



BANCA TRANSILVANIA

Q3 2021 Financial Results

November 15, 2021

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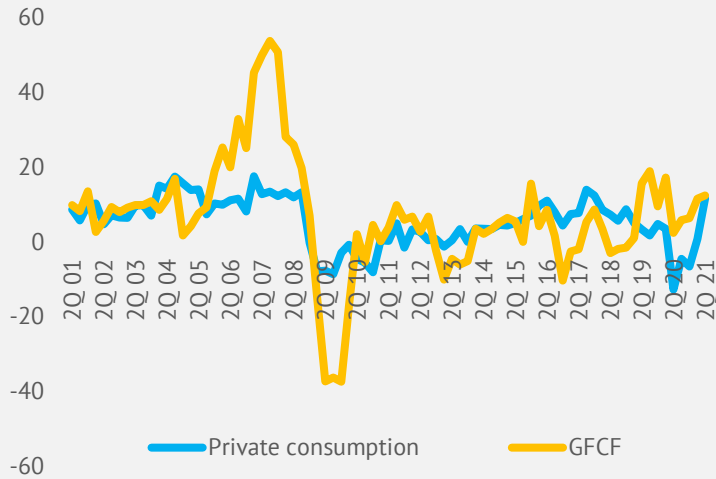


- 1. Macroeconomic Landscape**
- 2. BT during Q3 2021**
- 3. Financial Performance**
- 4. Capital**
- 5. Sustainability**
- 6. Appendix**

Macro developments

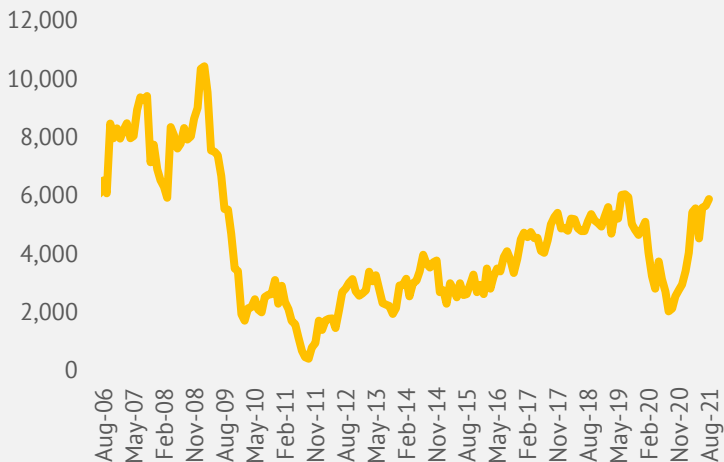
Real economy

Investments vs. private consumption (% YoY)



source: National Institute of Statistics

FDIs (EUR, mn) (sum TTM)



source: National Bank of Romania

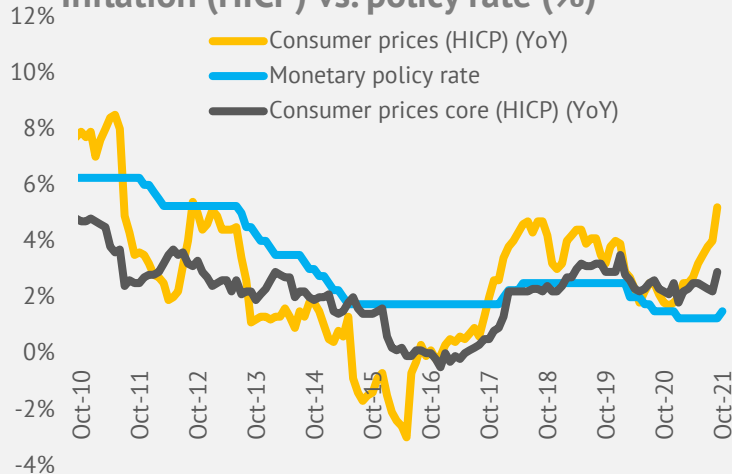
The Romanian economy initiated a normalization process in Q3, after the record high growth of 13.9% YoY in Q2

- The gross fixed capital formation accelerated to 12.6% YoY in Q2 (the best dynamics since Q1 2020) expressing positive prospects for the economy in the mid-run;
- This scenario is also supported by the strong rebound of the FDIs (around EUR 4.4bn during 8M 2021, the highest level since 2008), the low level of the real financing costs and the future implementation of the Next Generation program;
- However, the recent developments of the macroeconomic indicators point to a slowing-down of the YoY pace starting Q3, due to the fading out of the base effect, the acceleration of the inflation, the disruptions in terms of the supply-chains and the political tensions;
- In YoY terms the industry and the retail sales significantly decelerated (compared to Q2), while the constructions contracted during July-August;
- We forecast the increase of the Romanian economy by YoY paces of 7.3% in 2021 and 5.1% in 2022.

Macro developments

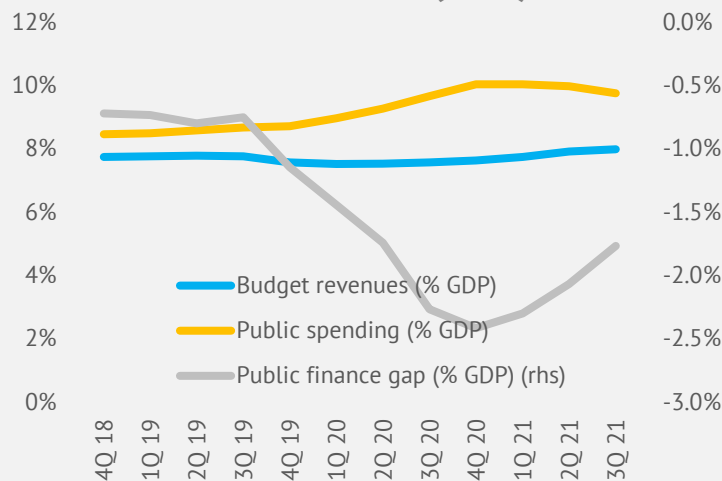
Policy-mix

Inflation (HICP) vs. policy rate (%)



source: Eurostat, National Bank of Romania

Public finance indicators (MA4)



source: Ministry of Finance

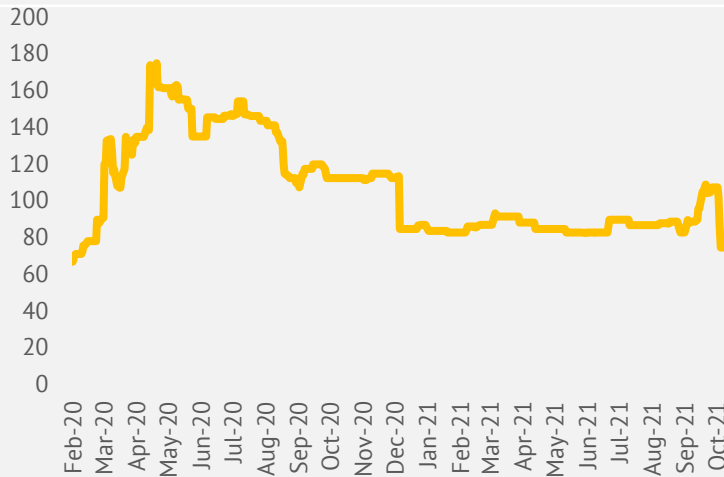
The central bank signaled the new monetary cycle in Q3 and started in October with a 25bp rate hike to 1.50%. The budget deficit adjusted significantly during 9M 2021

