Third Supplement dated 3 November 2023

This document constitutes a supplement (the "**Supplement**") to, forms part of and must be read and construed in conjunction with, the base prospectus dated 21 December 2022 as supplemented on 25 January 2023 and 2 February 2023 (the "**Prospectus**") for the purpose of Article 23 (1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**") in relation to the

CEC BANK S.A.
(the "Issuer" or the "Bank")

(*a joint-stock company organised and functioning in accordance with the laws of Romania, administrated in unitary system, with its registered office at 13 Calea Victoriei, 030167 Bucharest, Romania, registered with the Trade Registry under no. J40/155/13.01.1997, sole registration code RO 361897, registered with the Credit Institutions Registry held by the National Bank of Romania under number RB-PJR-40-046 as of 17 September 1999, subscribed and paid-in share capital of RON 2,290,661,600*)

EUR 600,000,000 Euro Medium Term Note Programme
for the issue of Notes
(the "Programme")

This document has been prepared and published for the purposes of updating the Prospectus in respect of the Issuer's Annual Financial Statements as of 31 December 2022, the Issuer's condensed interim financial information as of 30 June 2023 as well as certain recent events in connection with the Issuer. As a result, certain modifications to the Prospectus are hereby being made.

This Supplement has been approved by the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the "**CSSF**") in its capacity as competent authority under the Prospectus Regulation and the Luxembourg act relating to prospectuses for securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en oeuvre du règlement (UE) 2017/1129*, the "**Luxembourg Prospectus Law**"). The CSSF only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of the Supplement. Investors should make their own assessment as to the suitability of investing in the Notes. By approving this Supplement, the CSSF assumes no responsibility as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer pursuant to Article 6 (4) of the Luxembourg Prospectus Law.

The Issuer has requested the CSSF to provide the competent authority in Romania with a certificate of approval in accordance with Article 25 (1) of the Prospectus Regulation attesting that this Supplement has been drawn up in accordance with the Prospectus Regulation and the Luxembourg Prospectus Law.

This Supplement will be published in electronic form on the website of the Luxembourg Stock Exchange (www.LuxSE.com) and on the website of the Issuer (https://www.cec.ro/investor-relations-en). For the avoidance of doubt, the content of the aforementioned websites does not form part of this Supplement, unless that information is explicitly incorporated by reference into the Prospectus.

Terms given a defined meaning in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement does not constitute an offer of, or an invitation by or on behalf of any of the Issuer, the Dealers or the Arranger to subscribe for, or purchase, any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States of America (the "**United States**", "**U.S.**"). The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).

Save as disclosed in this Supplement, no significant new fact, material mistake or material inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of the Notes issued under the Programme has arisen or been noted, as the case may be, since publication of the Prospectus.

IMPORTANT NOTICE

This Supplement is to be read and construed together with (a) all supplements to the Prospectus and (b) the documents incorporated by reference into the Prospectus. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Prospectus, the statements in (a) above will prevail.

Neither the Arrangers, the Dealers nor any other person mentioned in the Prospectus or this Supplement (other than the Issuer) has independently verified the information contained in this Supplement, or any Final Terms or any other document incorporated herein by reference. Accordingly, none of these persons makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated in this Supplement or any other information provided by the Issuer in connection with the Notes. Neither this Supplement nor any other information supplied in connection with the Programme or any Notes nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Dealers that any recipient of this Supplement or any recipient of any other information supplied in connection with the Programme or any Notes or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Supplement and any purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by the Prospectus nor to advise any investor or prospective investor in the Notes of any information coming to the attention of any of the Dealers.

Neither this Supplement nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

RESPONSIBILITY STATEMENT

The Issuer with its registered office at Calea Victoriei 13, 030167 Bucharest, Romania, accepts responsibility for the information contained in this Supplement.

The Issuer declares that, to the best of its knowledge, the information contained in this Supplement is in accordance with the facts and that this Supplement makes no omission likely to affect its import.

SELLING RESTRICTIONS

The distribution of this Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restriction.

For a description of certain restrictions on offers and sales of the Notes and on the distribution of this Supplement and the Prospectus, see "*Subscription and Sale*" in the Prospectus.

SUPPLEMENTAL INFORMATION

The following significant new factors relating to the information included in the Prospectus which are capable of affecting the assessment of the Notes, have arisen:

1. Risk factors – 1.1 Risks relating to the business of the Issuer

1.1 On page 13 of the Prospectus, the risk factor under the heading "*The Issuer may be required to increase its capital in future for a range of different reasons, including as a result of changing regulatory requirements (including MREL requirement), and may experience material difficulty in raising any such additional capital and thus be in temporary breach of such requirements*" shall be replaced by the following:

"The Issuer is required to satisfy several capital and MREL requirements. Since 30 December 2022, the Issuer issued several bonds totalling a nominal value of RON 1,250 million and an accounting value of RON 1,284 million as of 30 June 2023, qualifying as MREL eligible liabilities according to the provisions of Law no. 312/2015 on banking recovery and resolution. The own funds and eligible liabilities ratio as of 30 June 2023 was at a level of 27.98%, thus above the minimum required threshold applicable starting 1 January 2023 (including the applicable value of the combined buffer) of 22.86%.

As the regulations or risk profile of the Issuer may additionally change in the future, capital requirements could change as well. Should the Issuer be required to increase its capital in the future for any reason, including changes in regulatory capital requirements and continued significant losses, no assurance can be given that it will be successful in doing so on favourable terms, in a timely manner or at all. The Issuer's ability to obtain additional capital may be restricted by a number of factors, including: (i) its ability to obtain any required regulatory approvals; (ii) decisions of its shareholder with respect to the approval of future capital increases or granting of subordinated debt; (iii) general market conditions for capital-raising activities by commercial banks; (iv) the financial condition, results of operations and cash flows of the Issuer at the time of the proposed capital increase; and (v) the Issuer's credit rating at the time of the proposed capital increase.

Any failure by the Issuer to comply with applicable capital or MREL requirements or otherwise to maintain sufficient levels of capital or MREL to conduct its business could have a material adverse effect on the Issuer and its business, financial condition and results of operations. Moreover, a breach of capital requirements and other regulatory ratios could result in the Issuer being subject to administrative sanctions. These sanctions could adversely affect its business strategy or even reputation and, consequently, could have a material adverse effect on the Issuer or its business, operating costs, financial condition, results of operations, cash flows and prospects."

