



CONSILIERI CLIEŢI

BANCA TRANSILVANIA

Q1 financial results

May 4th 2020



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Actions and impact COVID19

Internal organization

1

Guideline - operational continuity

- Identifying and prioritizing **critical services for clients and** collaborators, such as: payments systems, cards, treasury;
- Updating the **continuity scenarios for a quick recovery**;
- Ensuring access to **protection materials** for the full network and head offices (disinfectants, protection masks etc.).

2

Segregating teams to ensure continuity of the activity

- Both at the level of BT and at its subsidiaries, team leaders mobilized to set-up multiple working teams, that will be able to fully cover the entire array of activities within the BT Financial Group
- **Design working plans on different locations & interchanging teams**

3

Teleworking

- **Work-from-Home:** aprox. 50% of the employees currently work from home;
- **Extended availability** of IT support team to offer fast remote access to necessary applications
- **Business travels** and internal or external meetings are migrated to online solutions (Skype, Microsoft Team)

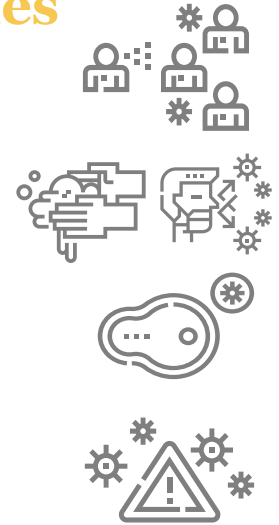


Internal Organization - network

1

Strict working conditions in branches and agencies

- **Client distancing** in accordance with the recommendations issued by authorities
- Ensuring protection gear and materials: disinfectants, masks, service counter's separators
- **Reducing the working hours** (9-16) in the context of imposed and prolonged emergency state
- **Older clients have priority** in servicing in accordance with issued recommendations



2

Active and clear communication with customers

- Recommendation for using the online channels
- Simplified workflows adjusted to current working conditions
- Based on available information, the number of transactions carried in branches decreased by 50%, allowing business continuity in safe conditions, both for staff and clients



Measures taken for retail clients

Ever since the onset of the state of emergency, the retail clients were ensured of BT support, via a set of certain measures. BT embraced rapidly the national measures, but also issued additional actions, specifically designed for the bank's retail customer base

Lending products

- 3 months extension for credit cards payments
- Postponing installments for maximum period of 9 months, not later than 31 December 2020. Approx. 35,000 requests were filled in by the bank's customers.
- For mortgage loans, the delayed interest amount will be recovered in the next 60 months following the extension, without being subject to interest rate
- Voluntarily, BT is willing to do the same for consumer loans, where delayed interest amount will be rescheduled for a period up to the new maturity, once grace period ends
- The public moratorium will be supplemented by a private moratorium

Services

- Current accounts opening available online, without visits in the branches
- Option to add reissued cards in the digital applications, even before the card is physically received
- Newly issued or reissued cards are sent directly at home
- Payment service for invoices and taxes
- Options to add cards issued by other banks or fintech companies in the BT's applications
- Cash withdrawals via SMS at ATMs that do not have contactless features
- Customer Care & Call Center team supplemented

Measures taken for companies

Most of the lending activities are now deployed towards the renegotiation of the loan agreements. The demand, although it has decreased significantly, will come from the essential sectors with growth potential and will contribute to the economic revival

Lending products

- Option to postpone the loans' installments for a maximum period of 9 months, but no later than 31 December 2020, in accordance with the public moratorium
- We added our own measures, more wider and more specific, to the public moratorium to support our clients
- Requiring minimal documentation for the rescheduling requests to avoid bureaucracy and visits in the branches
- Approx. 1,500 requests were filed by companies and entrepreneurs until now
- Active searching and accessing guarantee schemes issued by public institutions or international financial institutions

Services

- Authorized professionals (PFA) can now open current accounts online, to allow the incoming payments for technical unemployment
- Centralization of online banking solutions to allow #remotebanking
- Partnerships with fintech companies to support the entrepreneurs in creating their online shops and continuing their sales activity
- Online application for rescheduling the loan installments via BT Visual Help
- A series of online dialogue with entrepreneurs to allow them to go through this challenging period

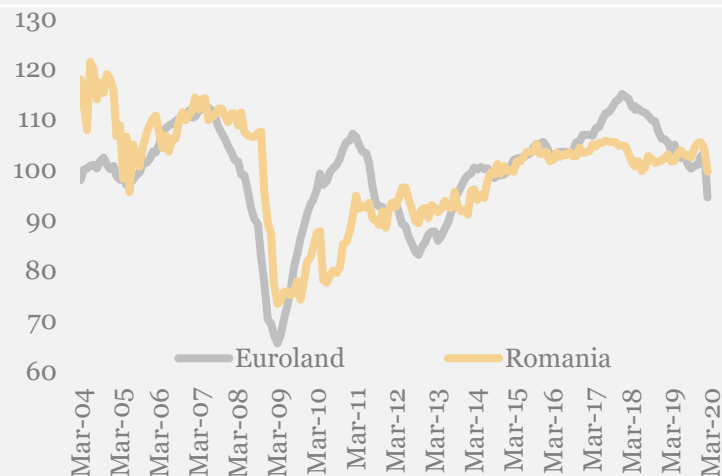
BT impact in the community, in Covid-19 context

Over 1 million EUR is BT's contribution for medical equipment and consumables that have been distributed to 35 hospitals in 25 localities in Romania.



