



BANCA TRANSILVANIA

H1 Financial Results

The 28th of August 2023

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AGENDA

1

Macroeconomic Landscape

2

Business Performance

3

Risk

4

Sustainability

5

Digital

6

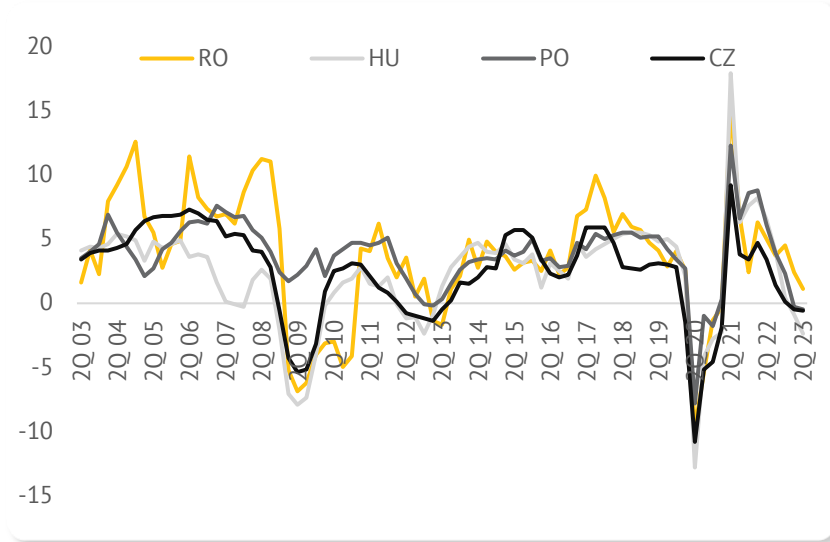
BT Financial Group

7

Appendix

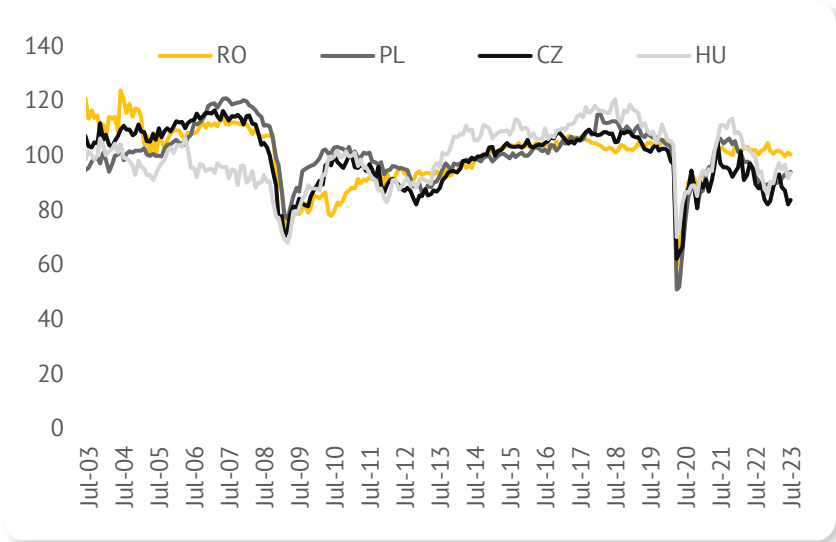
REAL ECONOMY

GDP (% , YOY)



Source: Eurostat

ECONOMIC CONFIDENCE INDICATOR (POINTS)



Source: European Commission

MACROECONOMIC DEVELOPMENTS

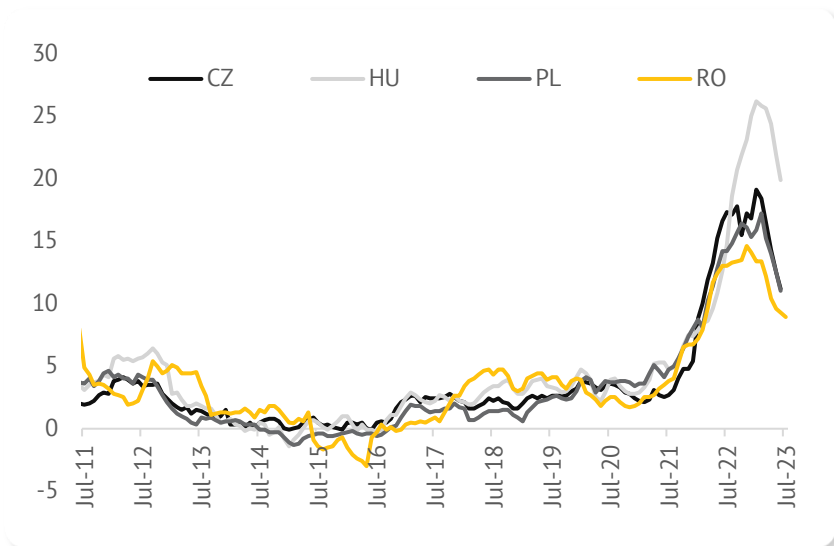
Romanian economy outperformed the CEE countries in 2Q

- According to the flash estimate, the GDP of Romania rose by an improving QoQ pace to 0.9% in 2Q, while the YoY pace decelerated to 1.1%. During the first semester the national economy advanced by 1.7% YoY.
- Romania continued to be the performer of the region in 2Q, as the GDP contracted YoY by 0.5% in Poland, 0.6% in Czechia and 2.4% in Hungary.
- There can be noticed the positive climate in constructions, the capital and labour intensive sector in Romania climbing by 11.3% YoY during January-May, an evolution supported by the implementation of the EU funds for the development of the critical infrastructure (the civil engineering rose by 31.8% YoY). Furthermore, the retail sales increased by 3.0% YoY in 1H 2023, given the positive climate across the labour market.
- The economic confidence indicator in Romania is higher compared to the levels of the countries in the region, an evolution expressing prospects for Romania to present a better macroeconomic performance compared to Poland, Czechia and Hungary in the short run.



INFLATION AND MONETARY POLICY

CONSUMER PRICES (HICP) (% , YOY)



Source: Eurostat

CDS ROMANIA



Source: Bloomberg

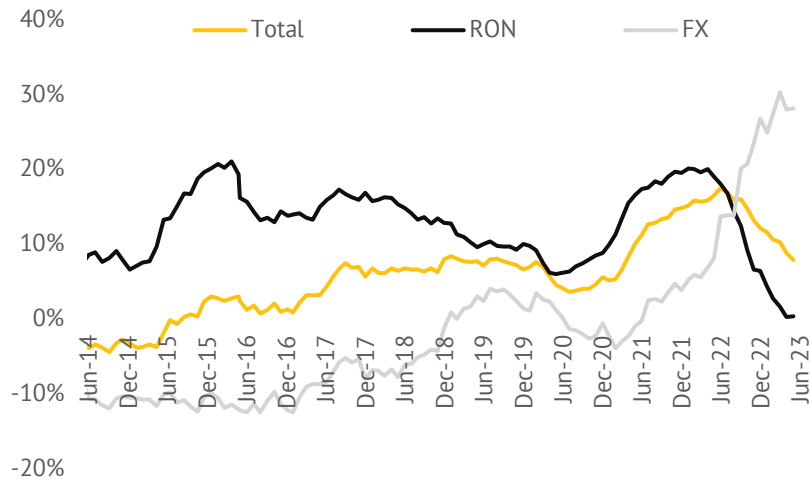
MACROECONOMIC DEVELOPMENTS

Inflationary pressures slowing down, improved risk perception

- The YoY pace of the consumer prices consolidated on the downward trend in the recent months. The consumer prices (HICP) decelerated from 9.3% YoY in June to 8.9% YoY in July, the minimum since February 2022, the month of the outbreak of the Ukraine crisis. Romania was the performer of the region in terms of inflation, with levels below those in Poland, Czechia and Hungary over the past months.
- At the Aug. monetary policy meeting (the sixth in 2023) the National Bank of Romania (NBR) revised on the upside the forecasts for the YoY pace of the consumer prices in the coming quarters, to 7.5% in December 2023 and 4.4% in December 2024 and kept the policy rate (at 7.00%) and the MRRs (at 8.00% for RON and 5.00% for FX).
- On the money market 3M ROBOR and 6M ROBOR stood at 6.42% and 6.51% at the end of July, down by 1.15pps ytd and by 1.30pps ytd, respectively.
- According to Bloomberg the 5YR CDS (credit default swap) is on a downward trend starting with November 2022.
- The yield on the 10YR Bonds (a benchmark for the financing costs in the economy) ended July at 6.505%, down by 1.69pps since the beginning of the year.

