

## NOTE

<b>AUTHOR</b>	<b>Note number</b>	119 /11.03.2022		
	<b>Functional entity</b>	Accounting Division – Gina BADEA		
	<b>Confidentiality level</b>	Confidential		
	<b>Name, first name</b>	Gina BADEA		
<b>1. Referring to</b>	<b>Distribution of net profit for the financial year 2021</b>			
<b>2. For</b>		<b>Information</b>	<b>Pre-approval</b>	<b>Approval</b>
	<b>DE</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>VPC</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>ALCO</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>MB</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>Risk Committee</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>SB</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<b>GMS</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Other level</b>	<input type="checkbox"/>	N/A	<input type="checkbox"/>
		N/A		
<b>3. Call notice chapter</b>		Topics for approval		
<b>4. Proposed Decision<sup>1</sup>:</b>		The pre-approval (by MB and SB) and approval by (General Shareholders' Meeting) of the distribution of the net profit registered in 2021 at BCR level		

### 5. Content:

#### 5.1. Legal requirements

BCR draws up, approves and publishes the separate and consolidated annual financial statements as of 31 December 2021, 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.

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 2021 are subject to the approval of the General Shareholders' Meeting.

For submission to the National Bank of Romania and the Ministry of Finance - National Agency for Fiscal Administration, the Annual Financial Statements as of 31 December 2021 will be accompanied by the Administrators' Report, the Independent Auditor's Report and the Proposal for the distribution of profit, in accordance with: art. 29 para. 1 of the Accounting Law no. 82/1991, republished as subsequently amended and supplemented, para. 67 of the Law no. 31/1990, republished as subsequently amended and supplemented and para. 27 of BCR Charter.

The financial results of Romanian Commercial Bank (stand-alone) for the financial year ended 31 December 2021 is a net profit of RON **1,377,916,640.57** RON.

The main elements of the equity before profit distribution for the year 2021 are presented below:

	<b>Bank</b>
<b>IN RON thousands</b>	
<b>Share capital <sup>1</sup></b>	1,625,342
<b>Adjustment of the capital – hyperinflation</b>	1,327,223
<b>Merger premium</b>	395,483
<b>Other reserves</b>	<b>1,222,377</b>
<i>Legal statutory reserves</i>	569,355
<i>General reserve regarding credit risk set up from profit before tax</i>	162,935
<i>Reserve on general banking risks</i>	267,673
<i>Other reserves</i>	222,414
<b>Other comprehensive income</b>	<b>15,662</b>
<b>Retained earnings</b>	<b>3,522,851</b>
<b>Net profit for the period</b>	<b>1,377,917</b>
<b>Total amount of the Bank's equity</b>	<b>9,486,855</b>

<sup>[1]</sup> The share capital represents the subscribed and paid-up share capital at nominal value, consisting of 16,253,416,254 shares with each nominal value of RON 0.1 / share

## **5.2. Proposal for distribution of net profit for the financial year 2021**

We propose to the General Meeting of Shareholders, the following structure of net profit allocation for 2021, based on the current capital plan:

Table A

<b>Element</b>	<b>Amount - RON</b>
Legal reserves	-
Other Reserves <sup>[1]</sup>	20,697,468
Dividend distribution <sup>[2]</sup>	964,541,648
Result reported <sup>[3]</sup>	392,677,524
<b>Total</b>	<b>1,377,916,640</b>

<sup>[1]</sup> The amount of 20,697,468RON represents the reinvested accounting profit of BCR which was exempt from applying corporate income tax, in accordance with the provisions of the Fiscal Code in force and which should be mandatorily allocated to Reserves.

<sup>[2]</sup> The amount of RON 964,541,648 represents the gross amount of the dividends.

<sup>[3]</sup> The retained earnings totaling RON 392,677,524 will be used in accordance with the Bank's business strategy.

The recommendation to distribute dividends in 2022 takes into account the Capital Strategy of the BCR Group according to which both the capital ratios and the MREL target will be met.

On 8<sup>th</sup> of March 2022, NBR send the letter no. FG/151, requesting the banks to apply prudent policies for dividend distribution considering the international geopolitical context. In this respect, NBR recommends an impact analysis, having the purpose of maintaining optimum level of own funds after dividend distribution, correlated with the current context, the identified risks and existing risk profile. The results of this analysis should be submitted to NBR by the latest 15<sup>th</sup> of April 2022 and they will be considered by BCR before profit distribution.

### **5.3. Payment of dividends**

We propose the dividends to be paid at the latest by the end of June 2022. In case of subsequent events which may lead to reconsider the dividend proposal, we will inform in due time the decisional bodies in order to revert the initial decision. 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. Eligible own funds items are included net of potential obligations (dividends, taxation effects). In case of reinvested accounting profit, the amount included in own funds will be net of any tax charge foreseeable at the moment of its calculation.

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 Shareholders' Meeting the approval of the following:**

- Distribution of the net profit for the financial year 2021 according to the table above (Table A);
- Payment of dividends in compliance with the provisions of the Fiscal Code (regarding withholding tax) until 30 June 2022 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 GSM;
- Continuing in 2022 to apply for the fiscal facility related to the reinvested profit with the consequence that the investment value from the net profit will have to be mandatorily allocated to "Other reserves" category within total Bank's equity.

<b>Executiv Director :</b>	<b>Signature:</b>
<b>Gina BADEA</b>	
<b>Present :</b>	<b>Gina BADEA</b>

#### **SIGNATURE OF THE MEMBERS OF THE MANAGEMENT BOARD:**

<b>Member</b>	
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<b>SERGIU CRISTIAN MANEA</b> Executive President CEO	<b>Signature:</b>
<b>ELKE MEIER</b> Executive Vice President CFO	<b>Signature:</b>
<b>THOMAS KOLARIK</b> Executive Vice President Operations & IT COO	<b>Signature:</b>
<b>DANA LUCIANA DIMA</b> Executive Vice President Retail & Private Banking	<b>Signature:</b>
<b>ILINKA KAJGANA</b> Executive Vice President Risk CRO	<b>Signature:</b>