- The YoY pace of the consumer prices accelerated significantly in Q3, an evolution mainly determined by the supply-side shocks;
- In HICP terms the inflation stood at 5.2% in September, the highest level since September 2012;
- In this context NBR intensified the *depo* auctions in September and launched a new monetary cycle in October (by increasing the policy rate by 25bp to 1.50%), while signalling additional hikes in the coming quarters;
- The budget deficit/GDP ratio diminished to 3.77% during 9M 2021 (from 6.37% a year ago), given the rebound of the economy and the improvement of the EU funds absorption.

Macro developments

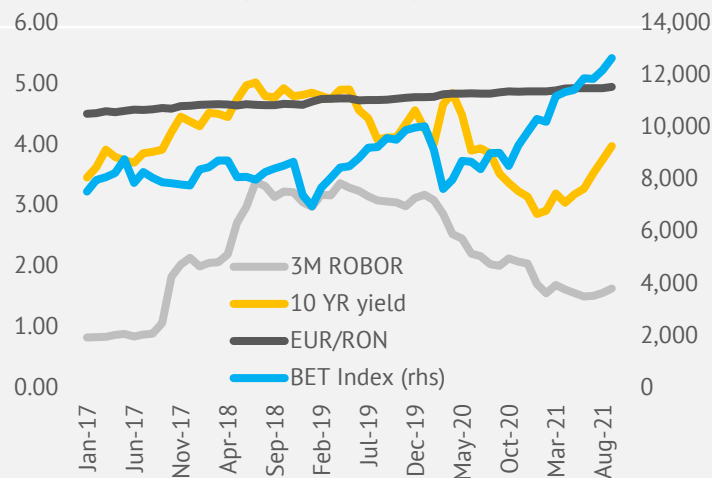
Financial economy

CDS Romania 5YR



source: Bloomberg

Interest rates, EUR/RON, BET Index



sources: National Bank of Romania, Bucharest Stock Exchange

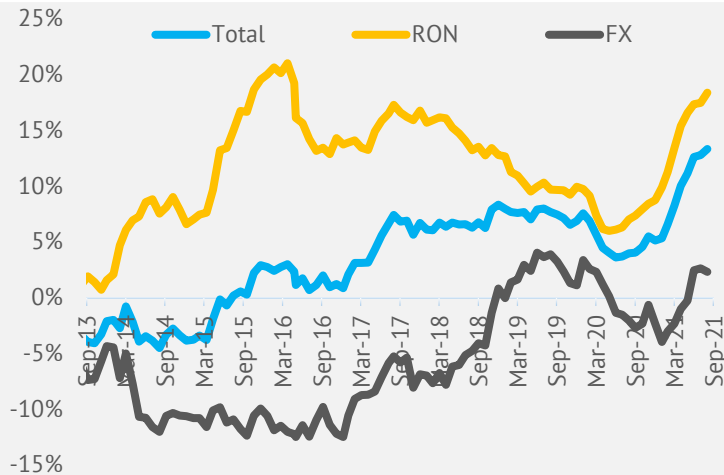
The risk perception has recently improved, after the deterioration determined by the political tensions. The interest rates changed the trend in Q3. EUR/RON and the BET index confirmed the upward trends

- Overall, the Romanian macro-financial indicators have presented resilience to the political tensions;
- The interest rates changed the trend (from downward to upward) in Q3, given the intensifying inflation, the monetary policy outlook and the developments on the international financial markets;
- The yield on 10YR Bonds hit 5% in first half of October, the highest since April 2020, an evolution also influenced by the political climate;
- The EUR/RON continued the gradual appreciation trend – the monthly average at a record level in September;
- BET Index has recently consolidated the upward trend, hitting record levels.

Banking sector dynamics

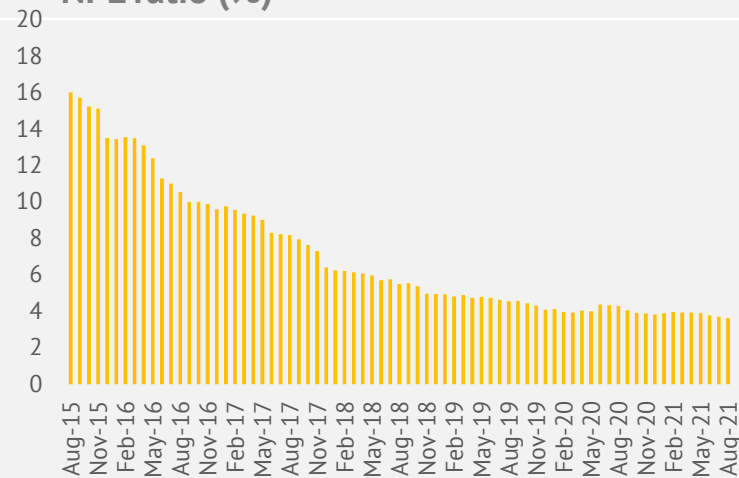
Loans

Loans (YoY)



source: National Bank of Romania

NPL ratio (%)



sources: National Bank of Romania

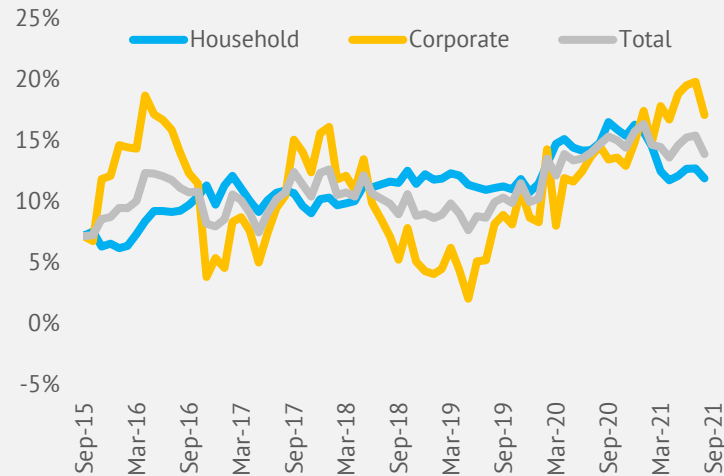
The loans accelerated in Q3, an evolution supported by the low level of the real financing costs. The NPL ratio hit a record low level in August

