

Report
with regard to the Proposal on the net profit distribution for the year 2020

The net profit realized by the Bank during 2020 was **RON 644,139,775**.

The Bank submits to the approval by the General Meeting of Shareholders that out of the net profit of **RON 644,139,775**, the amount of **RON 48,000,000** should be distributed as dividends, while the rest in amount of **RON 596,139,775** should be included in the retained earnings.

The Management Board of Raiffeisen Bank S.A. submits for approval by the Ordinary General Meeting of Shareholders the distribution of the dividends related to the financial exercise of the year 2020, in a total pre-tax amount of **RON 48,000,000**. This amount corresponds to a gross dividend in amount of **RON 4,000/share**.

After September 30th, 2021, if the management assessment of the bank's business prospects and financial situation justifies such an approach and in line with any new recommendations from the regulatory authorities on the distribution of dividends, we may consider the possibility of revising the recommendation of dividend distribution from the profits of 2019 and 2020 in a new GSM meeting, bringing the dividend distribution rate to levels similar to that prior to the covid-19 pandemic.

Current perspectives show that the bank will be able to maintain a very good profitability in the medium to long term, above the level of the cost of capital, in a context where increasing the financing of the real economy will remain a major strategic objective.

Only the persons who are registered as shareholders as of April 15th, 2021 – the reference date of the meeting established by the Management Board - according to the Shareholders' Register kept by the General Secretariat, Shareholders and Participations Department/Legal and Corporate Governance Directorate are entitled to the payment of dividends.

The bank acknowledges as shareholders only the persons registered with the Shareholders' Register kept by the General Secretariat, Shareholders and Participations Department/Legal and Corporate Governance Directorate.

The amount of **RON 4,000 /share** represents the gross dividend per share issued by Raiffeisen Bank S.A. According to provisions of the Fiscal Code in force and the rules of application of the Fiscal Code, the net dividend per share is the amount resulted subsequent to computing and withholding the legal tax corresponding to each class of shareholders (resident private individuals, resident legal entities, non-resident legal entities) as follows:

- For the **resident private individuals** a tax rate of 5% on the gross dividend shall be applied.
- For the **resident legal entities** a tax rate of 5% on the gross dividend shall be applied, except for the resident legal entities owning minimum 10% of the shares for a minimum period of 1 year, being exempt from tax.

For the non- resident legal entities the minimum quota between the standard rate of 5% stipulated in the Fiscal Code or the quota stipulated in the Convention shall be applied for avoiding double taxation concluded between the Romanian state and the state of residence, if this is more favorable than the standard rate provided by the Fiscal Cod, provided that the entity concerned should submit the certificate of fiscal residence until the date the payment of dividends starts off. In case no such convention has been concluded between the Romanian state and the state of residence, or in case such convention has been concluded and the foreign legal entity in question does not submit the fiscal residence certificate by the date the payment of dividends starts, the standard rate of 5% shall be applied as stipulated by the Romanian fiscal law.

- For the **non- resident legal entities** which cumulatively fulfill the provisions of art. 229 letter c) of the Fiscal Code, dividends are exempt from taxation in Romania.

Raiffeisen Bank S.A. shall compute, withhold and remit the tax payable by each shareholder according to the provisions of the Fiscal Code in force.

The effective tax to be paid shall be computed for each shareholder on the basis of the following rule: any fraction higher than 50 bani (RON cents) shall be rounded up to 1 RON, any fraction lower than 50 bani shall be neglected.

Mention should be made that the resident PI shareholders shall owe a contribution of health social insurance (CASS) of 10% if they forecast for the current year a cumulative annual income at least equal to the limit of 12 gross minimum base salaries per country from one or more sources of income as follows: independent activities; revenues from rights of intellectual property; associations with legal entities; income from surrendering usage of goods; revenues from agricultural activities, pisciculture and/or forestry; income/earnings from investments; income from other sources.

The annual calculation base for CASS shall be represented by the equivalent of 12 minimum gross salaries per country, in force at the date when the unique statement for the income tax and the social contributions owed by the private individuals has to be submitted. For 2020 the minimum gross salary per economy has been stipulated at the value of RON 2,230 per month, RON 26,760 per year respectively. Also, in the case of persons with higher education who are at least 1 year old in the work in the field of higher education, the minimum gross salary was established at the value of RON 2,350 per month, respectively RON 28,200 annually.

If one estimates a net income higher than the equivalent of 12 gross minimum wages in the country, one needs to register with the health insurance system and pay CASS.

The individuals bound to pay CASS shall submit annually the unique statement on the income tax and the social contributions owed by the private individuals to the competent fiscal body with the view to finalizing the contribution of health social insurance. The fiscal body will no longer issue a taxation decision, the unique declaration filed representing the debt title. The payment of the contribution rests with each individual, Raiffeisen Bank S.A. having withholding obligation at source only for income tax related to distributed dividends.

The Management Board submits to the GSM's approval that the distribution of the net dividends as computed in accordance with the above-mentioned legal provisions will begin with the date of June 30th, 2021 within the timeframe provided by the law (maximum six months from the GSM date).

The Management Board proposes that the dividend payment to the shareholders be made by crediting directly the RON account opened with Raiffeisen Bank S.A. on the shareholder's name or by bank transfer in the bank account communicated by the shareholder in a written request addressed to Raiffeisen Bank S.A. - General Secretariat, Shareholders and Participations Department/Legal and Corporate Governance Directorate indicating the full name of the holder, identifiers, bank account and the bank where the payment will be made.

In case of deceased shareholders, dividends shall be paid subsequent to the registration of the property right over the shares on the name of their legal heirs, within the three years' legal term from the date established by the GSM as the starting date for the payment of dividends, upon request, by bank transfer into the account indicated by the heir.

This Report has been analyzed and approved by the Management Board of Raiffeisen Bank S.A. in the meeting held on March 8th, 2021.

Steven van Groningen

**President to the Management Board of
Raiffeisen Bank S.A.**