 1,101,371,411 preemptive rights, each shareholder registered in the shareholder register on the registration date related to the increase capital will be allocated a number of preemptive rights equal to the number of shares held.traduceri.autorizate2007@gmail.com
 - 2.7 For subscription of new shares with preemptive right a preference right is necessary. A shareholder of the Bank on the registration date who has not alienated the preemptive rights may acquire a maximum number of newly issued shares calculated by dividing the number of shares held by such shareholder on the registration date of the preemptive rights necessary to subscribe a new share. Thus, a shareholder who has not alienated the preemptive rights may subscribe a number of newly issued shares equal to the number of preemptive rights owned on the record date related to the capital increase, ie equal to the number of existing shares held at the date of registration related to the capital increase.
 - 2.8 The period for exercising the preemptive right will be one month from the date stated in the prospectus / the offer proportionate prospectus and will start at a date later than the registration date related to the capital increase and the date of publication of the decision in the Official Gazette.
 - 2.9 The newly issued shares remained unsubscribed within the period for exercising the preemptive rights will be canceled by decision of the Executive finding the actual results of the capital increase and approving the amendments to the articles of association following that the value of capital increase will be determined by reference to the shares actually subscribed within the period for exercising the right of preemption.
 - 2.10 The share capital increase is made to ensure the implementation of the development plans of the Bank.
 - 2.11 The Executive Board is empowered to take any steps necessary to comply with the decision of the capital increase, including but not limited to:

- (a) contracting the services necessary for the documentation needed to implement the capital increase, including but not limited to the document of presentation of the preemptive rights, the prospectus /the proportionate prospectus to conduct the preemptive rights as well as to effectively conduct the share capital increase;
- (b) subscription period and terms of payment;
- (c) marketability details for the preemptive rights on the regulated market;
- (d) cancellation of unsubscribed shares;
- (e) adopting all the necessary decisions to implement the decision to increase the share capital;
- (f) amendment of the Articles of incorporation of the Bank based on the results of the share capital increase.

2.12 In accordance with Article 1292 of CNVM Regulation no. 1/2006, the approval:

- (i) Of the date of 27.11.2015 as the Record date corresponding to the share capital increase for identifying shareholders who will be impacted by the decision to increase the share capital or the shareholders who benefit from preemptive rights
- (ii) The date of 26.11.2015 as Ex. date.

2.13 Changing Articles of Incorporation of the Bank as follows:

2.13.1 Pct. 8.2 from Art. 8 (*Share capital increase*) of Chapter 4 (*Share capital, increase or reduction of the Share capital, shares, rights and obligations of the shareholders*) is amended to read as follows:

"8.2 The shares issued for capital increase will be offered for subscription to the Bank's shareholders in proportion to the number of the shares they hold, with the possibility of exercising preemptive rights, if it was not taken or limited under the terms and conditions set by the decision of extraordinary general meeting of the shareholders. The decision of the Extraordinary General Meeting of Shareholders shall be published in the Official Gazette of Romania, Part IV, granting for the preemptive rights, if any, a period of one month from the date of publication or the date established in the prospectus / proportionate prospectus, if appropriate."

2.13.2 Pct. 8.3 from Art. 8 (*share capital increase*) of Chapter 4 (*capital increase and capital reduction, shares, rights and obligations of the shareholders*) shall be deleted.

Sections 2.1, , 1.11, and 2.2 were included on the agenda at the request of the shareholders Werner Keul, WK Group S.R.L, Raicu-Florian Sever and Raicu Mihaela:

2.1 Reducing the number of members of the Supervisory Board from 5 to 3.

2.11 Changing Articles of Incorporation of the Bank as follows:

"Art. 18.2.:The Supervisory Board is made of 3 members appointed by The General Assembly of the Shareholders for a period of 2 years, with the possibility to be re-elected. At least one member should be independent".

2.2. Authorizing the Executive to make efforts on changing the unitary system of management.

3. Approval that any of the members of the Executive who will carry out the necessary legal formalities in order to meet the advertising conditions of the decisions adopted by AGEA on 18.06.2015 and / or 19.06.2015, as well as granting them the right to delegate another person to carry out the mandate for the formalities mentioned above.

The Extraordinary General Assembly of the Shareholders (2), hours: 12.00:

1. Approving the merger offer between Nextebank S.A. and the Bank, received from Nextebank S.A. and a budget of up to 275,000 EUR, for the due diligence process development and preparation of the merger.
2. Approval that any of the members of the Executive who will carry out the necessary legal formalities in order to meet the advertising conditions of the decisions adopted by AGEA on 18.06.2015 and / or 19.06.2015, as well as granting them the right to delegate another person to carry out the mandate for the formalities mentioned above.
3. Approval of the date of **06.07.2015 as registration** date for identifying the shareholders who will be affected by the AGEA decisions, pursuant to art. 238 of Law no. 297/2004 on the capital market.

The Ordinary General Assembly of the Shareholders approved: naming Deloitte Audit Srl with the headquarters in Road 4-8 Nicolae Titulescu, East entrance, floor 2, 1st District, Bucharest, as The Bank's financial auditor is appointed to audit the annual financial statements of the Bank for the financial years ended 2015, 2016 and 2017, and establishing the audit contract duration as being of 3 years; Adoption of austerity measures (saving) on the organization and management of the Bank, in conjunction with the volume of turnover, activity and performance.

Since the Bank has not received any proposal for candidates within the period provided by the applicable law, and therefore there were no candidates to be subjected to election and approval by the Assembly, this item on the agenda of the Assembly has not been voted and therefore no decision was taken on this point.

The Extraordinary General Assembly of the Shareholders approved the reduction, followed by the increase of the Share capital of the Bank, amending the Articles of incorporation, reducing the number of members of the Supervisory Board from 5 to 3, as well as authorizing the Executive to make efforts on the passage to the unified system management.

Regarding the point on the the agenda of the Extraordinary General Meeting of Shareholders that took place at 12:00 on the merger proposal received from Nextebank SA, the required majority required by the law applicable to a decision was not met.

