

Annual Report

for the year ended at 31 December 2023

This report is prepared in accordance with requirements of ASF Regulation 5/2018.

Report issued: 22 March 2024

Name of legal entity:	Banca Comercială Română SA
Headquarters:	15D Orhideelor avenue, The Bridge 1 Building 2nf Floor, 6 th District, Bucharest, post code 060071
Contact:	
	Tel No. InfoBCR: *2227 number available in any network in Romania; +4021.407.42.00, number available in any network in Romania or abroad
	Website www.bcr.ro
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Registration Number in the Trade Register:	J40/90/1991
Company Registration Number:	361757
Banking Register Number:	RB-PJR-40-008/18.02.1999
LEI Code	549300ORLU6LN5YD8X90
Notification registered as Personal Data Operator at ANSPDCP under No:	3776 and 3772
Subscribed and paid-up capital:	1,625,341,625.40 RON
The regulated market on which the bonds are issued:	Bucharest Stock Exchange (www.bvb.ro), Vienna Stock Exchange (https://www.wienerbourse.at).
The main characteristics of the bonds issued by BCR S.A.	<p>Issuance in amount RON 600,000,000, ISIN ROEAZVK5DFP8</p> <p>Issuance in amount RON 1,000,000,000, ISIN RO1AQRPLMW7</p> <p>Issuance in amount RON 500,000,000, ISIN ROMU2ND4VHC6</p> <p>Issuance in amount RON 600,000,000, ISIN ROPQT4NGMLM3</p> <p>Issuance in amount RON 351,500,000, ISIN RO451CMZH2K1</p> <p>Issuance in amount RON 702,000,000, ISIN ROPC9F84ZSG4</p> <p>Issuance in amount RON 334,000,000, ISIN ROGJ5KD9L1W9</p> <p>Issuance in amount USD 20,000,000, ISIN AT0000A32YQ4</p> <p>Issuance in amount EUR 700,000,000, ISIN AT0000A34CN3</p> <p>Issuance in amount RON 1,000,000,000, ISIN ROM2PE1DEUG5</p>

1. Analysis of the Bank's activity

a) Description of the Bank's main activity

Banca Comercială Română S.A. is incorporated and domiciled in Romania. Its registered office is at 15D Orhideelor avenue, The Bridge 1 Building 2nd Floor, 6th District, Bucharest, post code 060071, Romania.

According to Art. 9 from Charter of the Bank, the core area is monetary intermediation (CAEN Code 641). The Bank's principal activity is other monetary intermediation activities (CAEN Code 6419).

The Group provides day-to-day banking services and other financial services to governmental institutions, corporate and individual clients operating in Romania and abroad. These services include: accounts opening, domestic and international payments, foreign exchange transactions, working capital finance, medium and long term facilities, retail loans, finance micro and small enterprises, bank guarantees, letters of credit and through subsidiaries also leasing, brokerage, financial consultancy services and asset management.

b) The Bank's establishment date

Banca Comercială Română (BCR) was established in 1990, when it took over the commercial operations of the National Bank of Romania.

The Bank was recorded with the Trade Register under no. J40/90/1991, sole registration number 361757, and in the registry of credit institutions under no. RB-PJR-40-008.

c) Significant mergers and reorganizations of the Bank, its subsidiaries during the financial year

During 2023, Banca Comercială Română Group ("BCR Group" or "the Group") maintained the same structure as in 2022, comprising the parent bank, Banca Comercială Română S.A. and its subsidiaries, presented in the following table:

Company's name	Country of incorporation	Nature of the business	Shareholding		Gross Book Value	Net Book Value	Impairment
			2023	2022			
BCR Chisinau SA (i)	Moldova	Banking	100.00%	100.00%	200,064	54,774	145,290
BCR Leasing IFN SA	Romania	Financial leasing	99.97%	99.97%	389,492	389,492	-
BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA	Romania	Pension Fund	99.99%	99.99%	269,820	196,715	73,105
BCR Banca pentru Locuinte SA	Romania	Banking	99.99%	99.99%	948,578	-	948,578
Suport Colect SRL	Romania	Workout	99.99%	99.99%	983,047	-	983,047
BCR Payments Services SRL	Romania	Payments transactions	99.99%	99.99%	1,900	1,900	-
BCR Fleet Management SRL (ii)	Romania	Operational leasing	99.97%	99.97%	-	-	-

(i) Company held as available for sale. The sale was completed in January 2024. Thus, starting with January 2024, it is no longer included in the scope of consolidation of the BCR Group;

(ii) Company held indirectly by BCR through BCR Leasing SA.

During 2023, the gross book value of the Bank's investments in subsidiaries remained to the same level of RON 2,792,901 thousands.

d) Description of the acquisitions and/or sales of assets

On 28 July 2023, the Bank sold its entire shareholding of 33.33% in Fondul de Garantare a Creditului Rural IFN SA.

e) The main results of the assessment of the Bank's activity

External Audit

The financial statements are audited by PricewaterhouseCoopers Audit SRL starting with the financial year ended 31 December 2017.

According to the Audit Opinion, the consolidated and separate Financial Statements give a true and fair view of the consolidated and separate financial position, the consolidated and separate financial performance and cash-flows for December 31st 2023 in accordance with International Financial Reporting Standards as endorsed by the European Union.

Internal Audit

The Audit Committee is a consultancy body, which reviews, reports to, advises and assists the Supervisory Board in carrying out its tasks related to internal control and audit, as well as on the quality and performance of Bank's internal accountants and auditors, the reliability of the Bank's financial information, and the adequacy of the Bank's financial controls and policies.

1. Analysis of the Bank's activity (continued)

e) The main results of the assessment of the Bank's activity (continued)

The Audit Committee is made of 3 members and one additional replacement member elected out of the Supervisory Board members.

Members of the Audit Committee must have basic accounting and financial knowledge and at least one member of the Audit Committee shall have accounting or financial management professional background. The responsibilities, organization, the operation and the procedures of the Audit Committee are established by the Audit Committee Internal Rules.

1.1.1. General items of the assessment for the financial year ended December 31, 2023

The separate and consolidated financial statements prepared in accordance with the International Financial Reporting Standards endorsed by the European Union (NBR Order no. 27/2010, as subsequently amended and supplemented) are presented below:

in RON thousands	Group	Bank
Pre-tax result from continuing operations	2,995,024	3,140,127
Net result for the period	2,321,224	2,487,343
Total assets	108,850,790	108,008,083

Solvency ratio for BCR Bank standalone, according to the capital requirements regulations (CRR) stood at 22.5% as of December 2023, well above the regulatory requirements of the National Bank of Romania. Furthermore, the Tier 1+2 capital ratio of 20.8% (BCR Group) as of December 2023 is clearly reflecting BCR's strong capital and funding positions.

Return on assets calculated based on monthly average total assets (net profit for the year divided by average total assets) was 2.25% for Group and 2.45% for Bank.

1.1.2. Assessment of the Bank's at technical level

The Bank offers a complete range of financial services, a very developed digital banking ecosystem in George and financial solutions dedicated to each stage of the financial cycle in a lifetime, as a "one-stop shop": savings, investment, lending, consulting and advisory, as well as leasing. BCR encourages long-term relationships with its clients belonging to all segments, offers affordable and transparent products, but also personalized consulting services.

