

NOTE

AUTHOR	Note number	73/ 08.03.2024		
	Functional entity	Accounting Division – Gina BADEA		
	Confidentiality level	Confidential		
	Name, first name	Gina BADEA		
1. Referring to	Distribution of net profit for the financial year 2023			
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				
3. Call notice chapter		Topics for approval		
4. Proposed Decision ¹ :		The pre-approval (by MB and SB) and approval by (General Shareholders’ Meeting) of the distribution of the net profit registered in 2023 at BCR level		

5. Content:

5.1. Legal requirements

BCR draws up, approves and publishes the separate and consolidated annual financial statements as at 31 December 2023, 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 2023 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 at 31 December 2023 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 stand-alone financial results of Romanian Commercial Bank for the financial year ended 31 December 2023 is a net profit of **RON 2,487,342,677**.

The main elements of the equity before profit distribution for the year 2023 are presented below:

IN RON thousands	Bank
Share capital ¹	1,625,342
Adjustment of the capital – hyperinflation	1,327,223
Share premium	395,483
Additional equity instruments	741,555
Other reserves	
Legal statutory reserves	569,355
General reserve regarding credit risk set up from profit before tax	162,935
Reserve on general banking risks	267,673
Other reserves	316,659
Other comprehensive income	109,428
Retained earnings	4,482,270
Net profit for the period	2,487,343
Total amount of the Bank's equity	12,485,266

^[1] 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 2023

We propose to the General Meeting of Shareholders, the following structure of net profit allocation for 2023:

Table A

Item description	Amount - RON
Legal reserves	-
Other Reserves ^[1]	53,145,285
Dividend distribution, out of which: ^[2]	1,243,671,338
- ordinary dividends	1,176,600,923
- AT1 dividends ^[3]	67,070,415
Retained earnings ^[4]	1,190,526,053
Total	2,487,342,677

^[1] The amount of RON 53,145,285 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 allocated to „Other Reserves”.

^[2] The amount of RON 1,243,671,338 represents the gross amount of ordinary dividends and dividends related to AT1 instruments issued by BCR in September 2022 recorded in other AT1 capital items.

^[3] The AT1 dividends will be booked as payable in EUR on the date of approval of their distribution by the GMS and will be paid according to contract on 28 May 2024. Their value, established according to the terms and conditions of the AT1 notes, is EUR 13,485,000. The RON equivalent mentioned above has been calculated at the exchange rate estimated for payment date. The final value of these will be lower or higher depending on the evolution of the EUR - RON exchange rate up to the date of registration of the payment obligation in EUR. The FX difference will have impact on the Retained earnings – item 4.

^[4] The retained earnings totaling RON 1,190,526,053 will be used in accordance with the Bank's business strategy.

The recommendation to distribute dividends in 2024 takes into account the Capital Strategy of the BCR Group according to which both the capital ratios and the MREL target will be met. The total dividend amount also includes the dividends related to the AT1 instruments issued by BCR in September 2022, recorded as other equity items (AT1) in the amount of EUR 13,485,000, which will be paid, according to the Terms and Conditions of the AT1 notes, on 28.05.2024 to Erste Group Bank AG, as the holder of the AT1 notes.

National Bank of Romania has been informed of our distribution proposal according to the consultation rules.

5.3. Payment of dividends

Dividends related to AT1 instruments will be paid, as mentioned above, on 28th May 2024 in total amount of EUR 13,485,000.

We propose to distribute **the ordinary dividends** in amount of RON 1,176,600,923 to be paid at the latest 31st of May, 2024.

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 2023 according to the table above (Table A);
- Payment of ordinary dividends in compliance with the provisions of the Fiscal Code (regarding withholding tax) in amount of RON 1,176,600,923 until 31st of May, 2024;
- Payment of AT1 dividends in compliance with the provisions of the Fiscal Code (regarding withholding tax) on 28th of May 2024 to Erste Group Bank AG, as the holder of the AT1 notes in total amount of EUR 13,485,000;
- 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 2024 to apply for the fiscal facility related to the reinvested profit with the consequence that the net accounting profit will have to be mandatorily allocated to "Other reserves" category within total Bank's equity.

Executiv Director :	Signature:
Gina BADEA	
Present :	Gina BADEA

SIGNATURE OF THE MEMBERS OF THE MANAGEMENT BOARD:

Member	
SERGIU CRISTIAN MANEA Executive President CEO	Signature:
ELKE MEIER Executive Vice President CFO	Signature:
THOMAS KOLARIK Executive Vice President Operations & IT COO	Signature:

DANA LUCIANA DEMETRIAN Executive Vice President Retail & Private Banking	Signature:
ILINKA KAJGANA Executive Vice President Risk CRO	Signature: