



CONSILIERI CLIEŢI

BANCA TRANSILVANIA

2020 preliminary financial results

February 25<sup>th</sup>, 2021



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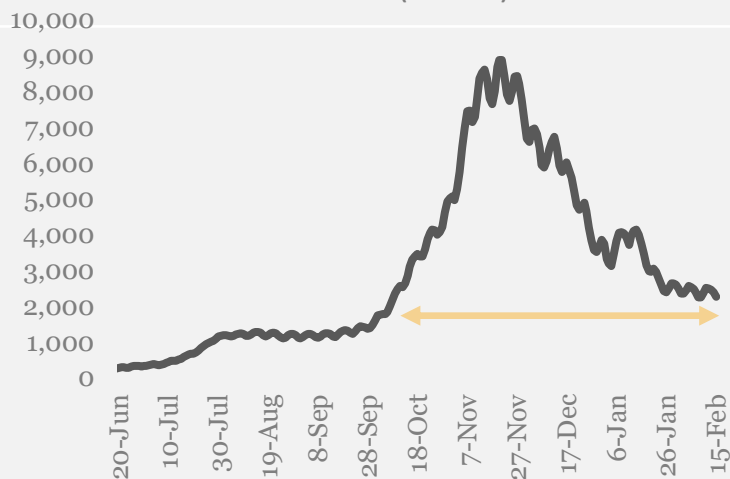
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# Macroeconomic Landscape

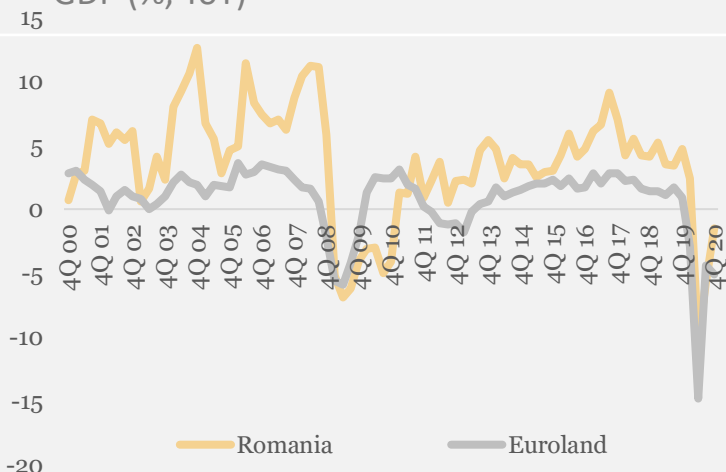
## real economy

new confirmed cases (MA10)



source: Bloomberg

GDP (% YoY)



source: Eurostat

## Macro developments

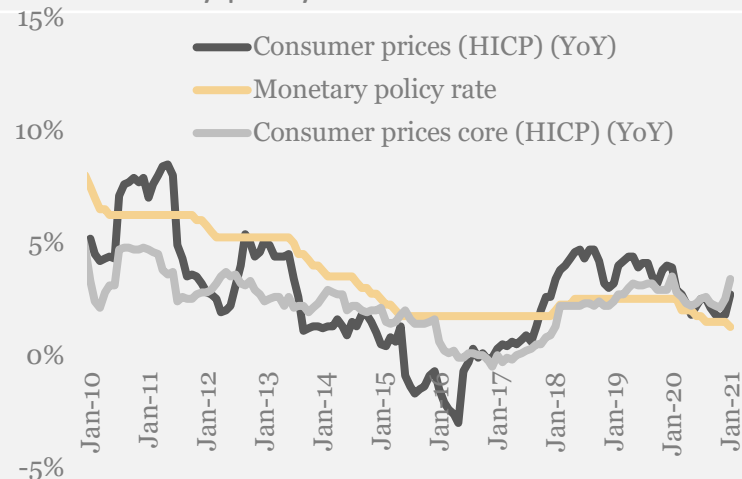
The indicators of the health crisis significantly improved at the end of 2020 / beginning of 2021

Romanian GDP contracted by 3.9% YoY in 2020, a better performance compared with Euroland

- The new confirmed COVID-19 cases (10 days MA) started a downward trend at the end of November 2020
- At the same time, the ratio healed cases / new cases presented levels above 90% starting mid-January 2021 and in terms of vaccination pace, Romania is performing well among the EU countries
- According to the flash estimates the Romanian GDP rose for the second quarter in a row in 4Q 2020, by 5.3% QoQ
- On a YoY basis the domestic economy declined by 1.5% in 4Q and by 3.9% in 2020, a better performance compared to that of the Euroland (the main economic partner declined by 6.8% YoY in 2020)
- The recent macro-financial developments express positive prospects for the dynamics of the economy in the coming quarters

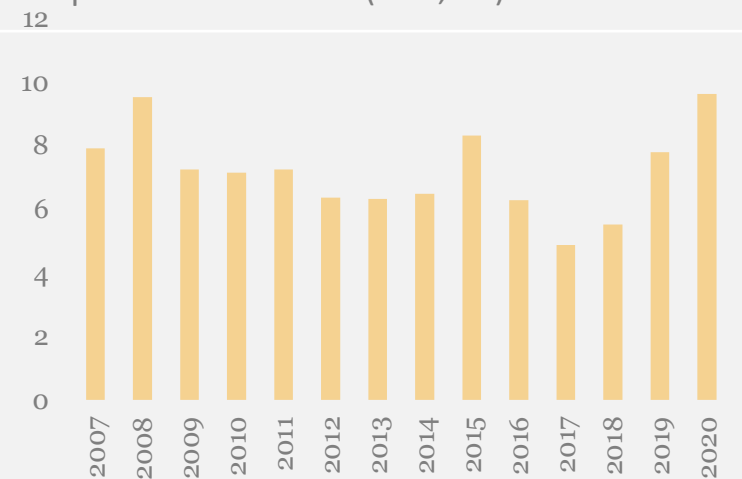
## policy-mix

### monetary policy rate vs. inflation



sources: National Bank of Romania (NBR), Eurostat

### public investments (EUR, bn)



source: Eurostat

## Macro developments

The policy-makers implemented unprecedented expansionary measures after the outbreak of the pandemic, which supported a fast transition towards a new economic cycle

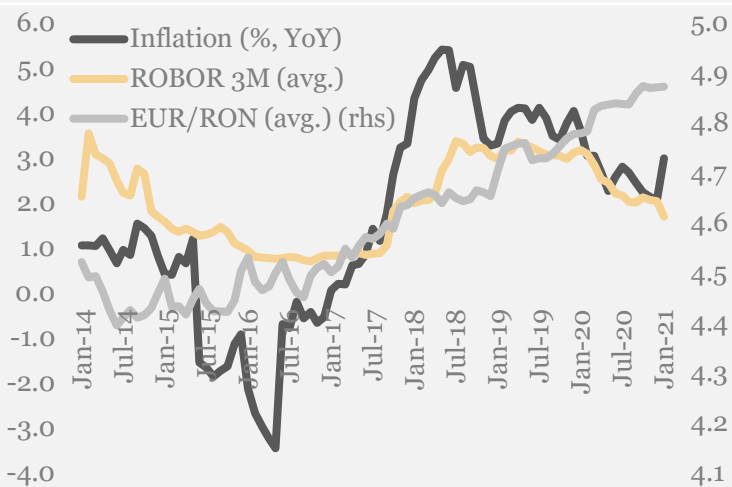
NBR cut the monetary policy rate to record low levels

The Administration increased the public investments, but signalled the start of a fiscal consolidation process in 2021