Network

BCR offers a full range of financial products and services through a network of 20 business centres and 18 mobile offices dedicated to companies and 318 retail units located in most of the country's cities with more than 10,000 inhabitants, where 63% of units are cashless. BCR is active in the transaction banking market, with BCR customers having the largest national network of ATMs and multifunctional machines - almost 2000 machines, and full banking services through Internet banking, Mobile banking, Phone-banking and E-commerce.

1.1.3. Assessment of the technical and material supply activities

N/A

1.1.4. Assessment of the sales activity

Record digital sales in George

- Sustained growth of 25% in George transactions as compared to 2022;
- Almost 90% of the new cash loans, credit cards and overdrafts were granted on a fully digital flow through George in 2023;
- 20% increase in digital sales for loan products compared to 2022;
- 99% of the saving accounts and almost 80% of deposits were opened on 100% digital flow.

The BCR impact in the economy and society

In **retail banking business**, BCR generated total new loans to individuals and micro businesses of RON 8.7 billion in 2023, with a 57% year-on-year increase in the loans stock for micro-enterprises. The stock of standard mortgage loans (Casa Mea) in local currency increased by 3.4% yoy, while the stock of unsecured consumer loans (including credit cards and overdrafts) increased by 6.1% yoy.

In **corporate banking business**, BCR approved new corporate loans of RON 11.6 billion in 2023, of which approximately 30% are aimed for investments. The stock financing granted by BCR Bank to the SME sector increased by 6.1% year-on-year as of 31 December 2023.

1. Analysis of the Bank's activity (continued)

1.1.4. Assessment of the sales activity (continued)

In 2023, the total **BCR Leasing financing portfolio granted to customers** amounts RON 4.10 billion (EUR 829 million), with a 17% increase in new financing compared to 2022. BCR's leasing subsidiary continued to support the Romanian entrepreneurial environment, financing more than 11,000 companies in 2023 alone. The financed companies are from different fields of activity, and they are creating more than 250,000 jobs.

With a dynamic customer portfolio and a strategy to support electromobility, which encourages the purchase of electric cars, BCR Leasing registered a 67% increase in sales volume for green financing in 2023. In addition, BCR Leasing has facilitated digital access to sustainable offers for financing electric vehicles for individual and micro-enterprises customers directly from George. Digital integration has continued through the LEA chatbot, BCR Leasing's virtual assistant, which conducted more than 3,800 conversations in 2023, of which 500 of them were financing requests.

In 2023, **BCR Social Finance financed more than 1,700 micro-enterprises and NGOs**, supporting more than 4,800 jobs.

Involvement in the development of the NGO environment also continued with the launch of AmpliFY NGO, a multi-year project to increase the impact of NGOs in Romania, providing access to an extensive network of resources, potential partners and mentors, as well as educational programs aimed at developing the capacity of the civil society organizations.

In addition, in 2023, BCR Social Finance IFN S.A. granted 138 StudyUP loans for continuing education through university, master, doctorate, or specialization courses, supporting lifelong learning.

INNOVX-BCR, the technology business initiative, has reached 185 accelerated start-ups out of 3,119 applicants, with the completion of the bootcamp dedicated to the SCALEUPS 2023 cohort. In September 2023, InnovX-BCR program successfully launched its cohort of Scaleups, which attracted 18 companies in the pre-accelerator phase. Of these, 10 companies were selected to advance to the acceleration phase, representing a significant success for the development of the entrepreneurial environment. InnovX-BCR is recognized for attracting companies creating innovation in different sectors - from e-commerce, gaming, cloud, telecoms, health, deeptech, energy and proptech - and contributing to the development of a diverse and dynamic entrepreneurial ecosystem.

At the end of 2023, **BCR also announced the launch of BCR Seed Starter**, the first corporate venture capital (CVC) company of a Romanian bank dedicated to equity investments in technology startups. With a financial commitment to invest EUR 5 million over the next five years, BCR Seed Starter aims to provide capital for a portfolio of innovative startups that have the potential to optimize internal banking processes, improve the portfolio of services offered to BCR customers or support the integration of ESG standards.

BCR Group performance in 2023

BCR Group achieved a **net profit of RON 2,321 million (EUR 469 million) in 2023**, up by 33% against RON 1,746 million (EUR 354 million) in 2022, driven by improved operating result underpinned by advance in customer business.

Operating result improved by 17.2% to **RON 3,206 million (EUR 648 million) in 2023** from RON 2,735 million (EUR 555 million) in 2022, on the back of higher operating income, partly offset by increased operating expenses.

Net interest income increased by 24.0% to **RON 3,656 million (EUR 739 million) in 2023**, from RON 2,949 million (EUR 598 million) in 2022, driven by higher business volumes and market rates.

Net fee and commission income improved by 7.2% to **RON 1,013 million (EUR 205 million) in 2023**, from RON 944 million (EUR 191 million) in 2022, driven by increased fee income from corporate lending as well as higher securities and insurance fees.

Net trading result dropped by 12.5% to **RON 552 million (EUR 112 million) in 2023**, from RON 630 million (EUR 128 million) in 2022, on lower trading activity.

Operating income increased by 14.3% to **RON 5,273 million (EUR 1,066 million) in 2023**, from RON 4,615 million (EUR 936 million) in 2022, driven by higher net interest income as well as higher net fee and commission income.

General administrative expenses reached **RON 2,067 million (EUR 418 million) in 2023**, up by 9.9% in comparison to RON 1,880 million (EUR 381 million) in 2022, on the back of higher personnel expenses generated by the inflationary environment.

As such, **cost-income ratio improved to 39.2% in 2023**, versus 40.7% in 2022.

Risk costs and Asset Quality

Impairment result from financial instruments reflected a provision allocation of **RON 46 million (EUR 9 million) in 2023**, significantly lower versus the allocation of RON 394 million (EUR 80 million) in 2022. The current result mainly consisted of collective provisions booked for the performing portfolio, while the provision releases driven by further collection activities in both retail and corporate segments fully offset the allocations for regular new defaults.

1. Analysis of the Bank's activity (continued)

1.1.4. Assessment of the sales activity (continued)

NPL ratio stood at **2.9% as of December 2023**, stable versus 2.8% recorded as of December 2022. This evolution is reflecting the recoveries and healings in both retail and corporate segments which counterbalanced the regular NPL formation. At the same time, the **NPL provisioning coverage was 168.7% as of December 2023**.

Net loans and advances to customers (including Trade and other receivables and Finance lease receivables) increased by 6.2% to **RON 58,743 million (EUR 11,806 million) as of 31 December 2023** from RON 55,329 (EUR 11,179 million) as of 31 December 2022, supported by both retail and corporate segments.

Deposits from customers increased by 3.8% to **RON 78,482 million (EUR 15,773 million) as of 31 December 2023** from RON 75,589 million (EUR 15,272 million) as of 31 December 2022, supported by the increase in both retail and corporate deposits.