All the topics from the agenda of the Extraordinary and Ordinary General Assembly have been enacted with majority of votes.

- III. The General Extraordinary Assembly of the Shareholders taking place on **09.10.2015** had the following agenda:
 1. Approval of the amendment of the registration date and ex data related to the operation of the Bank's share capital increase that was approved by the Extraordinary General Meeting of Shareholders of the Bank by decision no. 2 of 18, June, as follows:
 - (i) 27.10.2015 as a new Date of Registration for the transaction related to the capital increase approved by the Extraordinary General Meeting of Shareholders of the Bank by decision no. 2 of 18 June 2015 for identifying shareholders who will be impacted the decision to increase the share capital or the shareholders who benefit from preemptive rights;
 - (ii) 26.10.2015 as the new Ex date related to the operation of capital increase approved by the Extraordinary General Meeting of the Shareholders of the Bank by decision no. 2 of June 18, 2015.
 2. Approving the amendment of the terms and conditions of operation of the Bank's share capital increase, approved by the Extraordinary General Meeting of Shareholders of the Bank by

decision no. 2 of 18 June 2015 to allow the newly issued shares that were not subscribed within the period for exercising the right of preemption to be offered by the Bank's Executive for subscription in a private placement ("**Private Placement**") as follows:

- a. to J.C. Flowers & Co., a global private equity firm and / or investment funds benefiting from the advice of J.C. Flowers & Co. or any entities controlled directly or indirectly by JC ("**Flowers**") in a term to be established by the Executive; or
- b. in case J.C. Flowers & Co. does not express their intention in writing to subscribe within twenty working days of the date indicated by the Executive (date that may not be earlier than the date on which the period for exercising the pre-emptive right ends) to one or many other investors.

the Private placement will be carried out in accordance with Article 183 para. 3 letter a) of Law no. 297/2004 on the capital market, as amended. The newly issued shares that were not subscribed within the period for exercising the preemptive rights will be offered in the private placement at the price of 0.1001 lei per share.

3. The approval of amendment of decision no. 2 of 18 June 2015 of the extraordinary general meeting of the shareholders of the Bank by (i) the revocation of paragraph 2.5 of this decision, on the possibility of trading in the regulated market managed by the Bucharest Stock Exchange of the preemptive rights of the Bank's shareholders registered in the shareholders register of the Bank on the record date corresponding to the share capital increase, and (ii) revocation of the remaining provisions of the above Decision which refers to the possibility of trading the preemption rights without replacement by other provisions.
4. Approval that, subsequent to closing of the private placement, the Executive will establish, by decision, the actual results of the share capital increase based on the shares subscribed within the period for exercising the preemptive rights and the shares sold in the private placement, and to approve the amendment of the Articles of incorporation of the Bank accordingly.
5. Approval that the Executive, depending on decisions taken by shareholders on the points 1-4 above, update properly the Decision of the Extraordinary General Meeting of Shareholders of the Bank no. 2 of 18.06.2015 and publish them on the Bank's website, and submit a report to the current legal regulations.
6. Approval that any of the members of the Executive to carry out the necessary legal formalities in order to meet the advertising conditions of the decisions adopted by AGEA on 09.10.2015 and / or 10.10.2015, as well as granting each of them the right to delegate another person to carry out the mandate for the formalities mentioned above.
7. Approval of the date of **27.10.2015** as registration date for identifying the shareholders who will be affected by the AGEA decisions, pursuant to art. 238 of Law no. 297/2004 on the capital market.

The Extraordinary General Assembly of the Shareholders approved: changing the date of registration and ex date relating to the operation of the Bank's share capital increase that was approved by the Extraordinary General Meeting of Shareholders of the Bank's decision no. 2 of 18 June 2015; changing the terms and conditions of operation of the Bank's share capital increase approved by the Extraordinary General Meeting of Shareholders of the Bank's decision no. 2 of 18 June 2015 to allow the newly issued shares that were not subscribed within the period for exercising the right of pre-emption being offered by the Bank Executive for subscription in a private placement; amending decision no. 2 of 18 June 2015 of the extraordinary general meeting of shareholders of the Bank, as well as updating properly the decision of the extraordinary general meeting of shareholders of the Bank no. 2 of 18.06.2015.

All the topics from the agenda of the Extraordinary General Assembly have been enacted with majority of votes.

The Supervisory Board

Composition

As part of the AGOA of 28/04/2015, events with significant impact on composition and functioning of the Supervisory Board took place, as follows:

- The resignation of the President of the Supervisory Board of the Bank, Mr. Nicolae Petria;
- The resignation of a member of the Supervisory Board and Chairman of the Audit Committee of the Bank, Mrs. Doina Toader;
- Withdrawal of the candidacy of a member of the Supervisory Board of the Bank, Mr. Ioan Trenca;
- Approval of a new member of the Supervisory Board, Mr. Giaime Marzo.

To ensure the functioning of the regulatory as required by the framework agreement in force, during the month of June 2015, the Supervisory Board approved the appointment of Mr Ioan Trenca as interim member of the Supervisory Board.

Thus, during 2015, the Supervisory Board is comprised of the following:

➤ Between January - May 2015:

- **Nicolae Petria - President** - within the Bank was a Member in the Audit Committee, in the Remuneration and Nomination Committee and in the Risk Management Committee. Between November 2009 - April 2012, he was a member in the Supervisory Board of Banca Comerciala Carpatica.
- **Doina Toader, Independent member** - within the bank, she has an independent statute in the position of Chairman in the Audit Committee and Member in the Remuneration and Nomination Committee. She has been a Member of the Supervisory Board since November 2009.
- **Ioan Trenca – Independent Member** - within the Bank he was President of the ccommittee - independent in The Risk Management Committee and member of The Strategy and Policy Committee.
- **Silviu Popa, Independent Member** - Mandate duration: 23.02.2012-23.02.2016. Within the bank, he is a committee Member- independent in the Audit Committee, Chairman - independent within the Remuneration and Nomination Committee and a Member - independent in the Risk Management Committee.
- **Ionut Patrahau, Commission** - Mandate period: 24.03.2014 - 24.03.2018. Within the bank, he is a Chairman - independent of the Strategy and Policy **Committee**.

