



H1 2025

FINANCIAL **RESULTS**

Earnings Call Transcript

27th August 2025

SPEAKERS



ÖMER TETİK

Chief Executive Officer

Ömer Tetik is the CEO of Banca Transilvania since 2013 and under his leadership BT has become the largest bank in Romania and South-East Europe. He is a member of the Board of Directors of BT Capital Partners and he is a strong supporter of the Romanian capital market development. He has over 20 years of banking experience in Romania, Russia and Turkey.

He started his career at ATA Securities in Turkey (Izmir) and a year later moved to Istanbul to join the treasury team of Finansbank. In 1997 he moved to Russia taking the position of Treasury and Capital Markets Department Coordinator of Finansbank Moscow. He moved to Romania in 2000, when the same bank gave him a new assignment as Deputy Vice President. Ten years later he became Vice President and then CEO of Credit Europe Bank, formerly Finansbank.



GEORGE CĂLINESCU

Deputy Chief Executive Officer - Chief Financial Officer

George Călinescu has over 20 years of experience in banking and audit. As a member of the BT's team, since 2013, he is part of one of the youngest executive management teams from the Romanian banking system. In addition to the bank's financial team, he coordinates the data and information management at the level of Banca Transilvania Financial Group. His management style is based on supporting the coordinated team to achieve excellence.

He is a senior member of ACCA, one of the largest organizations of accounting experts worldwide. In 2019, he was named the best Chief Financial Officer in the relation with investors (BVB and AR&IR Gala).



CĂTĂLIN CARAGEA

Deputy Chief Executive Officer - Chief Risk Officer

Cătălin Caragea brings more than two decades of risk management experience to Banca Transilvania Group. He has worked in Romanian and international banks such as Raiffeisen Bank Romania, BCR and Erste Group Vienna.

At Banca Transilvania, he coordinates the risk management and compliance area, namely: integrated risk management, risk modelling, risk management and analysis of credit, market and liquidity risks, compliance, operational, including anti-fraud, information and technology security and business continuity.



AUREL BERNAT

Executive Director Financial Institutions & Investor Relations

Aurel Bernat has 20 years of experience in banking and asset management. He has been a member of the BT Team since 2005. Starting with 2007 until recently he held various positions within BT Asset Management, until 2017, when he became the CEO of the subsidiary.

He is the Executive Director Financial Institutions & Investor Relations at Banca Transilvania, overseeing the International Relations and Financial Institutions Department, the ESG Integration & Investor Relations Department, and the Macroeconomic Research Department. He is the Chairman of the BT Pensii (Pension fund) Board of Directors.

MODERATOR



DIANA MAZURCHIEVICI

Director ESG Integration and Investor Relations

Diana Mazurchievici has been part of the banking system since 2017. She is the Head of ESG Integration and Investor Relations at Banca Transilvania since 2022, responsible for overseeing ESG and sustainability initiatives, mergers and

acquisitions, and investor relations.

She is a member of ACCA and holds an Executive MBA from the Maastricht School of Management. With vast experience and a strong commitment to positive change, Diana Mazurchievici contributes to the success of Banca Transilvania's ESG initiatives.

H1 2025: FINANCIAL RESULTS

 **Play video**

 **Presentation**

OPERATOR

Ladies and Gentlemen, thank you for standing by. I am Konstantinos your Chorus Call operator. Welcome and thank you for joining the Banca Transilvania conference call to present and discuss the First Half 2025 Financial Results. At this time, I would like to turn the conference over to Mr. Ömer Tetik, CEO Mr. George Călinescu, Deputy CEO – CFO, Mr. Cătălin Caragea – Deputy CEO, Chief Risk Officer & Mr. Aurel Bernat – Executive Director Financial Institutions & Investor Relations

Mr. Tetik, you may now proceed.



ÖMER TETIK

Thank you for joining our earnings call. I hope you had a restful summer break and now returning to business or taking a brief moment to recharge. Romania experienced both a meteorologically and economically intense summer. After the establishment of the government, there were announcements about the changes to the fiscal code and new taxes have been introduced. Aurel will be giving you more insight on that. But indeed, these measures were necessary. We have already seen that two out of three rating agencies reacted, I would say, positively accepting both the needs and the direction of the changes. Definitely, the changes announced will create an environment where the burden will be shared by everyone, and it will not be an easy and quick fix. Therefore, we will not start seeing positive results immediately, at the end of this quarter or next quarter. But, on the other hand, the momentum is good. Also, as we always say, the banking system, especially Banca Transilvania, as the leader of the Romanian banking sector, is ready to support the continued growth, as we have done during the last years, and support it with liquidity, lending and different products for the much-needed investments.

We have also a brief update in this presentation about the EU-wide stress test led by EBA, where we had very good, strong results. It was the first experience for us but the outcome is confirming that in terms of capital planning and in terms of liquidity, BT is on the right track. This encourages us also for our future growth plans. Cătălin will provide more details on this topic as well.

We think that the first semester results' of BT are quite robust, above the banking sector average, although we had a slower first quarter, January to March, where our focus was on the integration of OTP and also our bottom line was impacted by some one-off events which impacted cost of risk and provisioning.

During the second quarter, we have seen very strong growth. We have seen accelerated growth of loans, both on retail and corporate side, while deposits started picking up. We are pleased to report a ROE still standing at 25% and a capital adequacy ratio well above the regulatory limits, but also above our, let's say, traditional standards.

Our assets' size has grown close to 16%, while the loan book, especially backed up by the OTP loans following the finalization of the integration process, but also by the high growth rates recorded in the second quarter, grew steadily. Therefore, we have posted an almost 28% growth on our net loans.

Our loan-to-deposit ratio is slightly, positively affected as OTP didn't have such high liquidity levels as we had. This fact is also bringing us to more normalized levels. We are also happy to see that, in a very competitive environment, in a very well-regulated environment on the fees and commissions side, our NFCI is still growing at a high pace, posting a double-digit growth of 12%. Thus, the customer packages we have developed alongside the subscription packages that we have been explaining over the last calls, are delivering the targeted returns.