1.1.5. Assessment of the aspects related to the Bank's and the Group's employees

The number of own employees of the Bank at 31 December 2023 was 5,046 employees (31 December 2022: 5,018 employees).

The number of own employees of the Group at 31 December 2023 was 5,444 employees (31 December 2022: 5,430 employees).

Key statistics related to BCR's workforce:

- gender distribution: 75.56% women and 24.44% men;
- average age: 40.60 years;
- level of studies: 87.38% employees with higher education and 12.62% employees with secondary education.

Improvement and professional development

Our efforts in providing excellent learning opportunities to our colleagues paid off, as the training duration at bank level has been growing steadily. In 2023 we have 304,768 h of training (34.8 years) vs 2022 when we had 269,479 h of training (30.8 years) and 2021 with 158,904 h of training (18.14 years). We keep the balance between e-learnings, 52% and instructor-led trainings, 48%. We have a similar number of active learners as in 2022, which shows us that the habit of learning is here to stay and an increase of 21% in the number of hours spent for learning and a 11pp increase in the proportion of users who learn more than 1h/week. Also, compared to 2022, we can see a +9 h time for learning in average, at Bank level and + 4 h when it comes to the time our managers spent for learning and development activities.

Our e-learning platform is actively used for on-line education as well as for regular testing sessions, such as: prevention and combating money laundering, information security, market abuse, financial sanctions, transparency and consumer protection, health and safety at work (SSM), compliance, data protection etc. In 2023 we introduced relevant topics such as ESG, data management courses and Step by step investments.

We continued to use the approximately 500 online courses which we made available to all our employees directly on the platform supplied by the training provider – Skillsoft. Additionally, some 650 colleagues benefited from online courses on various current topics available on the international Udemy for Business platform. The most accessed courses were in these areas: technology (78.6%), business (17.1%), while the rest were dedicated to personal development (4.3%).

Employees from our retail units benefited from specialized programs for development of technical skills and other skills necessary in their daily activity such as Financial ProAdvice, an advisory sales program specially designed for the retail salesforce, in partnership with an external provider (311 participations). Other relevant programs: High Sales Performance Pro Customer (256 participations), Daily MICRO (1052 participations), BCR Indraznet (399 participations).

Our colleagues in the corporate area continued to benefit from attended a customized training and development program built on four main pillars: (1) advisory selling, (2) technical expertise, (3) skills of the future and (4) (self)leadership. In total, there were 137 participants in this program.

Our colleagues in the digital laboratories attended various courses and specialised conferences on various topics, we had 165 participants in total.

In 2023, the Bank continued the process of transformation in line with worldwide digitalisation trends and ever-changing customer expectations and, for this purpose, a series of events and workshops were organized on relevant topics such as new ways of working, design thinking and agile methodologies.

The Bank continued to focus on management education by providing managers with specific individualised courses on management & leadership skills, individual and team coaching sessions, to ensure they are to contribute to overall achievement of strategic objectives.

1. Analysis of the Bank's activity (continued)

1.1.6. Assessment related the impact of the Bank's core business on environment

The BCR journey towards fulfilling its ESG goals includes altogether addressing climate and environmental risks and opportunities, while fully observing all regulatory frameworks and recommendations issued by authorities. Our efforts go beyond this as BCR is focused on generating social and economic value, and our actions in 2023 were targeted as follows:

- We have mobilised finance for a lower carbon, more equitable and inclusive society, while being strongly involved into a continuous ESG dialog with our customers or potential customers, from all segments, either in bilateral meetings, organized workshops or thematic events.
- We are constantly developing dedicated products to support sustainable investments, and we are already offering such products to support energy-efficiency solutions and energy efficient buildings, as well as the deployment of renewable energy projects.
- We have accelerated our efforts to set decarbonization pathways for our portfolios in line with the strategy approved at Erste Group level. These are aimed at achieving net-zero of our financed portfolio no later than the end of 2050, as committed by Erste Group at the moment of joining the Net-Zero Banking Alliance. In this respect, group set decarbonization targets for 4 sectors (Power, Heat, Commercial Real Estate (CRE) and Mortgage retail) and will continue to set targets in 2024 and further on for remaining sectors.
- We have constantly increased our green loans portfolio, adding exposures from commercial real-estate, retail mortgages and green energy, but also from others segments as sustainable transportation infrastructure, energy efficiency industrial projects, circular economy and recycling.
- We drive finance towards sustainable technologies and renewable energy, while also supporting the climate transition efforts of our emissions-intensive customers.
- In 2023, BCR issued its third green bond, in line with Erste Group Sustainable Financing Framework, first international issue of green Eurobonds of a Romanian bank, in the amount of EUR 700 million, confirming our green transition commitments. The issue was also listed on Bucharest Stock Exchange.
- We have implemented mandatory ESG training to the BCR induction curriculum, as well as providing access to expert level training for our professionals managing ESG aspects on an ongoing basis.
- Our communication strategy includes education programs for climate and financial education for all segments, developed together with partners, ONGs and academia.

Banca Comerciala Romana:

- admits and accepts the fundamental importance of an integrated approach of the environmental and social factors, as well as of lasting development principles within its financing activity,
- pays adequate attention to its financing processes, securing compliance with the minimum environmental, social and occupational safety regulatory requirements and standards applicable in Romania at project level before making the financing decision.

Environmental risks, as a transversal risk are handled within the existing risk management structure, in which each risk owner is responsible for influencing environmental risk.

The management of these risks is integrated into the existing risk management framework:

- Strategic risk management ensures the integration of ESG in the Statement on risk appetite, risk strategy, assessment of the materiality of the risk, the testing framework in crisis conditions and the inclusion of ESG in risk reporting; also coordinates establishing intermediate objectives for the Net Zero transition.
- Corporate risk management ensures ESG integration in industry strategies and participates in establishing intermediate targets for the transition of the Net Zero portfolio; it is ensured that adequate diligence is implemented in the underwriting and management processes of collateral.

BCR does not finance activities which do not meet environmental requirements specified in the Romanian legislation, relevant international conventions and agreements to which Romania adhered expressly. Analysis of environmental issues is part of the lending process and is mandatory for every transaction. .

In general, the environmental impact of financial institutions mainly resides in the indirect environmental footprint associated with the loan portfolios. Nevertheless, the Bank's ambition is to also reduce its direct ecological footprint. Therefore, as concerns BCR's own operations, the most effective way to progress was to reduce CO2 emissions by switching to electricity from renewable sources.

1. Analysis of the Bank's activity (continued)

1.1.6. Assessment related the impact of the Bank's core business on environment (continued)

In 2023, the Bank increased its total share of directly purchased electricity from renewable sources to 100%, with the aim to maintain this share in 2024 as well. Also, we have set a target to reach 90% overall green electricity which we achieved by purchasing Renewable Energy Guarantees of Origin from a country which is member of the Association of Issuing Bodies (AIB), where direct purchase of green electricity is not possible. In 2023, the electricity used in both headquarter buildings in Bucharest was entirely originated from renewable sources.

