



To: FINANCIAL SUPERVISORY AUTHORITY (FSA)
Financial Instruments and Investors section

BUCHAREST STOCK EXCHANGE (BSE)

Current report according to:	FSA Regulation no 5/2018 regarding issuers of financial instruments and market operations
Report Date	19.03.2024
Name of the issuer	CEC BANK S.A.
Headquarters	No 13 Calea Victoriei, District 3, Bucharest, Romania
Phone number	+4021 311 11 19
Unique Registration Code with the Trade Register	RO 361897
Order number in the Trade Register	J40/155/1997
Subscribed and paid-in share capital	2,290,661,600 lei
LEI CODE	2138008AVF4W7FMW8W87
The regulated market where the Instruments are traded	Bucharest Stock Exchange (CECRO25, CECRO25E, CECRO28E); Luxembourg Stock Exchange (CECRO28E)

Press Release: CEC Bank S.A. reports an estimated, unaudited net profit of 515.8 million lei in 2023

CEC Bank's net assets rose by 35% to RON 83.5 billion in 2023

- CEC Bank continued to actively support the economy with new loans worth around RON 10.5 billion
- The Bank further consolidates market position: net assets up 35% YOY, from RON 61.8 billion to RON 83.5 billion
- Investments under the transformation and digitalization program amount to RON 175 million in 2023
- In July 2023, CEC Bank acquired 99.993% of the capital share of the Rural Credit Guarantee Fund (FGCR), and continues its efforts to enter the general insurance market.

CEC Bank reported an estimated, unaudited net profit of RON 515.8 million in 2023. The Bank continued to strengthen its market position, with net assets reaching RON 83.5 billion, up 35% YOY

"2023 was another year of growth and transformation for CEC Bank, reconfirming our position as a strong, stable and inclusive bank, well-prepared to face any present and future challenges. We increased our assets by 35% compared to the previous year, thus surging into top three banks on the market. We laid the foundations of the financial group by acquiring 99.993% of the capital share of the Rural Credit Guarantee Fund (FGCR), maintained the pace of transformation and digitization and successfully launched new bond issues under the EMTN Multiannual

Program. We continued to be one of the most important financiers of the Romanian economy, both for large companies and SMEs, as well as for individuals, and remained one of the banks that prioritized financial inclusion and took steps to strengthen ESG principles in our organization. I trust that 2024, when CEC Bank celebrates 160 years will mark another successful stage in meeting our strategic objectives", said Bogdan Neacșu, CEO of CEC Bank.

Financial performance

Net operating income rose by 11% against 2022, up to RON 2 billion.

The Bank improved its operational efficiency through strict control of operating expenses (depreciation, administrative expenses, personnel, etc.) which increased by 7% year-on year, while inflation rate for the period stood at 6.6%.

The stock of non-bank customer loans (gross value) amounts to RON 33.2 billion, up 8% compared to 2022, while deposits attracted from customers grew by around 39% compared to the end of last year, up to RON 72.7 billion.

Solid financial position

The total capital ratio stood at 24.2% at the end of 2023, slightly down from the end of 2022 (24.7%). The bank also enjoys a solid liquidity position, with the LCR value at 353.45%, significantly up compared to end-2022 (268.3% - audited data).

The loan portfolio remains healthy despite the market environment where inflation and rising interest rates have affected household incomes. The Bank intensified its efforts to improve asset quality, with the ratio of non-performing loans and advances (as per the ABE definition) falling from 4.4% in 2022 to 4.1% in December 2023.

Return on capital (ROE) was 11.83%, significantly improving from end-2022 (10.95%), on rising operating income and control of operating expenses. Also, the cost to income ratio improved from 54% in December 2022 to 50.5% in December 2023.

In order to maintain a comfortable level of compliance with MREL regulatory requirements, the Bank will continue issuing eligible bonds under the EMTN Multiannual Program, approved at the end of 2022.