- Loans climbed for the 16th month in a row in September, by 1.6% MoM and by 13.4% YoY to RON 314.6bn, a record high level;
- RON-denominated loans rose by 2.1% MoM and by 18.4% YoY to RON 225.3bn, given the new economic cycle and the low level of the real financing costs;
- FX-denominated loans inched up by 0.4% MoM and by 2.3% YoY to RON 89.3bn in September;
- Household loans increased by 8.3% ytd to RON 162.3bn during 9M 2021;
- Corporate loans advanced by 14.9% ytd to RON 152.3bn during January-September;
- The NPL ratio declined to 3.65% in August, a record low level.

Banking sector dynamics

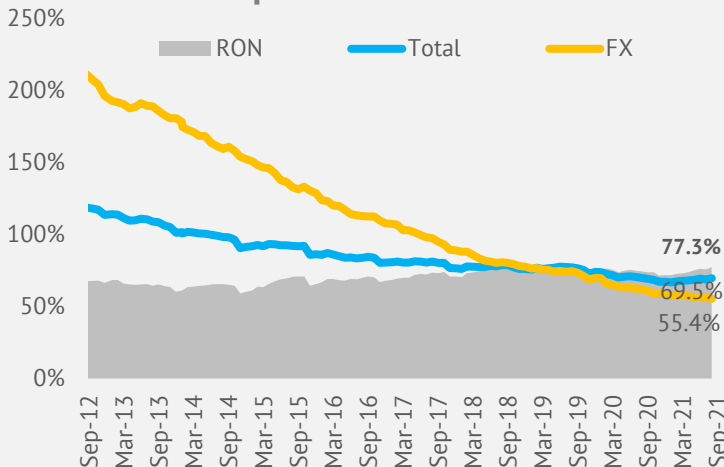
Deposits

Deposits (YoY)



source: National Bank of Romania

Loans-to-deposits ratio



source: National Bank of Romania

The deposits continued to increase by a higher YoY pace compared to the loans growth pace. However, a slowing-down trend seems to have started recently

- Deposits climbed by 0.6% MoM and 13.9% YoY to RON 452.5bn in September, a historically high level of the savings ratio;
- RON-denominated deposits declined by 0.1% MoM, but rose by 13.8% YoY to RON 291.3bn;
- FX-denominated deposits increased by 1.9% MoM and by 14.1% YoY to RON 161.2bn in September, an evolution influenced by the upward trend for EUR/RON;
- Household deposits up by 6.4% ytd to RON 273.1bn during 9M 2021;
- The corporate deposits grew by 9.4% ytd to RON 179.4bn during January-September;
- The loans-to-deposits ratio rose from 68.8% in August to 69.5% in September, the maximum since September 2020.



1. Macroeconomic Landscape

2. BT during Q3 2021

3. Financial Performance

4. Capital

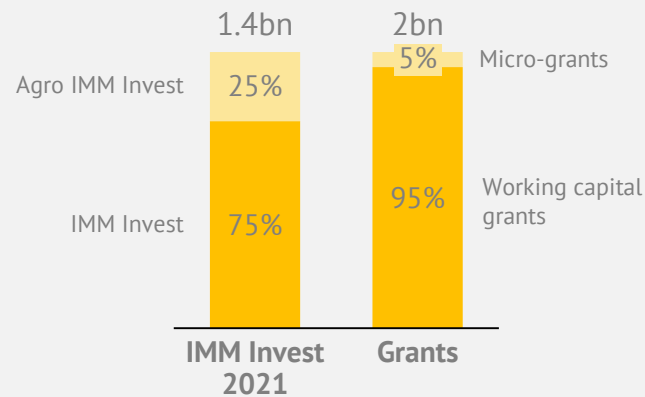
5. Sustainability

6. Appendix

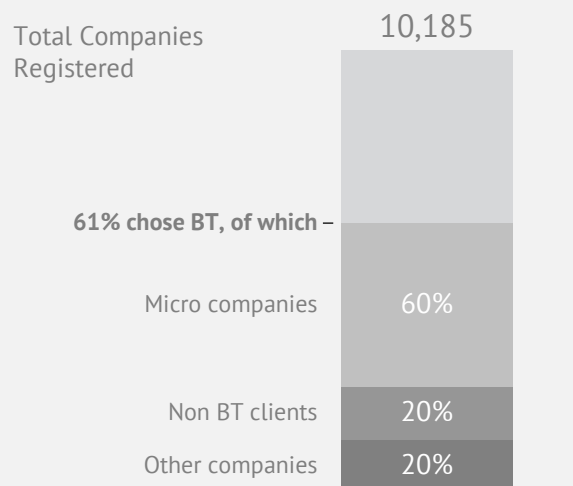
A trusted partner for businesses and government



IMM Invest 2021 & Government grants in 9M, RON



GEO 224/ HORECA



Banca Transilvania, a major player in government programs:

- The number of companies that applied for IMM Invest 2021 program reached 17.9k, of which ~25% chose BT;
- Over 2,300 loans were granted under IMM Invest and AGRO IMM Invest, amounting to RON 1,050mn and RON 350mn respectively during 9M 2021;
- ~19k payments under local grant programs in 2021, reaching RON 2.02bn at the end of September, majority working-capital grants;
- 75% of approved IMM Leasing loan applications were signed by the end of September;
- HoReCa scheme:
 - ✓ RON 3.23bn were requested from applicants, but the grants approved that are within the limit imposed of EUR 800k amount to RON 865mn;
 - ✓ 61% of companies chose BT, out of which 20% are new clients;

Public moratoria:

- At Sep'21 the amount of loans still in moratoria is RON 51.2mn (200 clients).

Enhanced digital interactions

More convenience and time saving for customers

Faster cycle time of products

Multiple payment options

Cost efficiency

Data-driven decisions

Retail

- 68% of all Retail clients are using one of the bank's digital solutions - applications, Internet Banking or Mobile Banking;
- ~1.9 million single cards in BT Pay, Apple Pay, Google Pay, Fitbit Pay and Garmin Pay wallets;
- #of mobile payments doubled in Q3'21 compared to Q3'20, reaching 19.9 million;
- Internet Banking users: over 1.7 million, up by 27% vs. Sep'20, generating a volume of transactions 20% higher vs Q3'20;
- BT Visual Help: 37% more interactions in Q3'21 vs Q3'20, with a steady MoM increase.

