

NOTE

AUTHOR	Note number	- 162 / 08/03/2019		
	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 2018			
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 Shareholders' Meeting) of the distribution of the net profit registered in 2018 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 2018, 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 2018 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 2018 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.</p> <p>The financial results of Romanian Commercial Bank (stand-alone) for the financial year ended 31 December 2018 is a net profit of RON 970,447,398.</p>				

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

The main elements of the equity before profit distribution for the year 2018 are presented below:

	Bank
IN RON thousands	
Share capital ¹	1,625,342
Adjustment of the capital – hyperinflation	1,327,223
Merger premium	395,483
Other reserves	1,130,670
<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>	130,707
Fair value reserve	133,743
Retained earnings	2,555,167
Net profit for the period	970,447
Total amount of the Bank's equity	8,138,075

^[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

During 2018, participations in VISA and Mastercard were sold, net gain from selling in amount of RON 196,298 thousands being reclassified from fair value reserve into retained earnings.

5.2. Proposal for distribution of net profit for the financial year 2018

We propose to the General Meeting of Shareholders, the following structure of net profit allocation for 2018:

Table A

Element	Amount - RON
Legal reserves	-
Dividend distribution ^[1]	485,223,699
Result reported ^[2]	485,223,699
Total	970,447,398

^[1] The amount of RON 485,223,699 represents the gross amount of the dividends.

^[2] The retained earnings totaling RON 485,223,699 will be used in accordance with the Bank's business strategy.

5.3. Payment of dividends

We propose the dividends to be paid at the latest by the end of June 2019. 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 Shareholders' Meeting the approval of the following:

- Distribution of the net profit for the financial year 2018 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 2019 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.