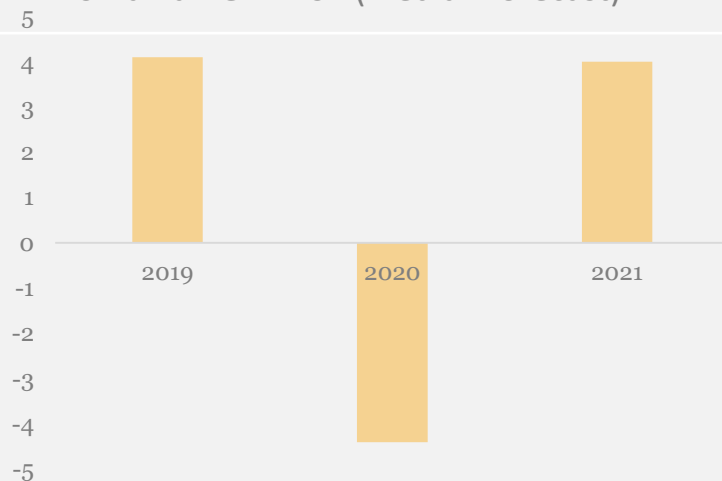
real economy

economic confidence indicator



sources: European Commission

Romanian GDP YoY (median forecast)



source: Bloomberg

Macro developments

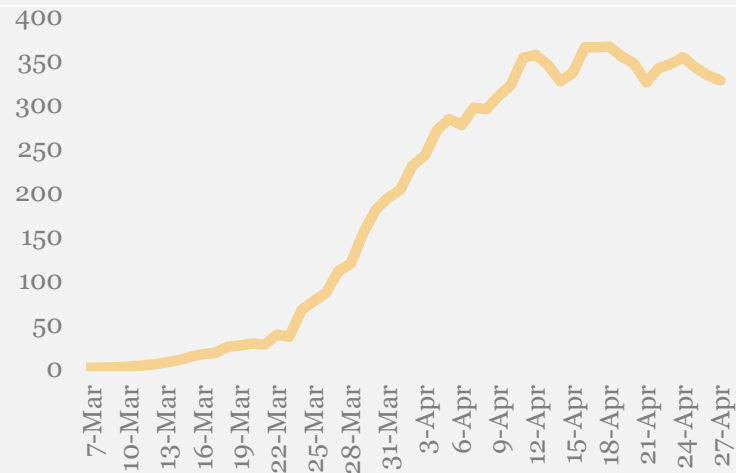
The economy hit by the outbreak of the pandemics in Europe in the second half of 1Q2020

Policymakers implemented several measures to counter the impact of this unprecedented shock

- **The deterioration of the economic confidence in March was less severe compared to the Euroland**
- **The evolution of the electricity consumption confirms the severe contraction of the GDP in April**
- **The pandemics - a shock for the international trade, opportunity for Romania to adjust the trade deficit**
- **A “V”-shaped recovery, with a contraction of GDP of 4.4% in 2020, followed by a rebound to 4% in 2021, according to median forecasts issued in April**
- **In our view the economy may increase by a CAGR >2.5% during 2020-2022**

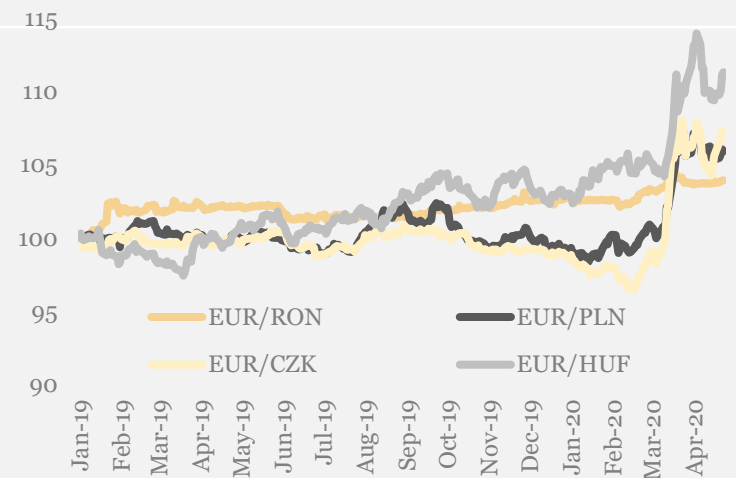
real economy

new confirmed cases (MA10)



sources: Bloomberg

EUR/RON, EUR/PLN, EUR/CZK, EUR/HUF



source: National Bank of Romania

Macro developments

The depreciation of the RON less severe compared to the regional currencies

The risk perception recently stabilised, after the deterioration in late February and March

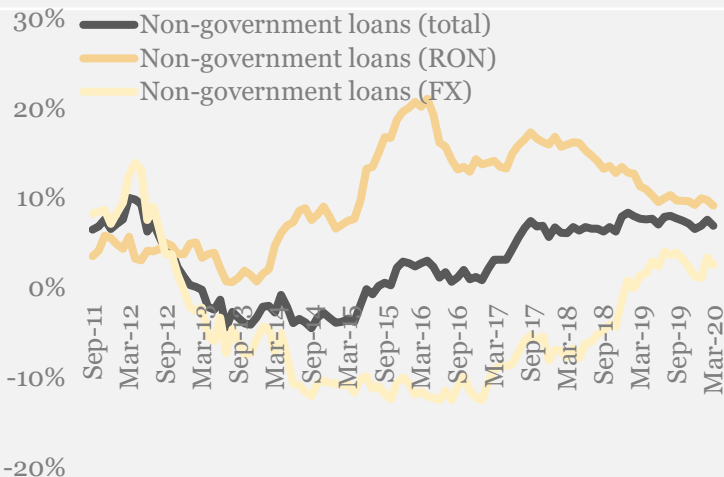
- **60 days since the first case Romania is heading towards the peak of the pandemics**
- **Despite the macroeconomic disequilibria and the unprecedented expansionary monetary policy decisions (implemented in March) the depreciation of the RON was less severe compared with the regional currencies**
- **The stock market increased in April, after the adjustments in February and March**