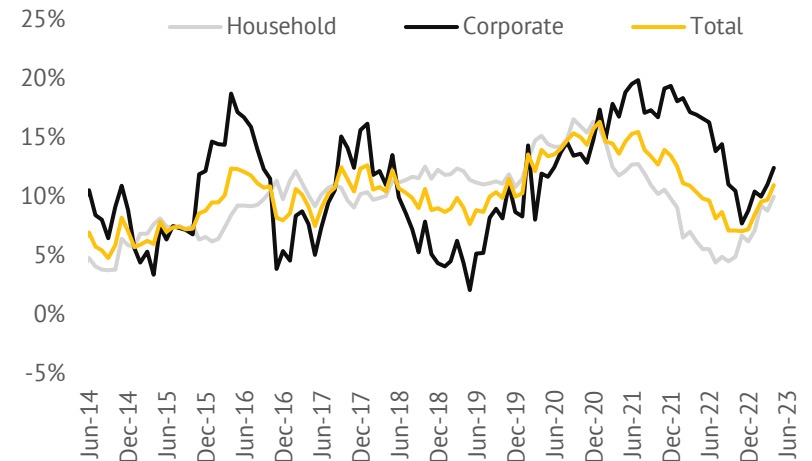
LOANS AND DEPOSITS

LOANS (YOY)



Source: National Bank of Romania (NBR)

DEPOSITS (YOY)



Source: National Bank of Romania (NBR)

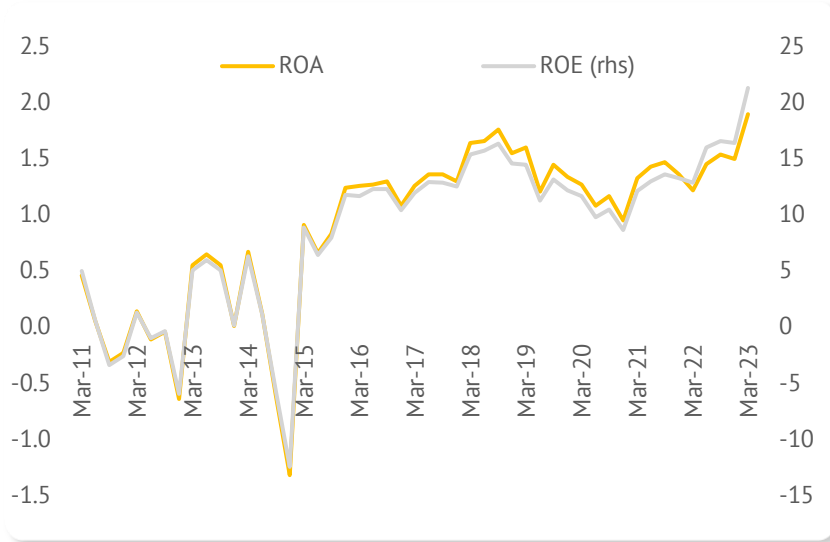
THE DEPOSITS OUTPERFORMED THE LOANS

The non-government loans continued the slowing down in 2Q

- According to the NBR, the YoY pace of the loans consolidated on the downward trend, to 6.4% in June, the minimum since February 2021. In 1H 2023 the non-government loans climbed by 9.2% YoY on average.
 - The corporate lending rose by 6.4% ytd to RON 204.4bn in June.
 - On the other hand, the household loans contracted by 0.3% ytd to RON 171.0bn in June.
- The non-government deposits advanced by 9.5% YoY on average in 1H 2023, given the positive climate on labour market and the high level of the savings rate.
 - The corporate deposits rose by 3.9% ytd to RON 218.7bn in June.
 - At the same time, the household deposits climbed by 3.9% ytd to RON 314.6bn in June.

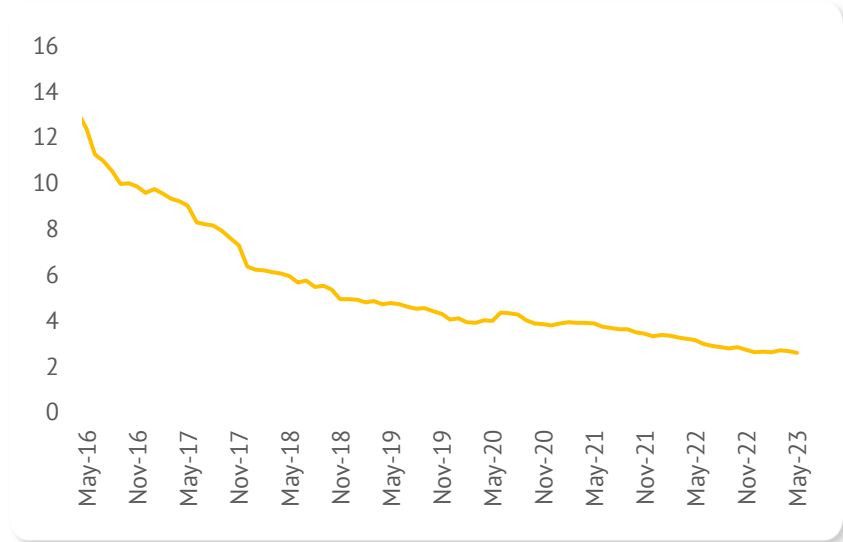
BANKING SECTOR

RETURN INDICATORS BANKING SECTOR (%)



Source: National Bank of Romania (NBR)

NON-PERFORMING LOANS RATIO (%)



Source: National Bank of Romania (NBR)

BANKING SECTOR DYNAMICS

Consolidation of the positive climate on the banking sector

- The figures of the NBR confirm the consolidation of the positive climate across the banking sector in Romania at the beginning of 2023, an evolution supported by the continuity of the post-pandemic economic recovery, the monetary cycle and the decline of the non-performing loans ratio (to record low).
- The total assets of the banking sector in Romania increased by 1.7% QoQ and by 11.03% YoY in 1Q 2023, a record high level.
- The net aggregate financial result rose by 72.9% YoY – ROA and ROE at the record levels of 1.90% and 21.34%, respectively.
- The capital-adequacy-ratio stood at 21.65% at the end of 1Q, down from 23.40% at the end of 2022, but highly above the minimum requirements.

