



BANCA TRANSILVANIA Q1 Financial Results

A good sign of the economy's recovery

10th May 2021

**C
O
N
T
E
N
T
S**

Macroeconomic Landscape

BT's actions amid the pandemic

Financial Performance

Capital

Sustainability

+ Annexes

Disclaimer



The information contained in the present document has not been independently verified and no representation or warranty expressed or implied is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of this information or opinions contained herein.

Banca Transilvania cautions readers that no forward-looking statement that may be contained in the present document is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made, and Banca Transilvania undertakes no obligation to update publicly any of them in light of new information or future events.

None of Banca Transilvania or any of its affiliates, advisors or representatives shall have any liability for any loss howsoever arising from any use of this document or its content or otherwise arising in connection with this document.

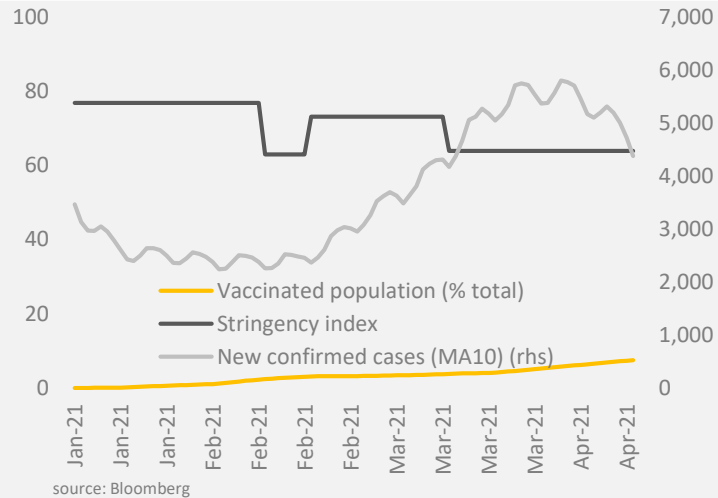
The present document does not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

Macroeconomic Landscape

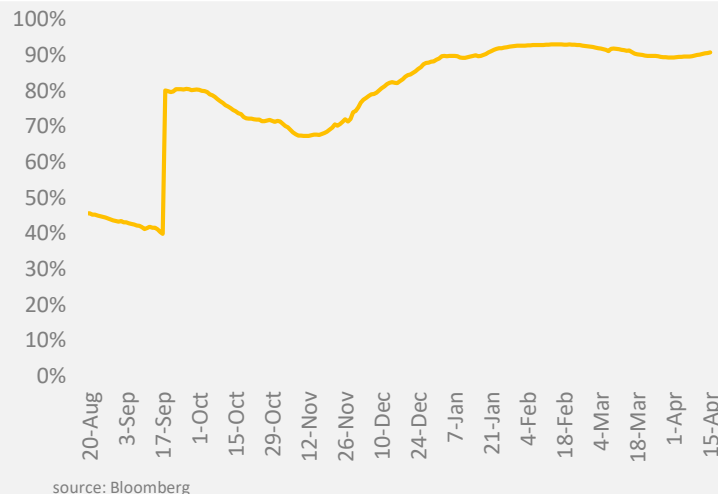
Macro developments

Health crisis

vaccination, stringency index and new confirmed cases (MA10)



COVID-19 released ratio (%)



The intensification of the pandemic in February and March determined the reintroduction of restrictions in Bucharest and other areas.

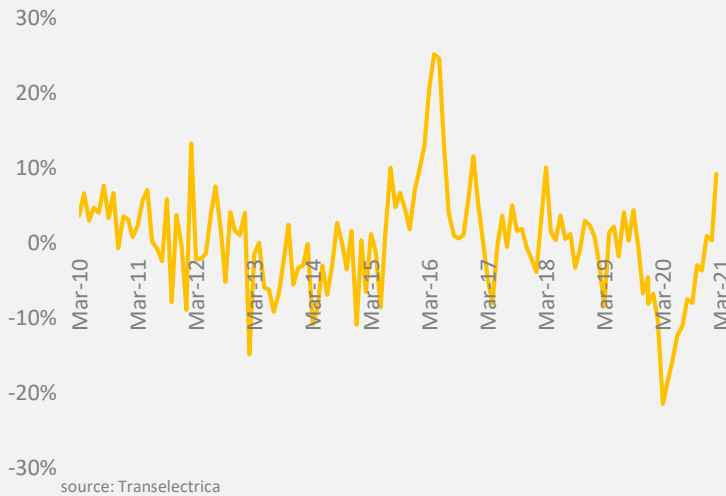
- The recent restrictions corroborated with the acceleration of the vaccination process (over 7.5% of the total population fully vaccinated) contributed to the change of the trend for the new confirmed COVID-19 cases at the beginning of April;
- Romania continues to perform better in terms of released ratio (above 90%) and vaccination campaign compared several other EU countries.

Macro developments

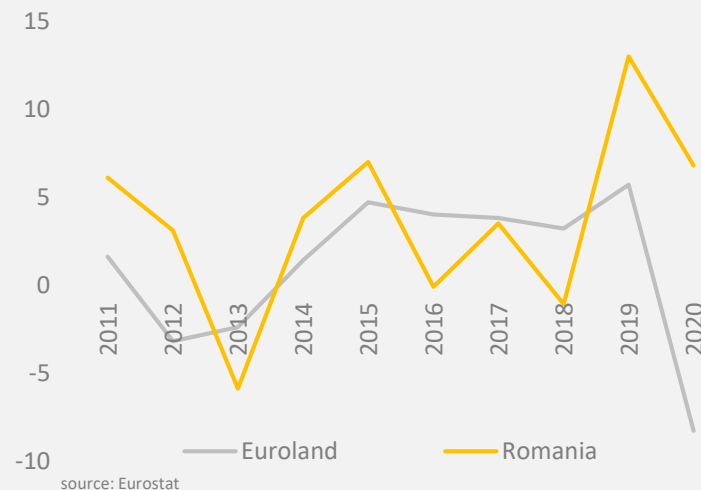
The recent macroeconomic dynamic confirms the entry of the real economy into a new cycle. The fixed investments increased strongly in 2020.