➤ Between June - December 2015

- **Ioan Trenca – Independent Member**
- **Silviu Popa – Independent Member**
- **Ionut Patrahau – Independent Member**

Starting with May 2015, the function of President of the Supervisory Board of Banca Comerciala Carpatica was provisionally exercised alternately by Mr. Silviu Ionut Popa and Mr. Patrahau.

The activity of the Supervisory Board in 2015

The Supervisory Board is the governing body with supervisory function and monitoring of the decision-making process exercised by the Executive.

In 2015, the Supervisory Committee held 18 meetings of which 4 ordinary and 14 extraordinary). During 2015, the Supervisory addressed the Executive a total of 17 recommendations and adopted 103 resolutions.

The main recommendations were referred to the strategy for 2015, the work plan for the current year, the income and expenses budget, remodeling the organizational structure, improving internal control environment aiming to reduce significant risks for the Bank and to insure that the annual strategic indicators are met.

The Supervisory Board supervised the activity of the Bank for meeting the strategic objectives set during the Annual General Assembly of Shareholders in April 2015. The actions of the Board were mainly aimed at ensuring business continuity and creating the perspectives for future development.

At the beginning of 2015, considering that Banca Comerciala Carpatica needed a change in the governance structure, needed to strengthen the shareholding structure, and needed a capital injection, it was necessary to update the Bank's development strategy for 2015. Together with the executive team, the Consolidated Strategy of the Bank for 2015 was created and adopted, as a component part of the Continuity Strategy of the Bank for the period of 2014 – 2017.

The updated strategy's main objectives were attracting new capital to support the growth plans, creating a customer-oriented organization, simplifying business model, ensuring sustainable growth, and transforming into a reliable partner for the employees.

Also, the Supervisory Board examined how the AGA decisions were met, as well as the manner of implementation of the austerity measures approved by the AGA on 16.06.2015.

The members of the Board monitored the achievement of the indicators in the budget of revenues and expenditure of 2015, the implementation of the measures ordered by the National Bank of Romania, and other institutions of the state, as well as the implementation of the recommendations of the Supervisory Board and of the corrective measures resulting from the activity of internal control.

The priorities of the Supervisory Board included monitoring the Bank's activity based on the reports included in the Scoreboard of the Supervisory Board, thus providing a permanent character to the supervisory activity.

The Supervisory Board reviewed the quarterly activity reports of the Deputy CEO's, and the quarterly report and the annual report of the Executive.

The Board supervised the compliance of the activity of the Executive with the strategies and policies of the Bank and ensured that the Executive properly implements and manages the policies and strategies for the identification and management of risks related to the activity of the Bank.

Also, the Supervisory Board regularly monitored the financial results and the financial risk indicators; monitored the implementation of the process of reduction and increasing the share capital of the Bank, and achieving the investment plan for 2015; analyzed the viability plan of the branch network; has reviewed and approved the Bank's revised policy on market risk management, credit, operational, liquidity, country and transfer, of interest from non-trading portfolio; analyzed the business continuity plan in the structures of central and local units, as well as the plan for contingencies; reviewed and approved the capital plan for 2015; monitored the portfolio of programs and projects of the Bank.

In 2015 the Supervisory Board has revised its Rules of organization and operation as a result of dissolving the Remuneration and Nomination Committee and the Strategy and Policy Committee, the specific responsibilities of the two committees being taken over by the Supervisory Board. Also, due to the decision of AGA to reduce the number of Supervisory Board members from 5 to 3, and resignation of Mrs Doina Toader, the President of the Audit Committee, the Supervisory Board of the Bank decided to take over all the duties and responsibilities of both the Audit Committee and the Risk Management Committee.

The Board supervised on a regular basis the activity of the Executive in connection with how it insures the proper and effective operation of the internal control system of the Bank. In this regard, the Supervisory Board analyzes the integrated activity report of the internal control system, including the manner to achieve the internal audit, compliance and risk objectives.

Advisory Committees

The audit committee

The Audit Committee consists of 3 members of the Supervisory Board. Between January - May 2015 the committee was composed of:

- o **Doina Toader** – President of the Committee - independent
- o **Nicolae Petria** – Member of the Committee
- o **Silviu Popa** – Member of the Committee – independent

Since July 2015, the duties and responsibilities of the Audit Committee were taken over by the Supervisory Board.

The Audit Committee plays an advisory role and is subordinated to the Supervisory Board. Until the takeover by the Supervisory Board of the specific duties, the Audit Committee was convened in six sessions. The main subjects that have been discussed focused on the activity of the internal control structures throughout 2015. analyzed the reports of the internal control structures, namely Internal Audit, Risk & Compliance and the Annual Report of the Internal Control System; monitored the fulfillment of the measures taken by the NBR through NBR orders and the Supervisory reports; The implementation status of the recommendations issued after the inspection missions carried out by the Compliance Department and the Internal Audit Department have been reviewed, as well as the implementation of flow monitoring and reporting the measures to remedy deficiencies identified by the audit and compliance functions;

The Remuneration and Nomination Committee

The Remuneration and Nomination Committee consisted of 3 members of the Supervisory Board. Between January - May 2015 the committee was composed of:

- o **Silviu Popa** – President of the Committee – independent

- **Nicolae Petria** – Member of the Committee
- **Doina Toader** – Member of the Committee - independent

Starting with June 2015, the Remuneration and Nomination Committee was dissolved and the specific duties and responsibilities were taken over by the Supervisory Board.