1.2 On page 16 of the Prospectus, under the heading "*The Issuer may be subject to onerous tax liabilities*.", the first paragraph starting with "In its business activities, the Issuer is required to pay various taxes and contributions (…)" shall be replaced by the following:

"In its business activities, the Issuer is required to pay various taxes and contributions, such as corporate income tax, value added tax, local taxes, income tax, various social security contributions and others. If the Romanian Government or Parliament increases tax rates or imposes additional taxes, this could thus reduce the Issuer's after-tax profitability. For example a supplementary tax on banking turnover (of 2%) was approved by the Romanian Parliament and promulgated by the Romanian President in October 2023, waiting to enter into force following publication in Romania's Official Gazette. Such tax may directly affect the Issuer and, potentially, the entire Romanian banking system, by lowering banks' profitability. Banking turnover is defined in the tax proposal as the sum of interest income, dividend income, fee and commission income, gains (losses) on derecognition of financial assets and liabilities that are not measured at fair value through profit or loss (net), gains or losses on financial assets and liabilities held for trading and non-trading (net), gains or losses on financial assets and liabilities designated as measured at fair value through profit or loss (net), hedge accounting gains or losses (net), exchange differences (gain or loss), net; net gains or losses on derecognition of non-financial assets, and other operating income.

Revisions to tax legislation or to its interpretation might also affect the Issuer's financial condition in the future. While the Issuer believes it has paid its taxes when due, interpretation of applicable rules by tax authorities may differ."

2. Risk factors – 1.3 Risks relating to legal and regulatory matters and litigation

On page 24 of the Prospectus, under the heading "*The Issuer is subject to substantial regulation and supervision. Any new governmental or regulatory requirement and/ or any change in perceived levels of adequate capitalisation and leverage could subject the Issuer to increased capital and MREL requirements and require the Issuer to obtain additional capital or liquidity in the future*", the thirteenth paragraph starting with "However, the Issuer failed to fulfil the MREL (…)" shall be replaced by the following:

"In the second half of 2022, the Issuer's TREA was below the minimum required level, mainly due the high volume of unrealised losses from marking to market government bonds classified into the FVTOCI category (Fair Value Through Other Comprehensive Income) that impact own funds, due to the steep increase in the market yields of these instruments. Since 30 December 2022, the Issuer issued several bonds totalling a nominal value of RON 1,250 million and an accounting value of RON 1,284 million as of 30 June 2023, qualifying as MREL eligible liabilities according to the provisions of Law no. 312/2015 on banking recovery and resolution. The own funds and eligible liabilities ratio as of 31 December 2022 was at a level of 27.52%, thus above the minimum required threshold (including the value of the combined buffer) of 23.86%. The own funds and eligible liabilities ratio as of 30 June 2023 was at a level of 27.98%, thus above the minimum required threshold applicable starting 1 January 2023 (including the applicable value of the combined buffer) of 22.86%."

3. Description of the Issuer – 1.2 General information about the Issuer

On page 46 of the Prospectus, under the heading "*General information about the Issuer*", the fourth paragraph, starting with the "The Issuer does not have any subsidiary (…)" shall be replaced by the following:

"Since 27 July 2023, the Issuer has one subsidiary, after completing the acquisition of 99.993% of the share capital of the Rural Credit Guarantee Fund – IFN S.A. ("**FGCR**") from BRD Groupe Société Générale, Banca Comercială Română and Raiffeisen Bank. The FGCR's objective is the undertaking of guarantee commitments and the issuance of guarantees, including on account of public funds made available mainly by the Romanian Ministry of Agriculture and Rural Development, in order to support agricultural and fishery production by farmers and processors of agricultural products, investments in agriculture, aquaculture, as well as the implementation of co-financed projects from the National Rural Development Program and the Operational Program for Fisheries and Maritime Affairs.

The other shareholdings held by the Issuer in other companies are minority stakes, respectively in Biroul de Credit (4.74%), Fondul Roman de Garantare a Creditelor Pentru Intreprinzatorii Privati-Ifn SA (3.10%), Societatea de Transfer de Fonduri si Decontari Transfond (2.69%), Visa INC, Mastercard International (<0.01%) and Swift (<0.01%)."

4. Description of the Issuer – 1.5 Credit ratings

On page 46 of the Prospectus, under the heading "*Credit ratings*", the first paragraph regarding the credit ratings shall be replaced by the following:

"The Issuer has obtained long and short-term Issuer Default Ratings (IDR) from Fitch Ratings Ireland Limited ("**Fitch**")*. On 15 February 2023, Fitch affirmed the previous rating. As of the date of this Prospectus, such ratings are as follows:

Type	**Rating**	**Outlook**
Long-Term IDR	BB	Stable
Short-Term IDR	B	-

(*) Fitch Ratings Ireland Limited with its seat in Dublin, operating in Poland via its branch office - Fitch Ratings Ireland Limited Spółka z ograniczoną odpowiedzialnością oddział w Polsce, is established in the European Union, is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**") and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published by the European Securities and Markets Authority ("**ESMA**") on its website."

5. Description of the Issuer – 2.1 Business strategy

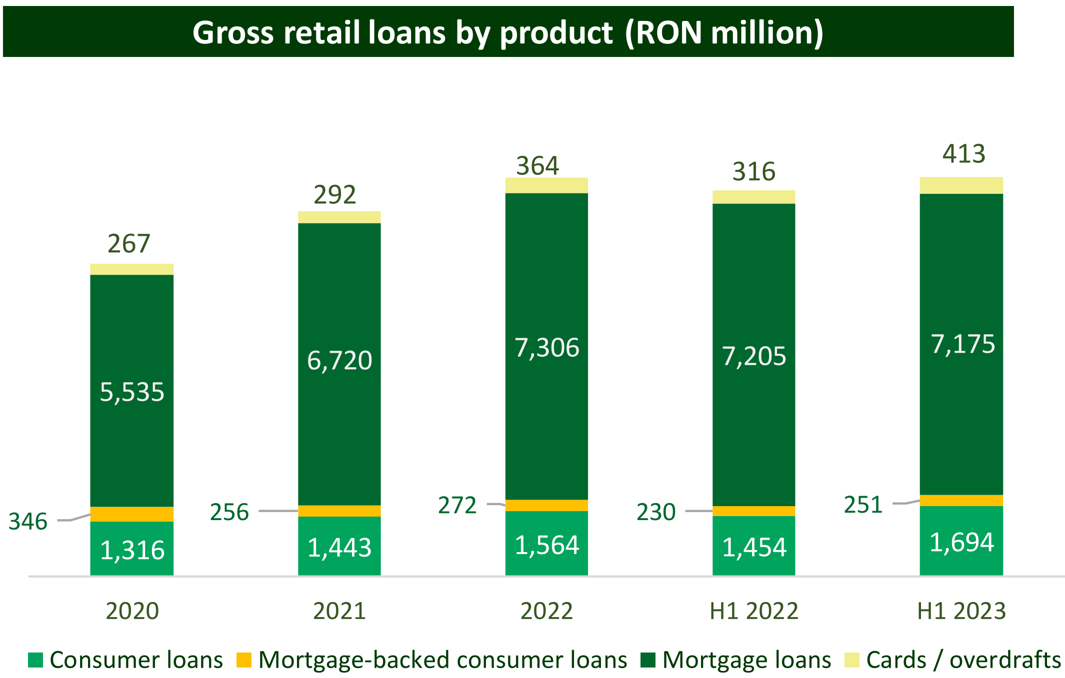
On page 47 of the Prospectus, under the heading "*Business strategy*", sub-heading "*Mission*", after the second paragraph starting with the "The Issuer's lending strategy has a key focus (…)", the following paragraph shall be added:

"Moreover, through the acquisition of FGCR, the Issuer aims to increase its support to agriculture and rural areas which represent important development segments for the Issuer. With an integrated development strategy, FGCR's activity can be developed both in terms of typology and volume, so that its role becomes increasingly important among customers. This can also be achieved by involving FGCR in guarantee projects with European support, which are not accessible at the moment for privately-owned guarantee funds and which would stimulate financing under favourable risk and cost conditions for both the clients and the guarantee institution."

6. Description of the Issuer – 2.3 General presentation of the main categories of products sold and services performed

6.1 On page 50 of the Prospectus, under the heading "*General presentation of the main categories of products sold and services performed*", sub-headings "*Retail (private individuals) Banking*" – "*Access to financing products*", the second paragraph starting with "Mortgage loans remain the preferred product by retail customers (…)" shall be replaced by the following:

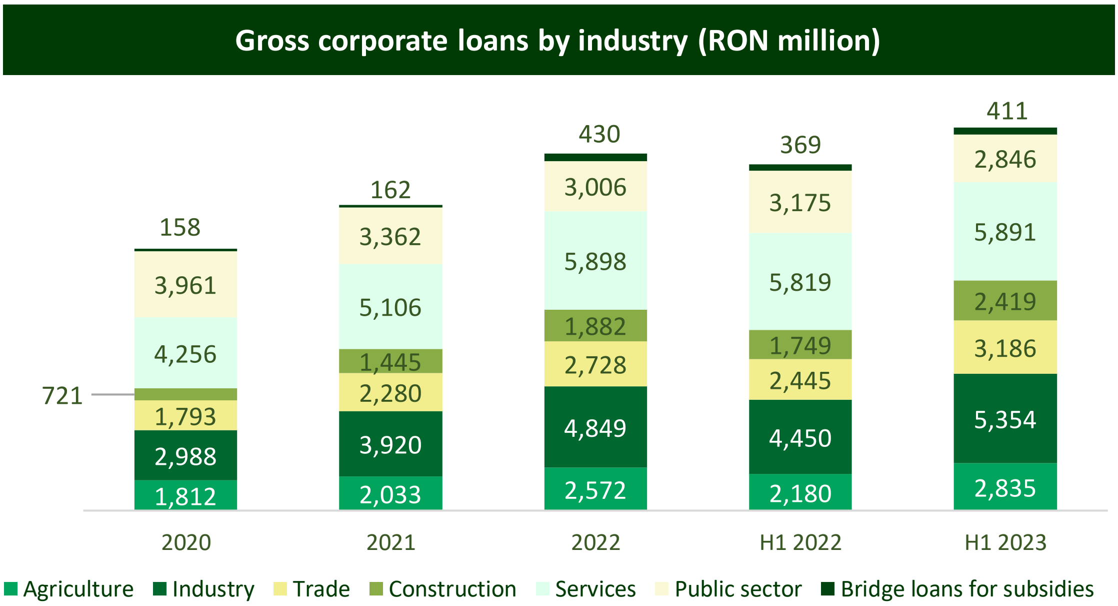
"Mortgage loans remain the preferred product by retail customers, making up 75.3% of the total retail (retail customers) loan book of RON 9,533.4 million as of 30 June 2023:



Source: Annual Financial Statements, Historical Financial Information and Interim Financial Statements"

6.2 On page 52 of the Prospectus, under the heading "*General presentation of the main categories of products sold and services performed*", sub-headings "*Corporate (legal entities) customers*" – "*Access to financing products*", the second paragraph starting with "The following chart shows the gross corporate loan book by industry: (…)" shall be replaced by the following:

"The following chart shows the gross corporate loan book by industry:



Source: Annual Financial Statements, Historical Financial Information and Interim Financial Statements"

7. Description of the Issuer – 2.7 Market Position

On page 56 of the Prospectus, under the heading "*Market Position*", the first paragraph shall be replaced by the following:

"Based on publicly available data as of end of June 2023, the Issuer ranks 4th in terms of asset size (RON 69,244 million total assets, as per financial reporting ("**FINREP**")), with a market share of 9.4%. The total net assets (for the avoidance of doubt, total net assets equals total assets according to financial reporting statements, meaning it is equal to total liabilities plus equity) in the Romanian banking system used in this market share calculation was approximately RON 738 billion.

The official annual ranking of Romanian banks is published by NBR. The latest figures for 2022 are presented below:

Rank	Bank	Total assets (RON million)	Market share
1	Banca Transilvania	133,968	19.1%
2	Banca Comercială Română	97,756	14.0%
3	BRD – Groupe Société Générale	71,523	10.2%
4	ING Bank N.V., Amsterdam	63,074	9.0%
5	Raiffeisen Bank	62,012	8.9%
6	CEC Bank	61,885	8.8%
7	UniCredit Bank	60,444	8.6%

Source: NBR, "Raport anual 2022" based on FINREP.