AGENDA

1

Macroeconomic Landscape

2

Business Performance

3

Risk

4

Sustainability

5

Digital

6

BT Financial Group

7

Appendix



BT Performance

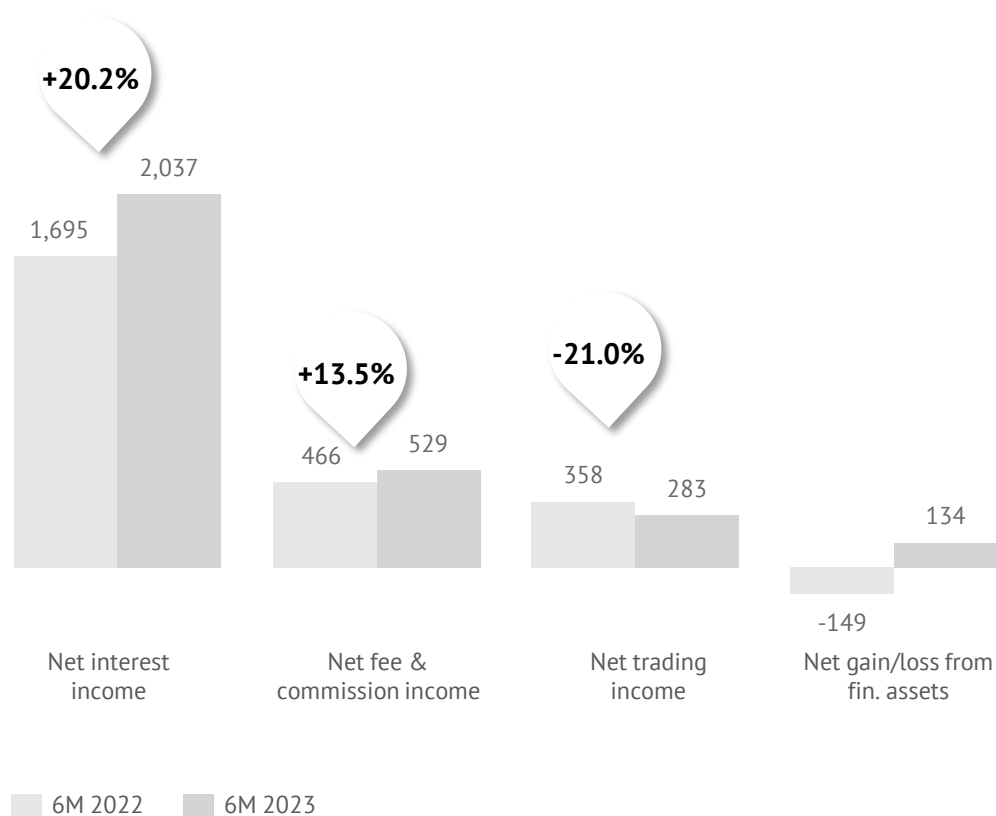
	INDIVIDUAL			CONSOLIDATED		
	6M 2023	6M 2022	Δ	6M 2023	6M 2022	Δ
PROFITABILITY						
Net interest income, <i>RONmn</i>	2,036.8	1,694.9	20.2%	2,528.5	2,031.4	24.5%
Net fee and commission income, <i>RONmn</i>	528.9	465.8	13.5%	606.7	551.0	10.1%
Operating expenses, <i>RONmn</i>	(1,436.3)	(1,213.6)	18.3%	(1,694.3)	(1,453.3)	16.6%
Pre-provision operating profit, <i>RONmn</i>	1,557.6	1,124.0	38.6%	1,981.1	1,380.5	43.5%
Net profit, <i>RONmn</i>	1,269.0	907.0	39.9%	1,581.7	1,046.5	51.1%
EPS, RON				1.9133	1.2638	51.4%
Cost of risk, net	-0.05%	0.31%	-0.35 pp	0.13%	0.52%	-0.39 pp
NIM	3.09%	2.87%	0.22 pp	3.62%	3.17%	0.45 pp
ROE	28.62%	23.68%	4.94 pp	29.16%	22.24%	6.92 pp
Cost-to-income ratio*	47.29%	50.37%	-3.08 pp	45.53%	49.95%	-4.43 pp

*Computed assuming the annual contribution to Deposits Guarantee Fund and Resolution Fund to be evenly allocated over 12 months.

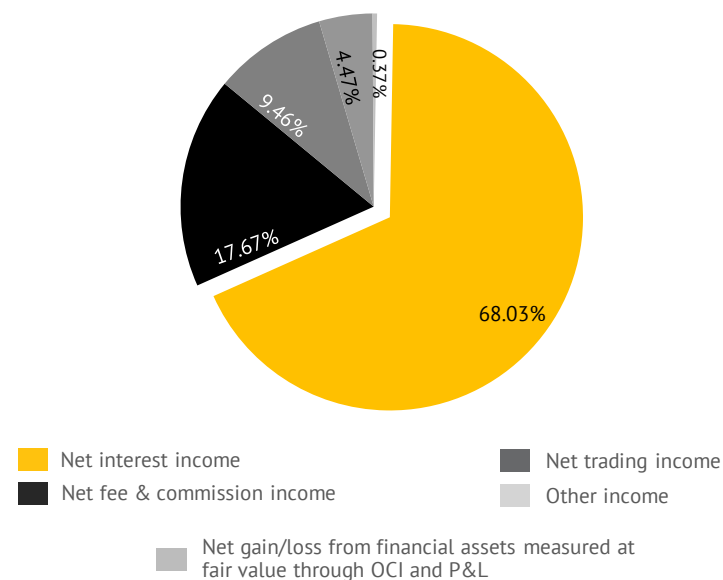
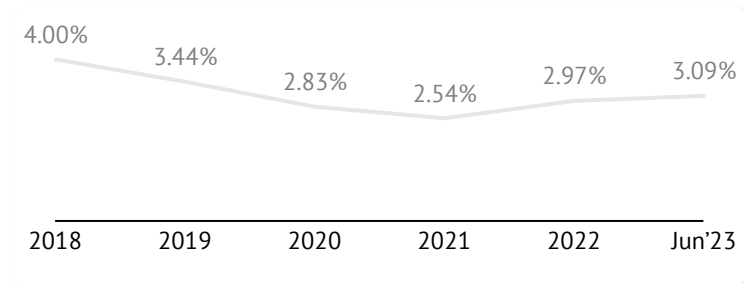
	JUN/23	DEC/22	Δ	JUN/23	DEC/22	Δ
BS HIGHLIGHTS						
Total assets, <i>RONmn</i>	144,568	133,960	7.9%	153,068.1	140,510.8	8.9%
Gross loans, <i>RONmn</i>	69,255	67,474	2.6%	74,101.4	72,529.5	2.2%
Deposits from customers, <i>RONmn</i>	122,446	116,504	5.1%	127,426.9	119,731.7	6.4%
Gross loans-to-deposits ratio	56.56%	57.92%	-1.36 pp	58.15%	60.58%	-2.42 pp
NPL (EBA)	2.36%	2.44%	-0.08 pp			
CAPITAL						
Tier 1 capital ratio (profit included)	19.58%	18.92%		18.57%	18.37%	
Total capital ratio (profit included)	23.88%	21.61%		22.38%	20.78%	



Trends in income structure

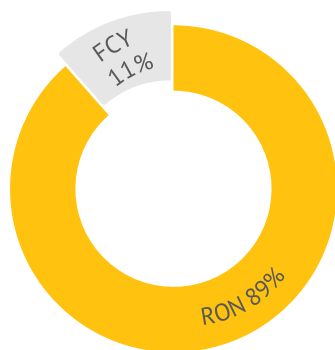


NIM



Continuous loan growth

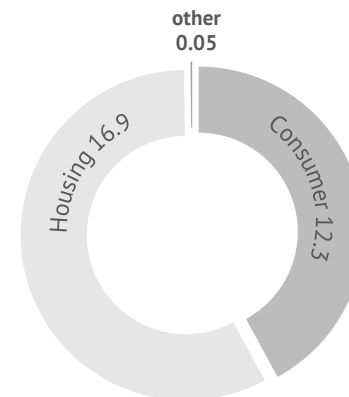
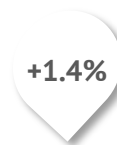
LOANS TO HOUSEHOLD



Jun/23

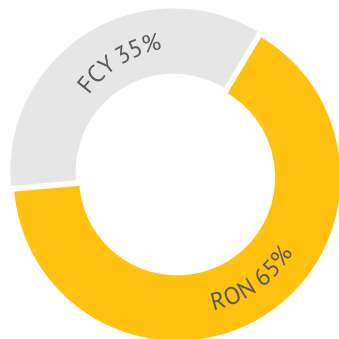


Dec/22
RON 28.9bn

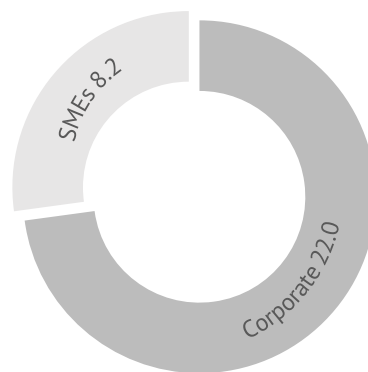


Jun/23
RON 29.3bn

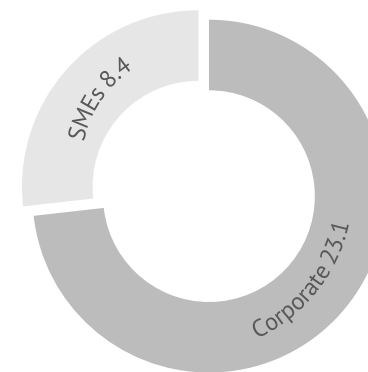
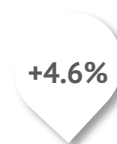
LOANS TO COMPANIES