The Remuneration and Nomination Committee, as a structure subordinated to the Supervisory Board, analyzed during the 6 meetings from 2015 the following matters related to the recruitment and remuneration of the management personnel: evaluation of performance indicators for the Executive Board members for 2014; analysis of proposals on the succession plan for the management structure; Analysis of the Human Resources Plan for 2015; cost analysis of the human resources and productivity for each division / business line for the period 2013 - 2014; Endorsement for employment of 8 proposals on the key management positions, including Deputy General Manager and Member of the Executive Board;

The Risk Management Committee

Given the significant events that have influenced the structure and composition of the Supervisory Board, the specific duties and responsibilities of the Risk Management Committee were taken over by the Supervisory Board.

The Strategy and Policy Committee

The Strategy and Policy Committee consists of 5 members, of which 2 members of the Supervisory Board and three members of the Executive. Between January - May 2015 the committee was composed of:

- **Ionuț Patrahau** – Chairman of the Committee - independent
- **Ioan Trenca** – Member of the Committee - independent
- **Johan Gabriëls** – Member of the Committee
- **Cosmin Bucur** – Member of the Committee
- **Elena Badeanu** – Member of the Committee

Starting with June 2015, the Remuneration and Nomination Committee was dissolved and the specific duties and responsibilities were taken over by the Supervisory Board.

Given the significant events that have influenced the structure and composition of the Supervisory Board, The Strategies and Politics Committee was dissolved by decision of the Supervisory Board. Until the date of dissolving, the topics debated during committee sessions focused on business restructuring of the branch network of the Bank.

The Executive

The Executive is the collective organism of executive management of Banca Comerciala Carpatica, under the supervision of the the Supervisory Board. On 26.02.2014, the Supervisory Board of Banca Comerciala Carpatica reconfirmed the management and the composition of the bank's Executive, and the mandate of the Executive was extended for a period of 4 years, starting with 04.03.2014.

On 31st of December 2014 the members of the Executive are the following:

- **Johan Gabriëls** - Executive Chairman - General Manager (CEO) As CEO of Banca Comerciala Carpatica, he is in charge with Audit, Compliance, Risk, Development, Controlling and Asset and Liability Management, Legal, Financial-Accounting. Also, she is a member of the Strategy and Policy committee, advisory committee of the Supervisory Board. He is part from the Banca Comerciala Carpatica team since **2013**.
- **Gheorghe Cismaru** - Member of the Executive, Deputy General Manager - IT and Operations Division (COO). As COO of Banca Comerciala Carpatica, he is in charge with the Back Office Operations, IT, Logistics, Credit Management and Collection. He is part from the Banca Comerciala Carpatica team since 2001.
- **Elena Badeanu** - Member of the Executive, Deputy General Manager - Corporate Identity and Human Resources Division (CPO). As CPO of Banca Comerciala Carpatica, she is in charge with the Marketing and Corporate Identity Division, Excellence in Services and HR Division. Also, she is a member of the Strategy and Policy committee, advisory committee of the Supervisory Board. He is part from the Banca Comerciala Carpatica team since **2013**.
- **Cosmin Bucur** - Member of the Executive, Deputy General Manager - Commercial Division (CCO). As CCO of Banca Comerciala Carpatica, he is in charge with the Commercial Relations, Credit Product, Non-Credit Product Management and also with the Territorial network. He is part from the Banca Comerciala Carpatica team since **2013**.
- **Cornel Benchea - Member of the Executive, Deputy** General Manager within the Treasury and Active Solution Division, As CTRO of Banca Comerciala Carpatica he is responsible for customer support and active solutions, Strong room, fixed asset management and Treasury. He is part from the Banca Comerciala Carpatica team since 2015.

Action channels

At the beginning of 2015, considering that Banca Comerciala Carpatica needed a change in the governance structure, needed to strengthen the shareholding structure, and needed a capital injection, it was necessary to update the Bank's development strategy for 2015. The management team built a consolidated Strategy for 2015 as part of the Bank's Strategy of Continuity for the period 2014-2017.

The updated strategy's main objectives were attracting new capital to support the growth plans, creating a customer-oriented organization, simplifying business model, ensuring sustainable growth, and transforming into a reliable partner for the employees.

Advisory Committees

Pursuant to the Regulation no. 5 as of 2003 issued by the National Bank of Romania on forming a new Risk Management Committee made of members of the management body who are not exerting any executive function within the credit institution, the Risk Committee with advisory role was founded in March 2014, in support of the Executive in the achievement of its duties on risk management line, and with informative role for the Supervisory Committee on the matters related to risks and the Risk Management Board was founded in direct subordination of the Supervisory Board.

The purpose and structure of the committees, the duties of the committee secretary, the frequency of the meetings, the duties and responsibilities of the committees are regulated under their own

Organisation and Operation Regulations, drafted, reviewed and approved pursuant to the legal provisions in force.

The Asset and Liability Management Committee (ALCO)

The Asset and Liability Management Committee operates with the aim of ensuring the balance at the level of the financial risks undertaken by the Bank in the process of meeting its objectives. In 2015, the ALCO Committee was made of seven members, as follows:

- Deputy General Manager of the Asset solutions and Treasury Division - **Chairman of the Board;**
- Deputy General Manager of the IT Operations Division;
- General manager
- Trade Department Deputy Manager
- The Deputy General Manager of the Corporate Identity and HR Division;
- Manager of the Internal Control System
- Treasury Department Manager
- Manager of Development, Controlling and Administration Assets and Liabilities

During 2015, the Asset and Liability Management Committee joined in 30 meetings. 103 subjects have been analysed and 44 decisions have been made.

Within the meetings, the Asset and Liability Management Committee exerted the following duties:

- It reviewed the levels of interest for liability products from the Bank's portfolio both in lei and in foreign currency and the passive interests practiced by other credit institutions and it approved the levels of the interests to the Bank's products, seeking to increase the net interest margin and to reduce the financing costs;
- He monitored the evolution of the exchange positions, the RMO situation, the remunerated claim and liability balances and of the average rates of weighed interest, the immediate liquidity, with the aim of managing the liquidity;
- he monitored the situation of the sources drawn from the non-banking customers, the type and structure of the deposits etc., with the aim of an appropriate source management;
- He analysed the structure and evolution of assets and liabilities in order to identify solutions to manage and streamline the Bank's investments and liabilities;
- Emergency meeting of ALCO have been held to discuss the impact of events developed by the Greek crisis, and the turbulences on the domestic market, and the immediate measures needed to protect the bank to the conditions of high volatility on the financial markets.