- **NBR cut the monetary policy rate by 25bp to 1.25% in mid January 2021 and signalled an accommodative approach in the coming quarters**
- **The acceleration of inflation at the beginning of 2021 (due to the liberalisation of the energy market for the households) determined a further decline of the real interest rates**
- **The Government significantly increased the public investments (to record high levels in 2020) and signalled the implementation of fiscal consolidation measures (the budget deficit/GDP ratio is forecasted to decline from 9.79% in 2020 to 7.16% in 2021)**

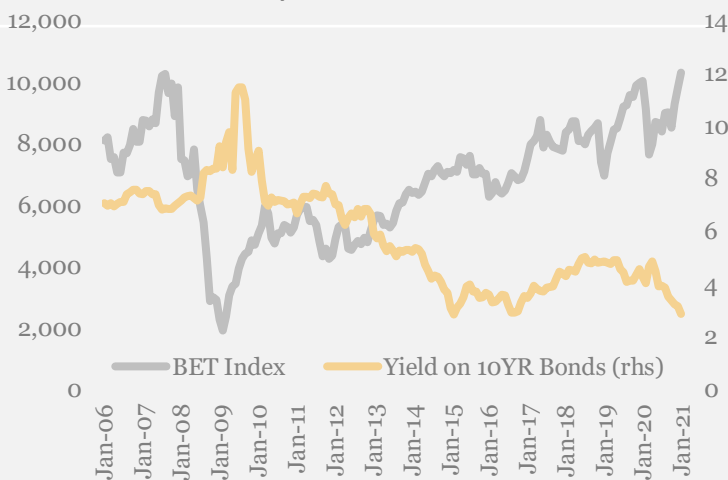
## financial economy

### inflation, ROBOR and EUR/RON



source: Bloomberg

### BET index vs. yield on 10YR Bonds



source: Bloomberg

## Macro developments

The financing costs continued the downward trend

EUR/RON consolidated at the end of 2020 and the beginning of 2021

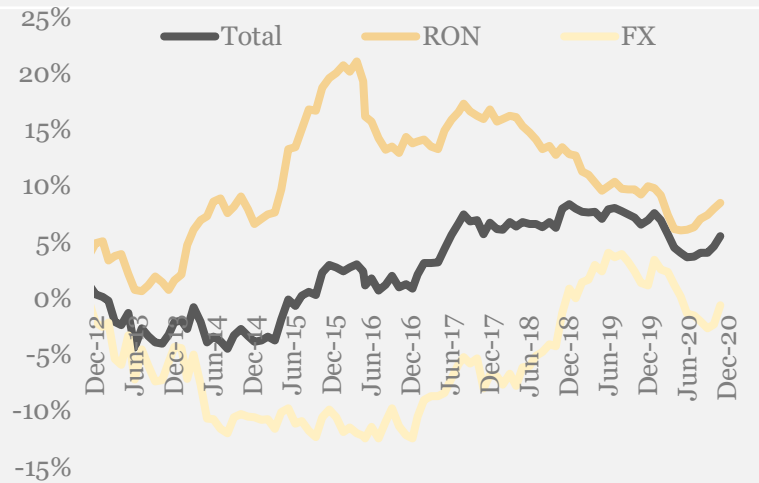
BET index has recently converged towards the record high level hit in the summer of 2007

- **The risk perception has improved in the recent weeks in Romania, with 5YR CDS hitting pre-pandemic level**
- **The financing costs declined towards the lowest levels since 2017 (for ROBOR) and 2015 (for the 10YR bonds), evolutions influenced by the monetary policy (decisions & outlook) and the positive climate on international markets**
- **On the other hand, the EUR/RON has recently consolidated, as the domestic challenges in terms of macroeconomic equilibria were counterbalanced by the euphoria on the global markets and the mid-run potential of Romanian economy**
- **BET index continued the upward trend, converging towards the record level hit in the summer of 2007**



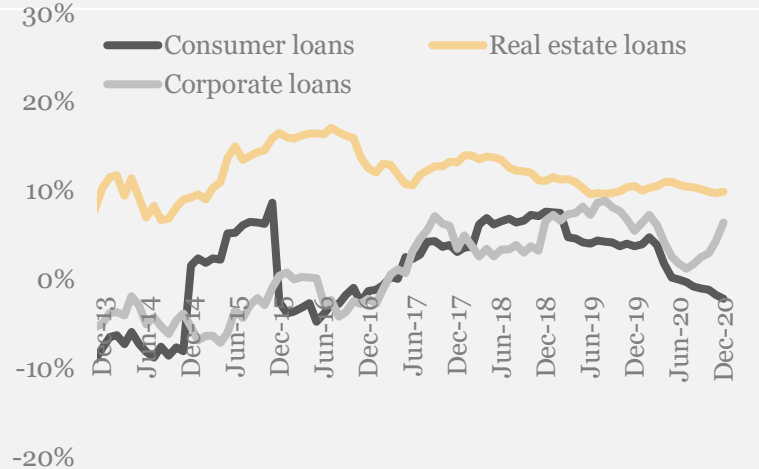
# loans

loans (YoY)



source: National Bank of Romania (NBR)

loans: household vs. corporate (YoY)



source: National Bank of Romania (NBR)

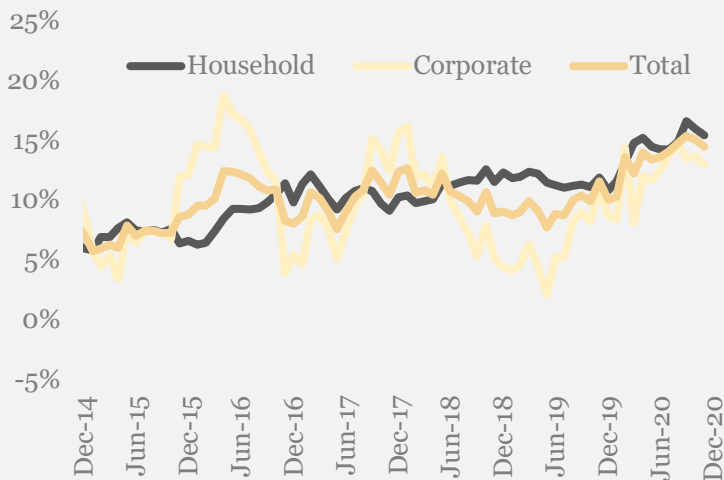
# Banking sector dynamics

Loans accelerated at the end of 2020, an evolution supported by the improvement of the confidence indicators and by the expansionary policy-mix under implementation

- The YoY average pace of the non-government loans decelerated from 7.6% in 2019 to 5.1% in 2020: the RON component rose by 7.6%, while the FX segment stagnated
- In the alternative approach, the household loans advanced by 4.8% ytd to RON 149.9bn in December, supported by the unprecedented expansionary policy-mix (affordable level of the real financing costs, the continuity of the First House/New House Program and the income policy of the Administration): the increase of the housing loans by 9.9% ytd to RON 89.2bn counterbalanced the decline of the consumer loans by 2.2% ytd to RON 58.8bn
- The corporate loans climbed by 6.4% ytd to RON 132.5bn in December 2020
- At the end of 2020 the RON-denominated loans represented 69.5% of the non-government loans, the highest weight since 1990s