Companies

- Simplified online account opening application;
- Online Onboarding (NeoCont): # of accounts opened 100% online doubled in Q3'21 vs Q3'20, with further campaigns in place to support migration to online;
- Launch in pilot mode of ESign solution - 100% remote electronic signing of credit agreements;
- Fileshare - remote document exchange platform with clients: ~233k documents uploaded through the platform in 2021 (3.6x 9M 2020);
- Virtual assistants: twice more interactions 9M'21 vs 9M'20.



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BT performance in 9M



Profitability

	INDIVIDUAL			CONSOLIDATED		
	9M 2021	9M 2020	Δ	9M 2021	9M 2020	Δ
Net interest income, <i>RONmn</i>	1,997.3	1,930.6	3.5%	2,267.2	2,175.1	4.2%
Net fee and commission income, <i>RONmn</i>	599.6	477.2	25.7%	701.4	560.1	25.2%
Operating expenses, <i>RONmn</i>	(1,526.3)	(1,305.9)	16.9%	(1,716.9)	(1,489.0)	15.3%
Pre-provision operating profit, <i>RONmn</i>	1,705.4	1,580.0	7.9%	1,901.3	1,768.4	7.5%
Net profit, <i>RONmn</i>	1,473.7	901.5	63.5%	1,668.6	1,056.8	57.9%
EPS, <i>RON</i>				0.2594	0.1623	59.8%
Cost of risk, net	-0.02%	1.68%	-1.7pp	-0.09%	1.66%	-1.7pp
NIM	2.54%	2.89%	-0.3pp	2.74%	3.08%	-0.3pp
ROE	19.91%	14.26%	5.7pp	20.62%	14.67%	5.9pp
Cost-to-income ratio*	46.93%	44.98%	2.0pp	47.16%	45.46%	1.7pp

BS highlights

	Sep/21	Dec/20	Δ	Sep/21	Dec/20	Δ
Gross loans to customers, <i>RONmn</i>	48,457.5	43,554.0	11.3%	50,557.1	45,618.6	10.8%
Deposits from customers, <i>RONmn</i>	96,622.2	88,297.1	9.4%	99,375.5	90,942.4	9.3%
Gross loans-to-deposits ratio	50.15%	49.33%	0.8pp	50.87%	50.16%	0.7pp
PAR 90	1.92%	2.00%	-0.1pp			

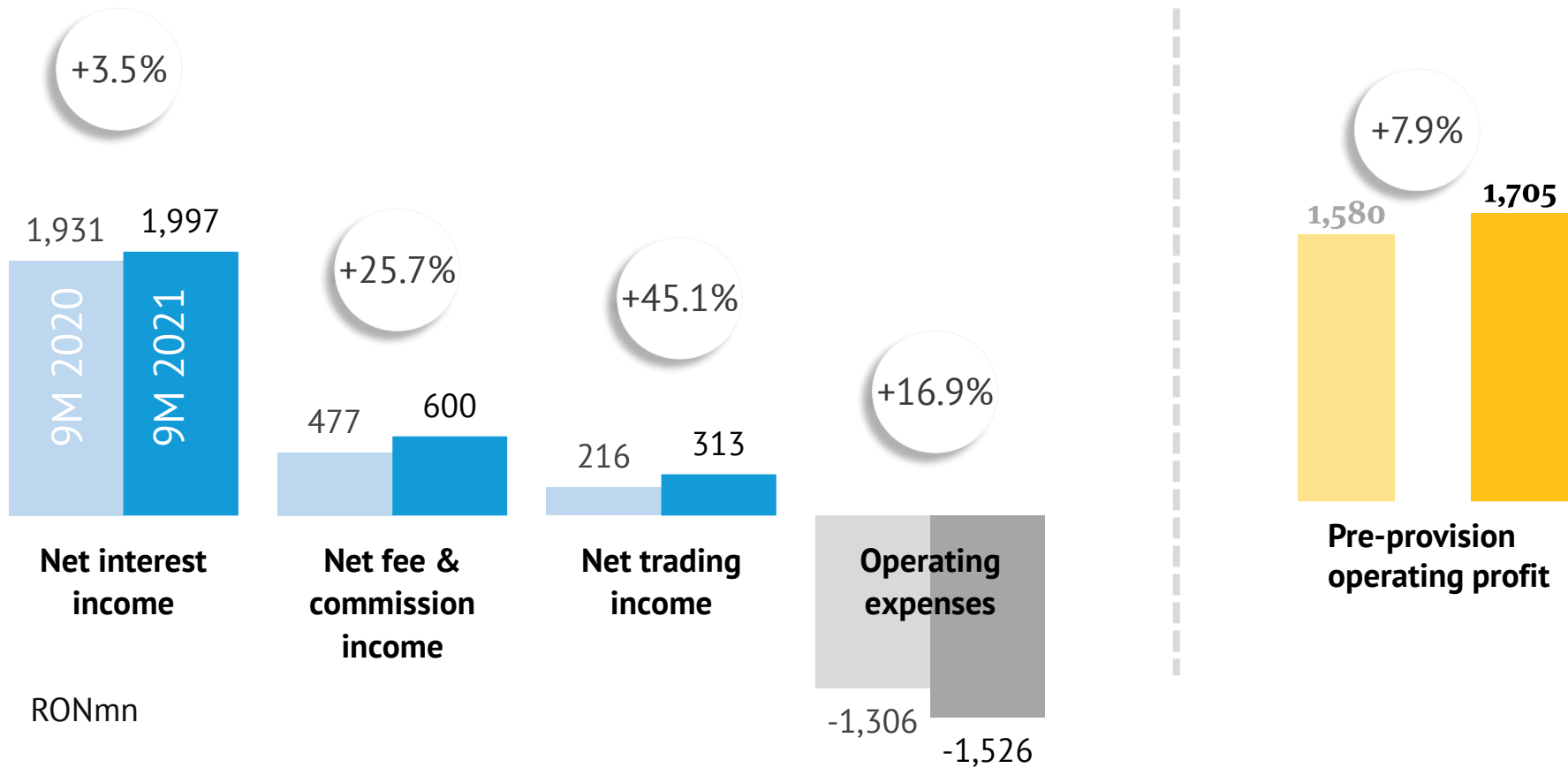
Capital

	Sep/21	Dec/20	Δ	Sep/21	Dec/20	Δ
Total equity, <i>RONmn</i>	9,800.1	9,522.9	2.9%	10,894.9	10,414.4	4.6%
Tier 1 capital ratio (profit included)**	19.53%	19.30%	1.2%	18.94%	18.37%	3.1%
Total capital ratio (profit included)**	22.42%	22.24%	0.8%	21.57%	21.04%	2.5%

* 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 47.23% for 9M 2021 and 45.25% for 9M 2020 (individual), respectively 47.45% for 9M 2021 and 45.71% for 9M 2020 (consolidated).