The Credit Committee

The Credits Committee aims the approval of credit facilities for the Corporate customers, SME and Retail of the Bank, within its competences established by ROF. The Credit Committee is made of five members and a permanent guest. In 2015, **the composition** of this committee was as follow:

- **Chairman of the Committee: the General Manager;**
- **Vice**-chairman of the Committee: Trade Department Deputy Manager or manager of the trading **relations department;**
- **Members:** the Manager of the Internal Control System (or his replacement), the Manager of the Credit Product Management Division (or his replacement), the Manager of the Customer Support and Asset Solution Division (or his replacement);

- **Permanent guest: The legal department manager or a legal adviser assigned and communicated in this respect to the Committee for Credit and the Credits Administration Manager/ Head of Credits Administration or their replacement appointed and communicated to the Credit Committee**

In 2015, The Credit Committee joined in 180 meetings. 650 files were analyzed and 494 resolutions were issued in total, and 26 notifications (for requests in the competence of the Executive). The Credit Committee of 1st tier joined in 155 meetings, where 1.390 files were analyzed and 1.900 resolutions were issued.

Within the meetings, the Credit Committees exerted the following duties:

- Approvals / pre-approvals for retail customers: Prosper, Upgrading, Casa 9, Real estate, Consumption without real guarantees, Consumption with real guarantees, Advantageous, investments, , Card Visa Classic, Card Visa Smart, Cash collateral, Onesmart, Overdraft, clauses amendment, other requests
- Approvals for legal entities: APIA, Working capital on term, credit cards, Loans on commercial documents, Limit global MultiOption, SGB, Credits Roots, letters of comfort, Overtime / additional lines of credit, overdraft, Investments, endorsements notes, agricultural Credit, Amendments of clauses, other requests.

The HR Committee

The HR Committee focused on the improvement of the HR activity. The HR Committee is made out of six members. In 2015, this committee was made out of:

- **Chairman of the Committee: the General Manager;**
- **Members:** Deputy General Manager of Commercial Division, Division Deputy General Manager of Corporate Identity and Human Resources, Deputy General Manager of Operations and IT Division, Deputy General Manager of Treasury Division and Active Solutions, Director of Human Resources secretary, without voting rights.

In 2015, the HR Committee jointed in 62 meetings. A number of 712 topics were discussed and analysed and 185 resolutions were taken.

Within the 62 meetings, the HR Committee exerted the following duties:

- Compensations and benefits;
- Appointing/ terminating the individual employment contracts of the operative workers (division manager/ head of department) of the organisational structures from the Bank Principal Office, as also from the units of the territorial network (branch manager/ agency lead);
- Personnel employments;
- Approving the promotions in management positions;
- Analysis and decision in terms of interest conflict, with regard to the employment/ appointment, change of work place/ office, promotion, delegation, assignment, restructuring, firing cases, taking into consideration the kinship relations or risk assessment by the Compliance Division and Bank Safety for any other conflict of interest than the one generated by the kinship relations;
- Approving the job descriptions, updating job descriptions;

- Granting coordination duties;
- Founding/ maintaining positions;
- Approving the continuity plan;
- Other approvals (change of position, work place, individual employment extension).

The Restructuring and Credit Recovery Committee

The Restructuring and Credit Recovery Committee provides for an appropriate process of management of the credit portfolio related to the Customer Support and Asset Solution Division.

In 2015 **The Restructuring and Credit Recovery Committee** comprised of the following members with voting rights:

- **Chairman of the Committee: the General Manager (CEO);**
- *Manager of Product Management Credit or the Head of Fixed Assets Management Department*
- *Manager of the Legal Department (*) or replacement within the Legal Department, appointed by the Executive*
- *Director of Customer Support and Assets Solutions or Customer Service Department Deputy Director or Head of the Remedy Solutions and collection of receivables(*)*
- *Manager of the Internal Control System or the manager of the Risk Department or the manager of the Risk Management Department (*)*

(*) If the positions are not occupied, the coordinator of the Directorate / Department in case will attend the committee meetings as a member.

În lipsa General manager, atribuțiile Președintelui Comitetului vor putea fi preluate de către Manager of the Internal Control System sau o persoană desemnată de către membrii participanți.

During 2015, the **Restructuring and Credit Recovery** Committee joined in 113 meetings. A total number of 395 requests were analysed **and** 355 resolutions were **issued**..

Within such meetings, the Restructuring and Credit Recovery Committee exerted the following duties:

- Approval of the Agenda of the Creditors meeting;
- Approving extensions of credit lines / loans restructuring;
- Approval for commencement of the forced execution procedures;
- Approval of transfer of customers from one category to another;
- Approval of monitoring conditions of credit agreements;
- Approval for stopping the interests and credit accessories;
- Approval of sheets and cash flow reimbursement for IFRS provisions;
- Approval for payment agreements;
- Approval for sale of properties;
- Approval for release from guarantee;
- Approval for submission of files to the bailiff;
- Approval to remove the alienation restrictions;
- Approval for the payment of the insurance policy instalments;
- Approving payments.

In 2015, the Restructuring and Credit Recovery Committee functioned also through a subcommittee - The Restructuring **and Credit Recovery Committee level 1 with the** following members:

- Director of Customer Support and Assets **Solutions** or the resident of the committee (**) or the Customer Service Department Deputy Director or Head of the Remedy Solutions and collection of receivables
- Manager of the Legal Department (*) or replacement within the Legal Department, appointed by the Executive
- Head of the risk Management Department (**) or the Manager of the Risk Department or the manager of the Internal Control System

(**) If the positions are not occupied, the coordinator of the Directorate / Department in case will attend the committee meetings as a member.