Both headquarter premises hold a LEED Platinum (Leadership in Energy and Environmental Design) certification. In addition, the Bank upgraded old heating and air conditioning systems and installed new sensors for lightening logos on premises used. Until the end of 2023, the Bank has consolidated its activity in a single central office. The focus in 2024 will continue to be on increasing green electricity for our operational buildings, reducing our CO2 footprint through different other initiatives (car fleet strategy and transitioning to low CO2 emission vehicles until 2030), while compensation remaining emissions with carbon certificates issued for local impact projects.

Erste Group enjoys top notch ESG rating credentials reflecting a continuously strong performance in ESG objectives.

For December 2023, the Bank applied the exemption of disclosing any quantitative information required by the Regulation UE 2020/852, as per article 19a from Directive 2013/34/EU, as the details are presented in the consolidated management report of the parent Erste Group Bank AG.

Please refer to: https://www.erstegroup.com/en/investors/reports/nichtfinanzielle_berichte.

1.1.7. Assessment of Research and Development

N/A

1.1.8. Assessment of the Bank's risk management activity

Risk management processes ensures that the bank's risk profile remains in line with the risk strategy. The development of specific risk profile (i.e. retail credit, corporate credit, operational risk, etc.) is reported through dedicated risk reports in a more granular way and supports risk decision making of the dedicated risk functions. These reports also include specific monitoring metrics that provide an early warning signal for adverse developments of portfolio quality (client, segment, countries and industries) or risk drivers. In instances where certain risk portfolios or events are identified as potentially in distress, these are closely monitored by the dedicated risk functions to manage the risk impact and to develop effective strategies to minimize potential losses. These processes facilitate early risk detection and reaction.

The overall risk profile for the Group, as well as the individual risk profiles are implemented through the Group Risk Strategy and are subject to an annual comprehensive review process. A quarterly assessment of the risk profiles checks if there are changes in respect of the risk materiality or if new risks occurred in the Bank's activity.

Given Group business strategy, the key risks for the Group are credit risk, market risk (including interest rate risk in the banking book), liquidity and funding risk and operational risk. All material risks are covered by the Group's control and risk management framework. This entails a set of different tools and governance to ensure adequate oversight of the overall risk profile and sound execution of the risk strategy, including appropriate monitoring and escalation of issues that could materially impact the risk profile of the Group.

Based on the Group Risk Strategy and the Group overall and individual risk profiles, the Group subsidiaries, including the Bank, set up their local risk profile. Also, the Group's capital management framework serves to ensure that the Group and its subsidiaries are capitalized in line with the risk profile, regulatory requirements and economic capital requirements.

As part of its risk strategy, the Group analyses its actual risk profile and determines a target risk profile based on its strategic goals. The target risk profile is a result of the risk assessment process in combination with the boundaries set by the business strategy and the risk appetite framework. In terms of governance, full oversight of the risk profile and a sound execution of the risk strategy is ensured including appropriate monitoring and escalation of issues that could materially impact the risk profile of the Group.

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The proportionality principle is a crucial and integral part of the Group's overall risk framework and strategy. The proportionality principle is applied for the core components of the Group ICAAP framework (Risk Materiality Assessment/Risk taxonomy, Risk-bearing Capacity Calculation, Risk Appetite & Risk Profile, Stress testing, Risk Concentration Analysis, and Recovery Plan).

The Group level risk management principles, concepts and processes are generally designed, developed and implemented to address overarching organizational needs across both group and local entities/subsidiaries reflecting a high degree of granularity and detail.

1. Analysis of the Bank's activity (continued)

1.1.8. Assessment of the Bank's risk management activity (continued)

However, subsequent implementation and application at Group subsidiaries require an approach that takes differences in business structures, size, complexity and relevance into account. This will ensure a meaningful, suitable and adequate application across the Group in line with local needs and capabilities while still fulfilling overall Group level requirements and standards.

The evaluation of proportionality criteria is reviewed on an annual basis and included in the Risk Strategy. In addition, a reassessment might be carried out outside the annual review cycle if changed business parameters indicate a need for a respective reclassification.

Starting from the volume and nature of the Bank activity as part of the Group, the risk profile of the Group is driven by the Bank risk profile. Thus, the Risk Profile for the Group follows in general the same directions as the Bank, both regarding to overall risk profile and individual risks profiles based on the following considerations:

- the volume and nature of the Bank's activity as part of the Group;
- the categorization of the Bank as a full subsidiary based on the Proportionality Principles.

1.1.9. Outlook on Bank's activity

2024 expected macroeconomic development

Economic growth is estimated at +3.3% in 2024, driven by stronger household consumption. Real wage growth is likely to hit a five-year high as inflation is losing speed and nominal wages are increasing at double-digit rates.

The inflation rate could ease to 4.8% y/y in December 2024 from 6.6% y/y in December 2023, and the NBR could start cutting interest rates by mid-year.

The unemployment rate is forecast to remain broadly unchanged at 5.7%.

Balance Sheet developments

Loan production will continue to be the main growth driver for total assets, BCR Group expecting in 2024 a mid-single digit growth in net loans over the budget year. Both retail and corporate portfolios are expected to slightly outperform the market next year.

On the retail side, the main contributors will be Private Individuals with the Casa Mea standard product and Micro, driven by an expanded customer portfolio, digitalization, government programs and EU funds.

Deposits from customers will continue their upward trend in 2024, advancing with estimated high single-digit growth over the projection period, driven by funds raised both the retail and corporate customers.

Net loan-to-deposit ratio remains relatively stable at around 73 per cent.

Income Statement developments

Operating income is estimated to grow by high single-digit growth mainly on the back of **net interest income**, in line with volume growth, and **net fee and commission** income driven by digitization, day-count factor, transactional & trade finance, new fees while **trading** is expected to slow down in line with market conditions.

General administrative expenses development is driven by our ambition to maintain cost-income ratio stable, while absorbing a part of the inflation and also allowing for strategic investment.

Cost of risk is expected to be at a normalized level of around 0.4 percent.

Return on equity is expected to remain strong and to increase to as much as 18% by 2024.

Capital & MREL ratios will be at comfortable levels driven by a diversified capital & MREL instruments issued to accommodate Internal Rating Based switch impact.

2. The Bank's tangible assets

Currently, the Bank has a portfolio of 50 properties, located in 33 counties, of which the largest number of properties are located in Bucharest - 4 units, and the remaining 46 properties are located in other counties in Romania as follows: 3 in the counties Botosani and Timis, maximum 2 properties in the rest of the counties.

In 2019, the Bank decided to pursue a strategy of optimizing the network of units and headquarter buildings including selling certain properties. The implementation of this strategy is ongoing.

Thus, the Bank's property portfolio is classified for accounting purposes in accordance with IAS 16 and IAS 40 respectively, depending on the purpose for which the property is held.

During 2023, the Bank sold 22 properties (land and buildings), the net book value of which amounted to RON 58.099 thousand.

3. Securities Market

3.1. Markets where the securities issued by the Bank are traded

BCR's current debt issuance programme implemented in 2013 is a programme for issuing debt instruments in various currencies and maturities with a limited range of interest rate structures.