Real economy

energy consumption (% YoY)



fixed investments (% YoY)



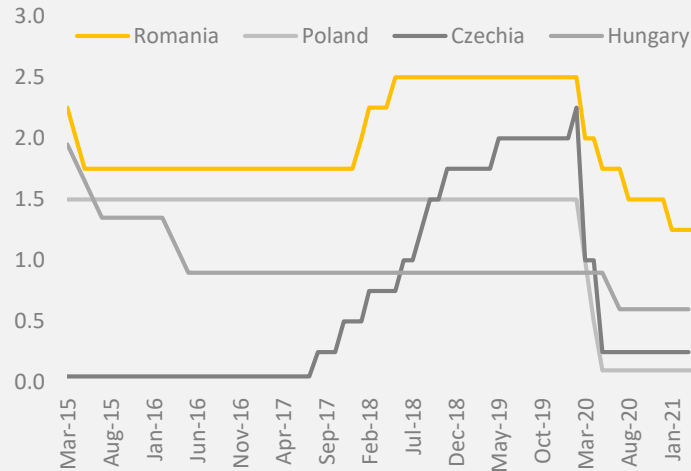
- The strong rebound of the energy consumption confirms the V-shaped scenario and offers positive prospects for the evolution of the GDP in the coming quarters;
- The second graph shows the increase of the fixed investments by 6.8% YoY in 2020, despite the high level of uncertainty in the context of the pandemic;
- In nominal terms the GDP contracted by only EUR 4.8bn in 2020;
- The recently updated forecasts of the IMF point to the increase of the GDP by 6% YoY in 2021 and 4.8% YoY in 2022.

Macro developments

The monetary policy might remain accommodative in the coming quarters. The EU funds absorption rate on an upward trend.

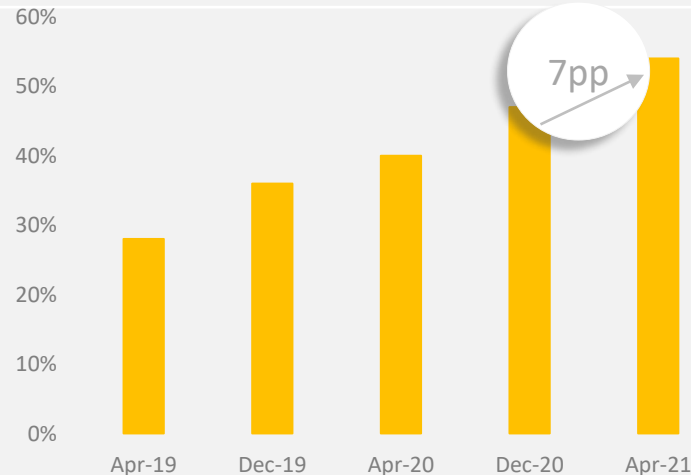
Policy-mix

monetary policy rate (%)



source: Bloomberg

EU funds absorption rate



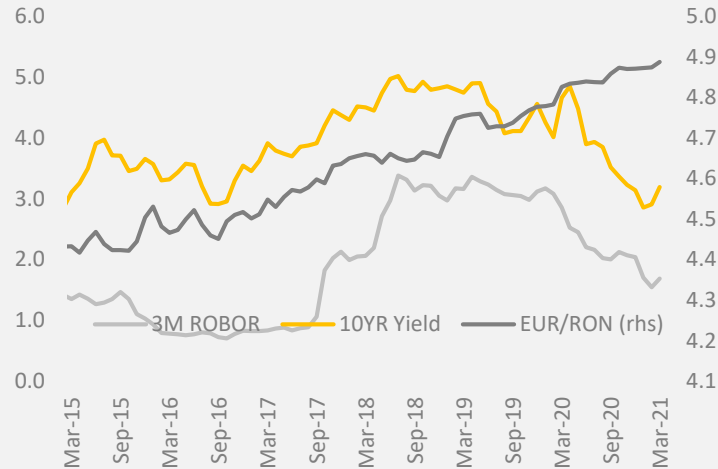
source: Eurostat

- NBR kept the policy rate at 1.25% (a record low level) in March, as the recent acceleration of inflation is transitory;
- Worth to mention that the monetary policy rate in Romania is higher compared with other countries in CEE (Poland, Hungary and Czech Republic);
- The central bank signalled flexibility in terms of inflation target and exchange rate in the future;
- The Government started a fiscal consolidation process, supported by the rebound of the real economy, the low level of the real financing costs and the positive prospects for the dynamics of the EU funds absorption rate (this indicator rose by 7pp in 1Q2021).

Macro developments

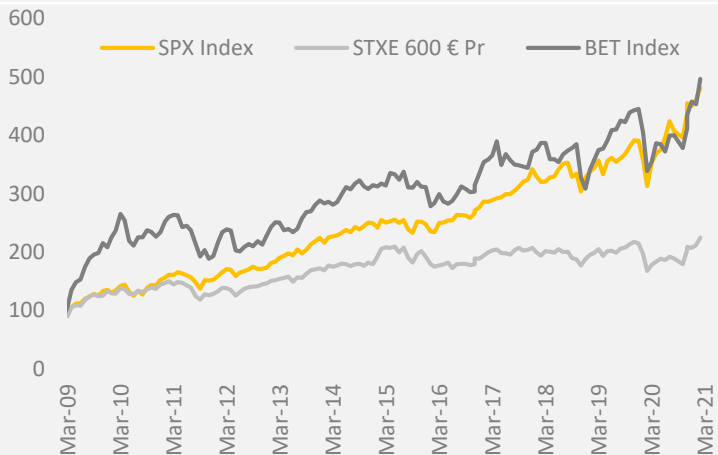
Financial economy

ROBOR (%), 10YR yield (%) and EUR/RON



source: Bloomberg

S&P 500, EuroStoxx 600 and BET Index (Jan 2009 = 100)



source: Bloomberg

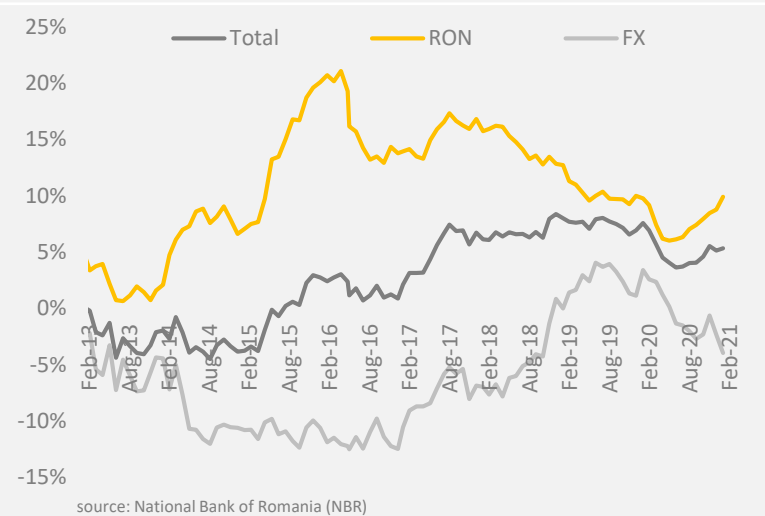
The financing costs changed the trend in Q1, after declining in the previous quarters. RON/EUR on a slight depreciation trend. BET index hit record high levels in March.