I will now hand over to Aurel for further insights about the Romanian economy, about the fiscal changes which were already announced and that are already applicable. There are also more to discuss maybe about the second and third fiscal packages that will soon be announced. After the macro presentation, we will come back to the business growth section of the presentation. Thank you.



AUREL BERNAT

Thank you very much Ömer and welcome, everybody. I must start with the disclaimer that everything highlighted in blue in our presentation, represents key, insightful, information because this is the information on which we develop our future growth perspectives as a bank.

First of all, we continue to be the second largest economy in Central Eastern Europe after Poland, having this 19 million investor base or customer base in Romania. On the other hand, we have one of the fastest-growing economy throughout Europe despite the fact that on the short term, we encountered a slowdown during the last couple of months starting from 2024 and also during 2025.

In the first half of 2025, we have seen an increase in our GDP of 0.3%, on an unadjusted series, while with the seasonality adjustments, we have a growth of 1.4%. The third relevant information is the low debt-to-GDP level when compared to the European average. Even though the debt has increased during the last couple of years, it still remains well below 60% on the short run.

In terms of deficits and what we are seeing in the economy, we are still facing twin deficits, government deficit and trade deficit. In terms of government deficit for the first half of the year, we had similar results as in 2024, which might be considered as a good sign because for the remaining part of this year the impact of the fiscal measures implementation, starting with August onward, will be captured.

However, it's not only about the fiscal measures. We can also talk about the foreign direct investments, which had an increase compared to the previous period of 17%. Also, until the end of 2025, we'll have approximately EUR 3 billion extra revenues from the EU resilience funds. Going back to the trade deficit, it also shows some improvements, still on the deficit side, but growing at a slower pace, 10.7% this year compared with last year's 16% growth pace.

Inflation, it was more volatile during this year due to some obvious reasons, which I will detail further on. Nevertheless, at the end of April, we had a 4.9% inflation rate, and it increased to 6.6% year-over-year in July 2025

being mainly impacted by the cancellation of the price capping in the energy sector. Also, most probably during this year we'll see another spike in September and later on this year, of higher single digits, also due to some fiscal measures among which there is also the VAT impact.

In terms of wealth in the CEE region, this is also something that we presented to you in the previous meetings. We are closing the gap in terms of GDP per capita; we are currently at 78% from the European average. The dynamics of the GDP for the last 9 or 10 years put us also in a bold position, alongside Poland and other countries which have, let's say, a more positive impact from the financial investment side. The relatively lower debt-to-GDP ratios and the inflation, as I already mentioned, these are something that will also shape the future in a more positive manner.

For the banking sector, as an evolution, what we are seeing is that on both lending side and deposit side, the evolution was good. Usually, the growth is higher than the European average and so it remains for this first half of the year. On the corporate loans side, we saw an increase surpassing 8% in terms of lending. On the households' side, we talk about lower double digits growth rates reaching 10%.

On the deposits side, the pace of increase slowed down. Nevertheless, for the corporates, it's good that we are seeing a return in terms of increases following 2024. 2024 was a year of more standing-by-mood from their side, when most probably corporates were using their own cash at hand to make investments. Now we are seeing a more bullish market from this point of view.

Household deposits grew by 10.2% which is also a strong, robust, growth figure. We might add that during the last year, we had a positive impact on the overall investment funds activity and of the capital markets instruments usage in Romania. So, all these factors contribute to creating a quite strong willingness to increase deposits for both corporates and households.

The strong asset quality and the robust capital, you can see it as well presented on this slide. The NPL ratio at the RO banking system level is 2.81 and the Tier 1 stands at 21.4%,

which are relevant, reasonable and positive details of the sector.

In terms of competition, as you already saw in our earlier presentations as well, the top five players have approximately 70% market share. Banca Transilvania is at 22% market share, which includes also OTP. It still remains a very vivid market with a large number of banks, approximately 30 banks in the sector.

Key highlights, I won't be going through them all, just touching briefly. In terms of resilience, asset quality, buffers and profitability, at the banking sector level, you can see all the details on this slide. An extra information that it is extremely relevant, especially during these periods of time, is the sovereign rating, which was affirmed by S&P and Fitch during this summer. Romania maintained its investment grade, with a negative outlook.

On the other hand, it's good to know that the fiscal package was well received by investors and by the rating agencies. The first fiscal package, which was approved refers to the VAT, which was increased from 19% to 21%. It also impacted the reduced rates of VAT of 5% to 9%, which climbed to a unique level of 11%.

The turnover tax for banks was increased to 4% per year, in addition to the corporate income tax increase and the dividend tax which was increased to 16% from 10%. Regarding social and health insurance contributions, this impacts especially the pensioners, who will be paying these contributions for every pension which reaches the level of approximately EUR 600, RON 3,000 equivalent. Road tax as well was increased through the first fiscal package. Public expenditures for 2026 are also expected to be reduced and all details on this matter will come on the second fiscal package. All future fiscal packages aspects are currently in debate, so we won't be making official statements regarding any future fiscal package measures.

The estimated impact, nevertheless, for 2025, is comprised between 0.6%-1.1% of the GDP in terms of fiscal deficit correction, because it is applied only for half of this year. We estimate that these measures will have a much larger

impact during next year. First of all, we will be talking about 12 months and also, we'll be talking about some additional fiscal packages, fiscal packages that are on the table right now and somehow covered by the media.

Going now towards the business performance, George, you have the floor and thank you very much.



**GEORGE
CĂLINESCU**

Thank you very much, Aurel. So, diving into the business performance of the first half of the year, we can say that both the bank and the Group posted very good pre-provision operating profits. For the first time since we present this type of information, we put in the annex section of the presentation more information in terms of quarterly results because, as we mentioned in the first quarter, we think that the first quarter had some one-offs, related primarily to the integration with OTP.