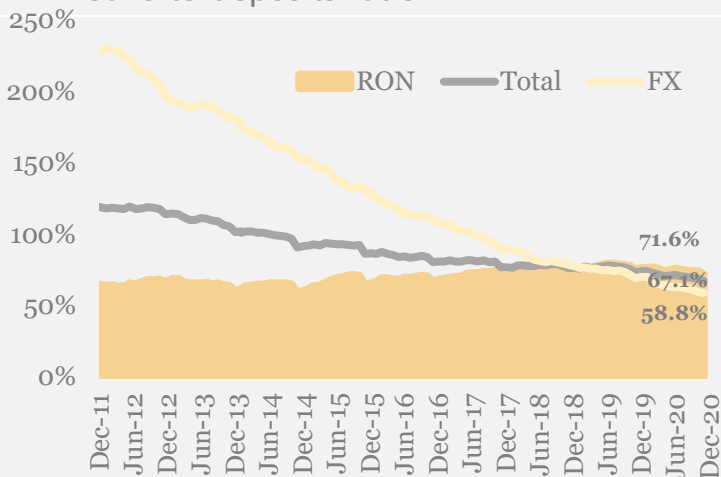
## deposits

### deposits (YoY)



source: National Bank of Romania (NBR)

### loans-to-deposits ratio



source: National Bank of Romania (NBR)

# Banking sector dynamics

Deposits continued the upward trend to record levels at the end of 2020, an evolution supported by the high savings rate and the expansionary income policy in the context of the pandemic

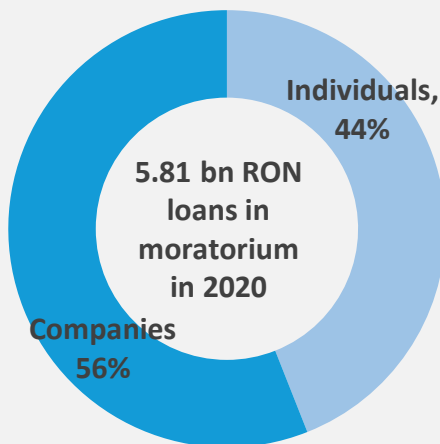
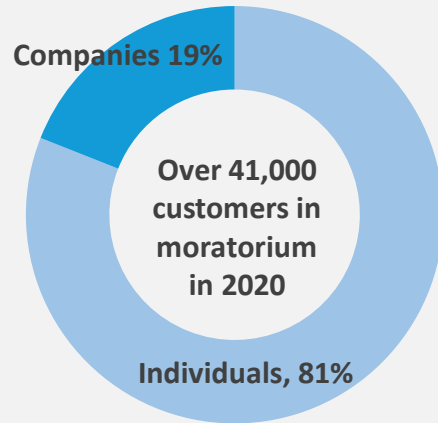
- The YoY dynamics of the non-government deposits accelerated from 14.1% in 3Q to 14.9% in 4Q 2020
- In 2020 the deposits advanced by 13.4% YoY on average, with hikes of the FX segment by 17.1% YoY (supported by the appreciation of the EUR/RON rate); the RON component climbed by 11.5% YoY
- Household deposits rose by 15.4% ytd to RON 256.7bn, while the corporate deposits climbed by 13% ytd to RON 164.1bn during January-December 2020
- Consequently, the loans-to-deposits ratio continued the downward trend to 67.1% in December 2020 (a record low level), with the following distribution: 71.6% the RON component and 58.8% the FX segment
- At the end of 2020 the differential deposits-loans stood above RON 138bn (EUR 28bn)





# BT - Actions and Impact COVID19

## Customer Relief Measures



## Fuel the economy during CoVID-19 pandemic (1/2)



### Payment holiday for credit card owners

- ✓ Granted payment exemption in terms of minimum monthly obligation for 3 months to over 400,000 credit cards
- ✓ Interest payment exempted for 2 months and 50% reduction for 3<sup>rd</sup> month of interest
- ✓ Debit and credit cards delivered via courier

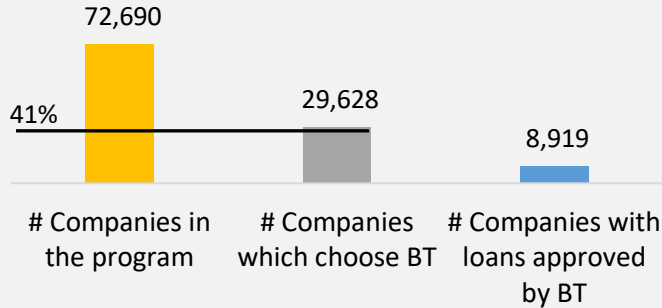
### Public and private moratorium

- ✓ Overall, more than 41,000 customers benefited from the COVID-19 related moratorium (RON 5.8bn, approx. 14% of the loan portfolio)
- ✓ All client exposures in moratorium have expired at end of year 2020

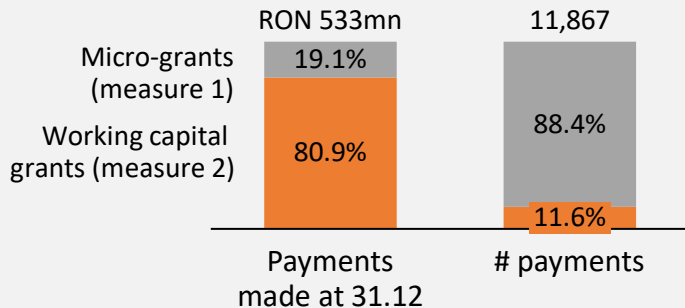
## Supporting Businesses



### IMM Invest, 2020



### Grants for SMEs



## Fuel the economy during CoVID-19 pandemic (2/2)



### IMM Invest for BT:

- ✓ 41% of ~72k companies applying for IMM Invest chose BT as the funding source
- ✓ During Q4, BT granted 2.6k loans amounting to RON 922mn
- ✓ As an overall performance for 2020, BT granted 9.6k loans worth RON 3.8bn to SMEs affected by the pandemic

### Government grants through BT accounts:

- ✓ BT was the preferred option for approx. 50% of applicants for microgrants and for 57% of the applicants of working capital grants
- ✓ These customers performed over 11k payments, worth RON 533mn in volume, for the period up to EOY 2020
- ✓ The investment grants pillar started in 2021; based on currently available information, more than half of the eligible clients chose BT



# Leverage on digital capabilities to move forward – Companies

proactive support

solidarity

ease of banking

constant communication

shift to digital

care

- Opening of **online capital current accounts**: usage up by 4.24x in Q4 vs. Q1; almost 1.7k accounts opened in 2020
- **Online onboarding** via NEO: 4.5x in Q4 vs. Q3 (launch)
- Increasing use (2x in Q4 vs. Q1) of **filesharing** solution to reduce physical contact: over 5.5k clients submitted more than 100k documents online
- **Online lending**: approx. 2.5k leads in 2020, 5x higher than in 2019
- Enhanced digital communication via **virtual assistants** by phone (usage up by 5.6x in Q4 vs. Q1)
- **Digital communication** via WhatsApp (1,000 messages daily) or via Facebook. Since launching, more than 850k questions were answered to over 15k users



# Leverage on digital capabilities to move forward – Retail

proactive support

solidarity

ease of banking

constant communication

shift to digital

care

- NEOCont: over 12,000 requests to open a current account, issue cards and enroll in NEO online
- More than 1.77mn customers (**~59% of the active clients**) are using BT's digital solutions: BT Pay, BT24, Neo, Apple Pay, Fitbit, Google Pay, Garmin
- New BT Pay functionalities: **digital card in the app**; quick access to cards information details; easy transfers from non-BT cards to BT cards and **open-banking for non-BT cards**
- Online payment authentication in BT Pay for 7 million transactions
- BT Visual Help interactions increased by 3.7x in Q4 vs. Q1. Over 890k visual sessions were initiated in 2020, with a monthly average of 105k in Q4 (19% higher than in Q1). 70% of monthly sessions are generated by **new clients**
- 13,000 donations** with BT Pay in 2020



# Financial Performance



# BT performance in 12M 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 45.27% for 12M 2020 and 47.12% for 12M 2019 (individual), respectively 45.11% for 12M 2020 and 47.47% for 12M 2019 (consolidated).