In April 2018, BCR's Extraordinary Shareholders General Meeting has approved the extension of the Debt Issuing Programme for a period of 10 years, as well as new bond structures (e.g. subordinated notes, Minimum requirement for eligible liabilities (MREL) notes). In 2019, the debt issuance programme has been integrated into the Multi Issuer Programme (MIP) arranged by Erste Group Bank and is approved by Financial Market Authority (Austria) and listed on the Vienna Stock Exchange.

In 2023, 3 bond issues (2022: 3) were executed under the MIP with a total volume of RON 4.56bn equiv. (2022: 1.38bn), as follows: Senior Non-Preferred new bonds, with a total volume of RON equiv. 4.46bn, out of which 1 Green Senior Non-Preferred Eurobond in total amount of EUR 700m (listed on the Vienna and Bucharest Stock Exchange) and 1 Senior Non Preferred RON 1bn bond (listed on the Bucharest Stock Exchange), and 1 Green Senior Preferred bond with a volume of USD 20m (2022: 0) listed on the Vienna Stock Exchange.

As of 31 December 2023, BCR had 10 bond issues outstanding under the Multi Issuer Programme, in total amount of RON 8.55bn RON, out of which 7 are listed on the Bucharest Stock Exchange, 1 is listed on the Vienna Stock Exchange and 2 are listed both on the Bucharest Stock Exchange (www.bvb.ro) and Vienna Stock Exchange (<https://www.wienerborse.at/en/search/?q=BCR>).

ISIN	Issue date	Maturity date	Category	Type	Currency	Issue value	Paying Agent	Listing Venue
ROEAZVK5DFP8	12/16/2019	12/16/2026	SENIOR	NON-PREFERRED	RON	600,000,000	BCR	BVB
RO1AQREPLMW7	5/21/2021	5/21/2028	SENIOR	NON-PREFERRED	RON	1,000,000,000	BCR	BVB
ROMU2ND4VHC6	10/14/2021	10/14/2028	SENIOR	PREFERRED	RON	500,000,000	BCR	BVB, VSE
ROPQT4NGMLM3	12/09/2021	12/09/2028	SENIOR	NON-PREFERRED	RON	600,000,000	BCR	BVB
RO451CMZH2K1	3/31/2022	3/31/2027	SENIOR	NON-PREFERRED	RON	351,500,000	BCR	BVB
ROP9F84ZSG4	6/14/2022	6/14/2027	SENIOR	NON-PREFERRED	RON	702,000,000	BCR	BVB
ROGJ5KD9L1W9	10/06/2022	10/06/2028	SENIOR	NON-PREFERRED	RON	334,000,000	BCR	BVB
AT0000A32YQ4	03/07/2023	12/15/2029	SENIOR	PREFERRED	USD	20,000,000	EGB	VSE
AT0000A34CN3	5/19/2023	5/19/2027	SENIOR	NON-PREFERRED	EUR	700,000,000	EGB	VSE, BVB
ROM2PE1DEUG5	12/11/2023	12/11/2029	SENIOR	NON-PREFERRED	RON	1,000,000,000	BCR	BVB

3.2. Description regarding Bank's dividends policy

The net profit of the Bank for the financial year ended 31 December 2023, amounting to RON 2,487,343 thousands will be distributed according to GSM's decision and in compliance with the current legislation.

The proposal for the distribution of profit is in accordance with: art. 29 para. 1 of the Accounting Law no. 82/1991, republished as subsequently amended and supplemented, para. 67 of the Law no. 31/1990, republished as subsequently amended and supplemented and para. 27 of BCR Charter. The Supervisory Board proposes to the General Meeting of Shareholders the distribution of 2023 net profit as follows:

3. Securities Market (continued)

3.2 Description regarding Bank's dividends policy (continued)

Item description	Bank Amount - RON
Other Reserves ^[1]	53,145,285
Dividend distribution, out of which: ^[2]	1,243,671,338
- ordinary dividends	1,176,600,923
- AT1 dividends ^[3]	67,070,415
Retained earnings ^[4]	1,190,526,053
Total	2,487,342,677

^[1] The amount of RON 53,145,285 represents the reinvested accounting profit of BCR which was exempt from applying corporate income tax, in accordance with the provisions of the Fiscal Code in force and which should be allocated to „Other Reserves”.

^[2] The amount of RON 1,243,671,338 represents the gross amount of ordinary dividends and dividends related to AT1 instruments issued by BCR in September 2022 recorded in other AT1 capital items.

^[3] The AT1 dividends will be booked as payable in EUR on the date of approval of their distribution by the GMS and will be paid according to the contract, on 28 May 2024. Their value, established according to the terms and conditions of the AT1 notes, is EUR 13,485,000. The RON equivalent mentioned above has been calculated at the estimated exchange rate for the payment date. The final value of these will be lower or higher depending on the evolution of the EUR - RON exchange rate up to the date of registration of the payment obligation in EUR. The FX difference will have impact on the Retained earnings – item 4.

^[4] The retained earnings totaling RON 1,190,526,053 will be used in accordance with the Bank's business strategy.

National Bank of Romania has been informed of our distribution proposal according to the consultation rules.

3.3. Description of any activities of the Bank to acquire its own shares

N/A

3.4. The number and nominal value of the shares issued by the parent company and owned by the subsidiaries

At 31st December 2023 and 31st December 2022, BCR Leasing IFN SA holds 109 BCR shares with nominal value of 0.10 RON/share.

3.5. Presentation of the methods used by the Bank for paying its obligation towards the owners of these types of securities in case that the bank issued bonds and/or other debt securities

The coupon payment and principal repayments of the outstanding senior non-preferred and senior preferred bonds are made in accordance with the provisions of sections "Securities Note" of the respective Base Prospectus, as well as the Final Terms of the bonds, published on the web page of the Bucharest Stock Exchange (www.bvb.ro) and Vienna Stock Exchange (<https://www.wienerborse.at>), direct link:

[BVB - Bonds BCR26 BANCA COMERCIALA ROMANA](#)

[BVB - Bonds BCR28 BANCA COMERCIALA ROMANA](#)

[BVB - Bonds BCR28A BANCA COMERCIALA ROMANA](#)

[BVB - Bonds BCR28B BANCA COMERCIALA ROMANA](#)

[BVB - Bonds BCR27 BANCA COMERCIALA ROMANA](#)

[BVB - Bonds BCR27A BANCA COMERCIALA ROMANA](#)

[BVB - Bonds BCR28C BANCA COMERCIALA ROMANA](#)

[BVB - Bonds BCR27E BANCA COMERCIALA ROMANA](#)

[BVB - Bonds BCR29 BANCA COMERCIALA ROMANA](#)

[VSE - Bonds ROMU2ND4VHC6 BANCA COMERCIALA ROMANA](#)

[VSE - Bonds AT0000A32YQ4 BANCA COMERCIALA ROMANA](#)

[VSE - Bonds AT0000A34CN3 BANCA COMERCIALA ROMANA](#)

4. Bank's Management

As of 31.12.2023, the members of the Supervisory Board were:

- Manfred Wimmer – Chairman;
- Stefan Dörfler – Deputy Chairman;
- Daniela Camelia Nemoianu – member;
- Hildegard Gacek – member;
- Elisabeth Krainer Senger -Weiss – member;
- Iris Bujatti – member;
- Christine Catasta – member.