Therefore, we wanted to separate the evolution in the first quarter, which you have seen before, versus the evolution in the second quarter which presents a more normalized view on the evolution of the bank and what we expect to happen in the next quarters, especially related to the fact that we see more revenues coming in and a decrease on the costs side because we don't have in the P&L costs related to the integration.

Coming back to the overall evolution at the level of the first half of the year, as I mentioned, pre-provision operating profits increased year-on-year by 15.8% at the level of the consolidated results and by 14% at the level of the individual results. This is driven primarily by a robust growth in terms of net interest income, net fees and commissions income and by a very tight control over operating expenses, as you will see it detailed in the following slides of the presentation.

From the analysis point of view, we can see that the growth in net interest income at the level of the first half of the year, at the consolidated level, reached 25.3%, which is higher compared to last year's growth for the same period, where we had a 23% increase. At the level of individual

results, net interest income increased by 19.4%. From the point of view of net fees and commissions income, we have an increase of 14% at the level of consolidated results and of 12% at the level of individual results. The 14% increase recorded during this year is very similar to the one reported last year, whereas from the point of view of individual results' growth rate we have a slower increase this year, of 12%, versus 15% last year in terms of net fees and commissions income.

From the point of view of operating expenses, we have an increase at the level of the bank of 15.5%. At consolidated level we talk about 22.9% increase YoY. We'll go into more detail in the next slides. I want to mention that if you look at the information that we presented in the Annexes section of this presentation, you will see that in the second quarter of the year, while revenues increased quite nicely, both at consolidated and at an individual level, costs are decreasing quarter-on-quarter.

On the other hand, we see the synergies on the cost side being reflected and represented in the P&L, and that will follow on in the next quarters. In terms of cost-to-income ratio, the bank presents a cost-to-income ratio overall, including the tax-on-turnover, around 45% at the individual level and 47.9% at the Group level.

Without this turnover tax, our cost to income ratio would have been less than 42% at the individual level. This is a level which is significantly below the average of the Romanian banking system, which has a C/I ratio above 51%.

Overall, in terms of asset quality, cost of risk was 0.84%. We do have an increase versus the same period of last year, but this is driven primarily, as we mentioned in the first quarter, by some one-offs that were reflected in the first 3 months. I'm sure Cătălin will go a bit more into details in the Risk part of the presentation.

What I want to point out is that the bank continues to have an NPL ratio that is substantially below the system's average, with 2.6% whereas you've seen in the previous pages, presented by Aurel that the system has an average

of 2.81% NPL ratio.

From the profitability point of view, as I mentioned, the net profit reached RON1.77 billion on an individual level, a small decrease versus the same period of last year, driven primarily by provisions expenses, which were higher in the first part of the year than in the same period of last year.

While at the level of the consolidated results the net profit reached almost RON2 billion, we are less than what we had for the same period of last year. But then again, in the first half of the previous year, we did have some one-offs related to the fact that we closed the deal with BCR Chisinau. And that presented some bargaining gain that was booked in the first part of the year 2024.

Overall, if we move to the balance sheet evolution, assets increased at an individual level by 6.2% to almost RON 196 billion, and by 0.5% at a consolidated level. Loans increased, year-to-date, at the individual level, by 18% driven primarily by the inclusion of the OTP exposures. However, we have also strong organic growth rates at the individual level in the first half of the year.

Moving on to the consolidated results, consolidated results have grown by 5% in terms of gross loans while in terms of deposits from customers we have a 5% increase at individual level and a slight decrease at the level of the consolidated results. Thus, deposits reached RON 158.5 billion at individual level, and RON 164.4 billion at consolidated results.

We do see an improvement in terms of gross loan-to-deposit ratio, as we were mentioning in the intro of this videoconference, individual level increasing by 7 percentage points to 64% YTD while, at the level of the consolidated results, the improvement is of 4.3%, to a rate of 65.09% gross LTD. This is primarily due to the acquisition of the OTP business.

In terms of capital, we posted very good capital ratios, above the minimum requirements. I will not go into details because Cătălin has dedicated slides on this topic in the next part of the presentation.

Allow me to go a little bit more into detail in terms of income and expenses, both at individual and at Group level and will start with the trends in terms of income.

Regarding the net interest income, at consolidated level, we reached almost RON 4 billion during the first six months of the year. This represents a 25.3% increase versus the same period of last year, as I was mentioning a little bit earlier. If you look at the income structure, at the individual level, net interest income reached nearly RON 3.2 billion, a 19.4% increase versus the same period of last year.

We do have a strong net interest income evolution. If you look at the margins, both at individual and also at Group level, with 3.45% and 3.95% Net Interest Margin, we are well above the 300 basis points that we are mentioning as an absolute minimum target for the next period.

You will see that the bank was able to maintain this level irrespective of the fluctuations of the reference interest rate being it ECB or NBR. Net interest income is also the largest contributor to overall income in the bank with 70.4% contribution at the level of the bank and 73.3% at Group level.

If you look at the next line that has grown nicely that is the net fees and commission income. As I mentioned before, these two items were the main contributors to the revenue streams during this period. We do have increased the NFI, both at individual and at Group level, and this is driven primarily on the one hand by the increase of the number of transactions that we have from the current customers and on the other hand also by the fact that we have an increase in the number of new customers onboarded. During the first half of the year, there was an increase of 40,000 clients at the level of the bank/month, both retail and corporates. We therefore recorded a double digit increase in terms of NFI, 12% at the level of individual results and 14% at the level of consolidated results.

In terms of the other components of the income structure, net trading income, both at individual and consolidated level is growing nicely, driven primarily by FX transactions. This good evolution was driven by the, let's say, volatility in

terms of FX rate, foreign exchange rate, volatility which allowed us to have very good revenues in the first half of the year.

Then, in terms of net gains or losses from financial assets, this line is primarily driven by the valuation of the fair value through OCI. And here, we have lower results than last year, on the background of the volatility related to interest rates in the first part of the year. We have recorded a level of RON 100 million at the level of the bank and RON 96 million at the level of the consolidated results.