## credit activity

Gross loans to customers, RONmn

Deposits from customers, RONmn

Gross loans-to-deposits ratio

NPL ratio

## capital

Total equity, RONmn

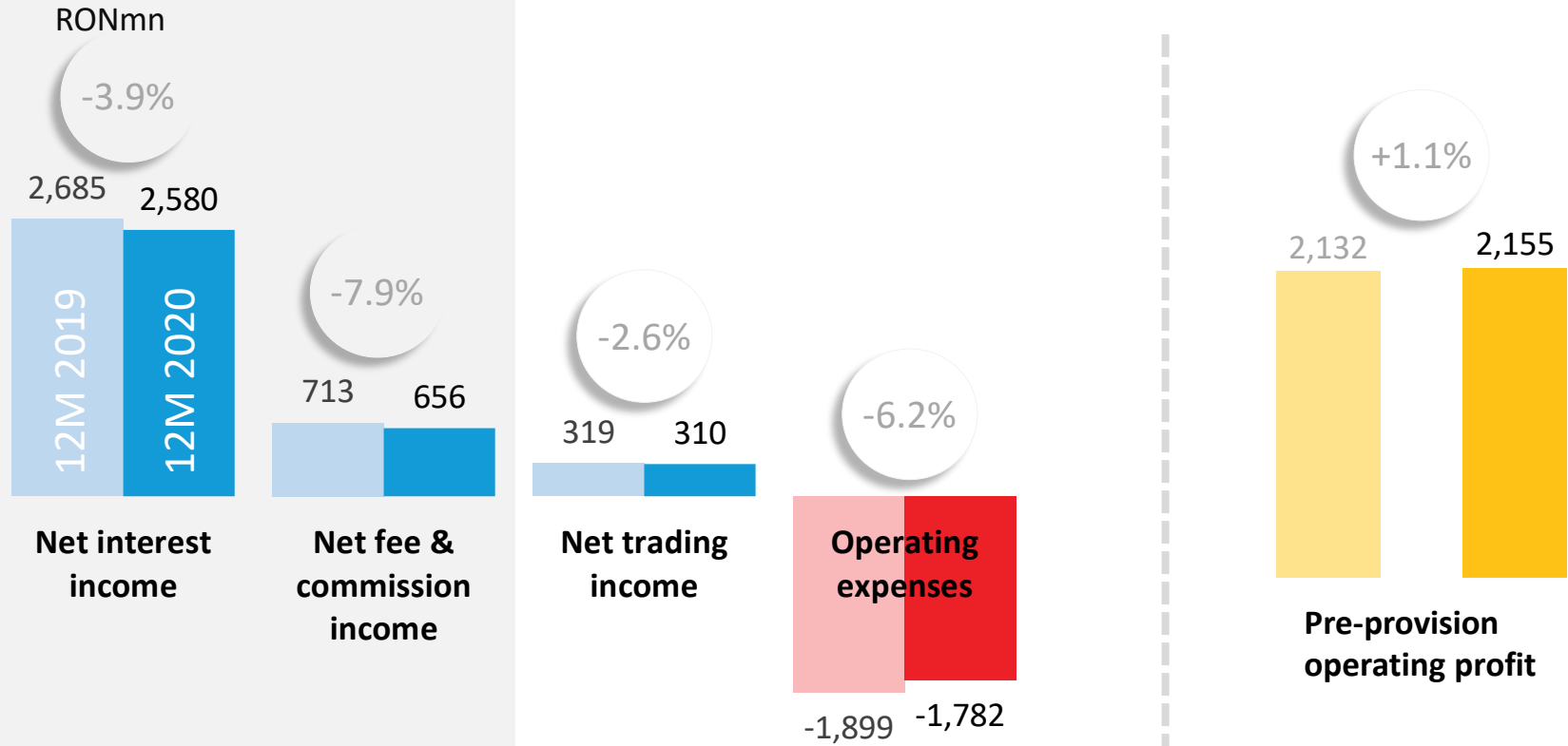
Tier 1 capital ratio (profit included)

Total capital ratio (profit included)

	INDIVIDUAL			CONSOLIDATED		
	12M 2020	12M 2019		12M 2020	12M 2019	
Net interest income, RONmn	2,580.1	2,685.1	-3.9%	2,980.5	3,073.7	-3.0%
Net fee and commission income, RONmn	656.4	712.6	-7.9%	776.5	820.3	-5.3%
Operating expenses, RONmn	(1,782.3)	(1,899.4)	-6.2%	(2,049.2)	(2,190.8)	-6.5%
Pre-provision operating profit, RONmn	2,154.9	2,131.9	1.1%	2,493.4	2,424.2	2.9%
Net profit, RONmn	1,197.3	1,620.5	-26.1%	1,476.2	1,847.9	-20.1%
EPS, RON				0.2454	0.3423	-28.3%
Cost of risk, net	1.80%	0.59%	1.2 pp	1.81%	0.68%	1.1 pp
NIM	2.83%	3.44%	-0.6 pp	3.07%	3.66%	-0.6 pp
ROE	13.67%	20.26%	-6.6 pp	15.00%	21.10%	-6.1 pp
Cost-to-income ratio*	44.54%	45.99%	-1.4 pp	44.44%	46.45%	-2.0 pp
	Dec/20	Dec/19		Dec/20	Dec/19	
Gross loans to customers, RONmn	43,554.0	41,134.6	5.9%	45,618.6	43,134.9	5.8%
Deposits from customers, RONmn	88,297.1	74,353.7	18.8%	90,942.4	77,037.1	18.1%
Gross loans-to-deposits ratio	49.33%	55.32%	-6.0 pp	50.16%	55.99%	-5.8 pp
NPL ratio	2.00%	2.79%	-0.8 pp			
	Dec/20	Dec/19		Dec/20	Dec/19	
Total equity, RONmn	9,522.9	8,496.4	12.1%	10,462.3	9,213.8	13.6%
Tier 1 capital ratio (profit included)	19.29%	16.64%	15.9%	18.35%	15.87%	15.6%
Total capital ratio (profit included)	22.23%	21.28%	4.5%	21.02%	18.93%	11.0%