We support the Romanian economy

CEC Bank continues to play an important role in the economy, by financing and supporting companies and individuals:

- Over 58,000 new loans in 2023, with a total value of approximately RON 10.5 billion; CEC Bank is one of the first 5 commercial banks in Romania that offers free guarantee- lending products to improve SME competitiveness and sustainability of SMEs and medium-sized enterprises, under the Guarantee Agreement signed with the EIF under the InvestEU programme - Member State Compartment Romania;
- New loans granted in 2023 to corporate clients exceed RON 8.5 billion, of which RON 3.4 billion granted to new clients. We focused on supporting the investment projects of existing clients, but also on diversifying the client portfolio. Lending mainly targeted, in line with the programs aimed at sustaining projects of national and regional interest were: agriculture, industry, trade, constructions;
- Agriculture saw the fastest growth in CEC Bank's book, being the second largest financed sector by the Bank. The volume of outstanding loans and financing commitments increased to RON 5.1 billion (+ 26% compared to December 2022). CEC Bank launched, for the first time in the banking sector, the APIA Optim 5x facility

for the plant and animal sector, thus strengthening the support provided to companies, in line with its business strategy. Also, CEC Bank has added the lending offer for the agriculture sector with a new product – Fast Track, which ensures fast financing for working capital and investments;

- Over 48,000 Romanian individuals, received loans worth RON 1.9 billion, intended for real estate investments or for other personal projects;
- At the same time, CEC Bank ranked 5th in top primary dealer banks on the government securities market at the end of 2023.

Digitalization of customer transactions

Full (100%) digital access to banking products and services continued to diversify and online technology with automated decision engines was extended to services in territorial units. Thus, customers may execute early loan repayments 100% online in a fast, simplified flow, depending on customer's availability, directly from the Mobile Banking/Internet Banking platforms and from the CEC_IN marketplace for individuals, and also reduce the limit amount on credit and overdraft cards directly from the Internet Banking application for individuals. During 2023, the adoption of all rapid online credit flows by the entire network, including B-type agencies (urban and rural), was also completed. At the same time, the Bank launched rapid flows to update customer data and refinance consumer loans, as well as establishing business relationship no longer requires presence at the counter, with mobile banking units now available to service customers wherever they may need. apart from the online channels.

The number of customers who accessed lending products through partial or 100% digital flows (online channel and the network of territorial units) doubled compared to 2022, as did the number of customers who accessed online product and service bundles.

CEC Bank has enabled QR code cash withdrawals via mobile phones, directly at the MFM in the bank's network, without use of any bank card, and issuing virtual cards is possible directly from the mobile banking platform.

The growing number of Individual customers (with over 80,000 new customers attracted) led to the increase in the number of users of CEC_app and CEC_IN, thus boosting the volume of operations through digital channels.

CEC Bank ranks third in the Romanian banking system by the number of ATMs and MFMs owned (1,354), of which nearly 1,300 are new state-of-the-art equipment. This year we plan to complete the modernization process of the entire network.

The number of financial transactions by cards and through the network of ATMs and POSs (at counter and physical and virtual merchants, including the national Electronic payment System– ghiseul.ro) exceeded 100 million, up by over 30% compared to the previous year, while the value exceeded RON 35 billion (+ 21%). At the same time, card payments to physical and virtual merchants, rose by over 35%, both in number and in value.

Contactless transactions with cards via virtual wallets Apple Pay / Gpay / Garmin Pay / Fitbit Pay saw an increase compared to 2022, both in terms of the number (+ 126%) and value (+ 151%).

Trading volumes from accepting card payments through physical / virtual POS and SNEP grew by more than 40% compared to 2022. At the same time, the network of POS terminals (physical, virtual, SoftPOS) installed at physical and virtual merchants for the acceptance of card payments saw an increase of 58% compared to 31.12.2022.

The main projects carried out in 2023

I. New developments under the Transformation Program

CEC Bank continued the modernization and transformation program at an accelerated pace. Investments in 2023 amount to RON 175 million, an increase of over 40% compared to the previous year, of which over 73% in IT systems.

Under the Transformation Program, significant progress has been made for the following projects:

- CRM: which aims at improving business relations with customers, optimize processes, improve performance by increasing sales and customer loyalty;
- FIS Quantum: modern treasury platform for treasury activities and balance sheet management, with new functionalities for the Bank's clients;
- ERP (SAP platform): updated financial and accounting platform.