Banking sector dynamics

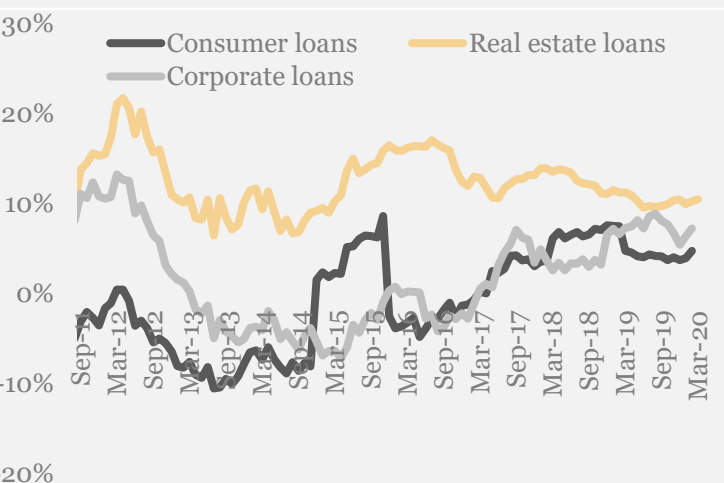
loans

non-government loans (YoY)



source: National Bank of Romania

dynamics of private loans (YoY)



source: National Bank of Romania

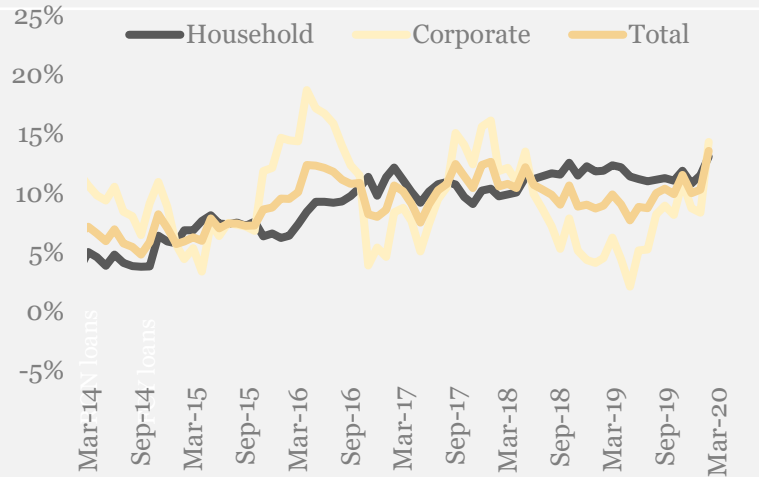
Non-government loans up by 7.1% YoY on average during 1Q2020

- The RON denominated loans advanced by 9.6% YoY, as the household component increased by 14.1% YoY
- The FX loans up by 2.4% YoY, as the corporate segment rose by 11.1% YoY, given the low EURIBOR
- The housing loans advanced by 10.2% YoY, while the consumer loans rose by 4.2% YoY, evolutions supported by the low level of the RON real interest rates and the continuity of the First House Program
- The corporate loans up by 6.6% YoY, given the continuity of the investments (before the outbreak of pandemics) and the low EUR interest rates
- In March the RON-denominated loans represented 67.2% of the total non-government loans



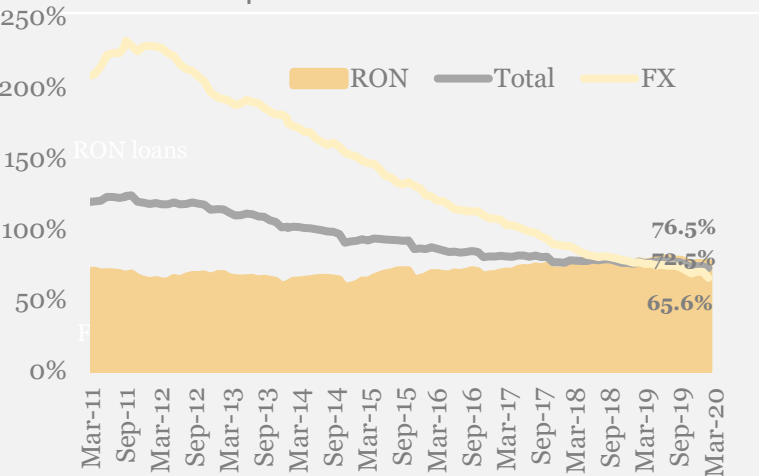
deposits

non-government deposits (YoY)



source: National Bank of Romania

loans-to-deposits ratio



source: National Bank of Romania

Banking sector dynamics

Non-government deposits continued to advance by a higher pace, 11.3% YoY on average in 1Q2020

- The FX deposits up by 15.2%, due to the intensifying risk perception after the incidence of pandemics
- The RON-denominated deposits climbed by 9.3% YoY
- Household deposits up by 11.8% YoY, an evolution also influenced by the high level of the savings rate
- At the same time, the corporate deposits rose by 10.4% YoY on average
- The loans-to-deposits ratio down to 72.5% at the end of 1Q (the lowest level of the past decades) (the difference between non-government deposits and non-government loans above RON 103bn)