- The rebound of the economy and the acceleration of the inflation in Romania corroborated with the developments on the international financial markets determined the change of the trend for the interest rates in 1Q2021;
- The RON/EUR continued the depreciation trend (above 4.92 at present);
- The domestic stock market hit record high levels, an evolution supported by the optimism wave on the international financial markets and the positive prospects for the economy at the beginning of a new cycle.

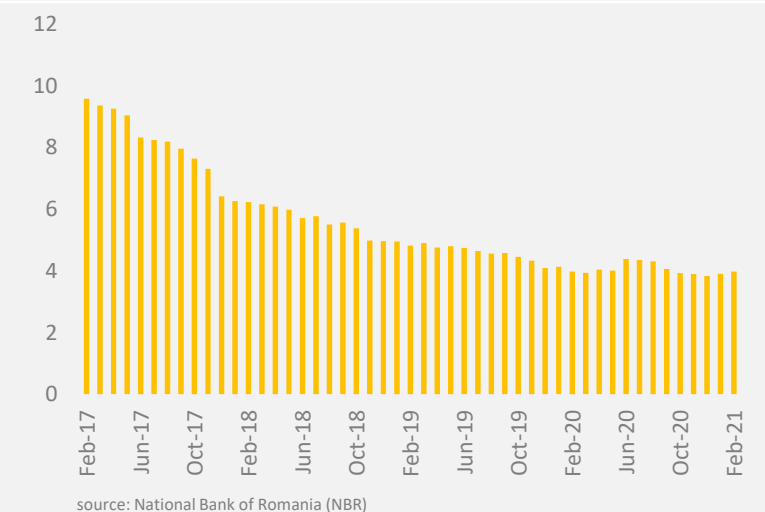
Banking sector dynamics

Loans

loans (YoY)



non-performing loans ratio (%)



The non-government loans continued the upward trend in 1Q, supported by the low level of the real financing costs. The non-performing loans ratio increased slightly , but maintained below 4% in February.

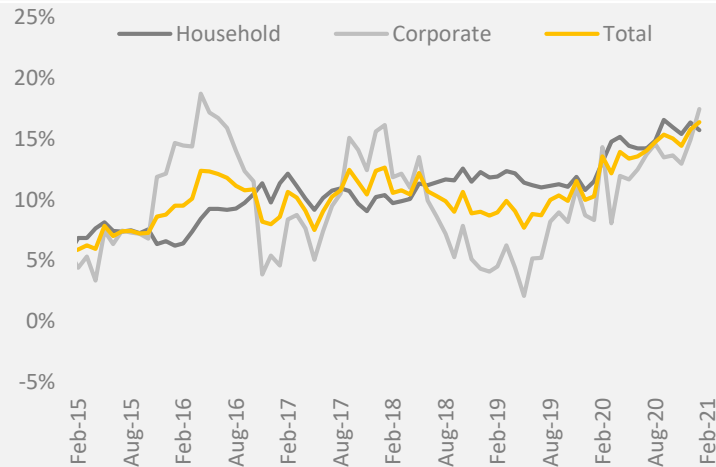
- The private loans rose for the ninth months in a row to RON 285.5bn (in February), a record high level;
- In YoY terms the pace accelerated from 5.1% in January to 5.3% in February – the increase of the RON loans by 9.9% counterbalanced the contraction of the FX segment by 3.9%;
- Household loans rose by 0.5% ytd to RON 150.6bn during January-February 2021: the increase of the housing loans by 1.3% ytd to RON 90.4bn counterbalanced the contraction of the consumer loans by 0.7% ytd to RON 58.4bn;
- The corporate loans climbed by 1.8% ytd to RON 134.9bn during 2M2021;
- The NPL ratio rose from 3.83% in December 2020 to 3.98% in February 2021.

Banking sector dynamics

The non-government deposits continued the upward trend in 1Q2021, the loans-to-deposits ratio continued the decline.

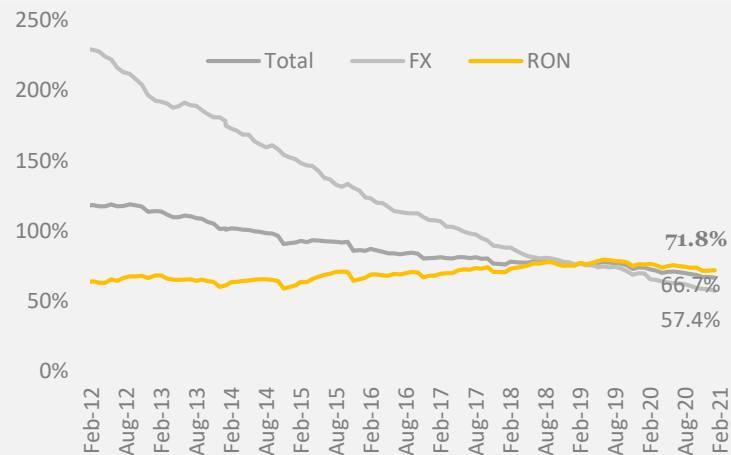
Deposits

deposits (YoY)



source: National Bank of Romania (NBR)

loans-to-deposits ratio



source: National Bank of Romania (NBR)

- The non-government deposits rose by 1.3% MoM and by 16.4% YoY to RON 427.8bn in February (a record high level);
- There can be noticed the advance of the FX deposits, by 1.8% MoM and by 16.8% YoY to RON 149.8bn, supported by the upward trend for the EUR/RON rate;
- The RON deposits rose by 1.1% MoM and by 16.2% YoY to RON 278bn;
- Household deposits increased by 2.3% ytd to RON 262.5bn during January-February, triggered by a combination of high savings rate and upward trend for the real wages;
- The corporate deposits inched up by 0.7% ytd to RON 165.3bn during 2M2021;
- The loans-to-deposits ratio declined to 66.7% in February (a record low level), with the following distribution: 71.8% the RON component and 57.4% the FX segment.