If the president of the committee is absent, his attributions for the respective meeting will be taken over by his substitute.

During 2015, the **Restructuring and Credit Recovery Committee of level 1** joined in **143 meetings**. A total number of 607 requests were analysed and 595 resolutions were issued.

Within such meetings, the Restructuring and Credit Recovery Committee of level 1 exerted the following duties:

- Approval for payment agreements;
- Approval of the Agenda of the Creditors meeting;
- Approving extensions of credit lines / loans restructuring;;
- Approval for commencement of the forced execution procedures;
- Approval for declaring anticipated maturity;
- Approval for submission of files for execution by the bailiff;
- Approval for stopping the interests and credit accessories;
- Approval for the payment of the insurance policy instalments;
- Approval for sale of properties;
- Approval for release from guarantee;
- Approval for cooperation with a court enforcement officer to take-over the property in account of the receivable;
- Approval to remove the alienation restrictions;
- Approving payments.;
- Replacing the guarantees

The Retail Commercial Policies and Programs Committee:

The Commercial Policies and Programs Committee focuses on:

- Analysing and approving the proposals on credit facilities under the rate or the interest list of the Bank for performing customers and for Local Public Authorities;
- Approving the bids under the standard level for the fees related to operations undertaken by the customers Local Public Authorities/ Legal Entities/ Individuals of the Bank for remuneration of the liquidity constituted as security on the credits and Bank Guarantee Letters granted to Individuals and Legal Entities;
- Approving the bids for conclusion of wage transfer agreements, the bids for attracting employees from various employers with cost under the standard level provided, as also cost for cooperation protocols;

- Proposing to the approval of the Executive the Lead branches from within the business group from the territorial network.

The Commercial Policies and Programs Committee operates by means of two sub-committees:

- The Retail Commercial Policies and Programs Credit Products Committee;
- The Retail Commercial Policies and Programs Non- Credit Products Committee;

Each of the sub-committees is made of three members, as follows:

- The Deputy General Manager of the Commercial Division (or his replacement);
- Manager of Credit Products Manager / Manager of Sales Management and Non-Credit Products by type of subcommittee met;
- The Senior Manager of the Corporate Commercial Affairs

During 2015, between 01.01.2015- 15.09.2015 a total of 333 sessions were held, of which: 123 meetings aimed at requests on credit reductions, 133 meetings for non-credit reductions and 77 meetings for retail requests. Within these meetings, 1079 topics were discussed, out of which 510 for credit, 430 for non-credit and 139 for retail, and 1065 resolutions were taken, as follows: 501 for credit, 428 for non-credit and 136 for retail.

In 2015, between 15.09.2015- 31.12.2015 a number of 185 meeting were held, of which: 79 meetings aimed solicitation for the reductions of credits, 106 non-credit request meetings. Within these meetings, 576 topics were discussed, out of which 132 for credit, 444 for non-credit and 564 6 resolutions were taken, as follows: 121 for credit, 443, for non-credit.

The Occupational Health and Security Committee

The Occupational Health and Security Committee focuses on ensuring the regular participation and consultation of the employees, by means of their representatives, with regard to any measure or activity that can significantly affect the occupational health and security of the employees.

In 2015, The Occupational Health and Security Committee was made from five members, as follows:

- **Chairman of** the Committee: The lead Deputy General Manager of the Occupational Prevention and Protection Department;
- **The employee** assigned with duties in the field of occupational health and security;
- **The occupational medicine physician;**
- **The representatives of** the employees with specific liabilities in the field of occupational health and security - appointed by written decision of the Chairman of the Committee;
- **The representatives of** the employees - with duties of occupational security and health - appointed by written decision of the Chairman of the Committee.

During 2015, The Committee joined in 4 meetings. Within the 4 organised meetings, a number of 13 specific topics were discussed and 2 resolutions were taken.

Among the topics analysed during the meetings, we can mention:

- Employees compliance with the laws in force;
- The prevention and protection plan;
- Assessment of occupational risks;
- Protection of pregnant women and the pregnancy status of the employed women;
- The health condition of the Bank employees;
- Various repairs;
- Analysis of the work places with special working conditions;

- Compliance with the legal regulations for hot temperatures periods;
- Information on the performance of the regular health check-up for employees;
- Employee proposals on occupational health and security within the institution.

The Ethics Code of Banca Comerciala Carpatica

The ethics code forms an important component of the Corporate Governance and of the organisational culture of the Bank.

The organisational culture results from an assembly of elements, among which the most important are:

- the membership feeling of every employee in the organisation;
- the assembly of the ethical values of the Bank;
- the professional training level of the employees, the experience within the bank system, the training they benefit from;
- the inter-human and work relationships;
- synergy - the connections of interdependency and cooperation.

Since 2014, the Executive and the Supervisory Board approved / endorsed the claim "zero tolerance" against the practices not-endorsed / Fraud / Conflict of Interests. Banca Comerciala Carpatica undertakes to perform its business based on the fundamental ethical values and principals leading to a legal and appropriate manner of business, proving integrity and probity.

- Banca Comerciala Carpatica understands that all its co-operators and employees to meet their obligations resulting from contractual relations and to assume the responsibilities thereof in accordance with the legal provisions.
- Banca Comerciala Carpatica does not tolerate from its employees, co-operators or partners, contractors and suppliers, irrespective of the situation, any fraud (or attempt of fraud) and any illegal activity inside or outside the Bank.
- Banca Comerciala Carpatica will immediately act and investigate any suspicion of fraud, illegality or non-compliance with the provisions concerning the conflict of interest and it will order, if required, disciplinary measures (including employment or commission termination) or it will refer to the competent authorities for additional investigation that can lead to the prosecution of the persons in question.

The financial auditor

The financial statements of the Bank are examined by an independent financial auditor.