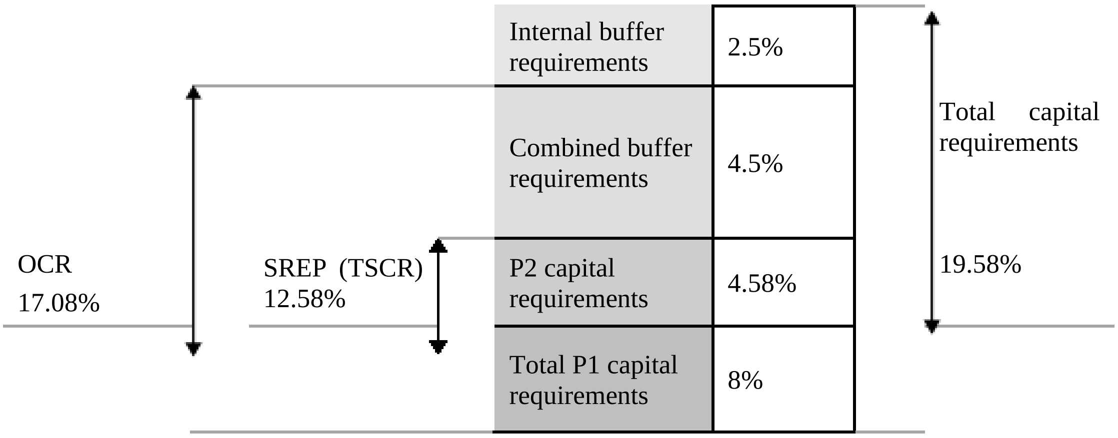
"

8. Description of the Issuer – 2.8 Capital requirements

On page 57 of the Prospectus, the entire section under the heading "*Capital requirements*", shall be replaced by the following:

"***Adequacy with capital requirements***

The below tables present the structure of own funds requirements as of 30 June 2023, which the Issuer is required to comply with Regulation (EU) No 575/2013 (pillar 1, Basel III), the additional capital requirements established by the NBR following the process of supervision and evaluation ("**SREP**"), the requirements regarding capital buffers and the internal threshold monitored by the Issuer:



Capital requirements as of 30 June 2023	Level (%)	Obs.
P1 capital ratios		
CET 1 capital ratio	4.5%	P1 capital ratios (capital requirements for credit risk, market risk and operational risk)
T1 capital ratio	6%	
Total capital ratio	8%	
SREP (TSCR) capital ratios		
CET 1 - SREP (TSCR) requirements	7.08%	4.5% - CET 1 ratio (P1) and 2.58% - CET 1 SREP requirements
T1 - SREP (TSCR) requirements	9.44%	6% - T1 (P1) and 3.44% - SREP (TSCR) requirement
Total - SREP (TSCR) requirements	12.58%	8% - total capital requirements (P11) and 4.58% - SREP (TSCR) requirements
Overall Capital ratio (OCR)		
CET1 - (OCR) requirements	11.58%	7.08% - CET1 SREP (TSCR) and 4.5% - for covering combined buffer
T1 - (OCR) requirements	13.94%	9.44% - CET1 SREP (TSCR) and 4.5% - for covering combined buffer
Total overall capital requirements (OCR)	17.08%	12.58% - SREP (TSCR) requirements and 4.5% - for covering combined buffer
Internal threshold	19.58%	17.08% OCR and 2.5% internal buffer

30 June 2023	Value (RON million)
Own funds - total	5,522.95
Tier 1 own funds	4,122.95
Basis Tier 1 own funds (CET 1)	4,122.95
TREA	24,210.58

Source: Internal data as of 30 June 2023

Indicators	30 June 2023	TSCR	OCR	Internal threshold
Total CAR	22.81%	12.58%	17.08%	19.58%
Tier 1 CAR	17.03%	9.44%	13.94%	
Tier 1 basis (CET1)	17.03%	7.08%	11.58%	

Source: Internal data as of 30 June 2023

Abbreviations: P1 - Pillar 1; P2 - Pillar 2; CET 1 - Common Equity Tier 1; T1 - Tier 1 capital; SREP - Supervisory Review and Evaluation Process; TSCR - Total SREP Capital Requirement; OCR - Overall capital requirement; TREA - Total risk exposure amount; CAR - Capital Adequacy Ratio

All the mentioned capital ratios are at levels above the minimum requirements.

MREL requirements

In the second half of 2022, the Issuer's TREA was below the minimum required level, mainly due the high volume of unrealised losses from marking to market government bonds classified into the FVTOCI category (Fair Value Through Other Comprehensive Income) that impact own funds, due to the steep increase in the market yields of these instruments. Since 30 December 2022, the Issuer issued several bonds totalling a nominal value of RON 1,250 million and an accounting value of RON 1,284 million as of 30 June 2023, qualifying as MREL eligible liabilities according to the provisions of Law no. 312/2015 on banking recovery and resolution. The own funds and eligible liabilities ratio as of 31 December 2022 was at a level of 27.52%, thus above the minimum required threshold (including the value of the combined buffer) of 23.86%.The own funds and eligible liabilities ratio as of 30 June 2023 was at a level of 27.98%, thus above the minimum required threshold applicable starting 1 January 2023 (including the applicable value of the combined buffer) of 22.86%. On 30 June 2023, the Issuer had a total equity ratio of 22.81%.

The Issuer is currently compliant with the MREL requirements and is conducting funding activities to maintain a buffer for continued compliance with MREL."

9. Description of the Issuer – 3.1 Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements

On page 65 of the Prospectus, under the heading "Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements", the paragraph shall be replaced by the following:

"Since 31 December 2022, there have been no material adverse changes in the prospects of the Issuer other than those listed in 3.3 below."

10. Description of the Issuer – 3.2 Significant change in the financial performance and financial position of the Issuer since the end of the last financial period for which financial information has been published

On page 65 of the Prospectus, under the heading "Significant change in the financial performance and financial position of the Issuer since the end of the last financial period for which financial information has been published", the paragraph shall be replaced by the following:

"Since 30 June 2023, there have been no significant changes in the financial performance of the Issuer to the date of this Prospectus."

11. Description of the Issuer – 3.3 Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year

On page 65 of the Prospectus, under the heading "*Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year*", the section shall be replaced with the following:

"The Issuer has identified the following trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on its prospects for the current and next financial year:

- The ongoing Russian-Ukrainian war has a lasting impact on the future economic growth in the region, generating a large shock in the energy sector and other raw materials markets, which put significant upward pressure on inflation. In response to high inflation, the central banks all over the world responded by increasing the interest rates. In the euro-zone and Romania this lowered the pace of growth and the pace of lending. Considering pre-existing supply chain problems, the macroeconomic context is expected to translate into further reduced credit demand, savings' pace and altogether slower business activity of the banking sector. Therefore, the ability of some customers to repay their loans is also being affected and the current trend of lower non-performing loans ("**NPL**") rate in the Romanian banking sector could be reversed.