Jun/23



Dec/22
RON 30.1bn

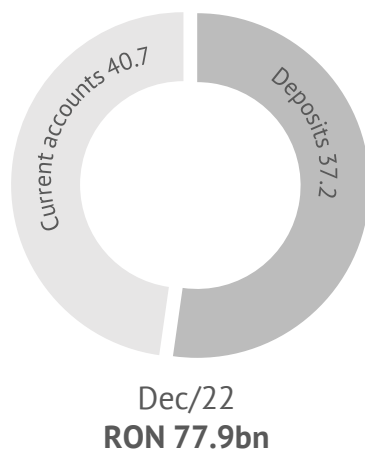
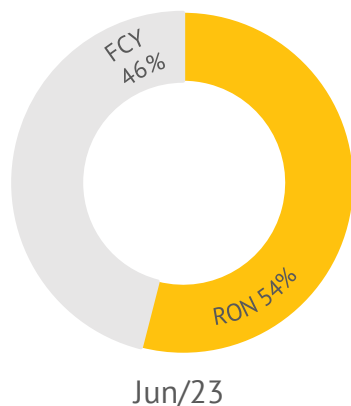


Jun/23
RON 31.5bn

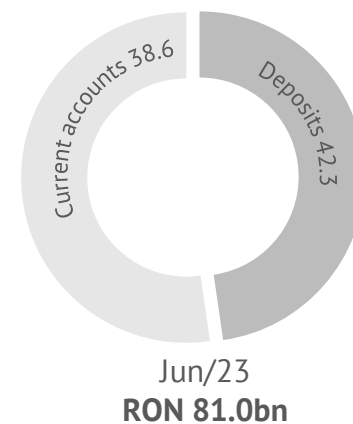
*SMEs identified according to internal classification rules

Deposit base, strong growth

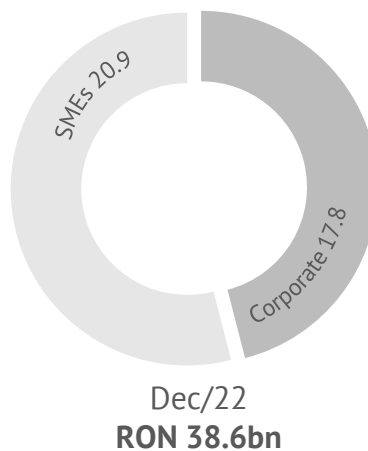
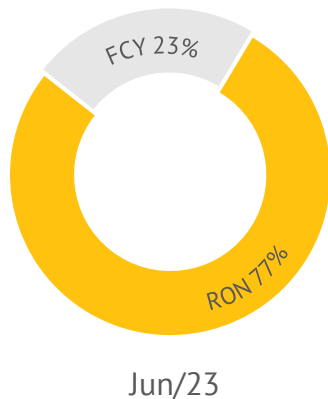
DEPOSITS FROM HOUSEHOLD



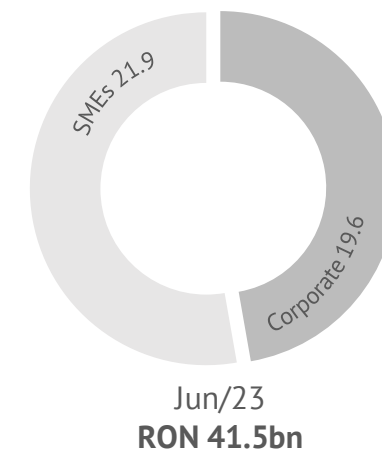
+4.0%



DEPOSITS FROM COMPANIES



+7.4%



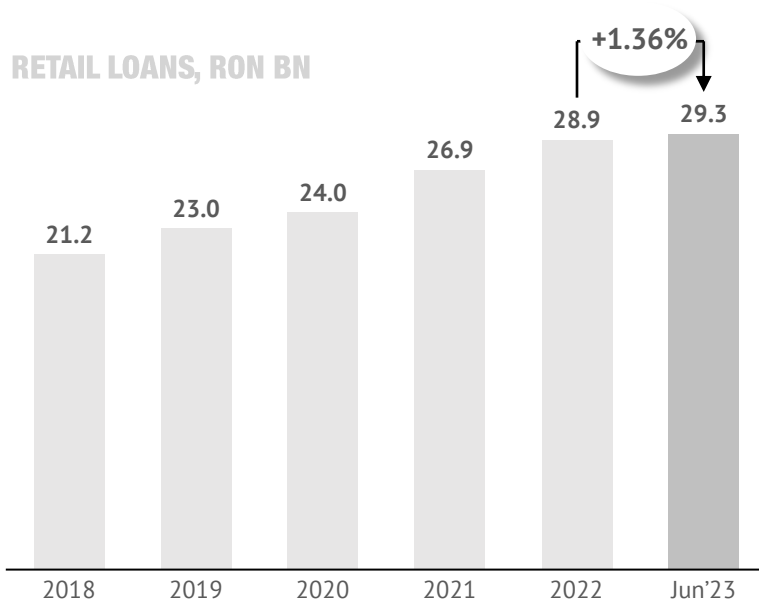
*SMEs identified according to internal classification rules
Financial Results H1 | 28th August 2023



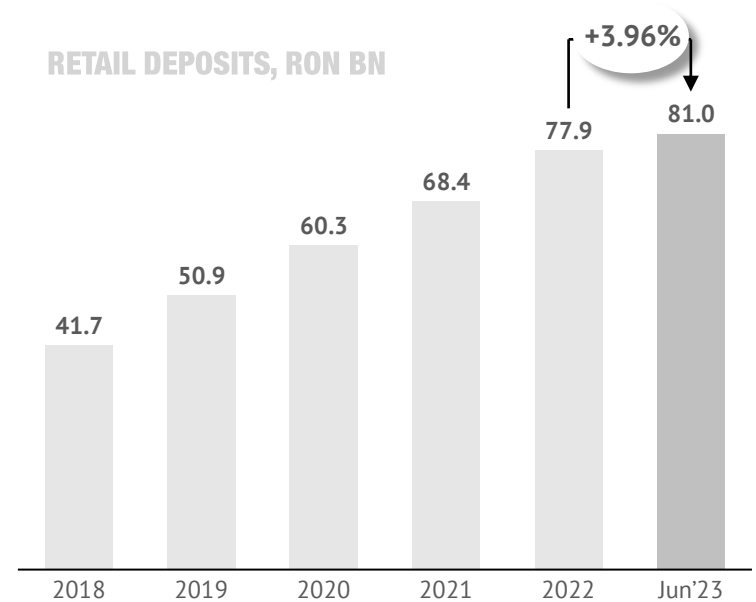
Retail Banking

Retail lending moderately resumes impacted by inflationary pressures and increased interest rates