The financial auditor of Banca Comerciala Carpatica is, starting with 2015, Deloitte Audit SRL, J40/6775/10.08.1995, CUI 7756924/05.10.1995, established in Road. Nicolae Titulescu, No. 4-8, East Entry, Floor 2, 1st District, Bucharest, Romania, <http://www2.deloitte.com/ro/ro/legal/about-deloitte-Romania.html>, Member of the Chamber of Auditors of Romania with authorization no. 25 dated 25.06.2001.

It currently undertakes the activity of external financial auditor of the bank based on the appointment made by the AGOA Resolution no. 1 as of 18.06.2015, for a period of 3 years.

Nomination and remunerations

The remuneration of the management personnel (gross remuneration) in 2015 is as follows:

The Executive	3,085,993
The Supervisory Board	481,916

Total salaries paid to the management, administration and supervision bodies	3,567,909
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**Values expressed in RON*

During 2015 the bank did not grant other benefits to the key management personnel against the ones mentioned in the above table.

Transparency & Shareholder rights

The bank has on its own [website \(www.carpatica.ro\)](http://www.carpatica.ro) a section dedicated to its shareholders, within which GAS documents, periodical and annual financial statements drafted under the laws in force and all the communications on the bank on the capital market law can be accessed and downloaded. Also, the bank complies with all the publication requirements under the banking and capital market legislation.

Within Banca Comerciala Carpatica, there is a structure specialising in the relationship with existing and prospective shareholders, referred to as **the Financial Market Department**, of which main role is to ensure a good communication with the Bank's shareholders. This department deals with maximum of operativeness the requests from the Bank shareholders using, as applicable, in the established communication with the Bank shareholders, an international language and facilitating the dialogue with the Bank management.

The bank guarantees the rights of its shareholders, and the rules and procedures of participation in GAS are provided in detail by the GAS Convener and in the GAS informative material (under the Law no. 31/1990 on companies, as republished, the Law no. 297/2004 on the capital market and the ASF Regulation no. 6/2009 on the exercise of certain shareholder rights within the general assemblies of the companies).

The Bank created the appropriate framework for the shareholders to exert their right to information on the activity undertaken and the General Assemblies of Shareholders, to submit proposals on the supplementation of the GAS agenda and proposals of candidature for the position of member in the Supervisory Board.

The Bank's shares are nominative, indivisible and are issued in de-materialized form, by registration in the Shareholder Registry, which is held by Depozitarul Central SA, a private independent registry, organized and authorized under the law.

The rights of the Bank's shareholders are provided in the Articles of Incorporation, as follows:

- Every share held by the shareholders confer them the right to participate in the General Assemblies, the right to a single vote in the General Assembly, the right to information, the right to participate in benefit distribution as dividends, the preferential right of subscription on the shares issued subsequently by the company, the right to propose the amendment of the Articles of Incorporation, as also any other rights provided by the Bank's Articles of Incorporation or by the legal dispositions in force;
- The shareholders are entitled to decide the manner of distribution of the company's profit. The profit is to be distributed, under the law, according to the resolution of the General Assembly of Shareholders, with priority for the development of the company;
- Every share gives the right to dividends. The due quantum of dividends is established by the General Assembly of Shareholders for the approval of the annual financial statements related to the ended financial year. The dividends are paid to the shareholders proportionally with their share to the paid-in share capital. Once with fixing the dividends, the General Assembly of Shareholders will establish the term for payment thereof to the shareholders, but not later than the term established by law;

- The ownership on the shares in de-materialised form and traded on a regulated market is transmitted in accordance with the legislation in force on securities.

Shareholding and affiliates

Shareholding structure at 31 December 2015:

	Number of shareholders	of Shares (thousand)	%
Romanian capital	5368	911.431	82.8
Individuals	5212	750,589	68.2
Legal entities	156	160,842	14.6
Foreign Capital	147	189,940	17.3
Individuals	129	149,464	13.6
Legal entities	18	40,476	3,7
Total	5515	1,101,371	100.0

Shareholders without voting right	Ilie Carabulea	454,556	41.3
	Dana Cojocaru	54,848	5.0
	Nicolae Lupu	54,848	5.0
	Atlassib S.R.L.	50,073	4.5
	Corneliu Tanase	12,619	1.1
	Daniela Tanase	1,236	0.1
	SAFA SRL	49	0.0
		628,229	57.1

The statement of the BCC shares held by the members of the Supervisory Board and of the Executive as of 31 December 2014 is as follows:

It. No.	First name and last name	Office	Number of shares	Weight in the capital
1	Patrahau Ionut	Member of the Supervisory Board	-	-
2	Popa Silviu	Member of the Supervisory Board	-	-
3	Trenca Ioan	Member of the Supervisory Board	-	-
4	Gabriëls Johan	Chairman of the Executive - General Manager	184,529	0.017%
5	Badeanu Elena	Member of the Executive - Deputy General Manager	92,065	0.008%
6	Cornel Benchea	Member of the Executive - Deputy General Manager	14,828	0.001%
7	Bucur Cosmin	Member of the Executive - Deputy General Manager	-	-

8	Cismaru Gheorghe	Member of the Executive - Deputy General Manager	10,219	0.001%
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Affiliates

The affiliates are the persons with direct or indirect authority of decision, the members of their families, the bank's management and other related companies (Atlasib Group and other companies where the management exerts a significant influence).

The Group "Key management personnel" includes the members of the Supervisory Board and of the Executive.

Transactions with affiliates

All the transactions with affiliates have been concluded in similar terms with the transactions with non-affiliates, taking into account the interest rate and the related securities.