BT's actions amid the pandemic

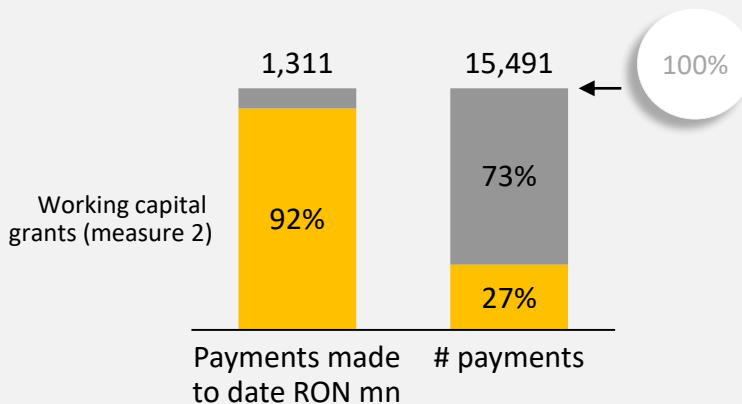
Government programs

Program	Guarantee Cap
IMM Invest	RON 14bn
Agro-IMM Invest	RON 1bn
IMM Leasing	RON 2bn
IMM Factor	RON 1bn
Noua Casa	RON 1.5bn

In addition to ongoing business, Banca Transilvania is an important partner in IMM Invest programs and Noua Casa for 2021:

- The methodological norms for the new IMM Invest programs were released in April 2021;
- Based on the eligibility criteria, Banca Transilvania was allocated 25% of the IMM Invest cap, allocation for the other 3 streams is currently in progress;
- Noua Casa: allocation performed based on prior year performance, Banca Transilvania being allocated with 19.3% of the program.

Grants



Government grants through BT accounts:

- The payment of grants from M1 - microgrants and M2 – working capital grants continued in Q1 2021, reaching RON 1.3 bn; The M3 - investment grants pillar is still inactive.

Public moratoria:

- Following the EOG 227/2020, which extended the public moratoria program option to end of March 2021, around 1,200 new customers (total net book value of RON 119mn) benefited from the postponement of the installments for a maximum of 9 months.

Accelerate digital initiatives and increase weight of digital channels

Proactive support

Solidarity

Ease of banking

Constant communication

Shift to digital

Care

Retail

- Launch of Alias Pay, a new alternative for money transfers between different banks via cell phone number;
- 12% increase (200k customers) in customers using BT's digital solutions: BT Pay, BT24, Neo, Apple Pay, Fitbit as compared with Dec-20, 61% of the total retail active clients;
- New BT Pay functionalities available starting with 1Q21: update of personal data directly in the app;
- BT Pay users: over 1.2 million, up by 12% vs. YE20.

Companies

- Full online onboarding via NeoContPJ;
- Full online opening of social capital current accounts;
- Online initiation of SME loans: up by 90% in 1Q21 vs. 4Q20;
- Digital solution for loan related documentation: up by 41%, in clients using the Fileshare in 1Q21 vs. 4Q20;
- Enhanced digital interaction via chatbots in WhatsApp, Facebook or Skype: no. of unique up by 27% vs. YE20;
- Virtual assistants: up by 20%.

Financial Performance

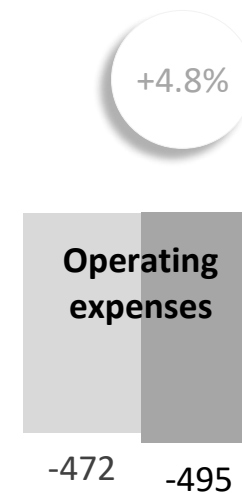
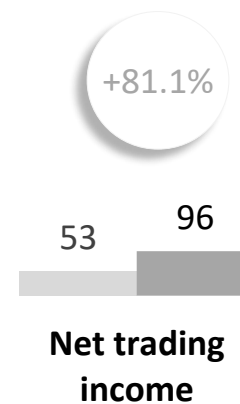
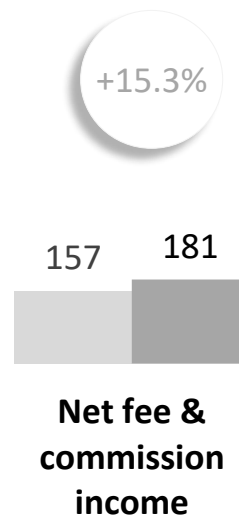
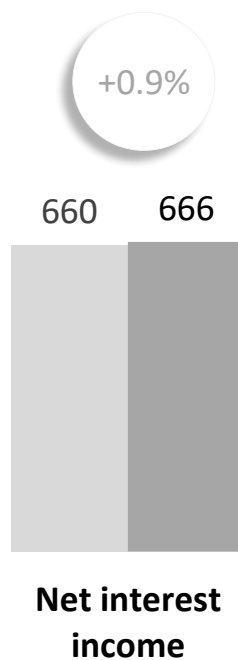
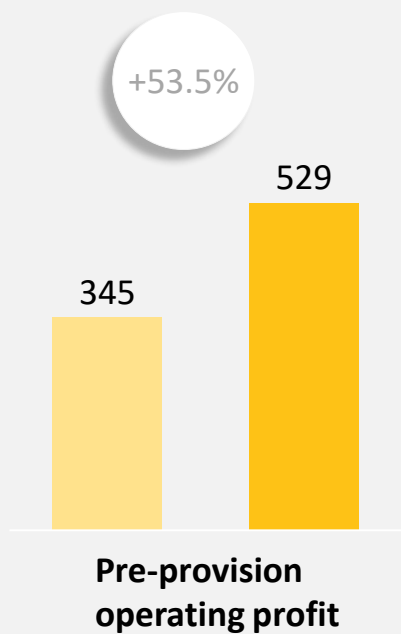
BT performance in 3M 2021