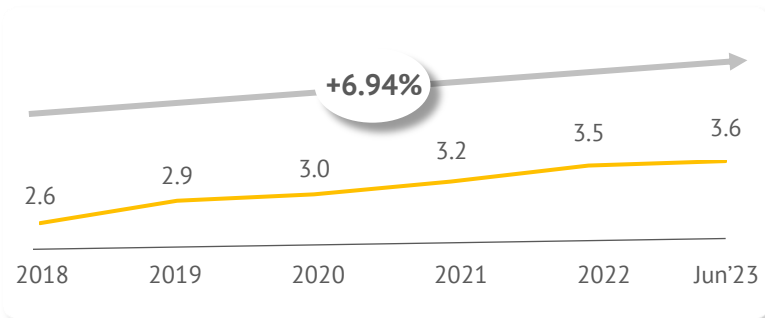
RETAIL LOANS, RON BN



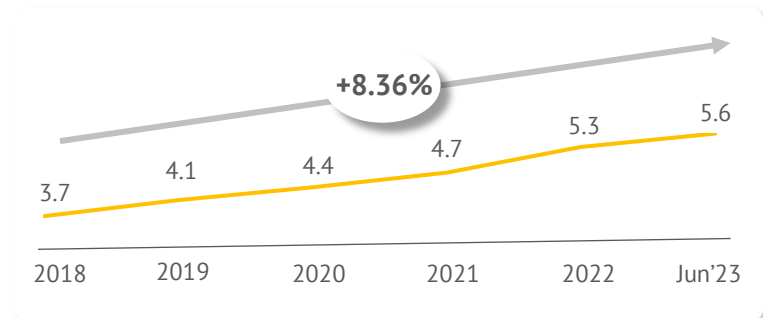
RETAIL DEPOSITS, RON BN



ACTIVE CLIENTS, MN



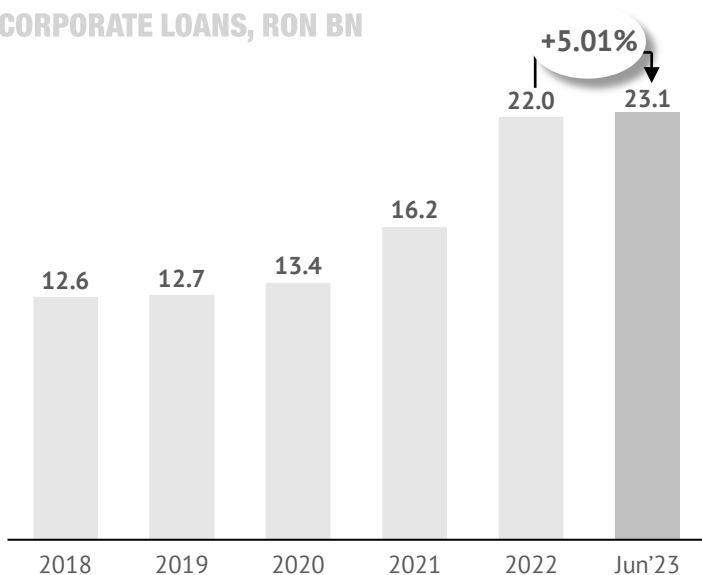
NO. OF CARDS, MN



SME & Corporate Banking

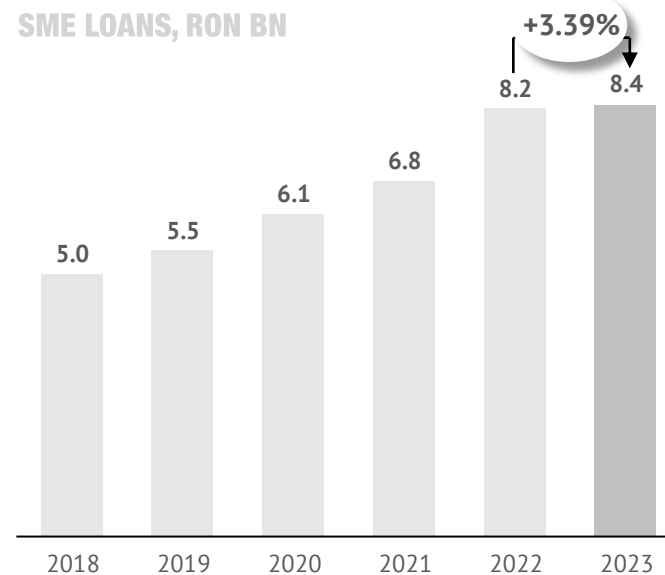
more than RON 11bn new production

CORPORATE LOANS, RON BN



- Upgrading of operational capabilities and key competences in corporate lending;
- PNRR projects expected to kick-in starting with Q2 – Q3 2023;
- Sound pipeline of renewable projects (approx. EUR 100 mio).

SME LOANS, RON BN



- Continue to invest in digital initiatives to integrate banking operations with business needs of entrepreneurs and SMEs: BT Go and IMM2Go;
- Support national programs IMM Invest, with RON ~2.2 bn granted in H1 2023;
- Start-up Nation program – ccs. 2000 bridge loans expected.

AGENDA

1

Macroeconomic Landscape

2

Business Performance

3

Risk

4

Sustainability

5

Digital

6

BT Financial Group

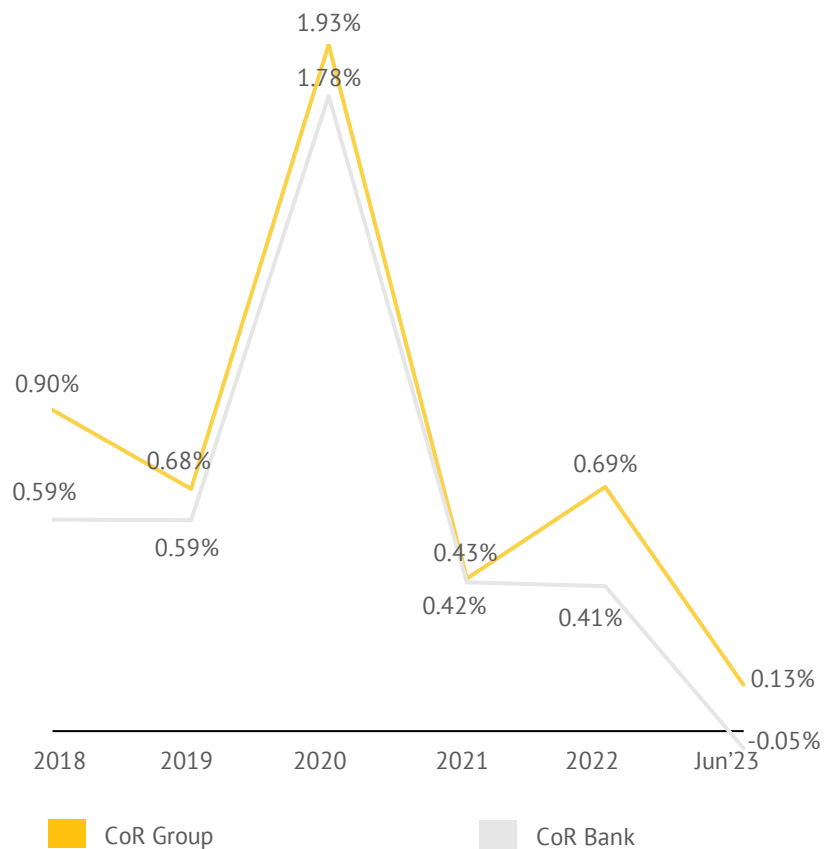
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Appendix