BT performance in Q1 2020

profitability

Net interest income, RONmn

Net fee and commission income, RONmn

Operating expenses, RONmn

Pre-provision operating profit, RONmn

Net profit, RONmn

EPS, RON

Cost of risk, net

NIM

ROE

Cost-to-income ratio*

*Computed by assuming the annual contribution to Deposits Guarantee Fund and Resolution Fund to be evenly allocated over 12 months. Otherwise, the values would be 57.95% for Q1 2020 and 51.25% for Q1 2019 (individual), respectively 57.15% for Q1 2020 and 49.57% for Q1 2019 (consolidated).

credit activity

Gross loans to customers, RONmn

Deposits from customers, RONmn

Gross loans-to-deposits ratio

NPL ratio

capital

Total equity, RONmn

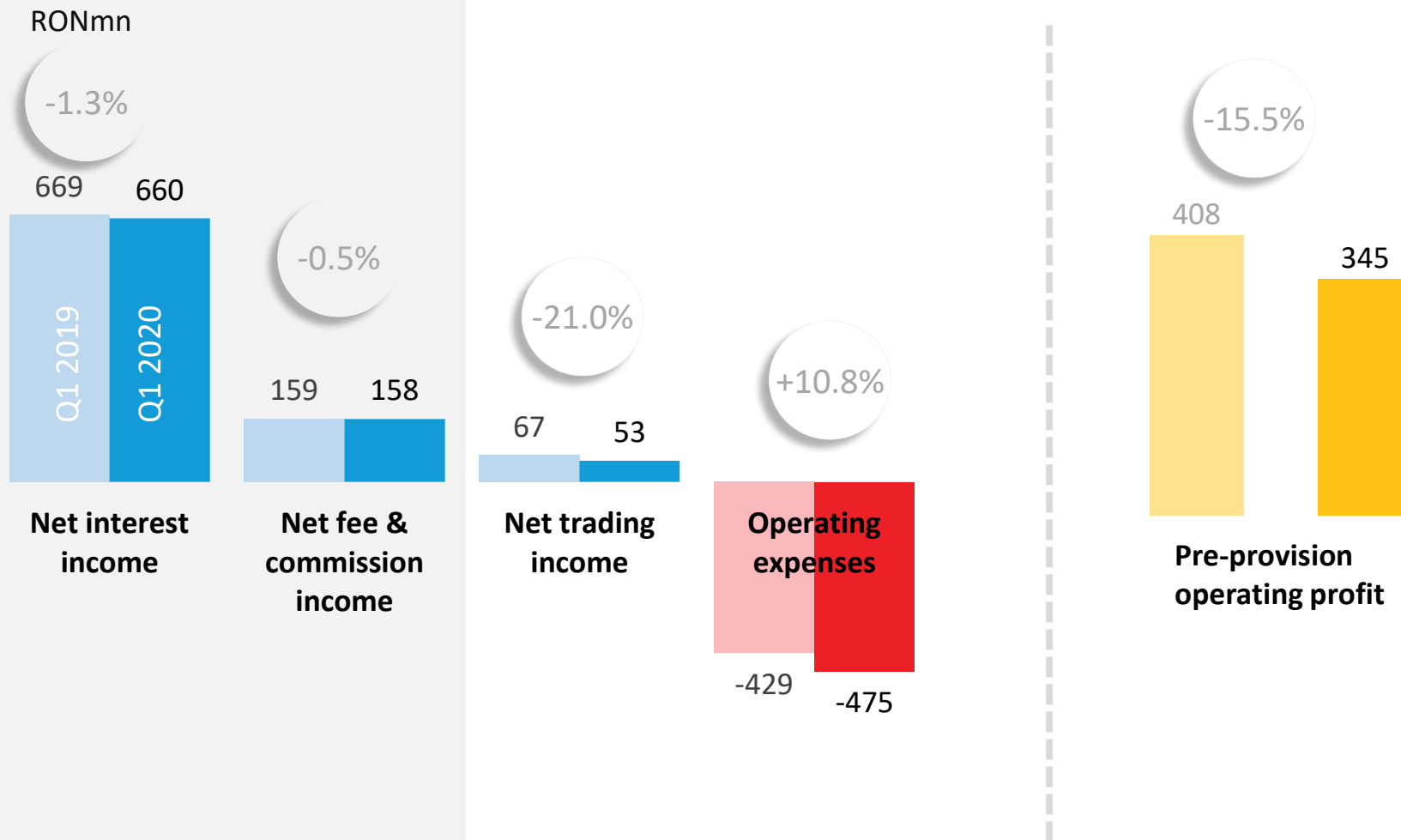
Tier 1 capital ratio (profit included)

Total capital ratio (profit included)