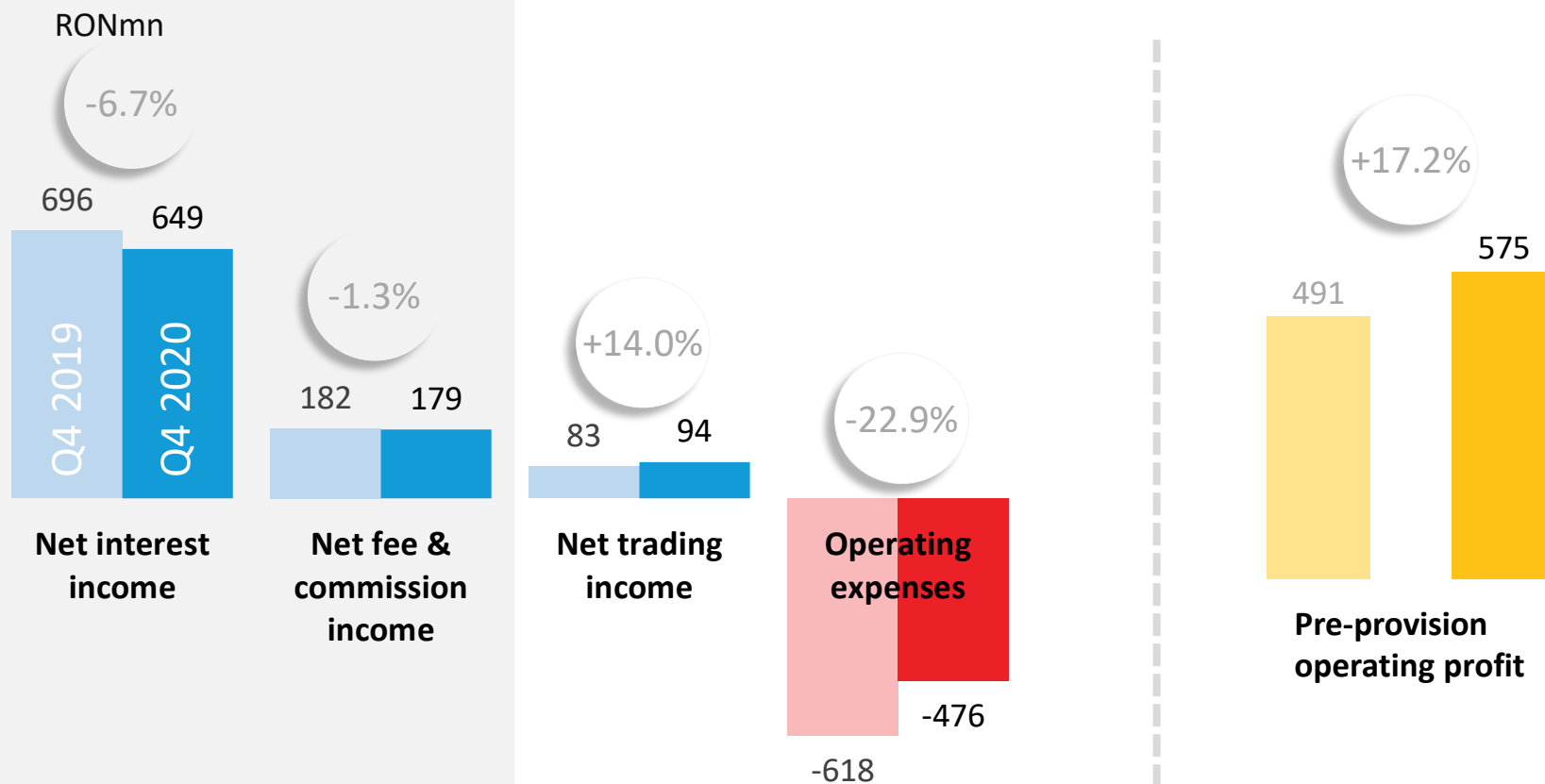
# Trends in income structure 2020 vs 2019





# Trends in income structure

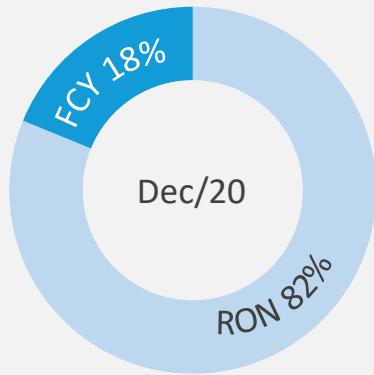
## Q4 2020 vs. Q4 2019



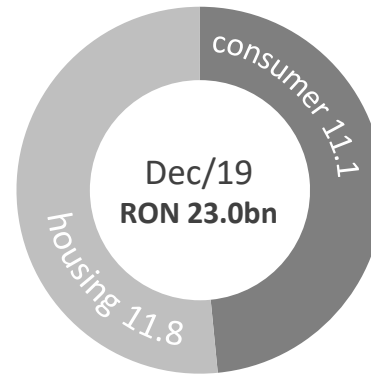
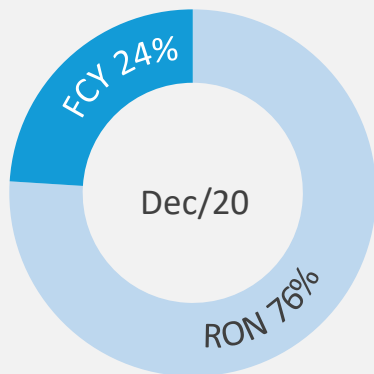


# Loan structure

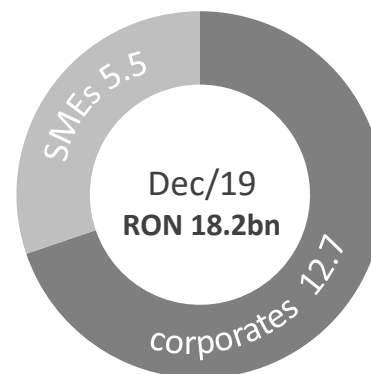
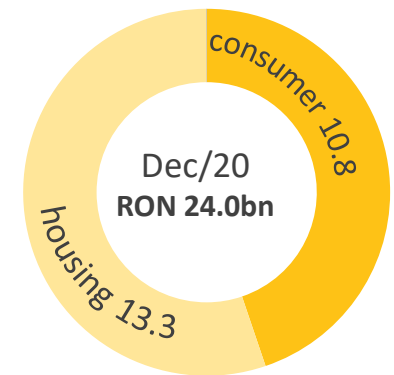
## loans to households



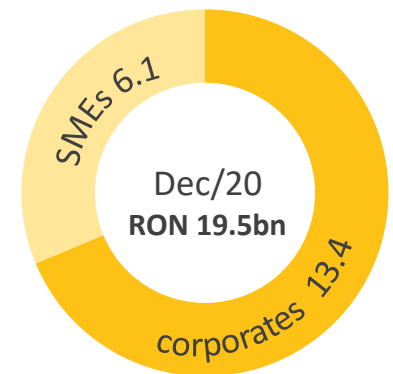
## loans to companies



↑ 5%



↑ 7%



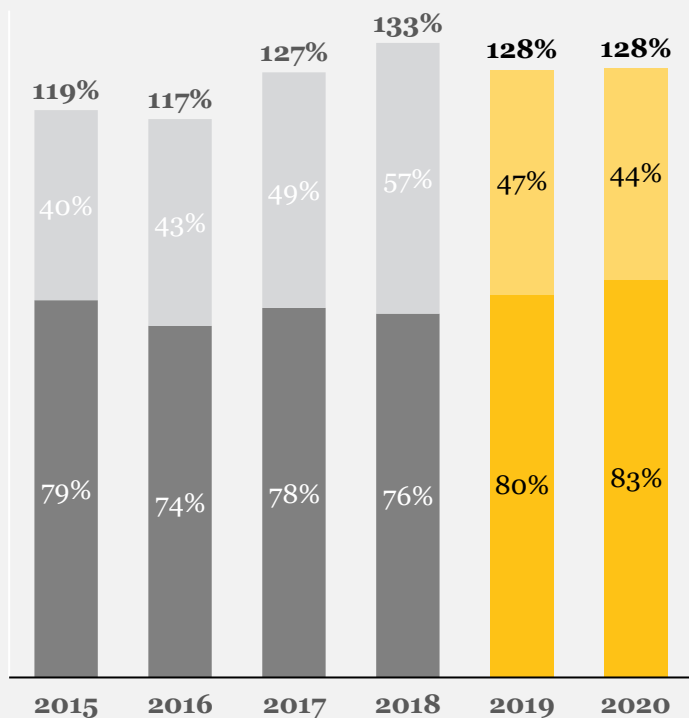
\* SMEs identified according to internal classification rules