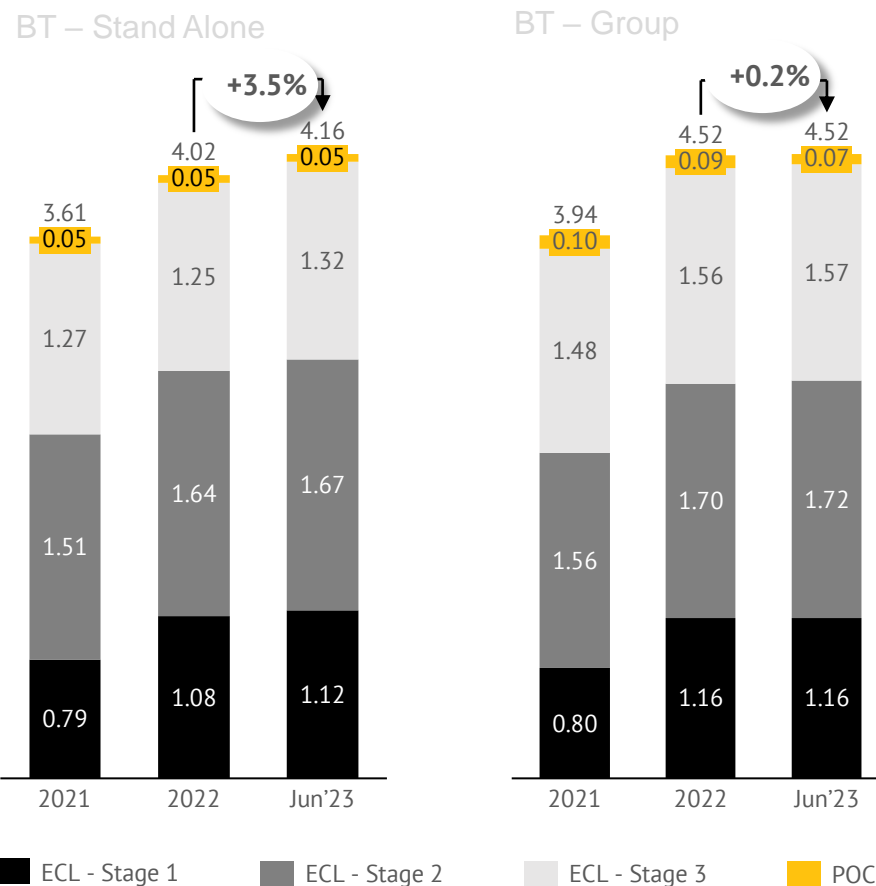


Sound credit risk management – asset quality stable

COST OF RISK, %



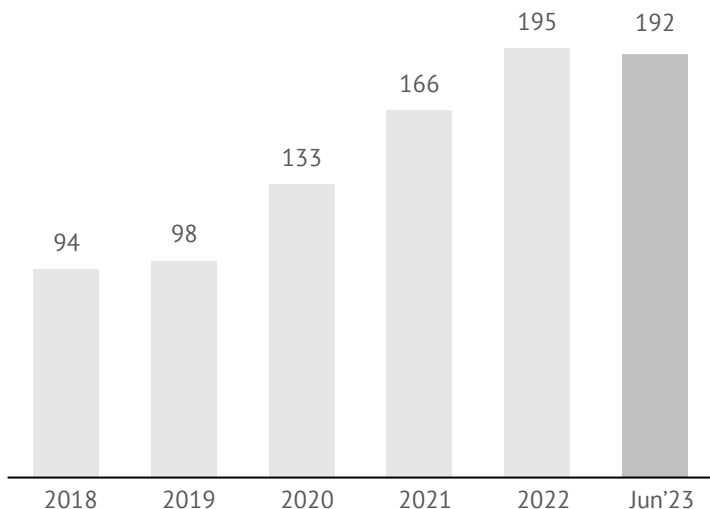
STOCK OF LOAN LOSS PROVISIONS, RON





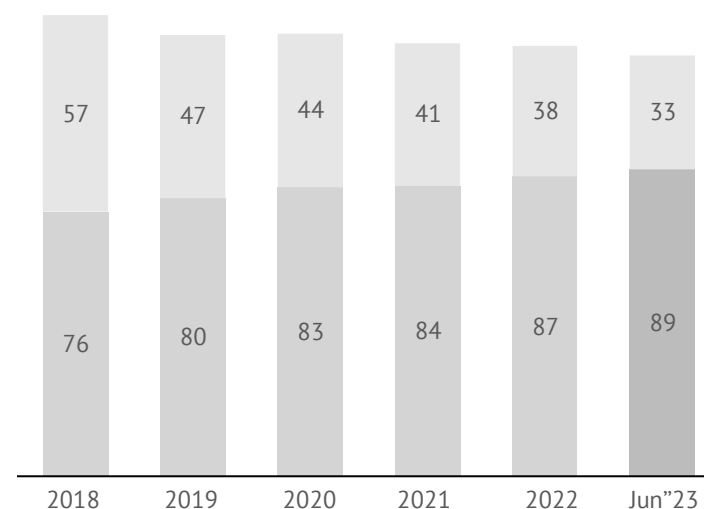
NPL: Dispersed portfolio contributes to the resilience of loan quality

NPL COVERAGE RATIO* (EBA), %

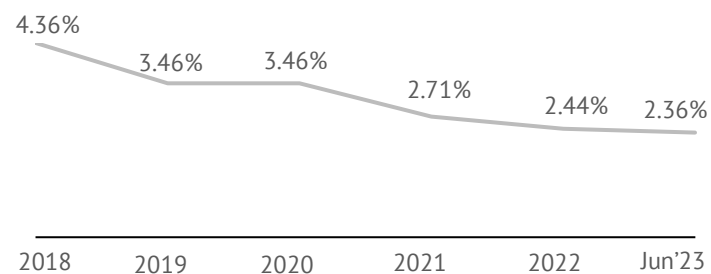


*Total ECL to EBA NPL

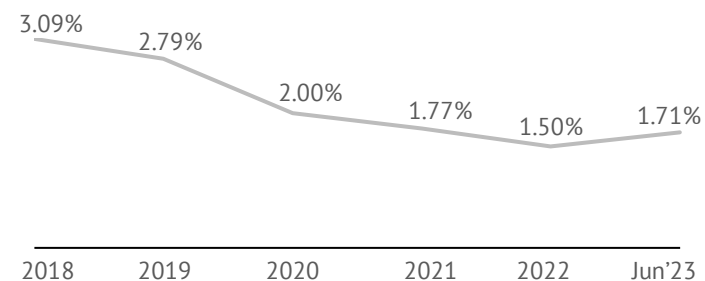
NPL COVERAGE RATIO (PAR90), %



■ NPL coverage with mortgage collaterals
■ NPL coverage with provisions



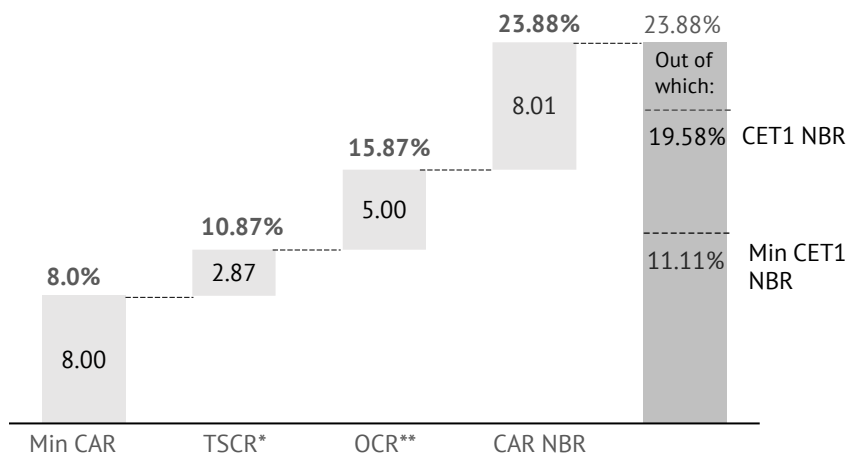
NPL Ratio (EBA)



NPL (PAR 90)

Comfortable solvency levels - maintained

CAPITAL RATIOS, %



STAND-ALONE BASIS, NBR COMPUTATION

FRAMEWORK, TRANSITIONAL, PROFIT INCLUDED:

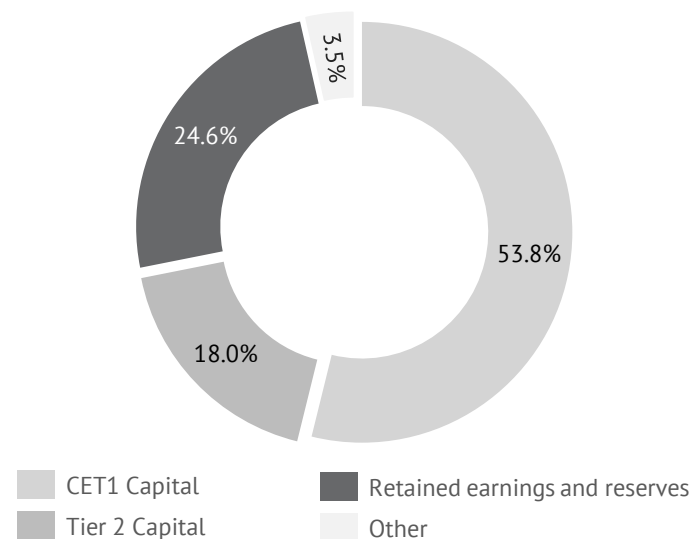
*TCSR includes Min CAR and additional requirements as regulated by NBR

**OCR includes TCSR and capital buffers

Capital buffers account for 5%:

- 2.5% conservation buffer plus
- 2% O-SII buffer plus
- 0% systemic risk buffer plus
- 0.5% countercyclical buffer
- 1% countercyclical buffer starting with Oct-23