	INDIVIDUAL			CONSOLIDATED		
	Q1 2020	Q1 2019		Q1 2020	Q1 2019	
Net interest income, RONmn	660.1	668.8	-1.3%	737.8	753.0	-2.0%
Net fee and commission income, RONmn	157.8	158.5	-0.5%	184.8	183.0	1.0%
Operating expenses, RONmn	(474.8)	(428.5)	10.8%	(535.5)	(490.1)	9.3%
Pre-provision operating profit, RONmn	344.5	407.5	-15.5%	401.5	498.7	-19.5%
Net profit, RONmn	261.0	436.1	-40.1%	303.9	507.5	-40.1%
EPS, RON				0.0516	0.0944	-45.3%
Cost of risk, net	0.39%	-1.17%	1.6 pp	0.47%	-1.03%	1.5 pp
NIM	3.14%	3.63%	-0.5 pp	3.34%	3.84%	-0.5 pp
ROE	12.66%	24.46%	-11.8 pp	13.19%	27.18%	-13.3 pp
Cost-to-income ratio*	54.47%	46.74%	7.7 pp	54.06%	45.80%	8.3 pp
	Mar/20	Dec/19		Mar/20	Dec/19	
Gross loans to customers, RONmn	42,029.6	41,134.6	2.2%	44,066.7	43,134.9	2.2%
Deposits from customers, RONmn	75,735.8	74,353.7	1.9%	78,445.4	77,037.1	1.8%
Gross loans-to-deposits ratio	55.49%	55.32%	0.2 pp	56.17%	55.99%	0.2 pp
NPL ratio	2.83%	2.79%	0.03 pp			
	Mar/20	Dec/19		Mar/20	Dec/18	
Total equity, RONmn	8,408.9	8,496.4	-1.0%	8,771.9	8,831.2	-0.7%
Tier 1 capital ratio (profit included)	15.49%	16.64%	-6.9%	14.62%	15.87%	-7.9%
Total capital ratio (profit included)	18.70%	20.00%	-6.5%	17.50%	18.93%	-7.5%



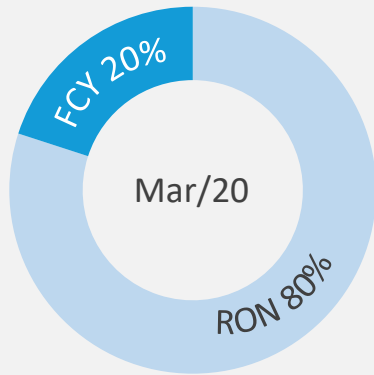
Trends in income structure



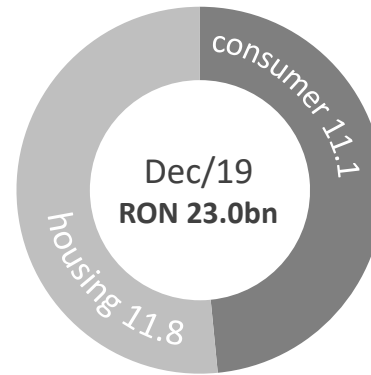
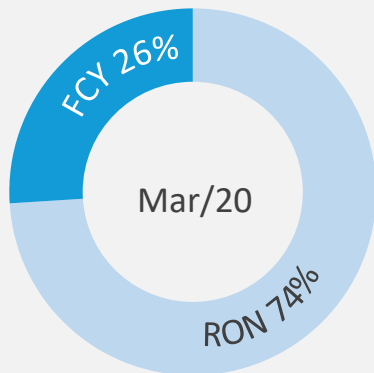


Loan structure

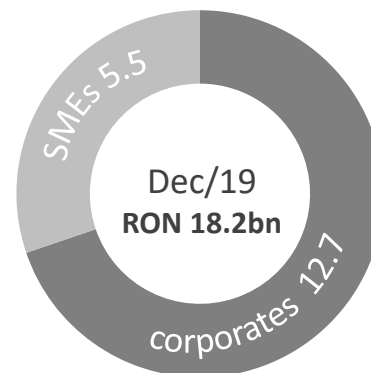
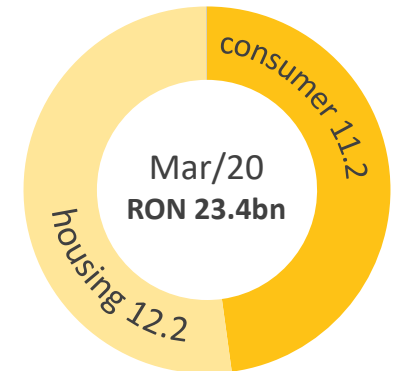
loans to households



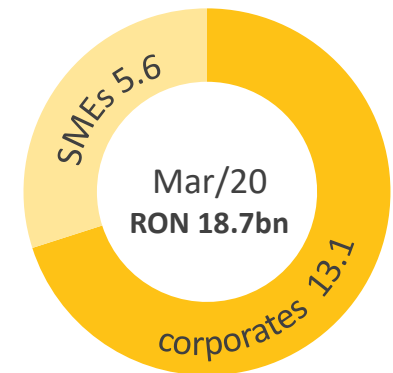
loans to companies



↑ 2%



↑ 3%



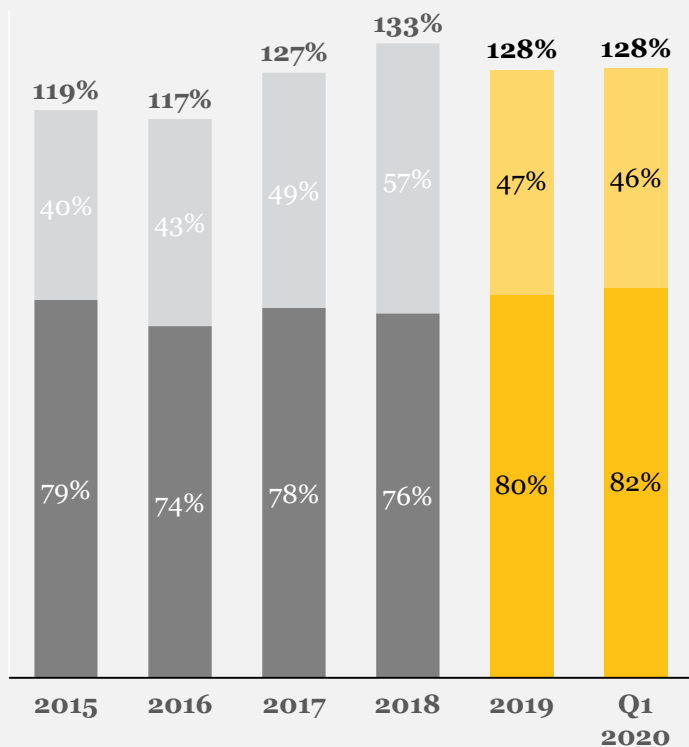
* SMEs identified according to internal classification rules