- The COVID-19 pandemic still presents some degree of uncertainty regarding its effects in the near future. Businesses and individuals have been financially cushioned through government support since 2020. Once the full effect of this state aid ceases, some businesses could still be in financial difficulties and such businesses and their employees could suffer negative consequences. The COVID-19 pandemic generated supply chain malfunctions, high and rising inflation not seen in decades and cost assumed by governments in support of their countries' economies brought about higher debt, such that EU fiscal rules (Stability and Growth Pact) were suspended between 2020 and 2023. The long-term impact and effects of the ongoing COVID-19 pandemic cannot be fully estimated at the moment, which brings uncertainty to the business environment that could affect the future prospects of the Issuer.

- The regulatory requirements are changing and increasing with time. The regulatory requirements (implied by the CRR, CRD V and BRRD) and the respective amendments (in particular the EU Banking Package 2021 including the Basel III reforms), as well as any stress tests conducted by the relevant authorities, could lead to higher capital and liquidity requirements for the Issuer, which may diminish the Issuer's margin and potential for growth.

- In terms of general trends regarding the financial services industry, the financial services sector is mainly impacted by the uncertainty of the future macroeconomic environment development, in the context of ongoing war, pandemics, the length of very high interest rate period, given that the US and the Eurozone are currently at/or close to the peak interest rates of the current tightening cycle of the monetary policy. The activity in the financial services sector is affected by the instability and volatility on the financial markets, and by the potential general economic downturn, for which the probability has risen in the past months, based on the high frequency indicators in the Eurozone. Therefore, the Issuer may not be able to avert the effects of customers' insolvencies, deteriorations in the creditworthiness of borrowers and possibly lower valuations in the context of higher interest rates. The initial effect of higher interest rates had a positive impact on the net interest income of the banking sector. However, this development could be more than offset by lower amounts of loans, higher risk costs, to which we add the negative impact from mark-to-market of securities held at fair value through profit or loss or through other comprehensive income.

- The fiscal landscape is bound to change significantly as Romania must re-enter on a sustainable budget deficit path. Romania has exceeded the initially planned deficit path for 2023 and it is no longer likely to obtain a budget deficit of a maximum of 3% in 2024, as recommended by the European Commission in June 2021: the Council's recommendation was that Romania exits the excess deficit procedure (EDP) by 2024, which is the first year when the EU rules are back into force, after a few years when they have been suspended (starting in 2020). Romania has been in EDP since 2020 and discussions with the IMF, World Bank, and the European Commission have led to the country choosing to implement a fiscal package that ensures it re-enters on the path of a maximum 3% budget deficit as soon as possible. The package has not been approved yet, but the proposal intends to raise an additional ~1% in GDP taxes between 2024-2027. Multiple tax streams are affected, and a tighter fiscal policy is expected to weigh down on GDP growth, together with a more prolonged period of high interest rates, so that monetary policy will also put pressure on economic activity. A tax that would directly affect the banking system is the 2% tax on banking turnover, which could lower banking system profitability altogether, especially since already lending is slowing down, due to higher interest rates and slower GDP growth. The VAT increase is also expected to add to the inflation figures for 2024. The current fiscal package was approved by the Romanian Parliament, has been promulgated by the Romanian President in October 2023 and will enter into force upon publication in Romania's Official Gazette.

- Romania could settle on a lower mid-term GDP growth path if the EU funds were to have a lower than initially expected absorption. Another trend that is already taking shape in 2023 is the difficult absorption of EU Recovery and Resilience Facility funds. Romania could have hypothetically received the third and fourth tranche of Recovery and Resilience Facility funds in 2023, but it is only receiving the second tranche this year. The main GDP forecasts for the mid-term encompass the success of receiving and using the EU funds and failure to do so could change the planned public and private investments, lowering the expected GDP growth and furthermore making it more difficult to achieve the planned budget deficit while also inhibiting the lending and deposit growth in the banking sector. However, when we look at the absorption through the CEE lenses, Romania is more advanced than its peers, especially Poland and Hungary, which have not received any Recovery and Resilience Facility funds yet, and their plans are "significantly delayed" according to the European Commission. In Romania's case and based on the 2023 CSRs and the NRRP-related section of the 2023 country report, the assessment was that implementation was "underway". When there is a reference to increasing risk of delays, the recommendation is to ensure effective governance and strengthen administrative capacity to allow for a continued swift and steady implementation of the plan.

- In September 2023, Romania submitted a modified recovery and resilience plan which is yet to be approved by the European Commission. Romania's request to amend its plan is based on the need to take into account high inflation in 2022, supply chain disruptions and the downward revision of its maximum grant allocation under the Recovery and Resilience Facility from €14.2 billion to €12.1 billion. This reduction reflects Romania's comparatively better economic performance in 2020 and 2021 than originally forecast. The new amount of the plan is 28.5 bn EUR, and includes a REPowerEU chapter as well, while the former plan amounted to 29.2 bn EUR. The chapter's reforms and investments are linked to increasing green energy production, improving the energy efficiency of buildings, and upgrading the skills of the workforce in green energy production."

12. Description of the Issuer – 4.1 Members of the administrative, management and supervisory bodies of the Issuer

On page 66 of the Prospectus, under the heading "Members of the administrative, management and supervisory bodies of the Issuer" the last paragraph shall be replaced by the following:

"The Issuer must abide by strict regulations when appointing its governing bodies. For example, the candidates must undergo an internal evaluation for adequacy, performed by the Nominee Committee that is formed by three non-executive members of the Board of Directors Committee, and, if the candidate passes this evaluation, the process continues by obtaining the NBR's prior approval for appointment.

The mandates of Mihaela Lucica Popa as Manager (First Vice President of the Executive Management Board) and member of the Board of Directors expired on 22 October 2023. This led to one additional vacancy for each of the respective positions, for which either Mihaela Lucica Popa would be re-appointed, or a new person(s) would need to be nominated, undergo the mentioned evaluation for adequacy and obtain the NBR's approval for appointment."

13. Financial Information

Starting with page 70 of the Prospectus, under the heading "*Financial Information*", the entire section shall be replaced by the following:

"***Selected financial information***

The selected financial information, unless otherwise stated, is extracted from the Annual Financial Statements (as defined below) as at 31 December 2022 and for the year ended 31 December 2022, from the Historical Financial Information (as defined below) as at 31 December 2021 and for the year ended 31 December 2021 and from the Interim Financial Statements (as defined below) as of and for the six months period ended 30 June 2023. The Annual Financial Statements and the Historical Financial Information have been prepared in accordance with Order no. 27/2010 of the NBR and subsequent amendments, which require that these financial statements are prepared in accordance with IFRS, while the Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

In 2022, the Issuer identified a significant error in the recognition of the deferred tax related to the revaluation reserve on the financial assets measured at fair value through other comprehensive income as at 31 December 2021, namely the recognition of a deferred tax liability instead of a deferred tax asset as of that date. Therefore, the Issuer prepared a second set of financial information relating to the financial year ended 31 December 2021 so as to correct such error, namely the Historical Financial Information as at 31 December 2021, approved by the Board of Directors on 20 October 2022.