	INDIVIDUAL			CONSOLIDATED		
	3M 2021	3M 2020		3M 2021	3M 2020	
Profitability						
Net interest income, RONmn	665.9	660.1	0.9%	750.0	737.8	1.7%
Net fee and commission income, RONmn	181.3	157.3	15.3%	213.3	184.3	15.7%
Operating expenses, RONmn	(494.8)	(472.3)	4.8%	(553.5)	(533.0)	3.8%
Pre-provision operating profit, RONmn	528.7	344.5	53.5%	606.4	401.5	51.0%
Net profit, RONmn	581.3	261.0	122.7%	656.3	303.9	115.9%
EPS, RON				0.1031	0.0469	119.9%
Cost of risk, net	-1.29%	0.39%		-1.26%	0.47%	
NIM	2.60%	3.14%	-0.5 pp	2.83%	3.34%	-0.5 pp
ROE	25.69%	12.66%	13.0 pp	26.02%	13.91%	12.1pp
Cost-to-income ratio*	45.61%	54.34%	-8.7 pp	45.23%	53.94%	-8.7 pp
<i>* 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 48.35% for 3M 2021 and 57.83% for 3M 2020 (individual), respectively 47.72% for 3M 2021 and 57.04% for 3M 2020 (consolidated).</i>						
Credit activity	Mar/21	Dec/20		Mar/21	Dec/20	
Gross loans to customers, RONmn	44,514.4	43,554.0	2.2%	46,553.2	45,618.6	2.0%
Deposits from customers, RONmn	90,400.7	88,297.1	2.4%	93,185.2	90,942.4	2.5%
Gross loans-to-deposits ratio	49.24%	49.33%	-0.1 pp	49.96%	50.16%	-0.2 pp
NPL ratio	1.92%	2.00%	-0.1 pp			
Capital	Mar/21	Dec/20		Mar/21	Dec/20	
Total equity, RONmn	10,057.8	9,522.9	5.6%	11,025.3	10,414.4	5.9%
Tier 1 capital ratio (profit included)	20.72%	19.30%	7.4%	20.72%	18.37%	12.8%
Total capital ratio (profit included)	23.82%	22.24%	7.1%	22.62%	21.04%	7.5%

Trends in income structure

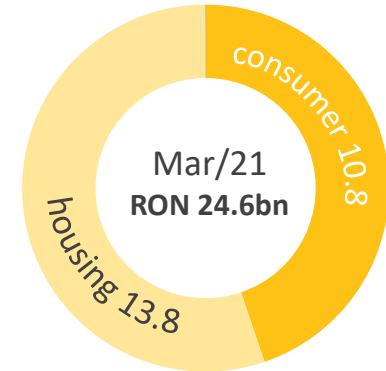
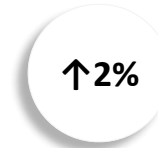
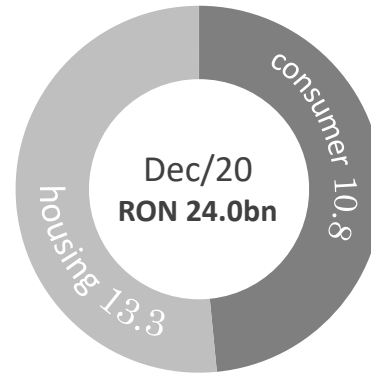
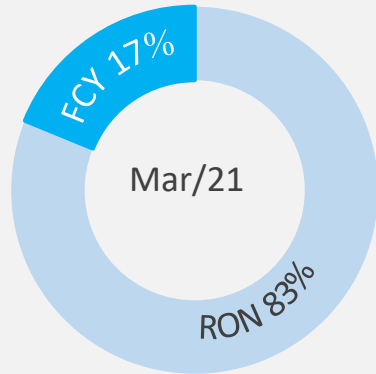
Q1 2021 vs. Q1 2020



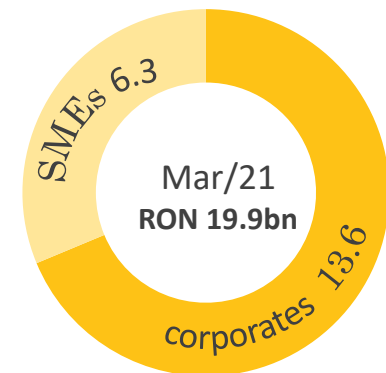
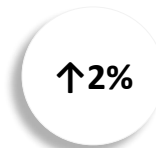
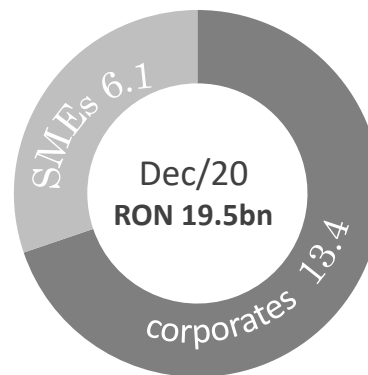
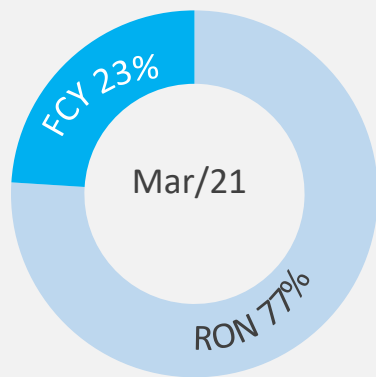
RONmn 16

Loan structure

Loans to households



Loans to companies



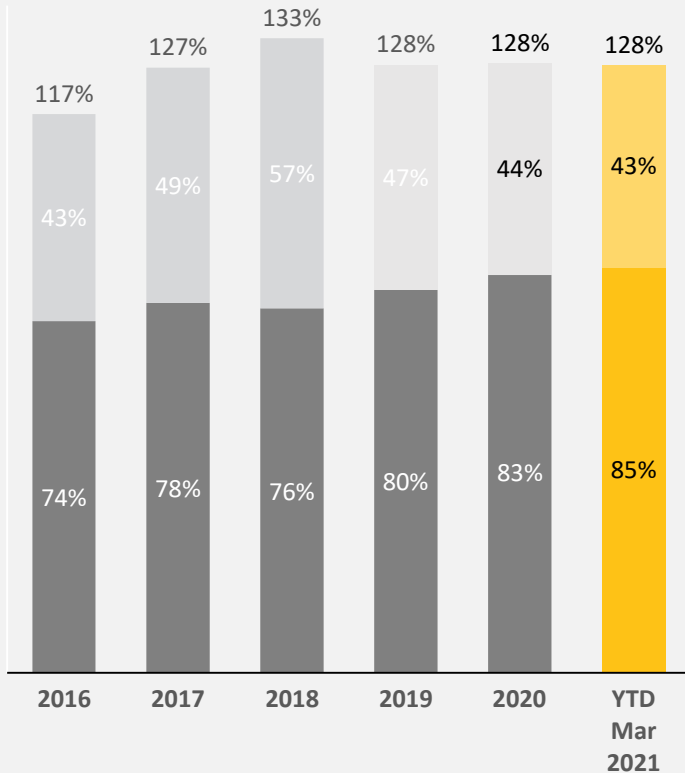
* SMEs identified according to internal classification rules