** For 2021, we refer to Q3 stand-alone profit, as H1 profit was capitalized in Total Equity

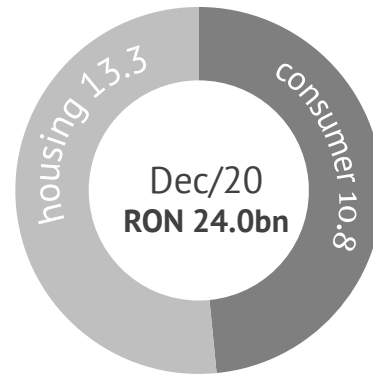
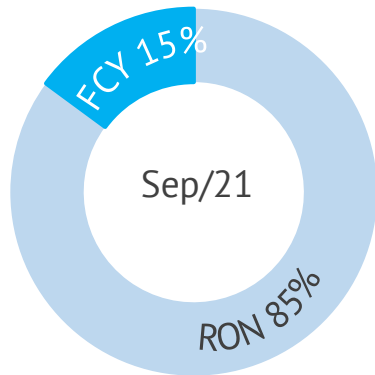
Trends in income structure 9M 2021 VS 9M 2020



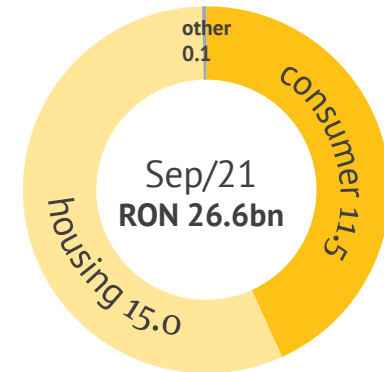
Loan structure



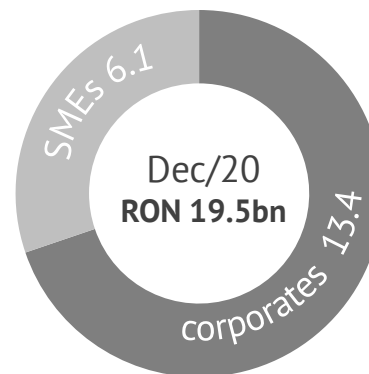
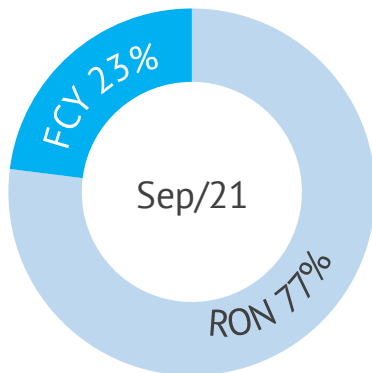
Loans to households



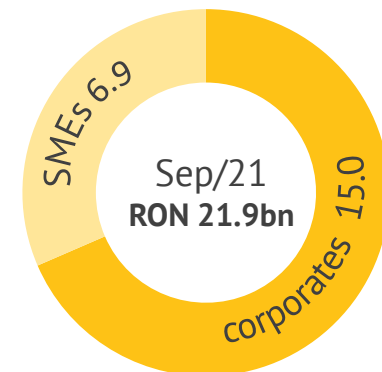
↑11%



Loans to companies



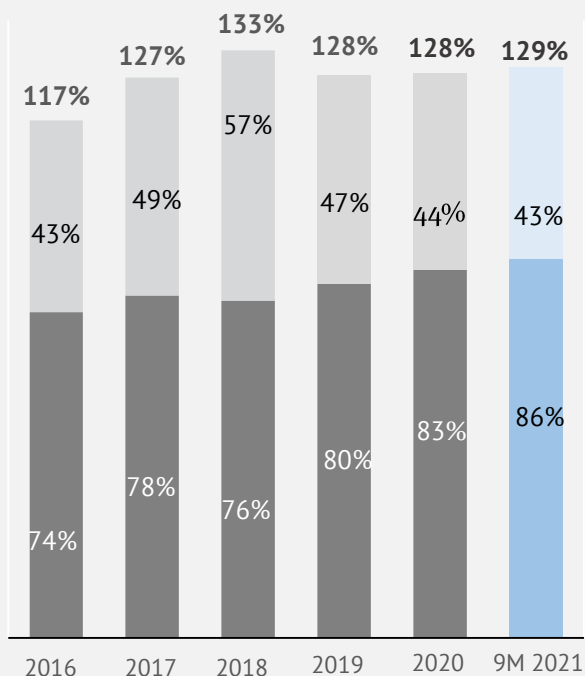
↑12%



*SMEs identified according to internal classification rules

NPL (PAR90) ratio remained below 2% (1.92%)

NPL coverage ratio



■ NPL coverage with mortgage collaterals

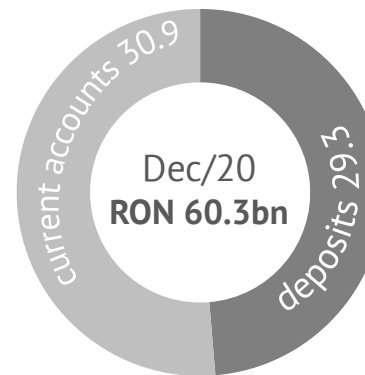
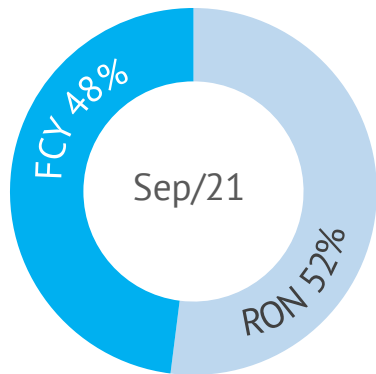
■ NPL coverage with provisions

- Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio;
- NPL coverage, including collaterals, stands at 129% at the end of September 2021, showing adequate plan and policy for credit risk control;
- Loans' quality preserved during 2021, although the pandemic threatened to disturb the trend.