Also, the following projects are in an advanced phase:

- Acquisition of the new Core Banking System, a modern and robust system serving the Bank's development requirements;
- Relocating the existing Data Center to a modern location, with Data Center features, to ensure operational resilience.

Our strategy has customer needs at its core and the entire transformation program is focused towards this direction. Clients perceive us as a bank with tradition on the market, stable and reliable, and the net promoter score (NPS) - based on their willingness to recommend CEC Bank - shows that we position in line with the average of top competing banks.

II. Bonds Issue

In 2023, the Bank consolidated its presence on the capital market, successfully placing the new bond issues under the EMTN Multiannual Program. Launched in two transactions, through an initial issue in February (2023) maturing in 2028, subsequently supplemented in November (total volume issued amounting to almost EUR 300 million), both tranches were oversubscribed by international and local investors, reconfirming their interest in CEC Bank acting as issuer. CEC Bank ended 2023 with a stock of issued bonds of more than RON 2 billion (~414 million euros), recording a comfortable level of MREL eligible liabilities (with more than 7pp over the regulatory requirements).

III. The AGRI CEC Concept

CEC Bank also implemented, for the first time, a new unit concept exclusively dedicated to providing financing to farmers - AGRI CEC, a concept that the Bank will also implement in other areas with agricultural potential in the country. AGRI CEC clients benefit from specialised advice provided by the bank's staff, with experience in structuring credit facilities in this sector and who are well aware of market trends at the local level: the evolution of prices for agricultural land, grains and inputs, particularities regarding the stages in which the crops and harvesting are done, given that seasonality is a predominant feature of the sector, the technology used and the particularities of such acquisitions. Adequate advice to clients in order to access European funds and government programs aimed at supporting the efficiency and modernization of farmers' activities as well as the alignment of economic and sustainability performances to the level assumed within the European Union is of significant importance.

AGRI CEC will have an integrator role in the CEC Bank customer ecosystem, offering dedicated areas and flows for the development and attraction of customers in the agriculture business, by creating a marketplace where CEC Bank will bring together partners who can provide everything farmers need: consulting, fertilizers, seeds, irrigation systems, silos, agricultural machines, etc.

IV. E-Factoring

In 2023, CEC Bank initiated the implementation of the E-Factoring Project, which aims to automate the processes and activities related to factoring facilities.

About CEC Bank

CEC Bank is the financial institution with the longest tradition in Romania. Founded in 1864, CEC Bank currently has the most extensive national network, with over 1,000 branches and territorial units and with assets of RON 83.5 billion at the end of 2023.

CEC Bank is a leading universal bank on the Romanian market and offers a full range of products and services to individuals, SMEs and large corporations, through multiple distribution channels: bank units, ATM and POS networks, Internet banking (CECOnline), mobile banking (CEC app) and the CEC_IN virtual store – where banking products and services can be accessed 100% online.

More details about the products and services offered by CEC Bank can be obtained in any unit of the Bank, by calling the customer support service free of charge at the phone number 0.800.800.848 or by accessing the website www.cec.ro.

About the CEC Bank Group

The CEC Bank Group was established through the takeover, on 27.07.2023, by CEC Bank S.A., of the majority stake (99.993%) of the Rural Credit Guarantee Fund – I.F.N. TO. (FGCR) with rest of 0.007% being held by the Ministry of Agriculture and Rural Development.

FGCR's main activity is the undertaking of guarantee commitments and the issuance of guarantees by leveraging public funds, own sources and any other sources, for loans and other financing instruments granted to individuals and companies - agricultural producers and processors of agri-food products, for agricultural production, storage / processing of agricultural products and for investment objectives in these fields. FGCR issues guarantees on account of the sources made available by the Ministry of Agriculture and Rural Development, as regulated by a series of normative acts. Details can be found on the FGCR website <https://fgcr.ro/despre-nol/>.

We remain at your disposal to provide any additional information which you may consider necessary at investor.relations@cec.ro.

Simona ANDREI, Manager, Vice President of the Executive Management Board



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