Loan quality



NPL (PAR90) ratio decreased to 1.92%, displaying low credit risk for BT

NPL coverage ratio



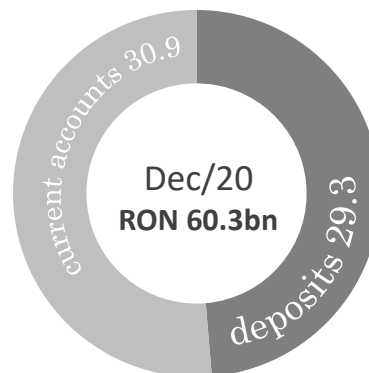
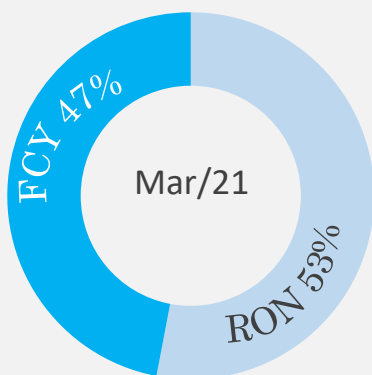
■ NPL coverage with mortgage collaterals
■ NPL coverage with provisions

- Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio;
- NPL coverage, including collaterals, remained stable at the beginning of the year, showing credit risk management under control.

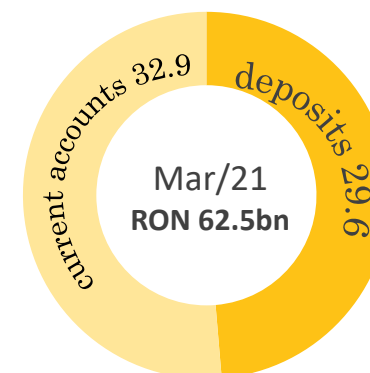
Deposit structure



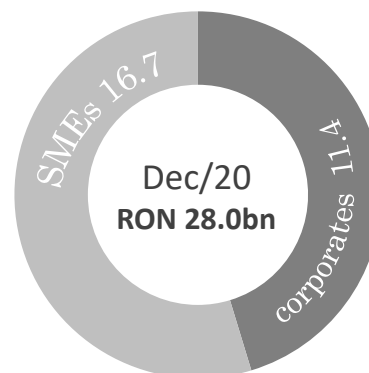
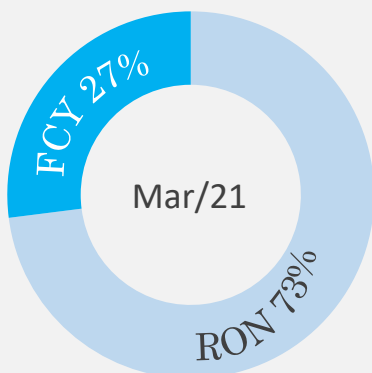
Deposits from households



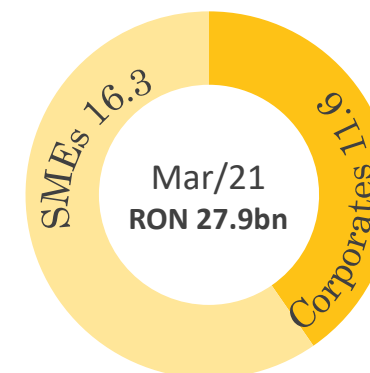
↑4%



Deposits from companies



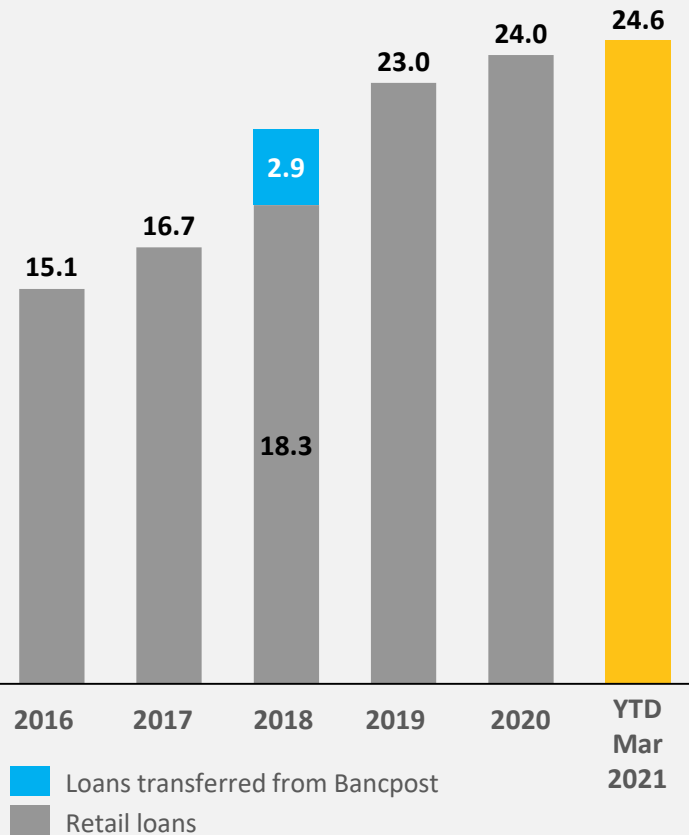
↓1%



* SMEs identified according to internal classification rules

Retail loan portfolio reached RON 24.6 bn at the end of Q1 2021

Retail loans, RONbn



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

- ~3.1 mn active clients;
- ~45,700 retail loans disbursed in Q1 2021, worth RON 1.8 bn, with mortgage loans representing the highest increase in both absolute and relative terms;
- BT has a national network consisting of 1,750 ATMs and over 74k POS terminals that serve over 4.4 mn active cards;
- Increasing interest for retail customers in alternative savings options (approx. 9% increase in BTAM clients) and alternative investing options (100% increase in the retail customers' volumes transacted via BTCP) as compared with EOY 2020.

