

NOTE

AUTHOR	Note number	- 289 / 13/03/2018		
	Functional entity	Directia Contabilitate - Gina Badea		
	Confidentiality level	Confidential		
	Name, first name	Maria Codau David		
1. Referring to	Distribution of net profit for the financial year 2017			
2. For		Information	Pre-approval	Approval
	DE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	VPC	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	ALCO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	MB	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Risk Committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	SB	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	GMS	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Other level	<input type="checkbox"/>	N/A	<input type="checkbox"/>
	N/A			
	N/A			
3. Call notice chapter	Topics for approval			
4. Proposed resolution draft ²	The pre-approval (by MB and SB) and approval by (General Meeting of Shareholders) of the distribution of the net profit registered in 2017 at BCR level			
5. Content:				
<u>5.1. Legal requirements</u>				
<p>BCR draws up, approves and publishes the separate and consolidated annual financial statements as at 31 December 2017, in accordance with the provisions of the Accounting Law no. 82/1991, republished, as subsequently amended and supplemented and of the Accounting Regulations in compliance with the International Financial Reporting Standards, applicable to credit institutions, approved by the NBR Order no. 27/2010 as subsequently amended and supplemented.</p> <p>The Annual Financial Statements, the Administrators' Report together with MB's report and SB's report and the Audit Report for the Financial Year ended at 31 December 2017 are subject to the approval of the General Shareholders' Meeting.</p> <p>For submission to the National Bank of Romania and the Ministry of Finance - National Agency for Fiscal Administration, the Annual Financial Statements at 31 December 2017 will be accompanied by the Administrators' Report, the Audit Report and the Proposal for the distribution of profit or covering the loss accounting, in accordance with art. 29 para. 1 of the Accounting Law no. 82/1991, republished as subsequently amended and supplemented.</p> <p>The financial results of Romanian Commercial Bank for the financial year ended 31 December 2017 is a net profit of RON 570,309,907.</p>				

² To be filled in case of documents submitted for pre-approval/ approval to several committees

According to art. 19 paragraph 4 of the Accounting Law no. 82/1991, republished, with the subsequent amendments and completions, "the retained loss accounting is covered by the profit of the financial year and the carried over, from reserves, premium capital and social capital, according to the General Shareholders or Associates Meeting." According to the Decision of the General Shareholders' Meeting no. 2/24.04.2015, the accounting loss recorded in 2014 and remaining uncovered in 2017, in the amount of RON 121,034,152, is to be covered from the profits of future years.

5.2. Proposal for distribution of net profit for the financial year 2017

We propose to the General Meeting of Shareholders the following structure of net profit allocation for 2017:

Table A

Element	Amount - RON
2014 Loss to be covered ^[1]	121,034,152
Legal reserves	-
Dividend distribution ^[2]	228,123,964
Result reported ^[3]	221,151,794
Total	570,309,910

^[1] Short history regarding 2014 loss to be covered

Item	Year	Amounts (RON)
Loss	2014	(2,629,568,499)
Profit + Changes in the accounting policies	2014	658,903,238
Profit	2015	963,426,958
Revaluation reserve*	2015	118,315
Profit	2016	886,085,836
Profit	2017	121,034,152

*In 2015, the uncovered loss in 2014 was reduced by using the revaluation reserve for a property received free of charge and no longer used by the Bank in a total value of RON 118,315.

^[2] The amount of RON 228,123,963 represents the gross amount of the dividends.

^[3] The retained earnings totaling RON 221,151,791 will be used in accordance with the Bank's business strategy.

5.3. Payment of dividends

We propose that dividends be paid at the latest by the end of June 2018. Any withholding tax applied to dividend income will be deducted from gross value in accordance with the provisions of the Fiscal Code. Tax treatment of dividend income will be determined for each category of beneficiary under the tax provisions.

5.4. Regarding own funds items under Regulation 575/2013

Pursuant to Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, Chapter II "Basic Tier 1 Own Funds", Article 26, paragraph 1, the principal own funds items are: retained earnings, other items of accumulated comprehensive income, other reserves and funds for general banking risks.

These Basic Level 1 own funds items referred to in the previous paragraph may be included in the calculation of own funds only if they are available immediately and unrestricted to cover the risks or losses as soon as they appear.

In accordance with the above, we propose to General Meeting of Shareholders approval:

- Distribution of the net profit for the financial year 2017 according to the table above (Table A);
- Payment of dividends in compliance with the provisions of the Fiscal Code until 30 June 2018 at the latest;
- Maintaining the inclusion in the Basic Tier 1 Own Funds of the retained earnings, other accumulated earnings, other reserves and funds for general banking risks, in compliance with the provisions of Regulation 575/2013 up to any other decisions of the GMS.

Verificare/avizare		
Gina Badea	Directia Contabilitate - Gina Badea	3/13/2018 11:30:26 AM