The Members of the Management Board as of 31.12.2023 were as follows:

1. **Sergiu Cristian Manea** – Executive President, Chairman of the Management Board - mandate valid until 28.02.2026;
2. **Elke Meier** – Executive Vice-President coordinating the Financial functional line, Member of the Management Board - mandate valid until 31.12.2027;
3. **Ilinka Kajgana** – Executive Vice-President, coordinator of the Risk functional line, Member of the Management Board - mandate valid until 31.12.2025;
4. **Dana Luciana Dima** - Executive Vice-President coordinating the Retail & Private Banking functional line, Member of the Management Board - mandate valid until 31.10.2025;
5. **Thomas Kolarik** - Executive Vice-President coordinating the Operations & IT functional line, Member of the Management Board – mandate valid until 31.12.2027.

Management Board members meet the general conditions provided by the law and the special conditions of the Banking Law, National Bank's regulations, and Recruitment and Remuneration Policy of BCR Group management.

Professional experience details of Management Board may be found on the following link: <https://www.bcr.ro/en/about-us/bcr-management>.

The Management Board may set up committees as it deems necessary and appropriate. Such committee's competencies and authority will be stipulated by the Management Board and responsibilities will be defined by each committee's internal rules.

There are no litigation or administrative proceedings in the records of the bank involving the members of the Supervisory Board or the Management Board of BCR.

5. Significant transactions

In 2023, BCR issued the first international green Eurobond issue, in amount of EUR 700 mn, the largest senior issue in the history for any financial or corporate issuer in Romania. BCR's new bond issue marks the bank's debut on the international capital markets and consists of 4NC3 senior non-preferred Eurobonds with a maturity of 4 years, with the possibility of early redemption after 3 years. The issue is listed on the Vienna and Bucharest Stock Exchange, being also the first international green Eurobond issued by a Romanian bank. In addition, this issuance is part of BCR's journey in the direction of the ESG (Environmental, Social and Governance) criteria, with the aim to build a sustainable economic development by encouraging environmentally responsible behavior, through better governance and increased social involvement.

6. Financial highlights

6.1. Statements of financial position

The structure and evolution of the Group's main asset, liability and equity categories are presented below.

ASSETS	Group				Bank			
	in RON thousands	31.12.2023	31.12.2022	31.12.2021	2023/2022	31.12.2023	31.12.2022	31.12.2021
Cash and cash equivalents	16,763,792	15,224,576	13,317,439	10.1%	16,724,913	15,224,262	13,069,516	9.9%
Financial assets held for trading	701,088	177,242	1,704,540	295.6%	701,137	177,708	1,704,540	294.5%
Derivatives	135,678	177,213	23,994	-23.4%	135,727	177,679	23,994	-23.6%
Other financial assets held for trading	565,410	29	1,680,546	1949589.7%	565,410	29	1,680,546	1949589.7%
Non-trading financial assets mandatorily at fair value through profit or loss	79,363	67,179	65,753	18.1%	79,363	67,179	65,502	18.1%
Equity instruments	59,350	50,851	35,121	16.7%	59,350	50,851	34,870	16.7%
Debt securities	20,013	16,328	30,632	22.6%	20,013	16,328	30,632	22.6%
Financial assets at fair value through other comprehensive income	10,135,530	9,664,296	7,834,955	4.9%	10,135,530	9,664,296	7,805,091	4.9%
Debt securities	10,135,530	9,664,296	7,834,955	4.9%	10,135,530	9,664,296	7,805,091	4.9%
Financial assets at amortised cost	74,818,710	68,046,211	62,702,857	10.0%	76,486,958	69,264,841	63,381,929	10.4%
Debt securities	17,495,369	15,215,719	15,570,473	15.0%	17,375,556	15,132,875	15,382,134	14.8%
Loans and advances to banks	2,125,746	148,344	1,362,313	1333.0%	2,142,421	156,699	1,362,004	1267.2%
Loans and advances to customers	55,197,595	52,682,148	45,770,071	4.8%	56,968,981	53,975,267	46,637,791	5.5%
Finance lease receivables	2,022,555	1,745,363	1,445,231	15.9%	17,393	8,405	11,240	106.9%
Property and equipment	1,025,930	1,029,207	1,094,606	-0.3%	843,919	820,797	820,178	2.8%
Investment property	133,035	148,543	150,223	-10.4%	133,035	148,543	150,223	-10.4%
Intangible assets	454,257	394,847	361,674	15.0%	430,798	377,240	349,068	14.2%
Investments in joint ventures and associates	30,008	43,336	42,109	-30.8%	25,961	33,470	33,470	-22.4%
Current tax assets	1,110	222,026	185,406	-99.5%	-	219,164	182,155	-100.0%
Deferred tax assets	118,404	197,778	200,946	-40.1%	115,234	184,550	194,629	-37.6%
Assets held for sale and disposal group	745,408	749,318	227,730	-0.5%	55,383	51,499	9,153	7.5%
Trade and other receivables	1,522,407	901,025	653,237	69.0%	1,511,077	875,813	631,610	72.5%
Investments in subsidiaries	-	-	-	-	588,105	500,943	518,464	17.4%
Other assets	299,193	239,113	268,413	25.1%	159,277	137,497	163,730	15.8%
Total assets	108,850,790	98,850,060	90,255,119	10.1%	108,008,083	97,756,207	89,090,498	10.5%

Total assets of BCR as at 31 December 2023 amounted to RON 108,008,083 thousands, increasing by 10.5% compared to 31 December 2022 (RON 97,756,207 thousands). At Group level, the total assets increased by 10.1% from RON 98,850,060 thousands as at 31 December 2022 to RON 108,850,790 thousands as at 31 December 2023.