In terms of trends in operating expenses, the biggest contributor to operating expenses both at the bank and at the Group level are the personnel expenses.

Here, I would like to mention that in terms of personnel expenses, we see some increases in the first part of the year, 13.9% at the level of the bank and 16.4% at the level of the Group. Part of it is related to the new staff coming from OTP. Later on, you will see more details related to the OTP integration in terms of its contribution to the overall balance sheet and P&L KPIs on the bank level. If you take a look at the appendix where we presented quarter-on-quarter analysis, you will see that staff expenses in the second quarter of the year versus the first quarter of the year are presenting a decreasing evolution meaning that we did have some one-offs related to staff expenses in the first quarter of the year. We have nearly 10% QoQ decrease at the BT level and 12% QoQ decrease at the level of the Group.

Other operating expenses is the second main contributor in terms of operating expenses. Here, we include also the tax on turnover which is the biggest single item that is presented in this category of expenses, amounting to RON 160 million at the level of the bank as of June. On the other operating expenses line, we have recorded an increase of 20% YoY and a 35% YoY increase at the Group level. Again, main type of costs that we have here, excepting the tax on turnover, are related to the fact that we did have some maintenance costs, preparation of the network and costs related to the rebranding and integration of the OTP units in the BT Group and also some marketing and sponsorship

expenses related to the activity in the first half of the year. Overall, if you take a look on a quarter-on-quarter basis, these expenses decreased by almost 5% in the second quarter versus the first quarter, both at Group and individual level, reflecting the fact that we did have one-offs in the first part of the year.

As I was mentioning, if you take a look at the overall individual level quarter-on-quarter, the increase in revenues is of 13%, whereas in term of expenses there is actually a decrease of 0.8%. At Group level, the revenues increased by 5%, whereas expenses decreased by 5%.

If you take a look at the staff efficiency, we've put here an analysis comparing the number of staff increases in the last five years and a half to the growth of assets. You see that, whereas the number of staff increased by 24%, the assets increased by 52.4% over the last 5 years and a half, reflecting an increased efficiency of the staff that we use at the level of the organization.

In terms of cost-to-income ratio, as I was mentioning a little bit earlier, if you eliminate the turnover tax, this ratio stands at 41.7% at the level of the bank. Including the turnover tax, we have comfortable levels below the market average, with 45% and 48% at the individual and Group level, respectively.

As I mentioned, I will go a little bit more into details on OTP when we talk about the Group. But for now, I will let Ömer continue with the business evolution.



ÖMER TETİK

Thank you. As I said, the first quarter, was more focused on the OTP integration, which was performed in a record time even for us and we do usually work fast on our integrations. That impacted also a bit of our business growth. But in the second quarter, we have well recovered.

Our total loan growth for the first semester stands at around 18%. If we exclude the OTP contribution, we still have a 7.4% organic growth in retail banking and also a 5.2% organic growth in corporate banking. We are well above the banking sector average on both business

segments and also a definitely higher growth compared to the GDP growth. We are always mentioning this and also the fact that in Romania, financial inclusion, the banking sectors weight in the total GDP is low. We consequently see good potential of growth even in a slow growing environment.

In total, loan growth amounted to around RON 15.5 billion year-to-date. If you take OTP integration effects out, it's around RON 5.2 billion, nearly EUR 1 billion. We have seen an increase in retail loans from our customers, especially in the second quarter, and this increased interest is continuing. Without being able to give you numbers before September call, we can tell that things are looking good. We are also comfortable seeing that our portfolio growth also offers a quite balanced approach and kind of a hedged environment, with 65% of our retail loans bearing a floating rate and 93% of our corporate loans bearing a floating rate with the currency distribution between loans and deposits also quite well distributed.

Our deposit base continues to grow. In the first semester, we knew the amount of deposits which will come from OTP, so we weren't aggressive in terms of pricing and with our very comfortable liquidity ratios, therefore we do not anticipate a high pressure on ourselves to increase interest rates. Hence, without OTP, our deposits have been almost flat in the first semester, which, as we mentioned, helped us improve our loan-to-deposit ratio towards 64%.

One thing that we also enjoy seeing is that our current accounts and savings accounts have reached in retail banking 43%. These are source of funding, we consider it our core funding, part of our core funding at zero or very low interest rates, regardless of the interest environment or monetary policy. This gives us a very cheap funding possibility.

In Retail Banking, we had RON 7.1 billion in new production. This is organic growth. Out of the new loans granted around 47% were mortgage loans and 53% were consumer loans with short-term maturities. During the first six months of 2025, 11,000 households have purchased a new house, a new home, with loans from BT. We also see that the trend,

the demand, is quite visible also in the third quarter. We see the robust growth of our active customers, growth in the no. of cards and payments - a business segment where we are, by far, market leader and where we are investing a lot. We also see that our retail customers prefer more and more using our products, be it cards or online applications.

In Corporate Banking, our focus on healthcare, agriculture, and infrastructure investments continues. We had RON 9.7 billion new production during this semester. There are also government-led programs like Prima Casa, the Farmers credit, Women entrepreneur, which will start soon. While we are taking an active role in all these programs, our large corporate business and our mid-corporate business are also active creditors of the investments in infrastructure and investments in Romania.

I will switch to Cătălin for the Risk part of the presentation. We have seen some questions already in the platform with regard to the business growth or potential of the business growth. I will come back to that on the Q&A. Thank you!



**CĂTĂLIN
CARAGEA**

Thank you, Ömer. Going on this first slide, we will start with the capital position of the Group. We can observe that the figures are aligned to our stated targets. We are able to happily maintain the capital adequacy ratio above the targeted level of 20%, which is also including a more than comfortable buffer on top of the minimum regulatory requirement, which is for the Group is at the level of 17.84%.

