



Year End 2024

# **FINANCIAL** **RESULTS**

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## **Earnings Call Transcript**

4<sup>th</sup> March 2025

## SPEAKERS

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### **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 over 18 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 different positions within BT Asset Management, until 2017, when he became the CEO of the subsidiary.

As of August 2023, he is the Executive Director Financial Institutions & Investor Relations at Banca Transilvania, coordinating 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**

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## **DIANA MAZURCHIEVICI**

**Director ESG Integration and Investor Relations**

Diana Mazurchievici has been part of the banking system since 2017 and is the Head of ESG Integration and Investor Relations at Banca Transilvania since June 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 a vast experience and a strong commitment to positive change, Diana Mazurchievici contributes to the success of Banca Transilvania's ESG initiatives.

## **YEAR END 2024: FINANCIAL RESULTS**



**Press Release**



**Fact Sheet**

## OPERATOR

Ladies and Gentlemen, thank you for standing by. I am Vasileios your Chorus Call operator. Welcome and thank you for joining the Banca Transilvania conference call to present and discuss the Year End 2024 Financial Results Conference Call.

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 BT's 2024 Earnings Call. We will try to explain to you some of the numbers which we consider significant and important, based also on the questions that we already received from you. We will try to allocate also a decent amount of time for the Q&A session. We are somehow sorry for delaying the Earnings Call date, but this was intentional. Usually, we were doing the earnings calls in the second half of February, towards the end of the month. But this year, for Banca Transilvania Financial Group, February was a special month, more specifically a very special last weekend of February, because in Romania, Banca Transilvania successfully finalized over the weekend the merger and full administrative, operational and legal integration of OTP Bank Romania into BT Group. In Moldova, Victoriabank has also successfully completed the integration of BCR Chişinău. Therefore, on the 3rd of March, we have opened the day with only one bank out of two in Romania and same thing happened in Moldova. I would like to thank the teams on both sides. Also, if some of you are our customers, we apologize for any inconvenience encountered over the weekend and for the very short period of system interruptions which took place on Saturday night.

We are happy that we now have a large group of OTP customers already interacting with us. I will try to give you details later, but this is an important milestone for us in terms of market share, in terms of proving our capacity of

finalizing our 4th acquisition and integration successfully. This integration in Romania was realized in a record time period. We have overperformed our best previous performances and managed to have the integration completed in just seven months, without giving up customers, without giving up products and services. More than 95% of OTP customers are already integrated in BT, transacting and receiving their banking products and services from us.

If we look on this first slide, the summary snapshot of 2024 and the trends observed until 2024 - George will give you later more details about the financial data that we have produced and presented - as you can see, we tried to show the last five years trends, so the 2024 figures are highlighted better. When we look back to the last five years, which included the COVID pandemic, the beginning of the war in Ukraine and all the energy crisis, the increase of inflation, the interest rate volatility, each year we have managed to deliver a very robust growth.

Even in 2024, our total assets have grown by almost 14% YoY, our net loans have grown by 13.8% YoY, so did our deposits, thus delivering a double-digit growth both in terms of loans and deposits. We would like to thank for this trust to our Romanian customers, from Romania and abroad. Our loans-to-deposits ratio is also very strong, at 57%, considering all the volatility that we've been witnessing in the interest rate environment.

We continued to comfortably grow our net interest income also. We are growing our net interest income with the existing customers without necessarily increasing our interest rates but by offering them more products. The most important and the thing that makes us very proud is that our net fees and commissions income continued to grow strongly. We had been very ambitious about this thing, we have been saying that we want to grow our NFCI with a double digit every year, except for 2020 when there were unprecedented events. So, each year we have managed to grow the NFCI with a high double-digit rate, on average with 15%. This is the case also for 2024 and this is, I would say, also the guidance for 2025. We will come back to the guidance for 2025 later.

We have been doing acquisitions, integrations but we also maintained a very solid organic growth, so our cost of risk had been at very low levels. Although we are offering a guidance up to 100 basis points on a yearly basis, we managed to keep it at very low basis points levels, closing the year with 50 basis points. There were definitely some adjustments performed in the last quarter of the year, I will also let Cătălin give some insight about this, which are related mainly to our methodology adjustments, revisions and also to the macroeconomic changes inside Romania and around it.

Our net profit grew by 42%, with 27% return on equity and we are enjoying strong capital ratios, with a significant buffer, our capital adequacy ratio being over 23.5%.

For the macroeconomic landscape, I will let Aurel to give you some insight about how Romanian economy and banking system performed.

Although recently the news that we heard from rating agencies and external partners weren't encouraging, we will try to explain, starting with Aurel, why we are still optimistic about Romania.



**AUREL BERNAT**

Thank you for that and sorry for my voice. From time to time, I always want to prove myself that I'm invincible and as you can see, I'm not, mainly against the flu. So, I will be giving you a few details regarding the Romanian landscape, obviously in a format and manner that you are already used with.

First, I would just touch a little bit on the three pillars that we always envisage as our potential of growth. There is the share size of Romania in terms of population which represent internal consumption but also economic output. Romania it's still there, remaining the second largest player in the CEE region.