6. Financial highlights (continued)

6.1. Statements of financial position (continued)

Liabilities and Equity in RON thousands	Group				Bank			
	31.12.2023	31.12.2022	31.12.2021	2023/2022	31.12.2023	31.12.2022	31.12.2021	2023/2022
Financial liabilities held for trading	165,467	163,579	22,343	1.2%	165,467	163,579	22,359	1.2%
Derivatives	165,467	163,579	22,343	1.2%	165,467	163,579	22,359	1.2%
Financial liabilities measured at amortised cost	93,239,094	84,713,627	77,835,634	10.1%	93,548,921	84,930,411	77,617,727	10.1%
Deposits from banks	998,503	1,431,205	430,383	-30.2%	1,585,724	2,125,964	1,569,445	-25.4%
Borrowings and financing lines	650,435	648,189	849,192	0.3%	152,934	189,261	246,763	-19.2%
Deposits from customers	78,481,853	75,588,537	72,458,416	3.8%	78,724,676	75,609,053	71,721,511	4.1%
Debt securities issued	10,170,143	5,424,406	2,733,120	87.5%	10,170,143	5,424,406	2,733,120	87.5%
Subordinated loans	-	-	503,964	-	-	-	503,964	-
Other financial liabilities	2,938,160	1,621,290	860,559	81.2%	2,915,444	1,581,727	842,924	84.3%
Finance lease liabilities	449,467	444,486	435,710	1.1%	448,488	442,538	435,710	1.3%
Provisions	1,013,883	1,000,507	1,793,931	1.3%	883,960	885,531	1,149,254	-0.2%
Current tax liabilities	83,339	75,162	48,764	10.9%	82,494	70,202	45,104	17.5%
Deferred tax liabilities	21,801	19,443	14,317	12.1%	-	-	-	-
Liabilities associated with assets held for sale	560,644	568,508	-	-1.4%	-	-	-	-
Other liabilities	839,541	809,949	383,978	3.7%	393,487	357,525	333,489	10.1%
Total equity	12,477,554	11,054,799	9,720,442	12.9%	12,485,266	10,906,421	9,486,855	14.5%
Equity attributable to non-controlling interest	56	63	50	-11.1%	-	-	-	-
Equity attributable to owners of the parent	12,477,498	11,054,736	9,720,392	12.9%	12,485,266	10,906,421	9,486,855	14.5%
Total liabilities and equity	108,850,790	98,850,060	90,255,119	10.1%	108,008,083	97,756,207	89,090,498	10.5%

6. Financial highlights (continued)

6.2. Profit or Loss

in RON thousands	Group				Bank			
	31.12.2023	31.12.2022	31.12.2021	2023/2022	31.12.2023	31.12.2022	31.12.2021	2023/2022
Net interest income (1)	3,656,406	2,948,748	2,422,069	24.0%	3,476,006	2,767,309	2,305,635	25.6%
Interest income	5,897,924	3,977,510	2,695,293	48.3%	5,860,443	3,888,023	2,631,663	50.7%
Other similar income	137,822	76,989	65,960	79.0%	2,068	2,682	3,299	-22.9%
Interest expense	(2,353,145)	(1,085,570)	(320,385)	116.8%	(2,360,740)	(1,103,445)	(310,614)	113.9%
Other similar expense	(26,195)	(20,181)	(18,799)	29.8%	(25,765)	(19,951)	(18,713)	29.1%
Net fee and commission income (2)	1,012,615	944,240	867,922	7.2%	966,148	897,686	805,904	7.6%
Fee and commission income	1,277,353	1,190,732	1,093,800	7.3%	1,221,406	1,133,301	1,020,813	7.8%
Fee and commission expense	(264,738)	(246,492)	(225,878)	7.4%	(255,258)	(235,615)	(214,909)	8.3%
Dividend income (3)	5,103	3,804	3,210	34.1%	65,976	26,808	4,303	146.1%
Net trading result (4)	539,745	595,841	386,284	-9.4%	522,792	579,217	377,933	-9.7%
Gains/(losses) from non-trading financial instruments mandatorily measured at fair value through profit or loss (5)	2,874	22,235	2,642	-87.1%	2,874	22,235	2,642	-87.1%
Foreign currency translation (6)	8,991	12,025	(5,430)	-25.2%	6,376	4,229	(2,925)	50.8%
Net result from equity method investments (7)	6,136	990	3,441	519.8%	-	-	-	-
Rental income from investment properties and other operating leases (8)	43,796	87,579	111,568	-50.0%	5,455	5,063	5,953	7.7%
Personnel expenses (9)	(1,072,385)	(895,947)	(799,008)	19.7%	(991,002)	(828,548)	(737,025)	19.6%
Other administrative expenses (10)	(749,178)	(727,003)	(657,200)	3.1%	(732,021)	(712,428)	(645,240)	2.8%
Depreciation and amortisation (11)	(245,444)	(257,089)	(215,432)	-4.5%	(226,780)	(206,586)	(205,366)	9.8%
Operating Income (1+2+3+4+5+6+7+8)	5,275,666	4,615,462	3,791,706	14.3%	5,045,627	4,302,547	3,499,445	17.3%
Operating Expenses (9+10+11)	(2,067,007)	(1,880,039)	(1,671,640)	9.9%	(1,949,803)	(1,747,562)	(1,587,631)	11.6%
Operating Result	3,208,659	2,735,423	2,120,066	17.3%	3,095,824	2,554,985	1,911,814	21.2%
Other gains/(losses) from derecognition of financial instruments not measured at fair value through profit or loss	(2,282)	31	(31)	-7461.3%	(2,282)	31	(31)	-7461.3%
Net impairment loss on financial instruments	(46,308)	(393,777)	(228,362)	-88.2%	57,884	(349,430)	(201,659)	-116.6%
Other operating result	(165,045)	(183,795)	(161,277)	-10.2%	(11,299)	14,978	(29,637)	-175.4%
Pre-tax result from continuing operations	2,995,024	2,157,882	1,730,396	38.8%	3,140,127	2,220,564	1,680,487	41.4%
Taxes on income	(673,800)	(411,963)	(320,618)	63.6%	(652,784)	(390,548)	(302,570)	67.1%
Net result for the period	2,321,224	1,745,919	1,409,778	33.0%	2,487,343	1,830,016	1,377,917	35.9%
Net result attributable to non-controlling interests	8	13	7	-38.5%	-	-	-	-
Net result attributable to owners of the parent	2,321,216	1,745,906	1,409,771	33.0%	2,487,343	1,830,016	1,377,917	35.9%