We can also highlight the very high loss absorbing composition of the owned funds. If you are looking to the bottom left side of the slide, you will also observe that, as of June 25, we increased the share of Tier 1 own funds through the inclusion of the half year profit.

This also concluded in an increase in the available capital upwards to 19.5%, at Group level. If we are looking at BT stand-alone level it reached 17.8%.

What we would also like to highlight, is the RWA density, which on credit risk slightly increased in 2025. We would like to mention here that this is due to the fading out of the regulatory transitional provisions, namely we are talking about the euro-denominated sovereign exposures, which in 2024 benefited from a zero risk rate, and, starting with 2025 and sequentially for the upcoming years, these transitional provisions will fade out, up to the regulated levels of the Romanian state, RWAs or risk rates.

This being said, we can move forward to the asset quality. We can see in 2025, indeed, a slight increase in the NPL ratio. However, on the positive side, we can also see that because - for this time in the slides we are showing also the market average - that BT continuously stays below the market average. As of June, the market average is at 2.8% in terms of NPLs, according to EBA definition, whereas the bank is at 2.65%.

The increase of NPLs from 2.07% at year-end up to 2.65% at June can be sliced, I would say, in three levels. The first impact, which is around half of the impact increase, is coming from the OTP integration – OTP coming, as I explained also in Q1 earnings call, with slightly worse portfolio quality than BT. This basically brought around between 20 and 30 basis points uplift in the NPL ratio.

Another significant share from this increase is due to the one-off effects from the first quarter, namely those corporate exposures where we encountered a default. The remaining part is the normal evolution of the portfolio that we have observed also during 2024.

In the second part of the first half, so basically during Q2, we observed a normalized NPL inflow. This was visible also in terms of risk cost, the risk cost going down from the 100-basis points level, which we have seen in Q1/2025, to 84-basis points stand-alone level and 89-Group level in H1/2025.

Basically, in the second part of the first half of the year, we saw a normalized evolution of the portfolio quality. I would say that this is also in line with the economic environment, nothing unexpected in this second part of the first half of

the year.

We can observe that we are keeping the same share of Stage 2 provisions and Stage 2 exposures. Of course, if you look in absolute terms, because the portfolio is growing, you might see an increase in the Stage 2 exposures in absolute terms. But this, I would say, is a normal evolution.

Going to liquidity and the MREL strategy, liquidity position proved to still be high. This you'll see also on the next slide. As always, we are above the market average with both ratios, LCR and NSFR. If we are looking to the loan-to-deposit ratio here, we are also seeing an improvement. We are seeing an improvement, like George said, because we consider that we had a LTD a little too low until now. Now, we are basically going slightly up. This is also due to the OTP integration in the bank, thus currently witnessing a 65% LTD.

On the MREL strategy, yes, comparing the requirements from December 2024 with June 2025 and looking specifically to the minimum requirement, we see that the minimum requirement for the Group increased from 30.1% to 31.7%. This is due to updates of the minimum levels imposed by the National Bank, mainly driven by the increase of the bank's size. This increase in MREL targets comes mainly from the buffers that the bank must hold, these buffers being strongly correlated with the size of the bank. So basically, it's true. Via a mathematical calculation, the bank must hold more eligible liabilities, so the minimum requirement is increased constantly. However, we are managing to keep our targeted buffer on top of the regulatory requirement. As mentioned, we have targeted a buffer of 50 basis points to be kept on a continuous basis as a capital management strategy.

Looking at the composition of the balance sheet and filtering this through the liquidity profile, this is the explanation for the high liquidity levels of BT given by both assets and liabilities. On the assets side, this is given by the highly liquid assets through the sovereign bonds and on the liability side this is due to our very good customer base and here, we are talking, of course, about the deposits.

As also Ömer mentioned at the beginning, BT went through a stress test exercise this year. In fact, we started at the end of last year, being the first Romanian bank, which is engaged in a EBA stress test exercise. I will give - before going in the figures, a bit of a few coordinates about this exercise. In general, this exercise is run at the European level every second year, and it's covering the largest European banks.

The exercise has some very strict and play vanilla methodological constraints. Here to mention the most important one being the static balance sheet, basically assuming that there are no business developments over the balance sheet of the bank or of the Group, and there are no strategic considerations when running the exercise. The exercise is run for a 3-year horizon and having as starting point a fixed point. In this exercise, the starting point was year-end 2024, and the horizon was 3 years. So basically, stress testing the balance sheet and the P&L of the banks until year-end 2027.

Another particularity for this year exercise was the fact that CRR3 was implemented and all the banks had to do a restatement of year-end figures, bringing them to a common denominator of CRR3. This being said, I would like to guide you a bit through the main figures and especially because Romania is a specific case. As I said at the beginning, BT was the first Romanian bank ever to participate in such test, so Romania was for the first time engaged in the exercise.

If you look, for example, on the EBA website where the countries are presented, you will see that the result per the country equals the result of BT because is the only participant from Romania. Of course, Romania not being a eurozone country, then you have some particularities corroborated with the fact that we have a particular balance sheet considering the sovereign bonds share in our assets. So, if we look to the figures and starting from the beginning, we are seeing that the starting point of the CET1 ratio, - just a short mention is that the exercise is looking solely to the CET1 ratio, from a capital perspective - we are starting with a 19.5% capital ratio, which in comparison with all the banks that have been participating

in this exercise, makes us part of the first quartile. Having such a high starting point in the capital ratio, it's attributable to two factors: one is the specificity of the Romanian sector and the other one is the fact that we are keeping high levels of CET1 because we have to also create buffers for the transitional effects, that I will explain immediately. So basically, if we are looking forward in the slide from left to right, we will see that we have a depletion, which, in comparison with other banks, is not very common. We have the transitional effect that we are showing here as a starting point, with a round up to 6% in the capital ratio. We'll have to phase out all the transitional effects that the bank benefited from in 2024 in the next years, and these are attributed to the sovereign exposures on two sides. One is the euro-denominated exposures, which will gradually increase the risk weight until 2027, and another effect is given by the reserves triggered by the fair valuation through other comprehensive income, which are going as an impact in the capital. So, if we exclude the transitional effect, then the starting point of BT becomes 13.6%. Now, looking solely and purely to the stress test impact the bank will encounter in this adverse scenario, which is quite a strict scenario, (I will give us a few coordinates: minus 4% in GDP depletion, the strongest impact, or 12% unemployment rate and also other effects, of course, assets - real estate assets pricing increase) we will see that BT registers in this adverse scenario, 139 basis points shock in the capital ratio. If we compare with the EU average, which was more than 300 basis points, we can see that BT balance sheet is showing a very strong resilience facing a severe economic downturn.