Business lines: SME banking



SME (internal definition) loan portfolio at RON 6.3bn

SME loans, RONbn



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

- ~352,000 active clients
- SME segment is engaged in Government programs such as:
 - ✓ IMM Invest, the largest SME support program in Romania over the last 30 years. The BT's allocation of guarantees worth RON 3.5 bn to be disbursed starting with Q2 2021;
 - ✓ Agro – IMM Invest was launched as a subprogram of IMM Invest for companies in agribusiness, agriculture, fisheries, aquaculture and the food processing sector;
 - ✓ Government micro-grants and working-capital grants where payments in amount of RON 1.3 bn were made to date.

Business lines: Corporate banking



Corporate loan portfolio increased to RON 13.6bn

Corporate loans, RONbn



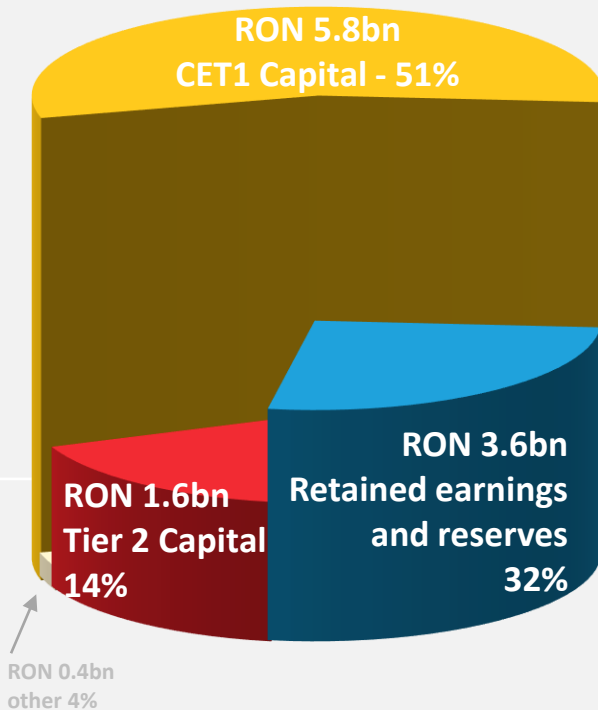
* Loans transferred from Bancpost include loans transferred during 2018, before integration

- ~10,600 active clients;
- 2% increase in loan portfolio in Q1 2021 vs EOY 2020, 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.

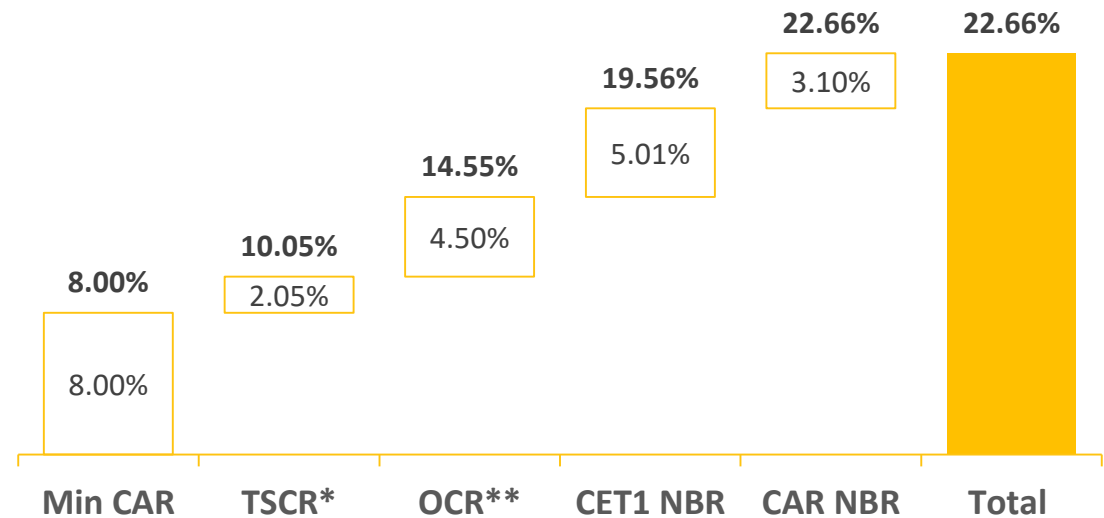
Capital

Comfortably capitalized and able to support lending activity

Banca Transilvania displays a comfortable structure of own funds and a robust capitalization



Structure of own funds
RON 11.4 billion
(3M 2021 profit excluded)



NBR computation framework

Profit related to Q1 2021 excluded (vs. slide 15)

**TCSR 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 Report 2019-2020

Global Reporting Initiative Standards



The GRI Sustainability Report discusses BT's approach beyond banking and our impact on the economy, society and the environment.

Stakeholders' priorities:

- ✓ Supporting Romanian entrepreneurs
- ✓ Developing "green" products
- ✓ Involvement in local communities
- ✓ Financial inclusion
- ✓ Low environmental impact

Banca Transilvania

Launch of **green real estate/mortgage loans** for purchase of superior energy performance real estate

≅ **RON364M**

The value of loans granted for real estate projects with **BREEM energy certification**

78.09%
77.31%

The share of **loans with low environmental and social risk** out of the number of loans in 2019 and 2020

BT Mic

43%

of BT Mic customers were companies where the majority of associates were women

21%

of BT Mic customers had an administrator under the age of 30

Healthcare Lending

≅ **RON107M**

The total portfolio value

20%

Increase in the **new loans production** during 2020 as compared with 2019

≅ **RON97M**

Granted to **doctors** through the **IMM Invest** program

Sustainability Report 2019-2020

Global Reporting Initiative Standards



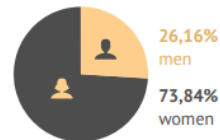
Material topics:

- ✓ Cybersecurity
- ✓ Personal data protection
- ✓ Digital innovation
- ✓ Sustainable management
- ✓ Training and education

Employees:

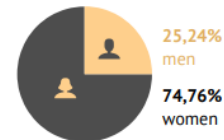
2019

9,240



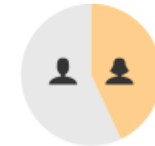
2020

9,623



42,9%

Proportion of **women** on the Leaders' Committee



~16

training hours offered to each employee, on average

In 2020 we developed and implemented the **Policy on Equal Opportunities and Treatment**