In the interim financial statements for the six months period ended 30 June 2023, the Issuer performed a remapping of cards' related expenses from administrative expenses towards commission expenses, and June 2022 comparative information was accordingly restated.

The Issuer's accounting policies applied in preparing the Annual Financial Statements and in preparing the Historical Financial Information are described in the Notes to the Annual Financial Statements and in the Notes to the Historical Financial Information. respectively. The Annual Financial Statements, the Historical Financial Information and the Interim Financial Statements included herein are presented in Romanian RON. The Issuer's financial year runs from 1 January to 31 December.

"**Annual Financial Statements**" means the Issuer's audited financial statements as at and for the year ended 31 December 2022, prepared in accordance with IFRS as adopted by the EU and incorporated by reference in this Prospectus (for more details please consult the section "*Documents Incorporated by Reference*").

"**Interim Financial Statements**" means the Issuer's unaudited condensed interim financial information for the six months period ended 30 June 2023, that include the comparative figures for the six months period ended 30 June 2022, prepared in accordance with IAS34 and incorporated by reference in this Prospectus (for more details please consult the section "*Documents Incorporated by Reference*").

"**Historical Financial Information**" means the restated set of the Issuer's historical financial information as at and for the year ended 31 December 2021, prepared in accordance with IFRS as adopted by the EU to correct a significant accounting error identified in the previously issued and approved statutory financial statements as at and for the year ended 31 December 2021 and incorporated by reference in this Prospectus (for more details please consult the section "*Documents Incorporated by Reference*").

Selected key historical financial information as at and for the years ended 31 December 2021 and 31 December 2022 and as at and for the six-month period ended 30 June 2023:

Income Statement information

RON million	2021	2022	H1 2022	H1 2023
	Extracted from the audited Historical Financial Information	Extracted from the audited Annual Financial Statements	Extracted from the reviewed Interim Financial Statements	
Interest income calculated using the effective interest method	1,553.9	2,624.9	1,047.8	1,906.7
Interest expense	-478.6	-1,085.9	-376.7	-1,127.5
Net interest income	**1,075.3**	**1,539.0**	**671.0**	**779.2**
Commission income	343.1	369.8	178.9	181.0
Commission expense	-45.6	-55.9	-44.6	-47.6
Net commission income	**297.5**	**313.9**	**134.3**	**133.4**
Other income*	106.6	-13.5	17.3	46.5
Operating income	**1,479.4**	**1,839.4**	**822.6**	**959.1**
Operating expenses	-1,046.6	-1,332.6	-712.0	-609.4
Profit before tax	**432.9**	**506.8**	**110.6**	**349.8**
Income tax expense	-66.3	-82.5	-19.5	-53.5
Net profit for the year/period	**366.6**	**424.3**	**91.1**	**296.2**

* Including Net gain from trading, (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.

Source: The Historical Financial Information, the Annual Financial Statements and the Interim Financial Statements

Net profit increased significantly with RON 205 million year on year, up to RON 296.2 million in the first half of 2023, driven by net interest income higher by 16% due to increased volumes and market interest rates, cumulated with lower loan impairment charges (included under operating expenses in the table above) upon improvement in the financial situation of several clients analyzed individually and no additional significant risks included in the expected credit loss model.

Balance Sheet information

RON million	2021	2022	H1 2023
	Extracted from the audited Historical Financial Information	**Extracted from the audited Annual Financial Statements**	**Extracted from the reviewed Interim Financial Statements**
Cash and equivalents at central banks	7,108.5	10,069.1	6,785.2
Loans and advances to banks	1,724.3	6,119.1	3,469.6
Securities and investments**	15,132.0	15,162.8	26,939.7
Loans and advances to customers	25,651.0	29,224.0	30,659.3
Assets other than listed above ***	998.2	1,173.7	1,195.7
Total Assets	**50,614.1**	**61,748.7**	**69,049.4**
Deposits from customers	42,024.4	52,430.7	60,539.5
Due to other banks, of which	2,451.5	2,976.5	968.2
Amounts due to banks (including NBR) and REPO liabilities	2,008.3	2,698.2	714.4
Borrowings from banks and other financial institutions	443.2	278.2	253.9
Subordinated debt	1,401.0	1,439.6	1,435.4
Bonds issued	-	653.6	1,284.2
Liabilities other than listed above ****	881.0	354.9	375.0
Total Liabilities	**46,757.9**	**57.855.4**	**64.602.3**
Equity	3,856.2	3,893.3	4,447.1
Total Liabilities & Equity	**50,614.1**	**61,748.7**	**69,049.4**

** 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.

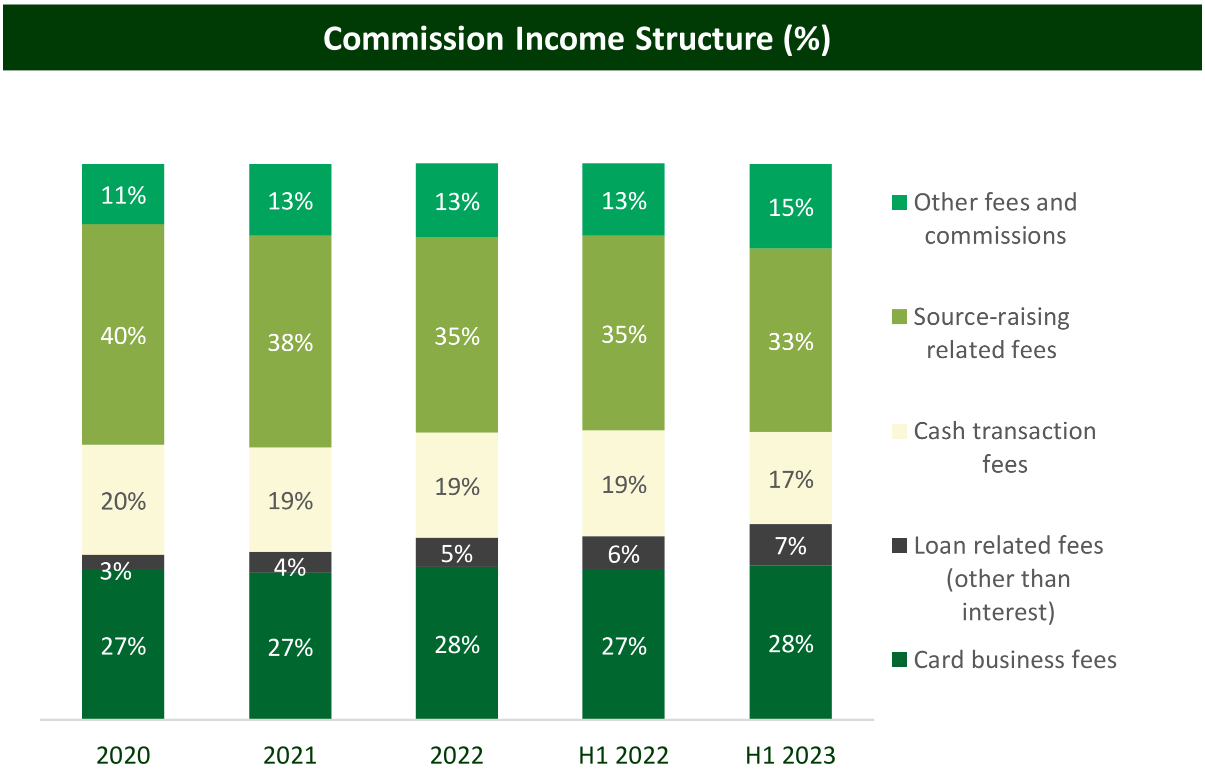
*** Including Derivative financial assets, Property and equipment, Intangible assets, Investment property, Right-of-use assets, Deferred tax assets, Other financial assets, Other assets.