This being said, this was an experience for BT. Yes, we are looking forward for the next exercise, which will come in two years, where we are confident that we will still maintain our resilience in front of such severe macroeconomic shocks, which we hope that will not happen, of course.

Finally, on the risk presentation there are the credit ratings where we have no updates compared to the last quarter. However, we should mention that the rating agencies maintained their rating over BT standing with Moody's keeping the positive perspective and maintaining the rating that was confirmed in 2024 and Fitch maintaining our

investment grade, of course, with the adjustment on the outlook to negative, which is, as explained, linked to the sovereign rating. Thank you. Next is sustainability, Aurel you have the floor.



AUREL BERNAT

We had published our second Impact and Allocation Report in June, 40% to 60% of the sustainable proceeds attracted through the sustainable bonds' issuances went between green and social eligible projects and what is most important is that 100% of the proceeds, namely EUR 1.2 billion, were allocated to loans for eligible projects.

You have there the breakdown in case you are interested between green and social categories. On the other hand, we also made some computations regarding the impact for EUR 1 million lending also based on the green and social categories. We will let you read them and make computations, if necessary, both for the green and also for the social segments.

In terms of ESG reporting, in March 2025, we had our first Sustainability Statement, drawn up in accordance with the CSRD standards published. In June 2025, we had our fifth Sustainability Report published on our website.

Our main ESG targets can be seen in the lower left-hand side, what I would highlight here is our sectorial focus between agriculture and healthcare. We have more than 70,000 customers and market shares comprised between 27% and 41%, which makes us a leading bank in both areas.

In terms of ESG ratings, just a brief mentioning about them. Refinitiv places us among the top 6% companies worldwide, while FTSE Russell gave us a score above the average from the Romanian market and also from a worldwide sector perspective.

Going further to digital, Ömer, you have the floor.



ÖMER TETİK

Thank you. This year we are indeed in a transformation period because BT Pay and BT Go are our two main applications which will soon become also our only applications. We are very happy, based on the experience of BT Pay for our retail customers, that we can develop also BT Go.

These apps and our systems are developed for fulfilling the needs of our customers. BT Pay already reached 4.2 million active users, and we have more than 150 million transactions routed through the app in the first six months of this year.

BT Go, which is the mobile banking application, the wallet application, for companies, small-sized or big ones, already has more than 380,000 active users with more than 11 million transactions routed and the numbers are growing exponentially as we are switching from other applications to BT Go.

I would say that, as we mentioned many times, even today, in cards payments, mobile banking, we maintain our ambition to remain the leader and also the pioneer of the Romanian market, as we did with a couple of new products in the cards sector, be it the special cards for festivals or a joint cooperation with McLaren, launching the first McLaren branded cards in Romania.

Also, BT Go is becoming, from a payments and account management application, a partner for the businesses of our corporate customers, offering accounting services, invoice management services, new features being added as we speak in the app.

Moving on the Group companies' performance, we will be giving a brief snapshot about the most recent developments. Definitely, we are happy that our new investments arm, the former OTP Asset Management, now rebranded INNO Investments, is now fully functional. We have plans to develop INNO through investments, different alternative funds and develop our contribution to financial markets development.

BT Asset Management reached already over RON 7 billion

assets under management.

BT Capital Partners is the leader in brokerage services and intermediation in Romania. Our small boutique of investment banking became the investment bank of Romania already.

BT Mic, our micro lending company, has surpassed 35,000 customers and we are continuously offering not only lending products, but also consultancy to our micro customers, to the start-ups who want to start their journey through BT Mic.

BT Broker is one of our subsidiaries present in one of the most active business segments on the market that we are looking forward to developing, because we think that besides our bancassurance activity, which contributes a lot to our bottom line, brokerage activity, considering our customer base and subsidiary network, can be a huge opportunity.

At BT Pensii, we have finished the first phase of our integration with BRD Pensii. Now for the Pillar 2 business, we will continue our integration project. Assets under management already reached close to RON 700 million.

BT Leasing this year reached a monthly new production performance which, compared to 2008, 2009, would equal the historic annual new production performance. We see still a great growth opportunity in their business line, signing new partnerships with both customers and dealers or intermediaries.

Victoria Bank, our Moldovan subsidiary, operating in a small and challenged economy, still continues its growth. It is already part of SEPA. It offers different digital banking, mobile banking alternatives also inspired and supported by us. Also, we have finalized, the contractual part of the Microinvest acquisition, now expecting the authorities final answer on that, where we don't see much challenges, but definitely, it's a lot of bureaucracy going on there. I would let George say a few words about synergies. As I said, also there are some questions, and then we will switch to quick Q&A. Thank you.



**GEORGE
CĂLINESCU**

Thank you, Ömer. As I mentioned, we have put together this slide where we break down some synergies that we observed from the integration with OTP.