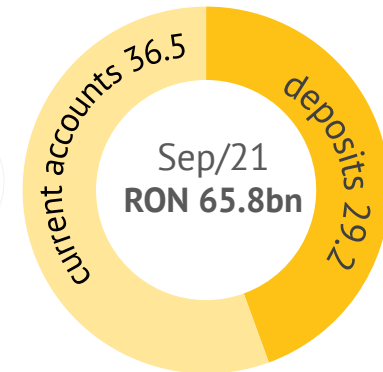
Deposit structure



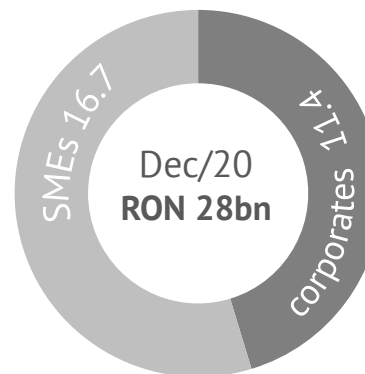
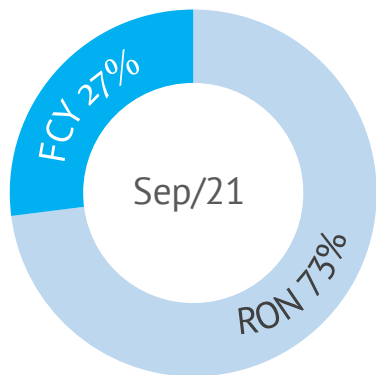
Deposits from households



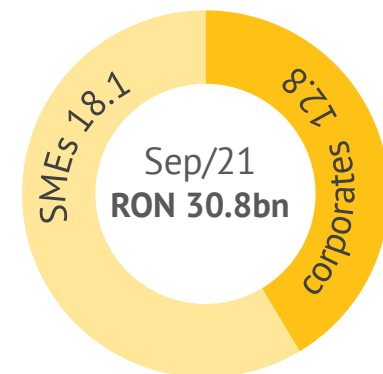
↑9%



Deposits from companies



↑10%

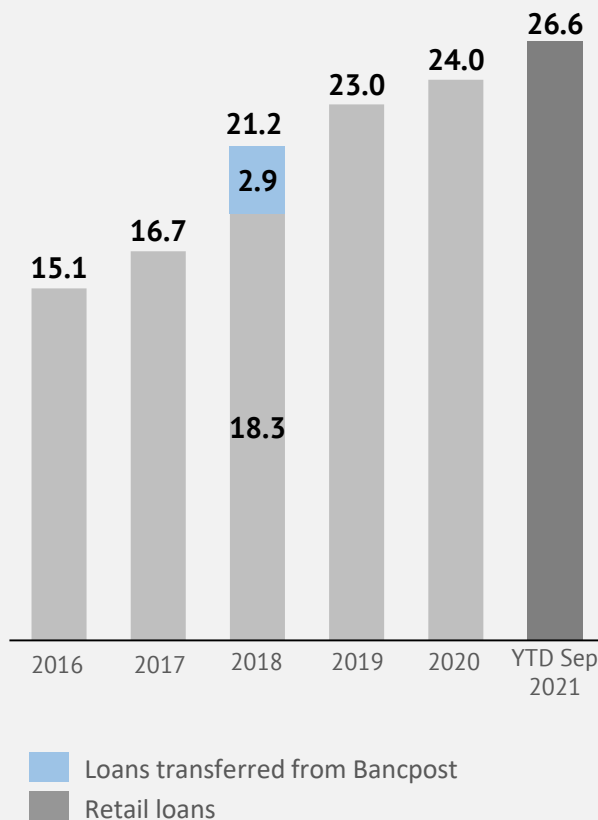


*SMEs identified according to internal classification rules

Business lines: **Retail banking**

Retail loan portfolio reached RON 26.6bn at the end of September 2021

Retail loans, RON bn



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

- ~3.2mn active clients of which 2.2mn digitized using at least one of the remote banking applications;
- Over 166,000 retail loans disbursed in 9M 2021, worth RON 6.5bn, with consumer loans representing the highest increase in absolute terms;
- Banca Transilvania is well positioned to support the digital transactions industry via a nationwide spread network of 1,770 ATMs and ~82k POS for a portfolio of 4.65mn cards of which 1.9mn are enrolled in BT Pay, Apple Pay, Google Pay, Fitbit Pay and Garmin Pay wallets;
- BT Pay remains a major focus;

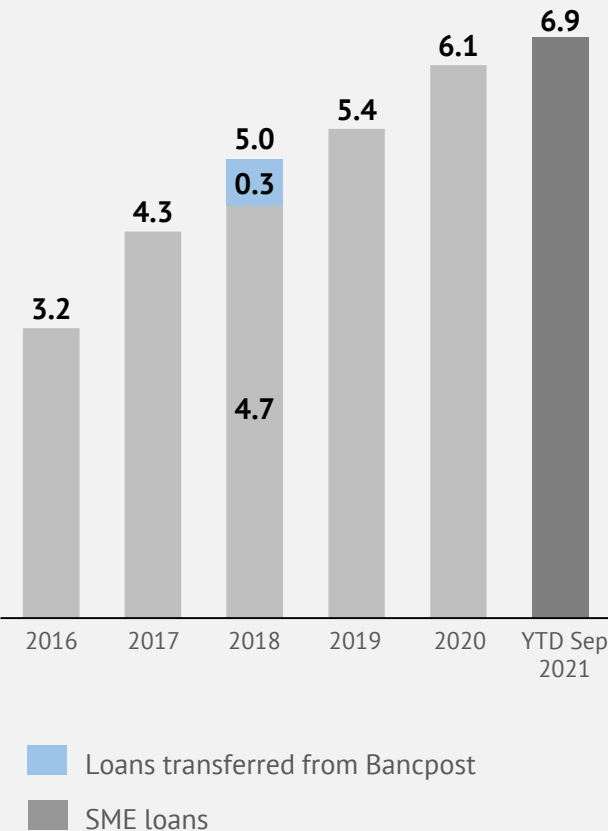
Business lines: SME banking

SME (internal definition) loan portfolio at RON 6.9bn

- Over 359,300 active clients;
- Loans worth ~RON 2.6bn were granted in 9M to over 13.3k clients, out of which 57% were newly financed customers;
- The bank is preferred by start-ups nationwide, since one out of three of them choose Banca Transilvania for their business operations; ~62k company clients were acquired through 2021, out of which 59% were newly established;
- Companies will benefit from faster and more convenient loan origination flows; 100% remote electronic signing solution (ESign) is piloted currently and will be integrated into an entirely digitized ecosystem;
- BT carried on supporting the recovery of distressed companies;