OWN FUNDS' STRUCTURE, %

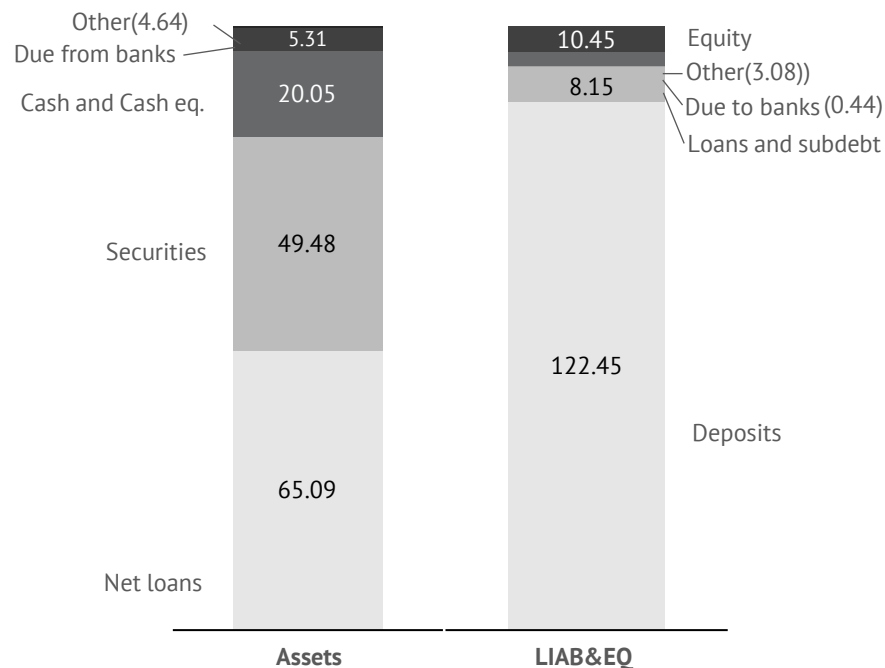


Banca Transilvania has strong capital positions, well above those imposed by capital requirements and regulatory guidance:

OWN FUNDS	RON 13.3BN
TOTAL RISK EXPOSURE	RON 55.5BN
RWA DENSITY	38%


High liquidity levels – earned trust from investors and depositors


LIQUID BALANCE SHEET, %




LOAN-TO-DEPOSITS RATIO	56.6%
IMMEDIATE LIQUIDITY	48.9%
LCR	498%
NFSR	229%

UPDATES ON THE 1 BILLION EUR MTN PROGRAM, APPROVED BY GSM DECISION IN OCTOBER 2022

- 

BT's debut bond issuance in international financial markets was launched in April 2023: EUR 500 million, SNP, 4NC3, MREL eligible bonds.
- 

The initial issuance was followed by two re-taps: EUR 100 million in June 2023 and EUR 190 million in August 2023
- 

BT received EUR 100 million from IFC and EUR 100 million from AIIB, as part of a €200 million subordinated bond package. These bonds were listed with the Bucharest Stock Exchange and includes a commitment to invest these funds in green mortgages (EPC level A).

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1

Macroeconomic Landscape

2

Business Performance

3

Risk

4

Sustainability

5

Digital

6

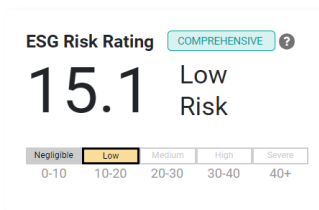
BT Financial Group

7

Appendix

ESG Rating and Sustainability Reporting for 2022

BT improved its ESG score in the [Sustainalytics](#) assessment during 2023 to **15.1 (Low ESG Risk)**, from a score of 17 Low ESG Risk in 2022, **as a result of continuous commitment to integrate ESG factors in its activity.**



Detailed GRI metrics and disclosures, progress against sustainability objectives and external assurance is presented in the [2022 Sustainability Report](#) (3rd edition), published in May 2023.

Following our membership to UNEP-FI, we published our first PRB (Principles for Responsible Banking) Report, available [here](#).

MAIN PROGRESS OBSERVED IN WHAT REGARDS

2022 was the first year when BT estimated its financed emissions (i.e. the carbon footprint of the loan portfolio and investments);

Decreasing trend of the carbon intensity metrics;

Sustainable financing initiatives for retail clients and companies;

Cybersecurity management and data protection;

Responsible marketing policy and product governance;

Initiatives implemented for the team's development.

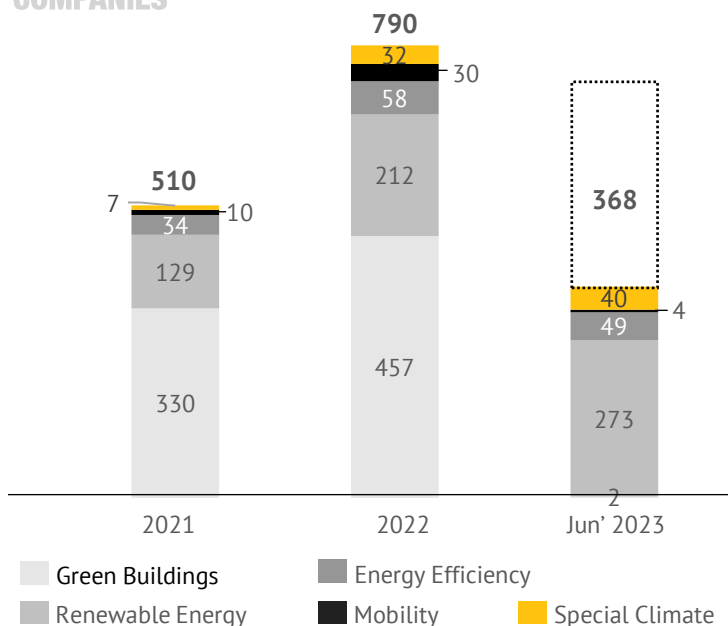
This score ranks BT on the 106th position (up from 133 in 2022), out of 1,000 banks analyzed globally and recognizes BT in the top 7% of the regional banks worldwide.



BT's impact financing

RON 1.6 billion in green loans granted

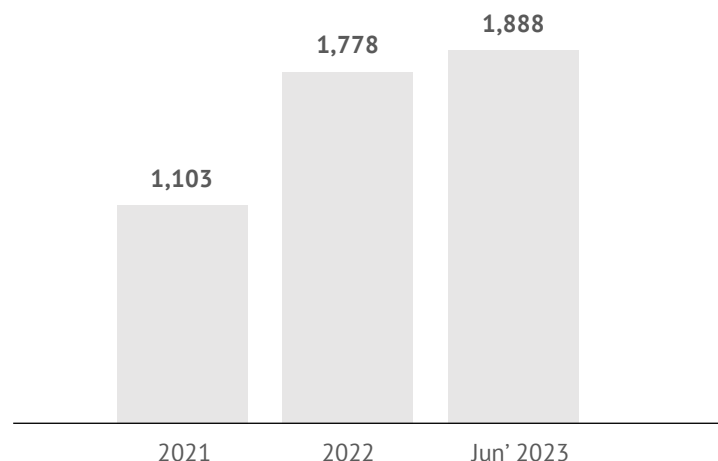
COMPANIES



- ✓ Green loans granted to companies in 1H23 amounted to **RON 368MN** (six months), similar evolution as in 2022
- ✓ Loans granted to **renewable energy** projects and **energy efficiency** increased by approx. **160%** and **70%**
- ✓ New production of green loans for 2023-2025 is targeted at **RON ~3,500MN**

RETAIL

Green retail portfolio



- ✓ **1 in 5 mortgages** granted in 1H23 qualify as green (EPC grade A). **RON 266MN** of green mortgages were granted in 1H23
- ✓ **1 in 4 leasing financings** granted by BT in H1/2023 were for hybrid and/or electric vehicles, amounting to **RON 285MN**
- ✓ **~7% of the total retail loan portfolio is represented by green loans**

AGENDA

1

Macroeconomic Landscape

2

Business Performance

3

Risk

4

Sustainability

5

Digital

6

BT Financial Group

7

Appendix

Digital banking: BT GO pilot's first month in figures

1200
CLIENTS

15 MN RON
PAYMENTS

1.5 MN EUR
EXTERNAL PAYMENTS

Online current account opening
in lei and foreign currency

Issuing and paying invoices

Upload documents - invoices,
receipts, contracts



View transactions and
generate statements

Transfer money between own
accounts & to business partners

Digital banking: new features

3 MN

UNIQUE CARDS IN BT PAY
WALLETS

3.5 MN

UNIQUE DIGITIZED
CLIENTS

+43%

PHONE
PAYMENTS

+70%

IN VOLUMES TRANSFERRED
THROUGH BT PAY

BT Pay app – new features added constantly in order to offer easy and inclusive access to bank’s products & services