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

Source: The Historical Financial Information, the Annual Financial Statements and the Interim Financial Statements

The Issuer's assets rose to RON 69 billion as of 30 June 2023 (up 11.82% compared to 31 December 2022), mainly driven by the growth of loans to non-bank customers, as well as of the securities portfolio, while on the liabilities side, customer deposits went up driven by additional resources raised from non-bank customers.

The Issuer has historically had a strong savings franchise, a longstanding tradition of servicing retail clients, therefore the resources attracted from this segment made up about 56% of core deposits as of 30 June 2023, representing an increase by 9.4% compared to 31 December 2022.



Source: Annual Financial Statements, Historical Financial Information and Interim Financial Statements

Against the rising interest rate environment, the growth rate in net interest income lags behind system average due to the specific setup of the current core banking system, which only allows the repricing of loans at beginning of quarters / semesters rather than at individual contractual maturity and thus induces a time lag versus deposits.

The decrease in net impairment charges in 2023 is due to the fact that the expected impact of the risks generated by the war in Ukraine, the increase of energy and gas prices and of inflation and interest rates was incorporated in the expected credit losses in the first half of 2022 and no additional significant risk factors have been identified and added to the model afterwards. Another positive effect comes from the improvement in the financial situation of several clients analyzed individually.

Administrative expenses (operating expenses less impairment loss on loans and advances and on debt instruments) went up by 7% as of 30 June 2023 compared with 30 June 2022, mainly driven by higher amortisation of IT investments cumulated with higher salaries (given the inflationary pressures), partially offset by lower contributions to deposit guarantee schemes and recovery and resolution fund.

Overall liquidity and funding is solid as the Issuer maintains a strong loans to deposit ratio of 53.6% and a net stable funding ratio of 206.67%, significantly above the regulatory level of 100%.

Alternative Performance Measures

In this Prospectus, the Bank uses the following non-IFRS financial measures in the analysis of its business and financial position and performance, which the Bank considers to constitute APM for the purposes of the European Securities and Markets Authority ("**ESMA**") Guidelines on Alternative Performance Measures dated 5 October 2015 and further guidance published by ESMA through to the date of this Prospectus.

The Bank has chosen to present these APMs, either because they are in common use within the industry to facilitate a better understanding of historic trends of operation, financial condition and liquidity or because they are commonly used by investors and as such useful to assist investors and analysts in comparing the performance and liquidity across reporting periods. The APMs used may not be comparable to similarly titled measures of other companies. Neither the assumptions underlying the APMs have been audited in accordance with IFRS or any generally accepted accounting standards and should be read in connection with the explanations hereinafter.

Set out below is a summary of the APMs used, the definition, method of calculation and the rationale for the inclusion of such metrics.

NPL ratio (Non-Performing Loans & Advances ratio):

The applicable definition of NPLs is the harmonised EBA definition for non-performing exposures. For the avoidance of doubt, the mentioned NPL ratio is calculated based on "the EBA Methodological Guide - Indicators for risk assessment and resolution & detailed risk analysis tools" (see AQT 3.2 indicator from the list of EBA risk indicators).

The share of non-performing loans and advances (NPL ratio) stood at 5.47% as of end-June 2023, while the ECL coverage of the non-performing exposures was 54.44% as per FINREP.

Coverage ratio for NPLs (Coverage ratio of Non-Performing Loans and Advances)

The Coverage ratio for NPLs is calculated based on "the EBA Methodological Guide - Indicators for risk assessment and resolution & detailed risk analysis tools" (see AQT 41.2 indicator from the list of EBA risk indicators).

Ratio	31 December 2021	31 December 2022	30 June 2023
NPL (%)	5.29	4.41	5.47
Coverage ratio for NPLs (%)	55.07	55.40	54.44

LCR (Liquidity Coverage Ratio)

Liquidity coverage ratio – The liquidity coverage ratio refers to high quality liquid assets held by the financial institution to cover its net liquidity outflows over a 30-calendar day stress period. The Liquidity Coverage Ratio requires financial institutions to maintain a sufficient reserve of high-quality liquid assets (HQLA) to withstand a crisis that puts their cash flows under pressure. The assets to hold must be equal to or greater than their net cash outflow over a 30-calendar-day stress period (having at least 100 per cent. coverage). The parameters of the stress scenario are defined under Basel III guidelines. The below presented calculations are based on internal data sources.

NSFR (Net Stable Funding Ratio)

NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. This ratio should be equal to at least 100% on an ongoing basis. "Available stable funding" is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of such stable funding required ("Required stable funding") of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet exposures.

Items/Ratios	30 June 2021	30 June 2022	30 June 2023
High-Quality Liquid Assets (RON million)	14,004.11	17,759.75	27,883.99
Net Outflows (RON million)	8,067.79	9,613.82	10,608.99
LCR ratio (%)	173.58	184.73	262.83
NSFR ratio (%)	185.83	183.54	206.67

CIR (Cost to income ratio) – Indicator of cost efficiency of the bank's activity, that is calculated based on the information found in the FINREP financial statements (in F02_Profit or loss account).