The transactions with affiliates, as evidenced in the Individual financial statements at 31.12.2015:

<u>Financial standing</u>	31 December 2015					
	Subsidiaries		Key management personnel		Other affiliates	
	Receivables	Debts	Receivables	Debts	Receivables	Debts
Current accounts and deposits	-	912,211	-	1,733,573	-	22,900,207
Other debts	-	-	-	-	-	80,068
Loans	-	-	-	-	5,395,725	-
Adjustments for depreciation of loans and receivables	-	-	-	-	-2,760,226	-
Other assets	23,916	-	1,124	-	1,211,743	-
Total	23,916	912,211	1,124	1,733,573	3,847,242	22,980,275

*Values expressed in RON

<u>Overall profit/loss</u>	31 December 2015					
	Subsidiaries		Key management personnel		Other affiliates	
	Revenue	Expenses	Revenue	Expenses	Revenue	Expenses
Expenses with interests and fees	-	23	-	14,556	-	449,475
Other expenses (Rents, Utilities, Other)	-	-	-	-	-	1,841,477
Revenues from interests and fees	106,062	-	1,146	-	1,683,201	-

Other revenues (Rents, re - invoicing, Other)	38,452	-	12,328		292,579	
Total	144,514	23	13,474	14,556	1,975,780	2,290,952

*Values expressed in RON

	31 December 2015		
<u>Contingent and accruals</u>	Subsidiaries	Key management personnel	Other affiliates
Loan accruals			
given	-	-	21,977
received	-	-	-
Financial securities			
given	-	-	-
received	-	-	1,143,736

*Values expressed in RON

Human Resources

On the December 31st 2015 , Banca Comerciala Carpatica has 921 employees (2014: 979).

The role of the Corporate Identity and Human Resource Division was to facilitate the creation of an open, flexible and practical organizational environment, which contributes to the fulfillment of the Bank' strategic objectives.

The activity of the Corporate Identity and Human Resource Division took into consideration:

- Provision of effective resources at the level of organizational structure to meet the strategic plan,
- Continuing the development of an effective system of accountability-oriented performance management and "leadership";
- Creation of professional development programs and training;
- Increasing the employees' motivation and commitment by means of specific programs.

The organizational transformation program in 2015 has been oriented to control and cost efficiency, reshaping the internal processes and strengthening the organizational culture based on the understanding and management of risks. The Bank implemented a new commercial business model, by reorganizing the network in 14 business centers. As a result of these actions, the organization benefits from improved activities, re-evaluated interval skills, synergy at the level of teams and costs.

Also throughout the year, situations such as conflicts of interest existing at the level of the Bank have been addressed and resolved.

Professional development programs were implemented through the "e-learning" learning management system, as an alternative to the "class" courses, aiming at two major benefits of the solution: attendance at the level of the entire organization and cost efficiency.

The activities for identification of solutions proper for the needs of external and internal clients of the Bank, improvement of the quality of services, the management of the Bank's portfolio of projects, as well as the development of new operational models within the organization continued.

Last but not least, the objective of the Corporate Identity and Human Resource Division to improve the image and brand of Carpatica Commercial Bank was fulfilled by active involvement in important artistic, cultural and sports events performed during the year among which we mention: tradition partner of the Theater Festival in Sibiu, official sponsor of 2015 Sibiu Cycling Tour competition, the main partner of the Sibiu FOCUS Photography Festival.

The remuneration policy

The Bank aims at maintaining and developing a remuneration policy seeking to:

- Encourage and reward performance
- Create and stimulate a competitive framework with high performance standards, considering the risk parameters established according to the laws in force
- Facilitate the retention and motivation of the current employees as also to attract prospective employees
- Encourage risk prudence undertaking, according to which the remuneration policy of the credit institution must not encourage excessive risk undertaking.

The remuneration of the personnel includes the following items:

✓ **The financial package**

• **The fixed basic remuneration**

- The monthly wage - for employees (employees with individual employment contract)
- The Monthly remuneration - for members of the Supervisory Board and of the Executive
- The basic salary revision
- Application of salary increases/ remuneration adjustments
- Special situations for changing the basic salary

• **Other financial benefits**, bonuses, prizes and other benefits

✓ **The non-financial package**

- Meal tickets
- Healthcare services
- Other non-financial benefits (i.e. : professional development and career management, access to recreational facilities etc.)

Communication and social responsibility

The year 2015 was full of social events addressed to the community to which it belongs and in which it activates since more than 15 years. Continuing the tradition of being the partner of the community

in Sibiu, also in 2015, the Banca Comerciala Carpatica was actively involved in artistic, cultural and sporting events held during the year.

So, Banca Comerciala Carpatica was the traditional partner of the Theatre Festival in Sibiu and the official sponsor of Sibiu Cycling Tour 2015 contest.

Within the TCS other events also took place, during which the promoting of the Bank has achieved a very high level:

- "King of the Mountain" –climbing competition on the road and offroad (Paltinis);
- The meeting of "Ciclism.ro" - bicycle lovers friendly meeting - Transfagarasan
- "Biciclete cochete 2015" - bike parade, socializing event - Piata Mare, Sibiu.

The Bank also provided support to the campaign "Sibiu Partner" by making street billboards and promotional materials roll-up type for the Bank's units in Sibiu.

In art, the Bank targeted sponsorship as the main partner of the FOCUS Festival of Photography Sibiu.

Also, Banca Comerciala Carpatica paid attention to the educational and sporting field, financially supporting these projects:

- National School Sport Olympiad - competition of table tennis;
- Sibiu Rugby Sports Club for the purchase of sporting equipment in order to carry out the training process and the competition one;
- Funding printing a "Treaty of Management", published by the Society for Academic Management in Romania, Sibiu branch.

Another important action of the promotion activity held in 2015 was represented by branding of the bank's fleet, when all the 130 cars in the fleet were emblazoned with the insignia of the Bank.

Financial schedule 201

- Presentation of the preliminary annual financial results 2015 - **26 February 2016**
- AGA for approval of 2015 annual financial results - **27/28 April 2016**
- Presentation of 2015 annual financial results - **27/28 April 2016**
- Presentation of 2016 quarterly financial results - **11 August 2016**
 - Teleconference on the quarterly results - **12 August 2016**
- Presentation of the quarterly financial results
 - Q1 2016 - **9 May 2016**
 - Teleconference on the Q1 results - **10 May 2016**
 - Q3 2016 - **28 October 2016**
- Meeting with financial analysts, investment advisers, brokers and investors to present the financial statements on Q3 **01 November 2016**