We maintained the recruitment rate:

≈ 70

New jobs/month

Total value of the community investment budget

2019

RON25M

2020

RON24M

Projects supported

2019

154

2020

105

2019

94.2%

Of total supplier expenditures were directed towards the

96.7%

Local suppliers

2020

93.9%

Of total supplier expenditures were directed towards the

96.3%

Local suppliers

The amount of paper saved

2020

85,880 kg

2019

93,580 kg

≈16.18%

Decrease Scope 1 GHG emissions in 2020 compared with 2019

6.64%

Decrease in energy in 2020 compared with 2019

Banca Transilvania Financial Group as of 31/03/2021



Total assets RON 106.5bn

Total assets RON 243mn

AUM RON 4,502mn

Total assets RON 1,270mn

Total assets RON 562mn

Total assets RON 532mn

Total assets RON 3,746mn

BANCA  TRANSILVANIA[®]

 BT Capital Partners[®]

 BT Asset Management S.A.I.[®]

 BT Leasing[®]

 BT Mic[®]

 BT Direct[®]

 victoriabank[®]

** Figures for subsidiaries assessed under RAS rules*

Annexes

ANNEX 1

Income statement, IFRS individual



RONmn	3M 2021	3M 2020	
Net interest income	665.9	660.1	0.9%
Net fee and commission income	181.3	157.3	15.3%
Net trading income	95.9	53.0	81.1%
Other net income	80.3	(53.5)	
Operating income	1,023.5	816.8	25.3%
Personnel expenses	(279.3)	(257.9)	8.3%
D&A	(87.8)	(72.5)	21.1%
Other operating expenses	(127.8)	(142.0)	-10.0%
Operating expenses	(494.8)	(472.3)	4.8%
Pre-provision operating profit	528.7	344.5	53.5%
Cost of risk	144.4	(41.0)	
Net income before taxation	673.1	303.5	121.8%
Income tax (expense)/revenue	(91.8)	(42.5)	115.9%
Net income	581.3	261.0	122.7%

ANNEX 1

Balance sheet, IFRS individual



RONmn	Mar/21	Dec/20	
Cash & cash equivalents	15,751.2	20,978.6	-24.9%
Placements with banks	5,938.0	6,636.4	-10.5%
Loans to customers, net	41,361.9	40,363.9	2.5%
T-bills & securities	40,510.5	32,401.0	25.0%
Fixed assets	888.1	887.7	0.1%
Right-of-use assets	683.7	708.5	-3.5%
Investments in associates	499.7	499.7	0.0%
Current tax assets	0.0	8.6	
Other financial assets	758.1	761.1	-0.4%
Other non-financial assets	108.1	109.5	-1.3%
Total assets	106,499.3	103,355.0	3.0%
Deposits from banks	350.1	311.8	12.3%
Deposits from customers	90,400.7	88,297.1	2.4%
Loans from banks and FIs	1,186.6	1,176.1	0.9%
Subordinated loan	1,708.7	1,664.5	2.7%
Current tax liabilities	92.1	0.0	
Deferred tax liabilities	64.1	85.7	-25.2%
Provisions for other risks and charges	582.1	589.2	-1.2%
Financial liabilities from leasing contracts	692.2	709.3	-2.4%
Other financial liabilities	1,298.8	942.5	37.8%
Other non-financial liabilities	66.1	55.9	18.1%
Total liabilities	96,441.5	93,832.1	2.8%
Shareholders' equity	10,057.8	9,522.9	5.6%
Total liabilities and equity	106,499.3	103,355.0	3.0%

ANNEX 2**Income statement, IFRS consolidated**

RONmn	3M 2021	3M 2020	
Net interest income	750.0	737.8	1.7%
Net fee and commission income	213.3	184.3	15.7%
Net trading income	145.8	59.7	144.0%
Other net income	50.9	(47.3)	
Operating income	1,159.9	934.6	24.1%
Personnel expenses	(313.5)	(290.6)	7.9%
D&A	(89.6)	(78.3)	14.5%
Other operating expenses	(150.5)	(164.1)	-8.3%
Operating expenses	(553.5)	(533.0)	3.8%
Pre-provision operating profit	606.4	401.5	51.0%
Cost of risk	146.4	(51.3)	
Net income before taxation	752.8	350.2	114.9%
Income tax (expense)/revenue	(96.5)	(46.3)	108.5%
Net income	656.3	303.9	115.9%

ANNEX 2

Balance sheet, IFRS consolidated

RONmn	Mar/21	Dec/20	
Cash & cash equivalents	16,798.0	22,133.2	-24.1%
Placements with banks	6,596.0	7,223.3	-8.7%
Loans to customers, net	43,094.7	42,120.3	2.3%
T-bills & securities	41,696.6	33,321.6	25.1%
Fixed assets	1,252.2	1,225.8	2.2%
Right-of-use assets	432.9	448.9	-3.5%
Investments in associates	1.7	1.5	10.4%
Current tax assets	0.0	9.7	
Deferred tax assets	0.0	0.0	
Other financial assets	874.2	860.1	1.6%
Other non-financial assets	141.4	148.2	-4.6%
Total assets	110,887.8	107,492.4	3.2%
Deposits from banks	357.5	318.9	12.1%
Deposits from customers	93,185.2	90,942.4	2.5%
Loans from banks and FIs	1,697.0	1,691.7	0.3%
Subordinated loan	1,712.0	1,667.8	2.7%
Current tax liabilities	93.0	0.0	
Deferred tax liabilities	30.4	55.0	-44.8%
Provisions for other risks and charges	613.0	616.0	-0.5%
Financial liabilities from leasing contracts	442.8	454.8	-2.6%
Other financial liabilities	1,636.4	1,245.1	31.4%
Other non-financial liabilities	95.3	86.4	10.4%
Total liabilities	99,862.5	97,078.0	2.9%
Shareholders' equity	10,623.0	10,021.3	6.0%
Non-controlling interest	402.3	393.1	2.4%
Total liabilities and equity	110,887.8	107,492.4	3.2%

 **Banca Transilvania HQ**

30 – 36, Dorobantilor Street, Cluj-Napoca, Cluj
40012, Romania

+ 40 264 407 150

+ 40 264 301 128 FAX

investor.relations@btrl.ro

www.bancatransilvania.ro/en/investor-relations

www.bancatransilvania.ro