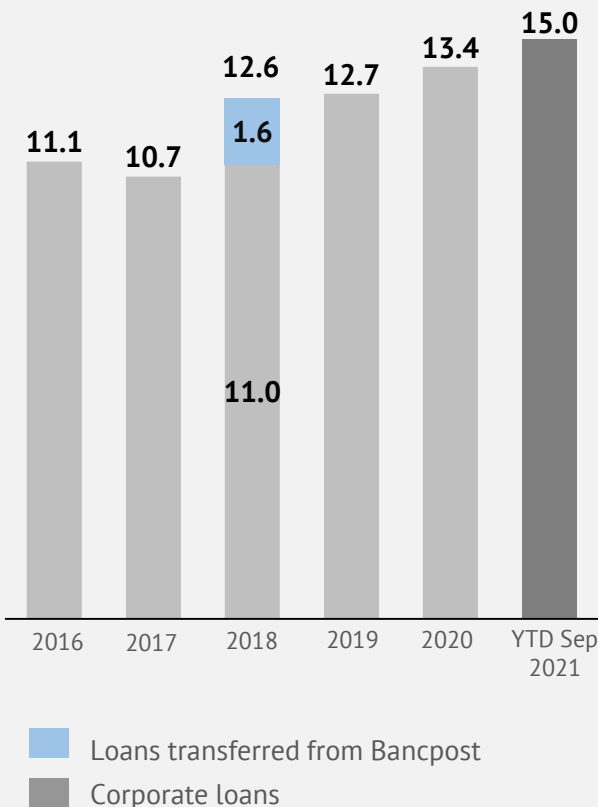
** Information presented includes also the Micro business segment performance*

SME loans, RON bn



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

Corporate loans, RON bn



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

Corporate loan portfolio increased to RON 15.0bn

- Over 11,000 active clients, +5% increase vs EOY 2020, driven by the expansion of Medium Corporate clients which experienced a boost in current account activities which were 22% larger;
- The lending activity picked up during 2021, exceeding 2019 pace;
- Important additional drivers of credit growth were financing solutions through POIIMM, IMM Invest and COSME, along with alternative working capital financing products;
- Main priorities are to support business plans within sectors that have the largest contribution to GDP growth, as well as ESG related projects and achieving continuous improvement of client experience with BT.

* Information presented refers to Medium and Large Corporate business segment performance



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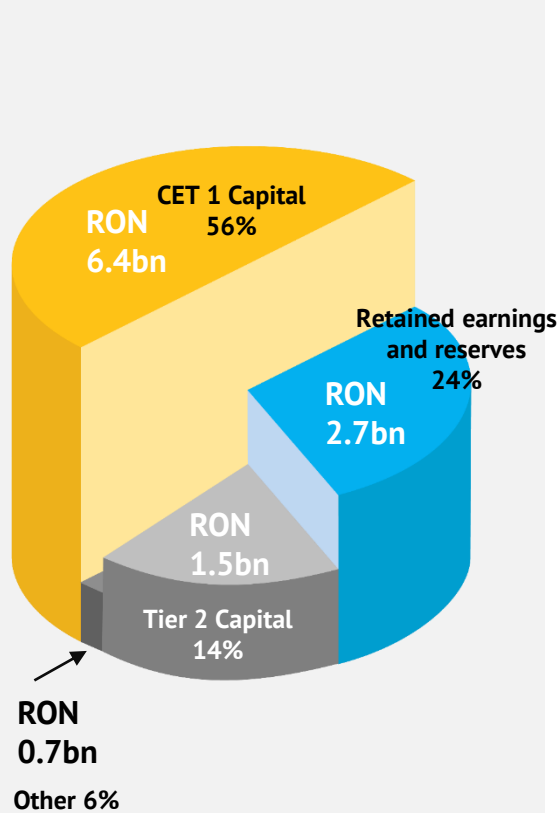
4. Capital

5. Sustainability

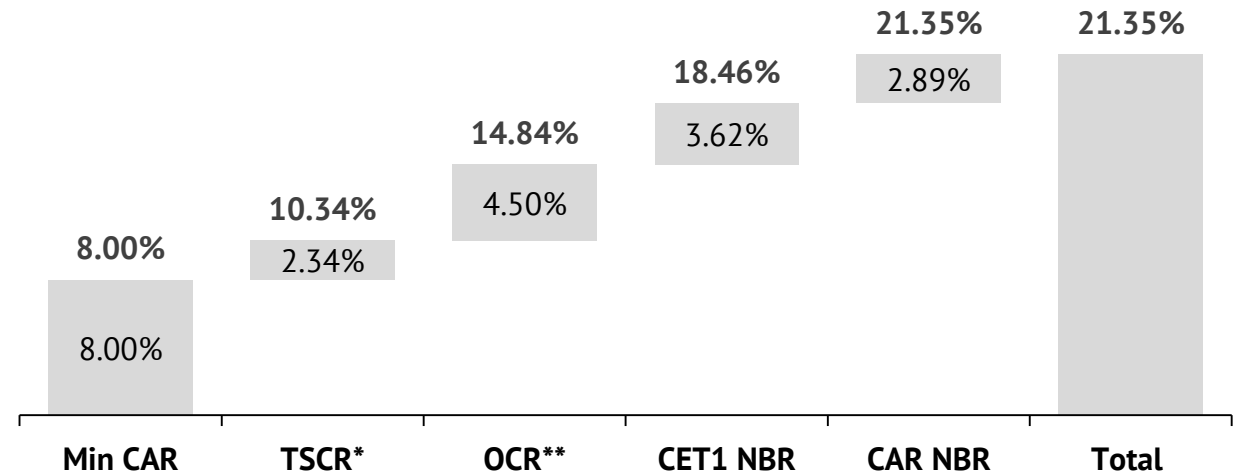
6. Appendix

Resilient solvency levels able to support growth and market opportunities

Structure of own funds: RON 11.4 billion
(Q3 2021 profit excluded; H1 2021 profit capitalized)



Banca Transilvania has adequate quantity and quality of regulatory capital



NBR computation framework

Profit excluded (vs. slide 13)

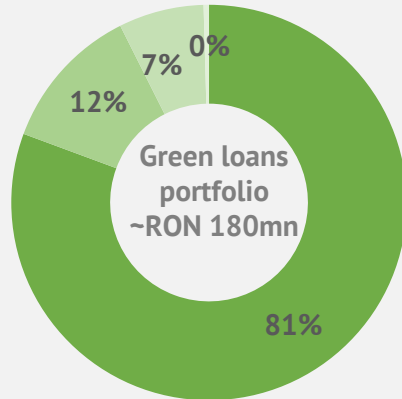
*TSCR includes Min CAR and additional requirements as regulated by NBR

**OCR includes TCSR and capital buffers (conservation buffer plus the higher of O-SII buffer and systemic risk buffer)



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BT's efforts for more sustainable finance



