

PRESS RELEASE

CEC Bank reports RON 446.8 million net profit in 2022

- Solid profit for fourth consecutive year, up 22% yoy
- Solid growth of CEC Bank's assets (+22%) to RON 61.8 billion
- CEC Bank's loan portfolio reached RON 29.3 billion, up 14% yoy
- CEC Bank continues to be the preferred destination for Romanians' savings, with over RON 52.4 billion in resources attracted from customers at the end of 2022, up approx. 25%

Bucharest, 27.02.2023 - CEC Bank reported an estimated, unaudited net profit of RON 446.8 million for 2022, up 22% compared to 2021. This is the fourth consecutive year of solid profits, growth and market share consolidation for CEC Bank.

"In 2022, CEC Bank continued the transformation and modernization program and invested in the digitization of banking products and services. We also played an active role in increasing financial inclusion in Romania by offering advice and access to banking services through CEC Bank's network with over 1,000 branches - the largest bank footprint in Romania. In 2022, we managed to attract more than 165 000 new customers, increased the number of users of digital channels by 54% and saw the volume of operations through digital channels increase by almost 75%, which for the first time exceeded the threshold of RON 100 billion. CEC Bank continued to be an active financier of the economy, with loans over RON 12.5 billion granted to companies and individuals", said Bogdan Neacșu, CEO of CEC Bank.

CEC Bank's net profit amounted to RON 446.8 million in 2022 (estimated, not audited), up 22% compared to 2021. Net interest income reached RON 1.54 billion, 43% higher than in 2021. The increase in interest income is attributable to the context of increased inflation and interbank interest rates, developments that were reflected both in the interest charged on loans, but also in expenses with interest paid for deposits. CEC Bank had a responsible approach towards depositors and operated eight increases in interest rates offered on deposits during 2022. Interest expenses for deposits attracted from customers increased by 87%, while the volume of deposits attracted from the customers recorded a 25% increase to RON 52.4 billion.

Net income from fees and commissions totaled RON 313.9 million, up 5.5%, with the largest increases being recorded in operations carried out through digital channels.

Solid growth of the loan portfolio

The total portfolio of loans granted to non-bank clients (balance sheet balance) increased by 14% last year (above the market average of 12.1%), up to RON 29.3 billion.

Deposits attracted from customers grew at a solid rate (+25%), up to RON 52.4 billion, with



the household segment having the largest share (59%) in the total sources attracted.

In 2022, CEC Bank actively engaged in supporting the Romanian economy through:

- More than 5 250 new mortgage loans, worth approximately RON 1.5 billion
- Over 1 000 investment loans, worth approximately RON 3.9 billion. We expanded our client portfolio and financed successful Romanian businesses such as Soceram, Rodbun, Aylex, RAAL or the Agricola group
- We have supported almost 10 000 companies with financing for current activity in the amount of approximately RON 6.3 billion.

The transformation of CEC Bank

- **January 2022:** CEC Bank launched green mortgage loans
- **April 2022:** CEC Bank started the implementation of a new core treasury IT system with the American group FIS Global
- **May 2022:** CEC Bank became the primary dealer on the government securities market
- **September 2022:** CEC Bank launched the multicurrency debit card that offers access to accounts in lei, euro and 8 other currencies. Also in September, contactless functionality was launched at CEC Bank ATMs and multi-functional payment machines
- **December 2022:** CEC Bank successfully raised over RON 650 million equivalent through an inaugural issue of MREL eligible bonds, based on the prospectus approved by the CSSF (La Commission de Surveillance du Secteur Financier) with a view to a possible listing on the Luxembourg Stock Exchange.

Solid financial position

The loan portfolio remains healthy and the non-performing loan ratio stood at 4.43%, down from 5.28% at the end of 2021. The bank maintained a prudent approach and recorded RON 305.4 million lei in net expenses related to the impairment of loans and advances granted to customers, provisions for lending commitments and financial guarantees given during the year.

Based on the provisional financial statements, the total equity ratio was at a level of around 22.82%, at the end of 2022 significantly above the level of the global capital requirement (OCR) applicable to the Bank.

At the end of 2022, the rate of return on equity (ROE) was 11.50%, up from 8.79% in 2021.

Key Financial Metrics - Income Statement 2022

	2022	2021	var
Interest income	2 624.9	1 553.9	68.9%
Interest expense	1 085.9	478.6	126.9%
Net interest income	1 539.0	1 075.3	43.1%
Commission income	369.8	343.1	7.8%
Commission expense	55.9	45.6	22.6%
Net commission income	313.9	297.5	5.5%
Other income*	-13.5	106.6	-112.7%
Operating income	1 839.3	1 479.4	24.3%
Operating expenses	1 304.5	1 046.6	24.6%
Profit before tax	534.8	432.9	23.6%
Income tax expense	88.0	66.3	32.8%
Net profit for the period	446.8	366.6	21.9%

Key Financial Metrics - Balance Sheet 2022

Cash and equivalents	10 069.1	7 108.5	41.65%
Loans and advances to banks	6 119.1	1 724.3	254.87%
Securities and investments **	15 162.8	15 132.0	0.20%
Loans and advances to customers	29 252.0	25 651.0	14.04%
Assets other than listed above***	1 172.4	998.2	17.45%
Total Assets	61 775.3	50 614.1	22.1%
Deposits from customers	52 430.7	42 024.4	24.8%
Due to other banks	2 976.5	2 451.5	21.4%
Subordinated debt	1 439.6	1 401.0	2.8%
Bonds	653.6	0.0	NA
Liabilities other than listed above****	359.0	881.0	-59.3%
Total Liabilities	57 859.4	46 757.9	23.7%
Equity	3 915.8	3 856.2	1.5%
Total Liabilities & Equity	61 775.3	50 614.1	22.1%

Key ratios 2022

	2022	2021
CIR	53.97%	56.09%
NPL ratio	4.43%	5.28%
ROE	11.50%	8.79%
Solvency ratio	22.82%	24.81%
Coverage by provisions and collateral for loans in default	208.13%	199.52%
LCR	269.77%	184.36%



* Including Net gain from trading in foreign currencies, (Net loss) from financial derivatives, (Net loss) /net gain from financial assets mandatorily measured at fair value through profit or loss, Net gain from the sale of financial assets measured at fair value through other comprehensive income, (Net loss) /net gain from foreign exchange differences, Other operating income

** including Financial assets held for trading and measured at fair value through profit and loss, Financial assets mandatorily at fair value through profit or loss, Financial assets measured at fair value through other comprehensive income, Financial assets measured at amortised cost.

*** including Derivative financial assets, Property and equipment, Intangible assets, Investment property, Right-of-use assets, Deferred tax assets, Other financial assets, Other assets.

**** including Derivative financial liabilities, Current income tax liability, Deferred tax liabilities, Lease liabilities, Provisions, Other financial liabilities, Other liabilities.

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 footprint, with over 1,000 branches and assets of over RON 61.8 billion at the end of December of 2022.

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 networks, internet banking, mobile banking and the store virtual CEC_IN – 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.