The main point that we want to highlight is the fact that with this portfolio that we transferred from OTP we have a more optimized balance sheet for the bank. We see that the loan-to-deposit ratio improved following the integration of OTP portfolio with 4 percentage points, additional to what BT sold organically in terms of loans in the first half of the year. If you see the ratio of loans and deposits between BT and OTP contribution, you see that actually, even though we transferred the same amount approximately in terms of loans and deposit at the merger date, while on the loans side, OTP contribution is 10% out of the total balance, on the deposits side, the OTP contribution remains at 5% out of the total balance at the end of June, reflecting the fact, as Ömer mentioned at the beginning of our discussion, we didn't chase the pricing on the OTP deposits and whatever liability was not priced according to our price strategy we didn't chase it, resulting in a small decrease in terms of the amounts that we're taking at the level of the merger.

This resulted in an improved weight in terms of loans into total assets by 5 percentage points.

Also, if you take a look on the revenues side, you see that we have a positive contribution in terms of interest income by almost 6%. OTP business improved the cost-to-income ratio by almost 1 percentage point when you look at what the cost-to-income ratio for the combined entity is versus what it would have been without this entity.

The bargaining gain added 1 percentage point to capital adequacy ratio because we could use it following the merger in terms of retained earnings available to be included in the capital of the bank.

Also, we have added 600 new colleagues that bring enhanced competencies at the level of the staff in the bank during 2025.

I will not go into more details. As said, we have the details of the financial results in the annexes, where we present

the bank and the Group quarter by quarter. As I mentioned, both the individual and consolidated balance sheet and P&L are presented in detail. I think we can move to Q&A.



**DIANA
MAZURCHIEVICI**

Hello everyone. First set of questions comes from Andreea Playoust from Mirova.

Can you provide a view on the expected impact on the performance of retail loans and the residential house market following the loss of purchasing power from higher taxes, lower income and public sector?

And the second question, please explain the evolution of the Stage 2 gross loans, which are growing both quarter-on-quarter and on a year-to-date basis.



ÖMER TETİK

Thank you, Diana. Thank you, Andrea. The impact is to be seen and calculated. But, as compared to 2008, 2009, we see the loan-to-deposit ratio at a different level. All the conversations about crisis or fiscal code changes, new taxes, potential restructurings have been quite active in the public space for the last couple of years, so we don't see a huge impact. When we speak about the decrease in the power of consumption of the retail customers, I guess there are more ways to see it, and we will probably soon see it because Romanians have been the largest spenders as per their disposable income, the largest spenders proportionally of their income, travelling abroad to vacations, buying luxury items etc. I guess that will be the first case and especially in the mortgage loans, we don't expect a big change. There might be some pressure on the cost of risk on the nonperforming loans formation, but we don't see this in terms of hikes. As Cătălin has been presenting also, our capital and liquidity ratios are quite comfortable to sustain that.

Coming back, also seeing some of the questions here, plus what we have presented, despite the one-offs in the first quarter and what may happen in the months ahead, we are still considering that the budget, which had been presented

and approved by the shareholders in April and is our target, we are comfortable that it will be delivered.

When we look at the business growth numbers and revenue numbers, we are comfortable that we will be delivering the figures with hard work, but still comfortably.

Coming back to the residential houses market. The market has been quite impacted by several things. First, it was the higher interest rates when mortgage loans were not very accessible, but then the high salary inflation, not only in BT or in banking, but all-around Romania and all sectors had been a supporting factor that the loans become accessible again, while interest rates have been decreasing.

Then with the new fiscal code changes, there is also some pressure on the VAT side, a couple of percentages, but still important. We have seen that transactions have been accelerated at the beginning of the summer. Now, when we look at the third quarter numbers and when we will be presenting them, numbers will still be solid. Still, we think that both the households and the market will adapt to the new conditions, to the new reality.

On the other hand, in the last couple of years, because of the salary inflation and due to the high demand, prices and margins have been increasing a lot for developers. I guess there will be more competition, although we might not see the same numbers as in the last couple of years. All in all, we see housing market quite active going forward, and we don't expect, considering the measures taken by the regulatory bodies, including National Bank of Romania - indebtedness ratios are quite low - so we don't see the risk of a big housing crisis that could hit the market through recoveries.



**DIANA
MAZURCHIEVICI**

Second set of questions comes from Cristian Petre for NN Pensii.

Can you make some comments on the OPEX increase and what are your expectations for the next quarters? What actions do you plan to take to control the increase? Why are the net fee and commissions growing much slower than interest income? And lastly, cost of risk, what is a reasonable level going forward?



**GEORGE
CĂLINESCU**

Thank you very much for the questions. So, in terms of operating expenses increases, we see a little bit of pressure in the second part of the year coming from the fiscal changes. But, even though we can quantify the effect of these fiscal changes quite well and the biggest one is related to the increase of the turnover tax, which doubles in the second part of the year starting with July, we do also see the fact that we managed to keep a tight control of the "other expenses" category, which during the first part of the year, a lot of them were related to the OTP integration, as I mentioned.

Adding up something that may seem unrelated, and I've seen a question that may come a little bit later in line, related to staff costs, the provisions for untaken holidays, is also related to the integration of OTP since we didn't take all holiday days last year because of the OTP integration project we had to finish. On the other hand, this year we don't have this situation anymore, which creates less pressure on the staff expenses at bank level.

Will we be able to recover fully the increases related to the fiscal changes? Almost, most probably due to cost control. But we expect also to have little bit more revenues than we budgeted, so overall the net result should be the same as we have budgeted and approved in the General shareholders meeting.

Moving on to the question "why net fees and commissions are growing much slower than interest income" here it's about synergies and is also related to the OTP integration. OTP integration had a quick and very well seen positive

impact in terms of net interest income because we took on these exposures that brought in interest income and, as I mentioned a little bit earlier, managed to improve the liabilities side also. Therefore, we had less expenses in terms of interest with the integrated portfolio.

However, in terms of NFCI, here, the work starts from this moment on, because we need to increase cross-sell on the clients that we have onboarded from OTP. This is something that will be ongoing in the next period where we will sell more products and have more transactions with the clients that we took over from the OTP business.



ÖMER TETİK

Let me take over a bit here. I mean, on the net fee and commission income, there is one fact related also to the EU and Romanian regulations where certain fees and commissions have been either limited or canceled. But on the other hand, as George was saying, there is also a bit of overlap. We are the main salaries and pensions paying bank in Romania.