Loan quality

NPL (PAR90) ratio stable at 2.83%

NPL coverage ratio



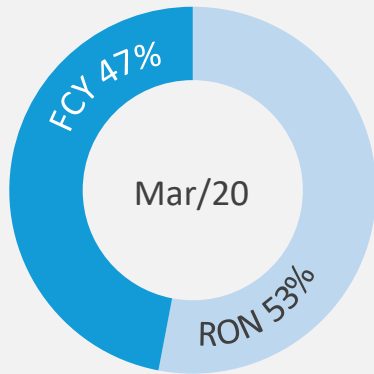
NPL coverage with mortgage collaterals
 NPL coverage with provisions

- **Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio**
- **NPL coverage, including collaterals, sits at a comfortable 128% level**

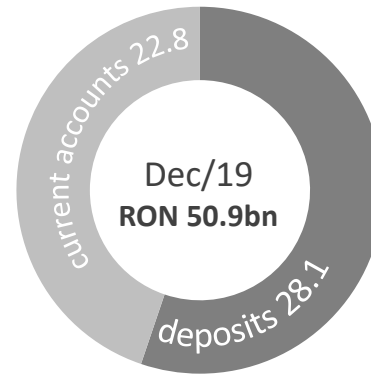
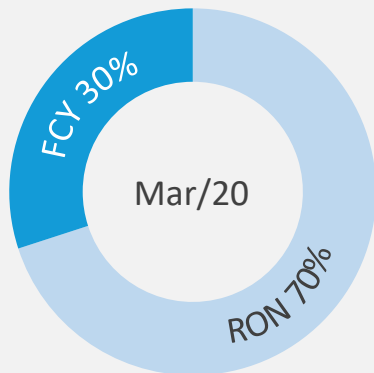


Deposit structure

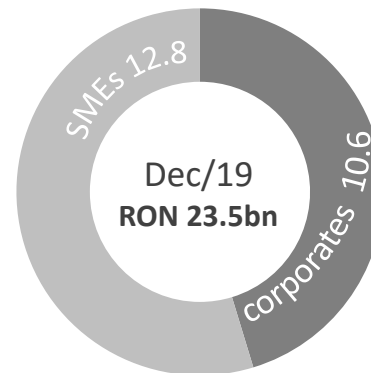
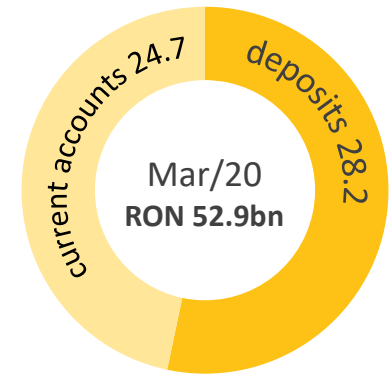
deposits from households



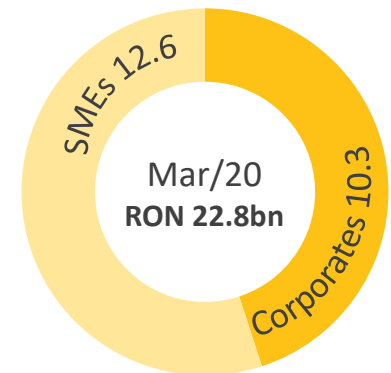
deposits from companies



↑ 4%



↓ 3%



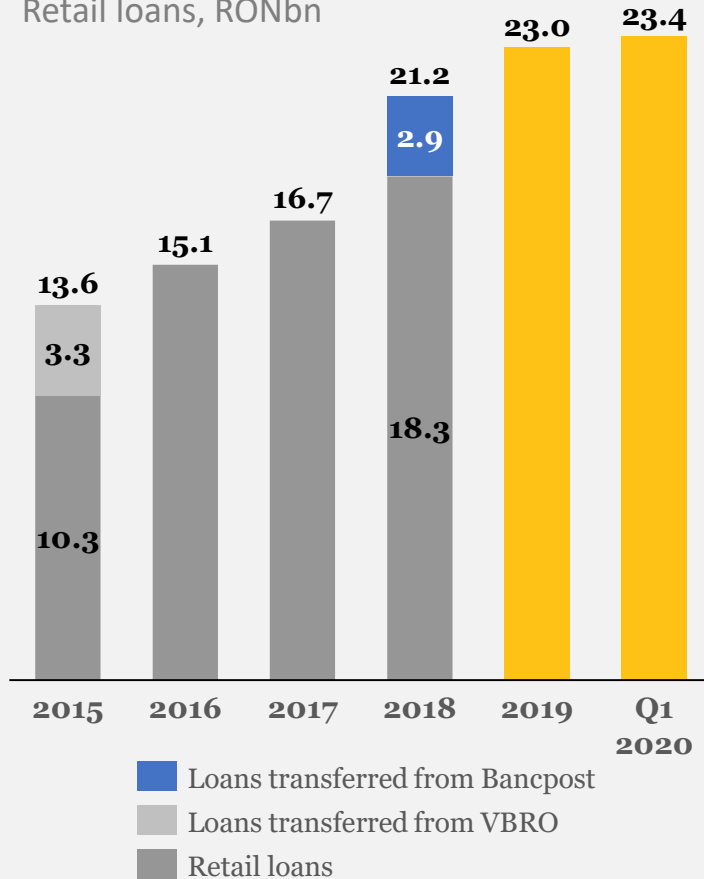
* SMEs identified according to internal classification rules