6. Financial highlights (continued)

6.3. Cash Flow

in RON thousands	Group			Bank		
	31.12.2023	31.12.2022	31.12.2021	31.12.2023	31.12.2022	31.12.2021
Net result for the period	2,321,224	1,745,919	1,409,778	2,487,343	1,830,016	1,377,917
Non-cash adjustments for items in net result for the period						
Depreciation, amortisation of assets	245,444	257,089	215,432	226,780	206,586	205,366
Allocation and release of impairment of loans	68,035	356,454	202,660	(53,932)	318,435	175,115
Gains/(losses) from the sale of tangible and intangible assets	(22,176)	(2,636)	35,654	(23,528)	(10,319)	(24,542)
Gains/(Losses) on disposal of assets held for sale and disposal group	21,276	96,574	50,382	(10,933)	(9,840)	50,382
Other provisions	5,855	(301,839)	(51,882)	(8,747)	(284,980)	15,004
Impairment of subsidiaries	-	-	-	(97,359)	139,736	(69,943)
Impairment tangible and intangible assets	(1,488)	22,847	116,109	(7,288)	20,890	24,127
Impairment of assets held for sale and other assets	6,782	6,835	-	5,893	6,551	-
Current tax not paid	645,763	368,320	202,740	637,036	344,763	241,463
Deferred tax	28,037	-	-	15,748	-	-
Other adjustments	8,165	198,326	35,850	19,866	(34,875)	57,708
Adjustments for items in net profit/(loss) for the year	(3,661,421)	(2,948,749)	(2,422,069)	(3,541,982)	(2,790,371)	(2,305,635)
Interest income from operating activities	(5,354,422)	(3,524,685)	(2,103,106)	(5,202,944)	(3,376,963)	(1,988,247)
Interest expense for operating activities	1,687,104	876,674	274,882	1,865,467	901,607	256,246
Interest income from investing activities	(681,324)	(529,815)	(658,147)	(659,567)	(513,742)	(646,715)
Interest expense for financing activities	692,236	229,077	64,302	521,038	221,790	73,081
Dividend income from investing activities	(5,015)	-	-	(65,976)	(23,063)	-
Changes in assets and liabilities from operating activities after adjustment for non-cash components						
Financial assets - held for trading	(523,845)	1,680,517	(471,615)	(523,428)	1,680,517	(471,615)
Financial assets - at fair value through profit or loss	-	20,733	1,925	-	20,733	1,925
Financial assets at fair value through other comprehensive income	(115,897)	(2,104,316)	(573,419)	(115,231)	(2,074,462)	(568,397)
Financial assets at amortised cost	(5,144,158)	(6,950,255)	(4,471,785)	(5,343,079)	(6,661,592)	(4,897,545)
Loans and advances to banks	(1,973,220)	1,213,969	665,708	(1,908,111)	1,205,016	663,266
Loans and advances to customers	(2,880,451)	(7,864,092)	(4,993,642)	(3,427,340)	(7,869,443)	(5,564,677)
Finance lease receivables	(290,487)	(300,132)	(143,851)	(7,628)	2,835	3,866
Other assets from operating activities	(93,770)	54,583	269,865	(19,291)	123,616	53,418
Financial liabilities measured at amortised cost	4,372,838	5,445,502	7,048,467	4,492,113	5,182,657	7,821,240
Deposits from banks	(405,446)	1,040,292	(615,984)	(531,541)	556,312	(429,786)
Deposits from customers	3,461,416	3,643,037	7,581,642	3,689,936	3,887,542	8,129,793
Other financial liabilities	1,316,868	762,173	82,809	1,333,718	738,803	121,233
Income tax paid	(361,907)	(344,405)	(199,826)	(353,540)	(323,285)	(185,721)
Other liabilities from operating activities	21,848	(401,713)	86,014	43,482	35,188	99,082
Interest received from operating activities	5,500,926	3,651,283	2,144,806	5,436,704	3,591,382	2,002,332
Interest paid for operating activities	(2,255,205)	(1,084,291)	(380,246)	(2,439,780)	(1,130,821)	(297,224)
Cash flow from operating activities	1,066,326	(233,222)	3,248,840	826,847	180,525	3,304,457

6. Financial highlights (continued)

6.3. Cash Flow (continued)

in RON thousands	Group			Bank		
	31.12.2023	31.12.2022	31.12.2021	31.12.2023	31.12.2022	31.12.2021
Proceeds of disposal:	1,549,988	2,616,736	3,312,692	1,526,958	2,329,823	2,491,749
Debt securities at amortised cost	1,435,153	2,275,932	3,118,694	1,435,153	2,251,811	2,333,166
Property and equipment, intangible assets, investment properties and assets held for sale	113,168	340,804	193,998	90,138	78,012	158,583
Assets held for sale and disposal group	1,667	-	-	1,667	-	-
Acquisition of:	(3,875,383)	(2,414,823)	(4,204,128)	(3,851,823)	(2,299,279)	(3,843,640)
Debt securities at amortised cost	(3,612,225)	(2,165,586)	(3,808,264)	(3,612,225)	(2,067,308)	(3,675,171)
Property and equipment, intangible assets, investment properties and assets held for sale	(263,158)	(249,237)	(395,864)	(239,598)	(231,971)	(168,469)
Contribution to increase in share capital of subsidiaries and investments in associates	-	-	-	(10,000)	(167,500)	-
Interest received from investing activities	628,398	514,764	664,932	606,142	498,691	653,500
Dividends received from investing activities	5,015	-	-	65,976	23,063	-
Cash flow from investing activities	(1,691,982)	716,677	(226,504)	(1,662,747)	384,798	(698,391)
Capital increases	-	741,555	-	-	741,555	-
Dividends paid to equity holders of the parent	(1,144,291)	(963,452)	(870,887)	(1,144,291)	(963,452)	(870,887)
Dividends paid to non-controlling interests	(1,271)	(1,090)	(1,039)	(1,271)	(1,090)	(1,039)
Repayment of principal of lease liabilities (IFRS 16)	(192,237)	(112,613)	(74,474)	(171,740)	(95,827)	(74,332)
Debt securities redeemed	-	-	(45,983)	-	-	(45,983)
Debt securities issued	4,572,136	2,624,350	2,100,000	4,572,136	2,624,350	2,100,000
AT1 dividends	(44,168)	-	-	(44,168)	-	-
Inflows from other financing activities	-	235,440	-	-	4,891	-
Outflows from other financing activities	(25,488)	(932,189)	(1,289,323)	(45,504)	(557,388)	(782,599)
Interest paid for financing activities	(524,956)	(168,319)	(61,390)	(353,758)	(163,616)	(55,446)
Debt securities issued	(345,899)	(136,747)	-	(345,899)	(136,747)	-
Other financing activities	(179,057)	(9,688)	(12,685)	(7,859)	(4,985)	(6,741)
Subordinated loans	-	(21,884)	(48,705)	-	(21,884)	(48,705)
Cash flow from financing activities	2,639,725	1,423,682	(243,096)	2,811,404	1,589,423	269,714
Cash and cash equivalents at beginning of period	15,224,576	13,317,439	10,538,199	15,224,262	13,069,516	10,193,736
Cash flow from operating activities	1,066,326	(233,222)	3,248,840	826,847	180,525	3,304,457
Cash flow from investing activities	(1,691,982)	716,677	(226,504)	(1,662,747)	384,798	(698,391)
Cash flow from financing activities	2,639,725	1,423,682	(243,096)	2,811,404	1,589,423	269,714
Other non-cash movements in the statement of financial positions	(474,853)	-	-	(474,853)	-	-
Cash and cash equivalents at end of period	16,763,792	15,224,576	13,317,439	16,724,913	15,224,262	13,069,516

7. Annexes

The following documents are annexed to this report:

1. The bank's constitutive act valid at 31 December 2023;
2. List of the subsidiaries of the Bank and entities controlled or controlling the Bank;
3. Statement of Compliance of the members of the Executive Committee who assume responsibility for the preparation of the Financial Statements;
4. Financial Statements as at 31 December 2023;
5. Auditors' report.



Chairman of the Supervisory Board,

Manfred Wimmer

Annex 1: The Bank's constitutive act valid at 31 December 2023

The bank's constitutive act valid at 31 December 2023 is available at following web address:

https://cdn0.erstegroup.com/content/dam/ro/bcr/www_bcr_ro/EN/About-us/Corporate-Governance/BCR_Charter.pdf

Annex 2: List of the subsidiaries of the issuer and entities controlled or controlling the issuer

List of the subsidiaries of the issuer and entities controlled by the issuer

- BCR Chisinau SA
- BCR Leasing IFN SA
- BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA
- BCR Banca pentru Locuinte SA
- Suport Colect SRL
- BCR Payments Services SRL
- BCR Fleet Management SRL

List of the of entities controlling the issuer

The ultimate parent of the Group is Erste Group Bank AG.