## Loan quality

NPL (PAR90) ratio improved to 2.0%, impacted by overall write-offs performed in 2020 in amount of RON 398mn

NPL coverage ratio



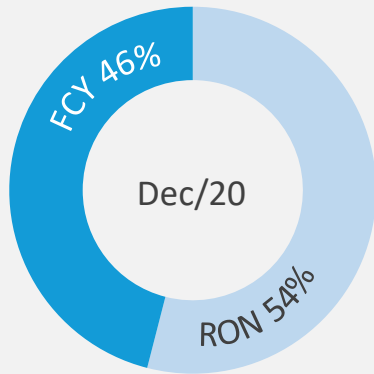
NPL coverage with mortgage collaterals  
 NPL coverage with provisions

- **Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio**
- **Stable YoY NPL coverage, including collaterals, demonstrating credit risk management under control**

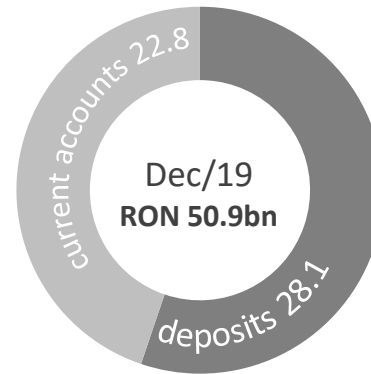
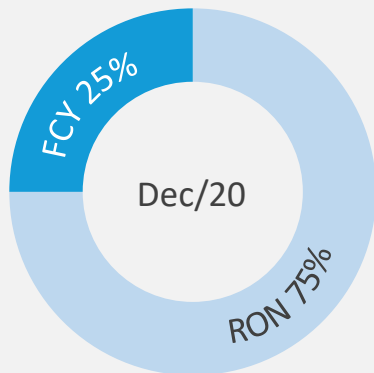


# Deposit structure

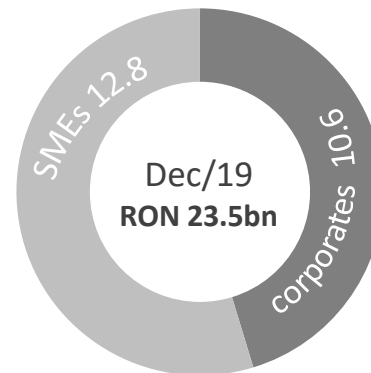
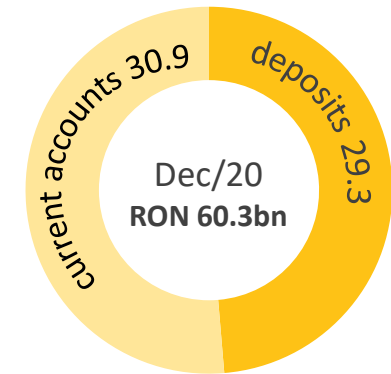
## deposits from households



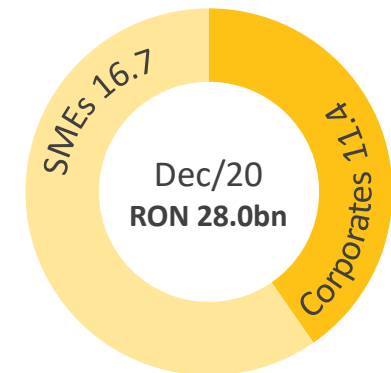
## deposits from companies



↑ 18%



↑ 20%

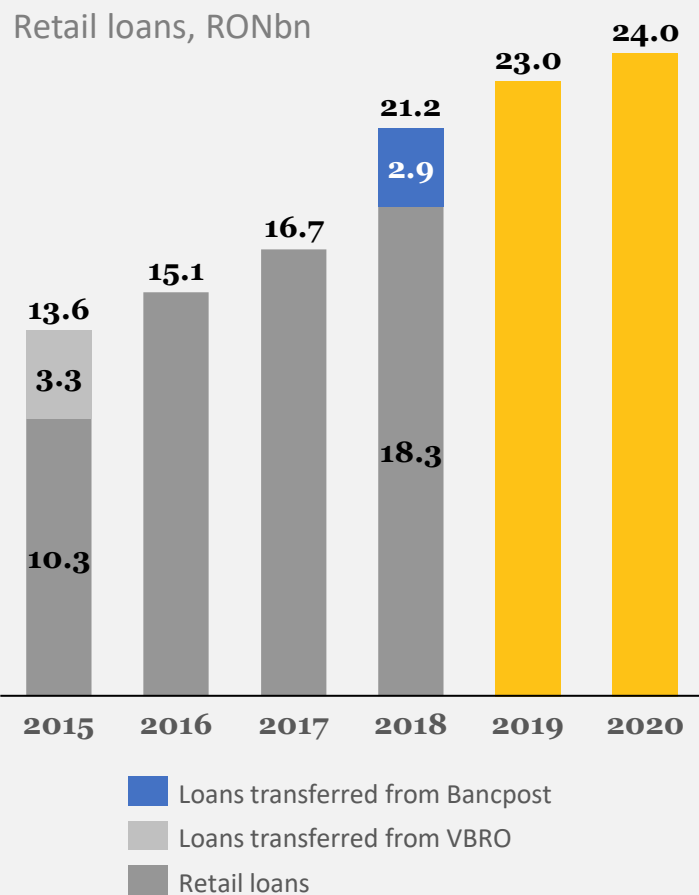


\* SMEs identified according to internal classification rules



## Business lines/ Retail banking

Retail loan portfolio reached RON 24.0bn at the end of 2020



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

- **~3,038,000 active clients**
- **~77,500 non-card retail loans disbursed in 2020**
- **leader on the cards market (24% market share) both on issuing and acquiring with 4.4 mn active cards, 72k POS terminals and 1,738 ATMs**
- **more than 1.3 million cards enrolled in BT Pay and Apple Pay wallet applications**

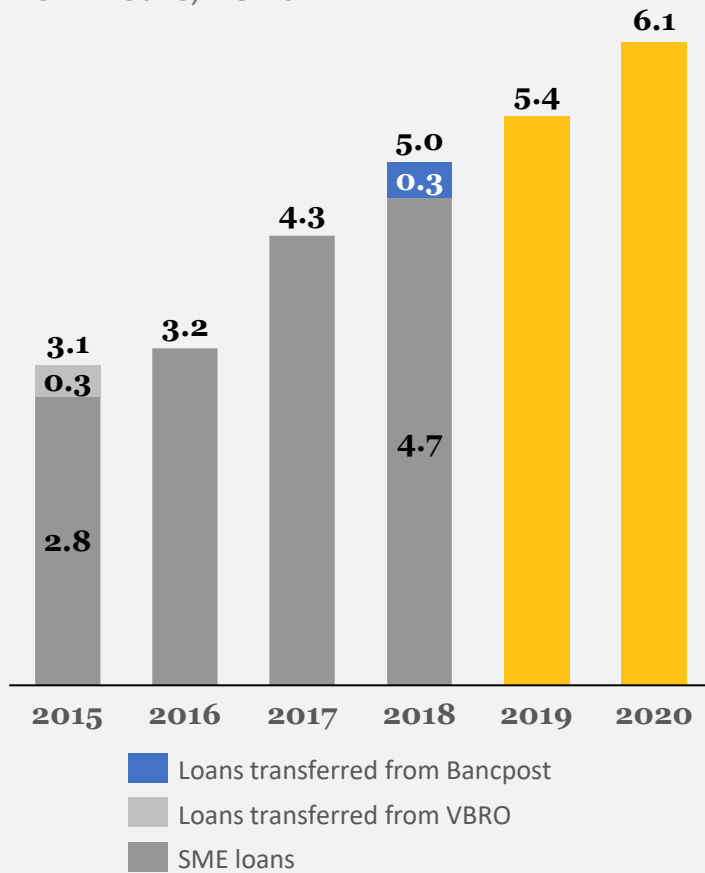


## Business lines/ SME banking

SME (internal definition) loan portfolio at RON 6.1bn

- **~348,000 active clients**
- **Banca Transilvania actively engaged on supporting SMEs, with over 2,000 colleagues working together with the IMM Invest applicants**
- **Banca Transilvania joined the recently-launched SME support scheme of 1bn EUR in the form of financial grants**
- **Risk sharing agreements signed with international financial institutions (European Investment Fund)**
- **Launch of Microfactoring in anticipation of cash-flow difficulties of micro and SME clients**