Business lines/ Retail banking

Retail loan portfolio reached RON 23.4bn at the end of Q1 2020

Retail loans, RONbn



** Loans transferred from Bancpost include loans transferred during 2018, before integration*

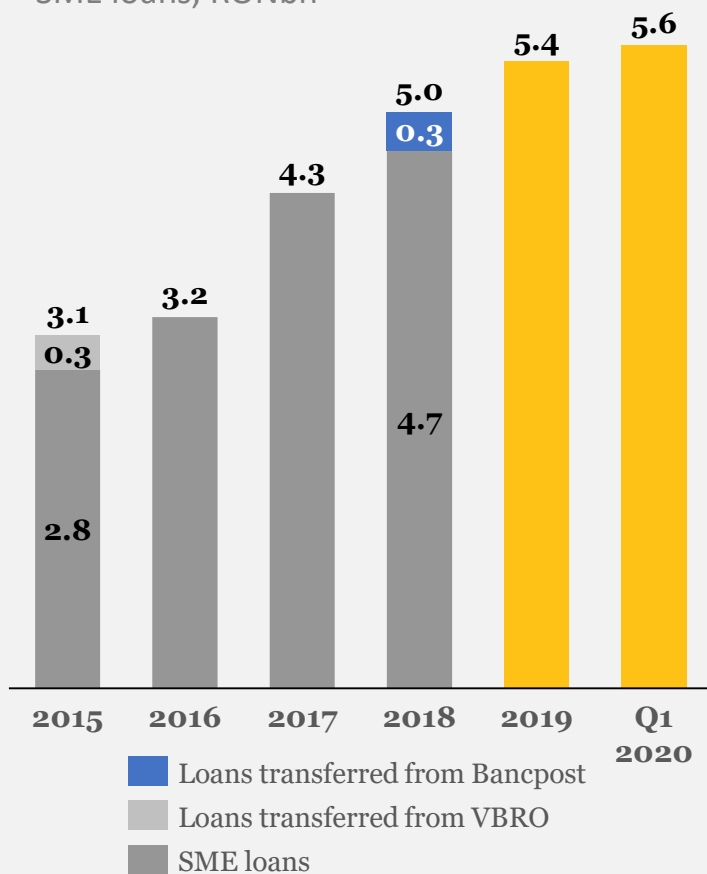
- **~2,954,000 active clients**
- **~23,400 non-card retail loans disbursed in Q1 2020**
- **~4,1 mn active cards – with a market share of about 23%**



Business lines/ SME banking

SME (internal definition) loan portfolio at RON
5.6bn

SME loans, RONbn



** Loans transferred from Bancpost include loans transferred during 2018, before integration*

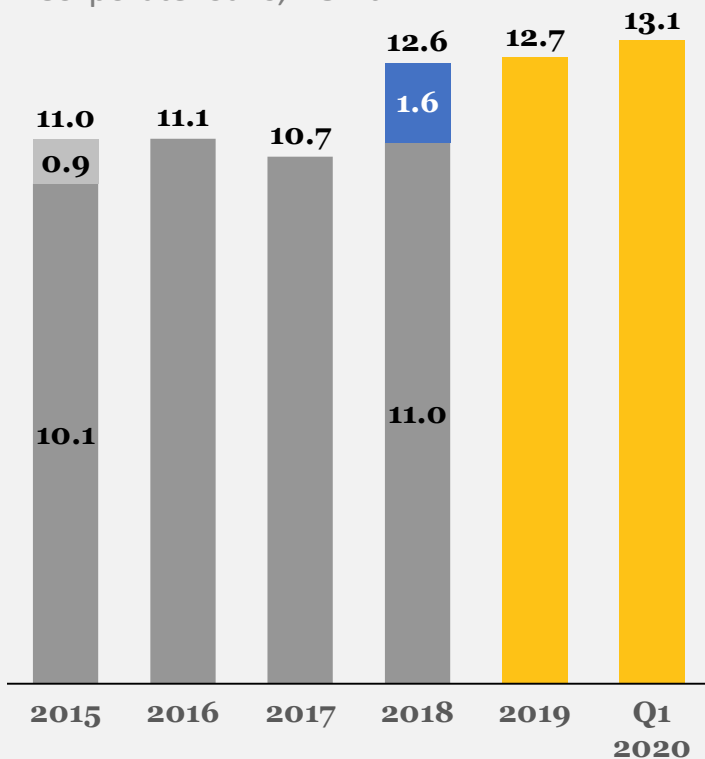
- **~311,000 active clients**
- **Banca Transilvania continued to support the SME business sector, granting ~3,800 new loans in Q1 2020**



Business lines/ Corporate banking

Corporate loan portfolio remains stable around RON 13.1bn

Corporate loans, RONbn



- Loans transferred from Bancpost
- Loans transferred from VBRO
- Corporate loans

** Loans transferred from Bancpost include loans transferred during 2018, before integration*

- **~10,300 active clients**
- **Sectorial specialization is a major focus**
- **Banca Transilvania is present with lending facilities especially in the industrial manufacturing and agribusiness segments**