- Renewable energy
- Energetic efficiency
- Transport
- Adapting to climate change

Responsible financing:

- Environmental friendly related exposures of BT as of September 2021 are:
 - ✓ Connected to the EEEF program under which RON 236mn have been disbursed;
 - ✓ RON 150mn outstanding loans for BERD green, a retail dedicated program;
- Green real estate-mortgage loans, launched at end of 2020, reached a balance of RON 544mn;
- Half of BT branches granted at least one green loan in 2021;
- Green loans from own sources amounting to RON 180mn and contributed to a reduction of 540,661 tCO₂e/year;

equivalent emissions of CO₂ from:



60,837,290
gallons of gasoline
consumed

source: epa.gov



117,583
passenger vehicles
driven for one year



65,108
homes' energy use
for one year



65,767,434,878
number of smartphones
charged

Embedding ESG into the bank's strategy:

- BT is currently developing an application to calculate the bank's own carbon footprint, under the Scope 1 (GHG emissions from direct combustion of energy sources) and Scope 2 (GHG emissions from indirect energy use), being in the stage of collecting data from a pilot branch;
- BT is committed to environmental sustainability, having dedicated E&S staff and green lending products;
- BT aims to transform the portfolio of newly issued cards into an eco-friendly one, made from recycled materials, a transformation that means reducing the carbon footprint by 36% / card.



Total assets RON 113.4bn



Total assets RON 591mn



Total assets RON 1,366mn



AUM RON 5,147mn



Total assets RON 571mn



Total assets RON 598mn



AUM RON 118mn



Total assets RON 3,879mn





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ANNEX 1

Income statement, IFRS individual

RONmn	9M 2021	9M 2020	Δ
Net interest income	1,997.3	1,930.6	3.5%
Net fee and commission income	599.6	477.2	25.7%
Net trading income	312.9	215.7	45.1%
Other net income	322.0	262.4	22.7%
Operating income	3,231.7	2,885.9	12.0%
Personnel expenses	(854.9)	(701.4)	21.9%
D&A	(258.4)	(222.9)	15.9%
Other operating expenses	(413.1)	(381.6)	8.2%
Operating expenses	(1,526.3)	(1,305.9)	16.9%
Pre-provision operating profit	1,705.4	1,580.0	7.9%
Cost of risk	8.6	(542.1)	
Net income before taxation	1,714.1	1,037.9	65.2%
Income tax (expense)/revenue	(240.3)	(136.4)	76.2%
Net income	1,473.7	901.5	63.5%

ANNEX 1

Balance sheet, IFRS individual

RONmn	Sep/21	Dec/20	Δ
Cash & cash equivalents	18,539.3	20,978.6	-11.6%
Placements with banks	4,111.2	6,636.4	-38.1%
Loans to customers, net	44,991.3	40,363.9	11.5%
T-bills & securities	42,632.5	32,401.0	31.6%
Fixed assets	923.1	887.7	4.0%
Right-of-use assets	644.6	708.5	-9.0%
Investments in associates	512.8	499.7	2.6%
Current tax assets	0.0	8.6	
Deferred tax assets	62.0	0.0	
Other financial assets	903.6	761.1	18.7%
Other non-financial assets	96.1	109.5	-12.2%
Total assets	113,416.8	103,355.0	9.7%
Deposits from banks	637.6	311.8	104.5%
Deposits from customers	96,622.2	88,297.1	9.4%
Loans from banks and FIs	1,152.5	1,176.1	-2.0%
Subordinated loan	1,719.1	1,664.5	3.3%
Current tax liabilities	151.2	0.0	
Deferred tax liabilities	0.0	85.7	
Provisions for other risks and charges	540.2	589.2	-8.3%
Financial liabilities from leasing contracts	654.6	709.3	-7.7%
Other financial liabilities	2,007.2	942.5	113.0%
Other non-financial liabilities	132.0	55.9	136.0%
Total liabilities	103,616.6	93,832.1	10.4%
Shareholders' equity	9,800.1	9,522.9	2.9%
Total liabilities and equity	113,416.8	103,355.0	9.7%

ANNEX 2

Income statement, IFRS consolidated

RONmn	9M 2021	9M 2020	Δ
Net interest income	2,267.2	2,175.1	4.2%
Net fee and commission income	701.4	560.1	25.2%
Net trading income	387.6	227.9	70.0%
Other net income	262.0	294.3	-11.0%
Operating income	3,618.2	3,257.5	11.1%
Personnel expenses	(962.9)	(797.4)	20.8%
D&A	(266.7)	(241.1)	10.6%
Other operating expenses	(487.3)	(450.5)	8.2%
Operating expenses	(1,716.9)	(1,489.0)	15.3%
Pre-provision operating profit	1,901.3	1,768.4	7.5%
Cost of risk	32.8	(557.5)	
Net income before taxation	1,934.1	1,210.9	59.7%
Income tax (expense)/revenue	(265.5)	(154.1)	72.3%
Net income	1,668.6	1,056.8	57.9%

ANNEX 2

Balance sheet, IFRS consolidated



RONmn	Sep/21	Dec/20	Δ
Cash & cash equivalents	19,624.5	22,133.2	-11.3%
Placements with banks	4,760.4	7,223.3	-34.1%
Loans to customers, net	46,809.2	42,120.3	11.1%
T-bills & securities	43,736.9	33,321.6	31.3%
Fixed assets	1,312.3	1,225.8	7.1%
Right-of-use assets	405.6	448.9	-9.6%
Investments in associates	1.8	1.5	21.2%
Current tax assets	0.0	9.7	
Deferred tax assets	94.2	0.0	
Other financial assets	1,047.6	860.1	21.8%
Other non-financial assets	120.6	148.2	-18.6%
Total assets	117,913.1	107,492.4	9.7%
Deposits from banks	646.5	318.9	102.7%
Deposits from customers	99,375.5	90,942.4	9.3%
Loans from banks and FIs	1,553.9	1,691.7	-8.1%
Subordinated loan	1,722.2	1,667.8	3.3%
Current tax liabilities	158.5	0.0	
Deferred tax liabilities	0.0	55.0	
Provisions for other risks and charges	566.8	616.0	-8.0%
Financial liabilities from leasing contracts	412.9	454.8	-9.2%
Other financial liabilities	2,421.5	1,245.1	94.5%
Other non-financial liabilities	160.5	86.4	85.9%
Total liabilities	107,018.2	97,078.0	10.2%
Shareholders' equity	10,462.1	10,021.3	4.4%
Non-controlling interest	432.8	393.1	10.1%
Total liabilities and equity	117,913.1	107,492.4	9.7%



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