SME loans, RONbn



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

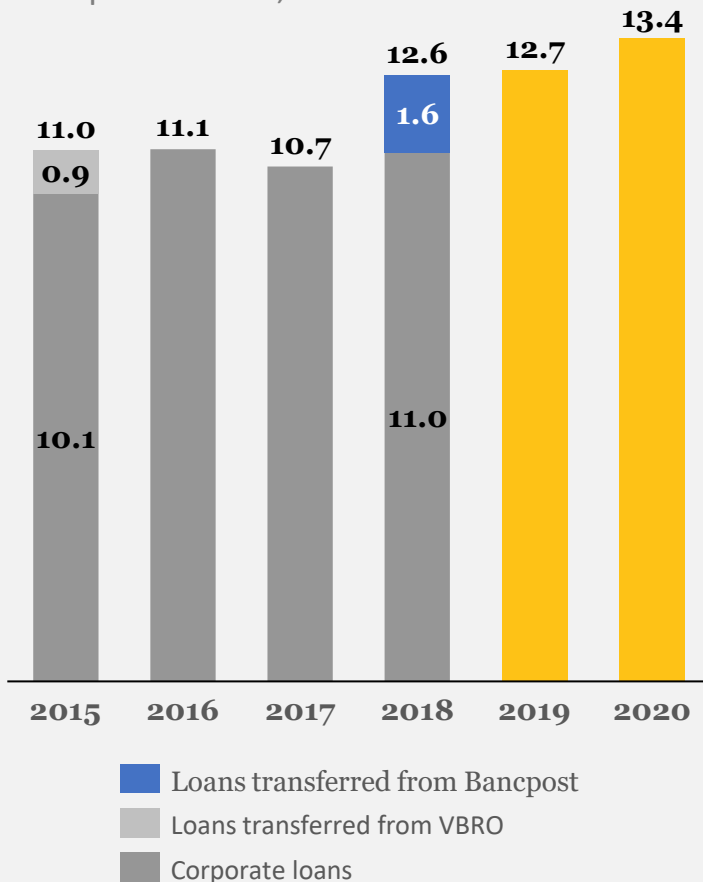


## Business lines/ Corporate banking

Corporate loan portfolio increased to RON 13.4bn

- **~10,500 active clients**
- **5% YTD increase, new production coming from a balanced split between existing clients and new relationships**
- **sectorial approach: focus on healthcare, telecommunication, utilities, FMCG, agribusiness**
- **provide necessary liquidity buffers across the entire supply chain (including factoring), while increasing the support to local infrastructure projects and businesses with social impact via co-financing programs with local municipalities**

Corporate loans, RONbn



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



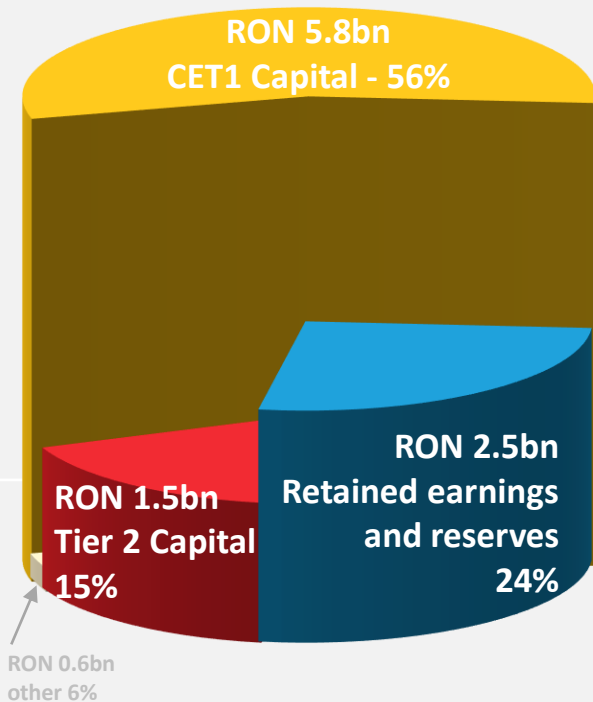
# Capital



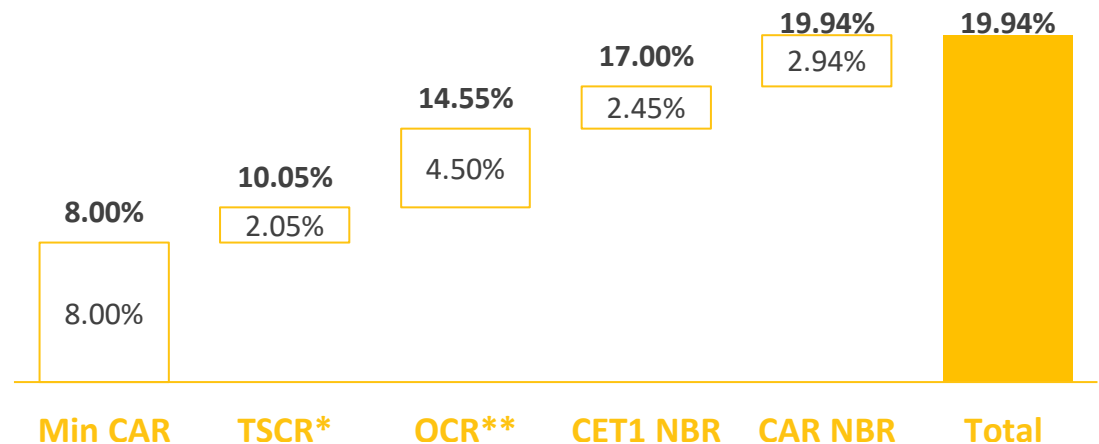
# Comfortably capitalized and able to support lending activity



Banca Transilvania continues to exhibit robust capitalization which provides significant loss absorption capacity amid the Coronavirus pandemic



Structure of own funds  
RON 10.4 billion  
(profit excluded)



*NBR computation framework  
Profit for the year 2020 excluded (vs. slide 15)  
\*TSCR includes Min CAR and additional requirements as regulated by NBR  
\*\*OCR includes TCSR and capital buffers (conservation buffer plus the higher of O-SII buffer and systemic risk buffer)*



# Sustainability



Sustainability is no longer about doing less harm, it's about doing more good.