The calculation formula for this indicator is:

- the numerator takes into account: administrative expenses, cash contributions to resolution funds and deposit guarantee schemes and depreciation;

- the denominator contains: the total operating income, net.

Ratio	31 December 2021	31 December 2022	30 June 2023
Cost income ratio (%)*	56.09	53.10	55.36

* In 2023, the Issuer performed a remapping of cards' related expenses from administrative expenses towards commission expenses and with impact on Cost to Income Ratio. Accordingly, the comparative information in the above table was restated (2022: 34 million RON).

Total assets – FINREP methodology

Total Assets are calculated according with NBR Order no. 9 / 1 November 2017 in force starting with 15 November 2017 referring to approval of methodological norms applicable to the credit institutions on supervisory reporting of financial information on solo level according to the IFRS, FINREP templates for IFRS F01.00 - Balance Sheet Statement (Statement of Financial Position), F 01.01 - Balance Sheet Statement: assets.

Item	31 December 2021	31 December 2022	30 June 2023
Total assets (RON million)	50,661	61,885	69,244

Information from FINREP reporting is used by NBR (National Bank of Romania), among other data sources, in order to compare/analyse/present banking system data.

The Bank believes that the presentation of these APMs enhances an investor's understanding of the Issuer's financial performance. These APMs are not presented in accordance with IFRS and the Bank's use of them may vary from others in the Issuer's industry. These APMs have limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information as reported under IFRS."

14. Documents incorporated by reference

14.1 On page 185 of the Prospectus, under the heading "*Documents incorporated by reference*", the second paragraph and the table below shall be replaced by the following:

"In the information extracted from the Issuer's financial reports which have been incorporated by reference pursuant to the subsections below, the terms "CEC Bank S.A." or "Bank" refer to the "Issuer" as defined in this Prospectus.

Document/Heading	PDF page reference in the relevant document
English language translations of the CEC Bank S.A.'s Annual Financial Statements as at 31 December 2020 prepared in accordance with International Financial Reporting Standards as endorsed by the European Union and the audit report thereon **Source:** Annual Financial Statements as at 31 December 2020 prepared in accordance with the International Financial Reporting Standards endorsed by the European Union (https://www.cec.ro/sites/default/files/2022-12/2020_Financial%20statement%20%26%20Independent%20auditors%20report%20%26%20Responsibility%20statement%20at%2031%20dec%202020_0.pdf)	
Statement of profit or loss and other comprehensive income Statement of financial position Statement of changes in equity Cash flow statement Notes to the financial statements	3 - 4 5 6 - 7 8 - 10 11 - 137

Document/Heading	PDF page reference in the relevant document
Independent Auditor's Report Statement regarding the responsibility for preparing the financial statements	138 - 143 144
English language translations of the CEC Bank S.A.'s Historical Financial Information as at 31 December 2021 prepared in accordance with International Financial Reporting Standards as endorsed by the European Union and the audit report thereon **Source:** Historical Financial Information as at 31 December 2021 prepared in accordance with the International Financial Reporting Standards endorsed by the European Union (https://www.cec.ro/sites/default/files/2022-12/2021_Historical%20financial%20information%20%26%20Independent%20auditors%20report%20%26%20Responsibility%20statement%20at%2031%20dec%202021_0.pdf)	
Statement of profit or loss and other comprehensive income Statement of financial position Statement of changes in equity Cash flow statement Notes to the financial statements Independent Auditor's Report Statement regarding the responsibility for preparing the financial statements	3 - 4 5 6 - 7 8 - 10 11 - 156 157 - 162 163
English language translations of the CEC Bank S.A.'s Annual Financial Statements as at 31 December 2022 prepared in accordance with International Financial Reporting Standards as endorsed by the European Union and the audit report thereon **Source:** Annual Financial Statements as at 31 December 2022 prepared in accordance with the International Financial Reporting Standards endorsed by the European Union (https://www.cec.ro/sites/default/files/2023-10/Annual%20Financial%20Statements%20as%20at%2031.12.2022_CEC%20Bank_.pdf)	
Statement of profit or loss and other comprehensive income Statement of financial position Statement of changes in equity Statement of changes in cash flow Notes to the financial statements Independent Auditor's Report Statement regarding the responsibility for preparing the financial statements	10-11 12 13-14 15-17 18-173 1-7 174

Document/Heading	**PDF page reference in the relevant document**
English language translations of the CEC Bank S.A.'s Interim Financial Statements as at 30 June 2022 prepared in accordance with International Accounting Standard 34 and the review report thereon **Source:** Interim Financial Statements as at 30 June 2022 prepared in accordance with International Accounting Standard 34 (https://www.cec.ro/sites/default/files/2022-12/2022_Interim%20financial%20statement%20%26%20Independent%20auditors%20report%20for%20H1%202022.pdf)	
Condensed interim statement of comprehensive income Condensed interim statement of financial position Condensed interim statement of changes in equity Condensed interim statement of cash flows Notes to the condensed interim financial information Independent Auditor's Review Report	3 4 5 - 6 7 - 9 10 - 88 89 - 90
English language translations of the CEC Bank S.A.'s Interim Financial Statements as at 30 June 2023 prepared in accordance with International Accounting Standard 34 and the review report thereon **Source:** Interim Financial Statements as at 30 June 2023 prepared in accordance with International Accounting Standard 34 (https://www.cec.ro/sites/default/files/2023-10/2023-Intermim%20finnacial%20statement%20%26%20Independent%20auditors%20report%20for%20H1%202023_0.pdf)	
Condensed interim statement of comprehensive income Condensed interim statement of financial position Condensed interim statement of changes in equity Condensed interim statement of cash flows Notes to the condensed interim financial information Independent Auditor's Review Report Statement regarding the responsibility for preparing the financial statements	3 4 5 - 6 7 - 9 10 - 91 92 - 93 94

"

14.2 On page 186 of the Prospectus, under the heading "*Documents incorporated by reference*", the fourth paragraph, starting with "For the avoidance of doubt, (…)" shall be replaced by the following:

"For the avoidance of doubt, such parts of the documents incorporated by reference which are not explicitly listed in the tables above, are not incorporated by reference into this Prospectus as these parts are either not relevant for the investor or covered elsewhere in this Prospectus."

14.3 On page 186 of the Prospectus, under the heading "*Documents incorporated by reference*", the seventh paragraph, starting with "The indicated page references in the tables above (…)" shall be replaced by the following:

"The indicated page references in the tables above regarding the documents incorporated by reference refer to the pagination of the PDF document."