Banca Transilvania

Financial Group as of 31/Mar/2020



total assets RON 92.2bn

BANCA  TRANSILVANIA [®]

total assets RON 463mn

 **BT Direct**[®]
Grupul Financiar Banca Transilvania

total assets RON 1,162mn

 **BT Leasing**[®]
Grupul Financiar Banca Transilvania

AUM RON 3,496mn

 **BT Asset Management S.A.I.**[®]
Grupul Financiar Banca Transilvania

total assets RON 224mn

 **BT Capital Partners**[®]
Grupul Financiar Banca Transilvania

total assets RON 517mn

 **BT Mic**[®]
Grupul Financiar Banca Transilvania

total assets RON 3,734mn

 **VICTORIA BANK**
PRIMA BANCĂ DIN MOLDOVA

** Figures for subsidiaries assessed under RAS rules;*



ANNEX1

income statement, IFRS individual

RONmn

	Q1 2020	Q1 2019	
Net interest income	660.1	668.8	-1.3%
Net fee and commission income	157.8	158.5	-0.5%
Net trading income	53.0	67.0	-21.0%
Other net income	(51.6)	(58.5)	-11.8%
Operating income	819.3	835.9	-2.0%
Personnel expenses	(257.9)	(225.2)	14.5%
D&A	(72.5)	(67.7)	7.0%
Other operating expenses	(144.4)	(135.5)	6.5%
Operating expenses	(474.8)	(428.5)	10.8%
Pre-provision operating profit	344.5	407.5	-15.5%
Cost of risk	(41.0)	115.9	-135.4%
Bargaining Gain	0.0	0.0	
Net income before taxation	303.5	523.4	-42.0%
Income tax (expense)/revenue	(42.5)	(87.3)	-51.3%
Net income	261.0	436.1	-40.1%



ANNEX1

balance sheet, IFRS individual

RONmn

	Mar/20	Dec/19	
Cash & cash equivalents	12,680.9	13,480.2	-5.9%
Placements with banks	11,219.3	6,995.3	60.4%
Loans to customers, net	39,351.8	38,601.9	1.9%
T-bills & securities	26,567.3	25,985.6	2.2%
Fixed assets	763.7	777.4	-1.8%
Right-of-use assets	388.5	366.2	6.1%
Investments in associates	486.4	486.4	0.0%
Deferred tax assets	57.8	0.0	
Other financial assets	601.9	638.8	-5.8%
Other non-financial assets	99.6	106.2	-6.2%
Total assets	92,217.2	87,438.1	5.5%
Deposits from banks	230.4	304.5	-24.3%
Deposits from customers	75,735.8	74,353.7	1.9%
Loans from banks and FIs	4,005.0	895.7	347.2%
Subordinated loan	1,734.2	1,696.6	2.2%
Current tax liabilities	42.6	38.1	11.7%
Deferred tax liabilities	0.0	7.9	
Provisions for other risks and charges	492.3	498.5	-1.2%
Financial liabilities from leasing contracts	392.0	365.9	7.1%
Other financial liabilities	1,089.7	701.9	55.3%
Other non-financial liabilities	86.1	78.9	9.2%
Total liabilities	83,808.3	78,941.6	6.2%
Shareholders' equity	8,408.9	8,496.4	-1.0%
Total liabilities and equity	92,217.2	87,438.1	5.5%



ANNEX2

income statement, IFRS consolidated

RONmn

	Q1 2020	Q1 2019	
Net interest income	737.8	753.0	-2.0%
Net fee and commission income	184.8	183.0	1.0%
Net trading income	59.7	80.5	-25.7%
Other net income	(45.4)	(27.7)	63.7%
Operating income	937.0	988.8	-5.2%
Personnel expenses	(290.6)	(253.7)	14.6%
D&A	(78.3)	(73.4)	6.6%
Other operating expenses	(166.6)	(163.0)	2.2%
Operating expenses	(535.5)	(490.1)	9.3%
Pre-provision operating profit	401.5	498.7	-19.15%
Cost of risk	(51.3)	106.1	-148.4%
Bargaining gain	0.0	0.0	
Net income before taxation	350.2	604.8	-42.1%
Income tax (expense)/revenue	(46.3)	(97.3)	-52.4%
Net income	303.9	507.5	-40.1%



ANNEX2

balance sheet, IFRS consolidated

RONmn

	Mar/20	Dec/19	
Cash & cash equivalents	13,765.9	14,583.1	-5.6%
Placements with banks	12,085.0	7,775.1	55.4%
Loans to customers, net	41,118.4	40,353.8	1.9%
T-bills & securities	27,327.6	26,781.7	2.0%
Fixed assets	958.0	963.0	-0.5%
Right-of-use assets	410.4	388.0	5.8%
Investments in associates	2.5	3.3	-24.9%
Deferred tax assets	83.6	16.8	399.0%
Other financial assets	655.3	688.0	-4.7%
Other non-financial assets	154.6	169.4	-8.7%
Total assets	96,561.4	91,722.3	5.3%
Deposits from banks	226.8	296.1	-23.4%
Deposits from customers	78,445.4	77,037.1	1.8%
Loans from banks and FIs	4,570.3	1,473.9	210.1%
Subordinated loan	1,737.8	1,700.2	2.2%
Current tax liabilities	45.2	42.2	7.1%
Provisions for other risks and charges	522.4	533.9	-2.2%
Financial liabilities from leasing contracts	414.4	387.4	7.0%
Other financial liabilities	1,337.6	925.6	44.5%
Other non-financial liabilities	113.9	112.0	1.7%
Total liabilities	87,413.7	82,508.4	5.9%
Shareholders' equity	8,771.9	8,831.2	-0.7%
Non-controlling interest	375.7	382.6	-1.8%
Total liabilities and equity	96,561.4	91,722.3	5.3%



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