BT received the maximum VEKTOR score from ARIR following 2020 re-assessment

# Stepping up the pace towards sustainability



## Responsible financing:

- ✓ 75mn EUR granted to **BREEAM certified office-buildings**
- ✓ **Green loans** granted through dedicated programmes of IFIs:
  - ✓ EEEF: RON 31mn as of Dec-20, with a total of RON 436mn under the program
  - ✓ RoSEFF: RON 6mn as of Dec-20, with a total of RON 129mn under the program
- ✓ **Retail green lending** in collaboration with EBRD:
  - ✓ RRE with superior energy efficiency: RON 152mn as of Dec-20, a total of RON 180mn under the program
  - ✓ responsible consumer lending: RON 14mn as of Dec-20, with a total of RON 35mn under the program
- ✓ **Dedicated products:**
  - ✓ Green mortgage with 5% reduction of installments
  - ✓ Dedicated financing solution for electric & hybrid cars

## Our activity has impact in our communities

- ✓ **Start-up nation:** 5.4k start-ups, employing ~24.7k workers, were granted over RON 480mn (o/w 18% in 2020)
- ✓ Concluding new partnerships with EIF for supporting the **education** field, with dedicated products available to companies and population
- ✓ Approx. RON 24mn for 105 projects, out of which 35 hospitals

# Banca Transilvania

## Financial Group as of 31/12/2020



total assets RON 103.4bn



total assets RON 532mn



total assets RON 1,229mn



AUM RON 4,144mn



total assets RON 220mn



total assets RON 513mn



total assets RON 3,539mn



*\* Figures for subsidiaries assessed under RAS rules;*



# Annexes



# ANNEX1

## income statement, IFRS individual

RONmn	12M 2020	12M 2019	
Net interest income	2,580.1	2,685.1	-3.9%
Net fee and commission income	656.4	712.6	-7.9%
Net trading income	310.1	318.5	-2.6%
Other net income	390.6	315.0	24.0%
<b>Operating income</b>	<b>3,937.2</b>	<b>4,031.3</b>	<b>-2.3%</b>
Personnel expenses	(958.9)	(899.1)	6.7%
D&A	(303.7)	(287.4)	5.6%
Other operating expenses	(519.8)	(712.9)	-27.1%
<b>Operating expenses</b>	<b>(1,782.3)</b>	<b>(1,899.4)</b>	<b>-6.2%</b>
<b>Pre-provision operating profit</b>	<b>2,154.9</b>	<b>2,131.9</b>	<b>1.1%</b>
<b>Cost of risk</b>	<b>(783.9)</b>	<b>(244.7)</b>	<b>&gt;100%</b>
<b>Net income before taxation</b>	<b>1,371.0</b>	<b>1,887.1</b>	<b>-27.3%</b>
Income tax (expense)/revenue	(173.7)	(266.6)	-34.8%
<b>Net income</b>	<b>1,197.3</b>	<b>1,620.5</b>	<b>-26.1%</b>



# ANNEX1

## balance sheet, IFRS individual

RONmn

	Dec/20	Dec/19	
Cash & cash equivalents	20,978.6	13,480.2	55.6%
Placements with banks	6,636.4	6,995.3	-5.1%
Loans to customers, net	40,363.9	38,601.9	4.6%
T-bills & securities	32,401.0	25,985.6	24.7%
Fixed assets	887.7	777.4	14.2%
Right-of-use assets	708.5	366.2	93.5%
Investments in associates	499.7	486.4	2.7%
Current tax assets	8.6	0.0	
Other financial assets	761.1	638.8	19.2%
Other non-financial assets	109.5	106.2	3.0%
<b>Total assets</b>	<b>103,355.0</b>	<b>87,438.1</b>	<b>18.2%</b>
Deposits from banks	311.8	304.5	2.4%
Deposits from customers	88,297.1	74,353.7	18.8%
Loans from banks and FIs	1,176.1	895.7	31.3%
Subordinated loan	1,664.5	1,696.6	-1.9%
Current tax liabilities	0.0	38.1	
Deferred tax liabilities	85.7	7.9	>100%
Provisions for other risks and charges	589.2	498.5	18.2%
Financial liabilities from leasing contracts	709.3	365.9	93.8%
Other financial liabilities	942.5	701.9	34.3%
Other non-financial liabilities	55.9	78.9	-29.1%
<b>Total liabilities</b>	<b>93,832.1</b>	<b>78,941.6</b>	<b>18.9%</b>
<b>Shareholders' equity</b>	<b>9,522.9</b>	<b>8,496.4</b>	<b>12.1%</b>
<b>Total liabilities and equity</b>	<b>103,355.0</b>	<b>87,438.1</b>	<b>18.2%</b>



# ANNEX2

## income statement, IFRS consolidated

RONmn	12M 2020	12M 2019	
Net interest income	2,980.5	3,073.7	-3.0%
Net fee and commission income	776.5	820.3	-5.3%
Net trading income	346.7	410.6	-15.6%
Other net income	439.0	310.3	41.4%
<b>Operating income</b>	<b>4,542.6</b>	<b>4,615.0</b>	<b>-1.6%</b>
Personnel expenses	(1,097.3)	(1,038.3)	5.7%
D&A	(327.7)	(311.4)	5.3%
Other operating expenses	(624.2)	(841.1)	-25.8%
<b>Operating expenses</b>	<b>(2,049.2)</b>	<b>(2,190.8)</b>	<b>-6.5%</b>
<b>Pre-provision operating profit</b>	<b>2,493.4</b>	<b>2,424.2</b>	<b>2.9%</b>
<b>Cost of risk</b>	<b>(821.5)</b>	<b>(292.6)</b>	<b>&gt;100%</b>
<b>Net income before taxation</b>	<b>1,672.0</b>	<b>2,131.6</b>	<b>-21.6%</b>
Income tax (expense)/revenue	(195.8)	(283.7)	-31.0%
<b>Net income</b>	<b>1,476.2</b>	<b>1,847.9</b>	<b>-20.1%</b>





# ANNEX2

## balance sheet, IFRS consolidated

RONmn

	Dec/20	Dec/19	
Cash & cash equivalents	22,133.2	14,583.1	51.8%
Placements with banks	7,223.6	7,775.1	-7.1%
Loans to customers, net	42,165.3	40,353.8	4.5%
T-bills & securities	33,321.6	26,781.7	24.4%
Fixed assets	1,225.8	973.4	26.2%
Right-of-use assets	449.3	388.0	15.7%
Investments in associates	1.5	3.3	-55.0%
Current tax assets	9.7	0.0	
Deferred tax assets	0.0	16.8	
Other financial assets	860.1	688.0	25.0%
Other non-financial assets	148.2	158.9	-6.7%
<b>Total assets</b>	<b>107,537.9</b>	<b>91,722.3</b>	<b>17.2%</b>
Deposits from banks	318.9	296.1	7.7%
Deposits from customers	90,942.4	77,037.1	18.1%
Loans from banks and FIs	1,691.7	1,473.9	14.8%
Subordinated loan	1,667.8	1,700.2	-1.9%
Current tax liabilities	0.0	42.2	
Deferred tax liabilities	52.0	0	
Provisions for other risks and charges	616.0	533.9	15.4%
Financial liabilities from leasing contracts	455.2	387.4	17.5%
Other financial liabilities	1,245.3	925.6	34.5%
Other non-financial liabilities	86.4	112.0	-22.9%
<b>Total liabilities</b>	<b>97,075.6</b>	<b>82,508.4</b>	<b>17.7%</b>
<b>Shareholders' equity</b>	<b>10,043.1</b>	<b>8,831.2</b>	<b>13.7%</b>
Non-controlling interest	419.2	382.6	9.6%
<b>Total liabilities and equity</b>	<b>107,537.9</b>	<b>91,722.3</b>	<b>17.2%</b>



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