BT PAY ECOSYSTEM

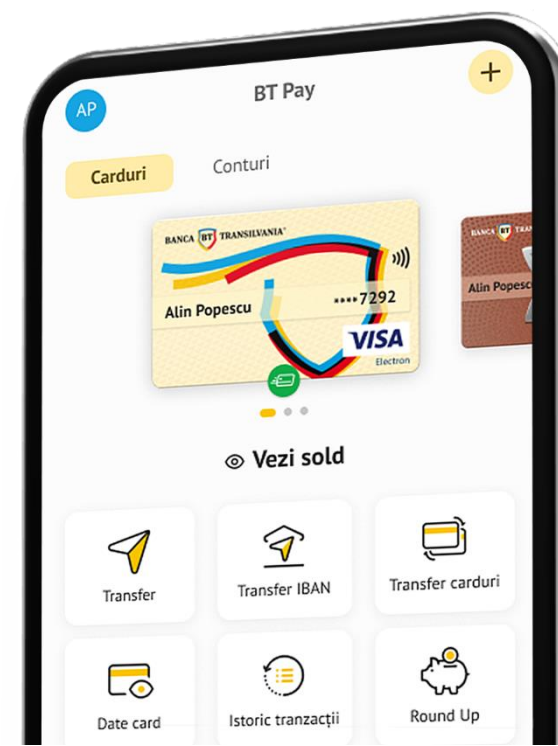
BT Kiddo - a new card and dedicated BT Pay features for kids aged 10-14 and their parents, which complements the existing features for kids aged 14-18.

A year long travel insurance issued in BT Pay.

Mastercard Direct debit card in EUR in-app issuing.

BT UNTOLD virtual card:

- a new virtual card
- collaboration with UNTOLD and Visa, unique design
- launched at the biggest festival in Romania



AGENDA

1

Macroeconomic Landscape

2

Business Performance

3

Risk

4

Sustainability

5

Digital

6

BT Financial Group

7

Appendix



Banca Transilvania Financial Group as of 30/06/2023

BANCA  TRANSILVANIA®

TOTAL ASSETS
RON 145BN

 BT Asset Management S.A.I.®

TOTAL ASSETS
RON 4,135MN

 BT Capital Partners®

TOTAL ASSETS
RON 1,203MN

 BT Direct®

TOTAL ASSETS
RON 768MN

 BT Leasing®

TOTAL ASSETS
RON 3,129MN

 BT Mic®

TOTAL ASSETS
RON 846MN

 BT Pensii

TOTAL ASSETS
RON 181MN

 victoriabank®

TOTAL ASSETS
RON 6,428MN

 Idea Bank

TOTAL ASSETS*
RON 2,462MN

*Values refer to Idea Group

AGENDA

1

Macroeconomic Landscape

2

Business Performance

3

Risk

4

Sustainability

5

Digital

6

BT Financial Group

7

Appendix



ANNEX 1

INCOME STATEMENT, IFRS INDIVIDUAL

RON I MN	6M 2023	6M 2022	Δ
Net interest income	2,036.8	1,694.9	20.2%
Net fee and commission income	528.9	465.8	13.5%
Net trading income	283.1	358.5	-21.0%
Other net income	145.0	(181.6)	
OPERATING INCOME	2,993.8	2,337.6	28.1%
Personnel expenses	(821.3)	(693.8)	18.4%
D&A	(197.3)	(167.7)	17.7%
Other operating expenses	(417.7)	(352.1)	18.6%
OPERATING EXPENSES	(1,436.3)	(587.2)	18.3%
PRE-PROVISION OPERATING PROFIT	1,557.6	1,124.0	38.6%
COST OF RISK	16.4	(99.3)	
NET INCOME BEFORE TAXATION	1,574.0	1,024.8	53.6%
Income tax (expense)/revenue	(305.0)	(117.8)	159.0%
NET INCOME	1,269.0	907.0	39.9%



ANNEX 1

BALANCE SHEET, IFRS INDIVIDUAL

RON MN	JUN/23	DEC/22	Δ
Cash & cash equivalents	20,048.2	12,645.2	58.5%
Placements with banks and public institutions	5,309.0	6,634.9	-20.0%
Loans to customers, net	65,092.1	63,450.0	2.6%
T-bills & securities	49,479.2	45,823.0	8.0%
Fixed assets	1,167.4	1,161.0	0.5%
Right-of-use assets	645.5	696.8	-7.4%
Investments in associates	710.4	708.4	0.3%
Current tax assets	0.0	26.6	
Deferred tax assets	516.1	747.8	-31.0%
Other financial assets	1,446.4	1,935.6	-25.3%
Other non-financial assets	153.8	131.0	17.4%
TOTAL ASSETS	144,567.9	133,960.2	7.9%
Deposits from banks	435.5	1,631.5	-73.3%
Deposits from customers	122,445.9	116,503.8	5.1%
Loans from banks and FIs	5,445.6	3,562.5	52.9%
Subordinated loan	2,708.3	1,718.9	57.6%
Current tax liabilities	237.6	0.0	
Deferred tax liabilities	0.0	0.0	
Provisions for other risks and charges	443.8	431.3	2.9%
Financial liabilities from leasing contracts	615.0	663.7	-7.3%
Other financial liabilities	1,585.6	1,357.7	16.8%
Other non-financial liabilities	198.3	132.6	49.5%
TOTAL LIABILITIES	134,115.8	126,002.1	6.4%
SHAREHOLDERS' EQUITY	10,452.1	7,958.2	31.3%
TOTAL LIABILITIES AND EQUITY	144,567.9	133,960.2	7.9%



ANNEX 2

INCOME STATEMENT, IFRS CONSOLIDATED

RON I MN	6M 2023	6M 2022	Δ
Net interest income	2,528.5	2,031.4	24.5%
Net fee and commission income	606.7	551.0	10.1%
Net trading income	328.9	380.8	-13.6%
Other net income	211.3	(129.4)	
OPERATING INCOME	3,675.5	2,833.8	29.7%
Personnel expenses	(979.4)	(818.5)	19.7%
D&A	(218.3)	(188.5)	15.8%
Other operating expenses	(496.7)	(446.3)	11.3%
OPERATING EXPENSES	(1,694.3)	(1,453.3)	16.6%
PRE-PROVISION OPERATING PROFIT	1,981.1	1,380.5	43.5%
COST OF RISK	(47.5)	(179.2)	-73.5%
NET INCOME BEFORE TAXATION	1,933.6	1,201.3	61.0%
Income tax (expense)/revenue	(351.9)	(154.8)	127.3%
NET INCOME	1,581.7	1,046.5	51.1%



ANNEX 2

BALANCE SHEET, IFRS CONSOLIDATED

RON MN	JUN/23	DEC/22	Δ
Cash & cash equivalents	22,762.6	14,540.7	56.5%
Placements with banks and public institutions	4,227.7	5,567.3	-24.1%
Loans to customers, net	69,460.7	68,013.5	2.1%
T-bills & securities	51,754.3	47,191.3	9.7%
Fixed assets	1,853.1	1,835.0	1.0%
Right-of-use assets	446.5	488.0	-8.5%
Investments in associates	2.7	3.7	-28.3%
Current tax assets	0.0	14.9	
Deferred tax assets	565.4	791.6	-28.6%
Other financial assets	1,786.8	1,887.0	-5.3%
Other non-financial assets	208.3	177.6	17.3%
TOTAL ASSETS	153,068.1	140,510.8	8.9%
Deposits from banks	453.5	1,678.1	-73.0%
Deposits from customers	127,426.9	119,731.7	6.4%
Loans from banks and FIs	6,560.5	4,840.9	35.5%
Subordinated loan	2,737.1	1,748.3	56.6%
Current tax liabilities	260.3	0.0	
Deferred tax liabilities	0.0	0.0	
Provisions for other risks and charges	499.2	500.5	-0.3%
Financial liabilities from leasing contracts	450.5	493.0	-8.6%
Other financial liabilities	2,103.4	1,831.4	14.9%
Other non-financial liabilities	283.3	215.4	31.5%
TOTAL LIABILITIES	140,774.7	131,039.3	7.4%
SHAREHOLDERS' EQUITY	11,671.8	8,918.9	30.9%
Non-controlling interest	621.6	552.7	12.5%
TOTAL LIABILITIES AND EQUITY	153,068.1	140,510.8	8.9%



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