This brings us zero or almost zero cost of funding in terms of current accounts and savings accounts. This is part of our value proposition to the customers: you bring your salary to us and you get a certain number of payments, certain services free of charge. So, looking item-by-item is not doing justice to the increase of our net fee and commission income. We see that, especially in comparison to our competitors, our net fee and commission income is still growing double-digits, while we see either limited or no growth in our competition, big or small banks.

We are although coming back to the way of asking, although it doesn't grow in the same pace or percentage as the net interest income, still we are very comfortable and also proud of the growth, and we are also committed to maintaining it further on.

For cost of risk, we have been discussing many times. I mean, what is the reasonable level of cost of risk for a bank in an emerging market, doing retail banking, SME banking, micro lending as well. So, normally, it should be well

justified a cost of risk even over 100 basis points.

Now, we see a bit of increase to 80, 85 basis points for our Group. But, even this level, if you look at our return on equity, at our profitability, is quite reasonable. I will ask Cătălin to add more on this topic.



**CĂTĂLIN
CARAGEA**

Just to add up a bit on the risk costs and on the Stage 2 loans because it was a question related to the Stage 2 loans. Starting with Stage 2 loans, if we are looking solely to the absolute levels of Stage 2 loans might be a bit misleading considering that we are constantly growing our loans portfolio. So that's why we are looking to the share of loans which are staying in Stage 2. So, if we are looking to the evolution of the Stage 2 loans' share, we don't see any, let's say, abnormal evolution. On the contrary, if we are comparing the share of Stage 2 loans for the bank 2 years ago, we are still below that level. Stage 2 it usually seen as an early warning signal, what we can say that we don't see anything worrying now when looking to the Stage 2 loans portfolio.

About risk costs, as Ömer said, yes, around 100 basis points should be the guidance in a market like ours. However, because most probably you are also looking to our budget, we will say that we are targeting for this year the range between 70 basis points and 100 basis points, of course, trying to look to the lower end of this range.



**DIANA
MAZURCHIEVICI**

Next set of questions comes from Daniela Mândru for Swiss Capital. Considering both the doubling of the turnover tax in the second half of 2025 and the higher-than-budgeted provisioning costs, where do you see the net profit at the individual level for 2025? And another one, what are your full year expectations for provisions in absolute terms?



ÖMER TETİK

Thank you, Daniela. Obviously, as I mentioned already, we are both committed and comfortable saying that the budgeted profit will be delivered because although we had some one-offs in the first quarter, we have also potential recoveries or adjustments in our provisions as well. So, we don't expect our provisioning or provisions expenses to grow exponentially. On the other hand, business growth in second quarter and so far during the third quarter is encouraging for us to say that we are going to deliver our budget as we have committed in front of our shareholders. Regarding the level of provisions, as we said, we are targeting to keep them within the budget, which is around RON 600 million.



**DIANA
MAZURCHIEVICI**

Next question comes from Dan Anghelache for Debtwire. Would you be able to provide the timeline for your plans about a USD potential issuance? Do you expect something throughout 2025?



ÖMER TETİK

Thank you, Dan. A U.S. dollar bond issuance is an idea that we are internally discussing quite often, but we don't have an established plan. We definitely have RON as an option, but also for us, the denomination is in euro, and it might be either expensive or difficult to use U.S. dollar proceeds. That's why we are looking for any bond issuance, especially now, at a more comfortable level, we are looking at the cost of converting hedging, cost of even doing the transaction with the partners. I mean, we have been doing issuances with different, very solid partners and investment banks. We will be very careful, mindful of the costs that we can incur also there. Also, the yield, the real cost, interest cost, coupon cost of the issuance, must all be taken into account. I cannot confirm anything because we don't have any date established. But also, I don't deny that, in the years ahead, not months ahead, but in the years ahead, we are also considering a potential U.S. dollars issuance.



**DIANA
MAZURCHIEVICI**

Last set of questions comes from Marian Mihalca from Evergent Investments. What was OTP's contribution to the quarterly net profit? And how is the third quarter shaping up so far?



ÖMER TETİK

I will take this one as well. You will see the numbers both in the presentation, but also George gave some insight. So, OTP net contribution was at around 3%. If you look at the net interest income it's around 6% contribution from OTP to net interest income. There are also synergies that we are definitely going to create with the customers that we acquired, with the other products that we can sell to them.

If the question would be, did the transaction turn out as you planned? the answer would be yes, the outcome so far is very good, without any bad surprises on the downside and hopefully, we will create good surprises on the upside as well.



**DIANA
MAZURCHIEVICI**

Last question from Evergent: how is the third quarter shaping up so far?



ÖMER TETİK

We will see how the third quarter is shaping up when we will announce our end of September results, in November. But, as already said, we are confident and the numbers are encouraging for us.



**DIANA
MAZURCHIEVICI**

There are no other questions. Thank you for connecting. I will hand over to Chorus Call for the closing statement.

OPERATOR

Ladies, and Gentlemen in the interest of time, please be informed that the Conference call is coming to an end, for any questions that might have not been answered, please contact the BT Investor Relations team. I will now turn the conference over to Management for any closing comments. Thank you.

Ladies and gentlemen, following the Conference Call, we would like to announce you that the Investor Relations team in Banca Transilvania will send you a short survey about the content and format of the Conference Call. Thank you for your input.

The Conference is now concluded, and you may disconnect your telephone. Thank you for calling and have a good afternoon.

H1 2025: FINANCIAL RESULTS

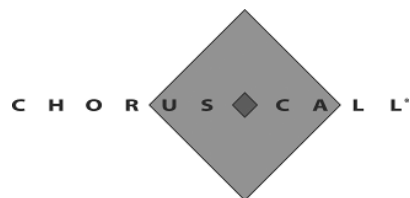


Press Release



Fact Sheet

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