On the other hand, we always play our cards, regarding the gaps that must be closed on a medium and long term compared to the European Union averages. So, there we

have the real GDP per capita versus our regional peers and also versus the European Union average, obviously with high growth potential on medium and long term.

Thirdly, we would have also the overall Government debt to GDP ratio, which is somehow low in our case compared to our European peers. We are talking about 53% debt to GDP.

Going back to how all these three pillars contribute at the end of the day, we have an average real GDP growth of the Romanian economy of over 3% during the last decade. In 2024 we had a marginal 1% GDP increase, more precisely 0.9% GDP growth over the last year.

Nevertheless, for the years to come, for instance for 2025 and onwards, we see building up some more strength in terms of GDP growth, talking about figures marginally to 2% and even higher for the next couple of years onwards.

In terms of inflation, what we are seeing during the last couple of years is the decreasing trend, in real terms. We are having now a 5.5% inflation rate which is still sticky due to two different facts. One of them is, by all means, internal consumption which is still strong and on the other hand we are having the increase in wages. So, from this perspective, the level of 5.5% - even though it is sticky, it is still a level low enough in order not to create disappointment within the market.

What I would add is that the GDP growth for 2024 was a little bit lower due to external demand, which wasn't a direct and obvious reason internally, but it is related to our business partners from the Western European countries, as well as the increase in energy prices, and perhaps some fiscal pressure that we saw during the year.

Going forward, in terms of banking indicators, you see the market shares of BT and of other representative banks. Here we must add that these figures are relevant at mid-year 2024, so our position doesn't count the market share gained following the integration of OTP.

On the other hand, if we look to the key highlights of the



Romanian banking sector, we see the most relevant ones. The non-performing loan ratio is 2.46 at the level of the entire industry, the cost to income is marginally lower than 50%, we still have a solid sector in terms of profitability. The average return on equity is 18%. Also good, comfortable buffers in terms of NPL coverage, capital adequacy ratio, at 23.66%.

When we look to the loans and deposits, both at the corporate and household side, what we are seeing is that both of them posted a positive outcome, much higher, obviously, than the European Union average. For the corporate loans, we had a higher single digit growth, as well as for the households' loans, which posted an obvious deviation from the European Union average, thus seeing a strong pickup.

In terms of corporate deposits, despite the fact that they were on a downward, sloping trend, they are still above the European average. Single digit growth, but the households posted a double-digit increase, which presents a strong capacity of households and overall of the economy in terms of deposits.

The non-performing loans ratios, I already touched this. What is relevant is that we are now in the average of the peer group, despite the fact that a couple of years ago, we were the outliers. Now we can say that we have a very comfortable NPL ratio as well as the Tier 1. This would be, in a nutshell, the macroeconomic presentation, and I will pass it to George. Thank you.



**GEORGE  
CĂLINESCU**

Thank you very much. Going into the business performance of 2024, we can say that the Bank performed very well, both at the individual and at consolidated level. We do have a very nice growth, as Ömer presented a little bit earlier, double digit growth, in almost all main areas of the P&L and of the balance sheet.

Let's focus first on profitability, where net interest income increased by 28% YoY at the level of the bank and 31.4% YoY at the level of the Group. Of course, this is being driven

also by the fact that we have OTP consolidated in the Group figures, in the 2024 Group figures.

Focusing only on the individual level figures, you can see that net interest margin increased in 2024 by 26 basis points, bringing us to a level of 3.43% at the end of the year. This level was maintained throughout the year at almost constant levels, as you will see in the next slide, when we will go into more details on the revenue figures.

In terms of net fees and commission income, again, double-digit growth, 14.7% at the level of the Bank and 17.4% at the level of the Group. This growth at the level of the bank is purely driven by an increase in the transactions processed by the Bank. In 2024, we had more than 2 billion transactions processed for our clients during the year. Again, we'll go into more details in the next slide of the presentation when we'll talk a in detail about revenues.

Operating expenses increased by 27% at the Bank level and by 38% at Group level. Again, we have here two outliers that are one-offs. First, at the Bank level, we have the turnover tax, which was introduced in 2024 and for us it amounted to almost RON 270 million in 2024. Also, the expenses incurred with the integration of OTP Bank, part of them are booked at the Bank level, approximately 35%. The remaining 65% of the OTP Bank integration costs are computed in the consolidated level expenses. That's why you see a higher OPEX increase at the consolidated level. If you look at the cost-to-income ratio, even though we did have the effect of this turnover tax captured, we managed to maintain a cost-to-income ratio that it's comfortable, at around 45% at individual level. This ratio would have been even lower if we had taken out the effect of the turnover tax that we paid in 2024. Again, we'll see in the next two slides more details on this topic.

Net result, at Bank level, amounts to RON 3.5 billion (42% higher vs. last year) and to RON 4.73 billion at consolidated level. This includes, of course, a bargaining gain coming from the two transactions that we have closed in 2024. I remind you that we closed the integration of BCR Chişinău and the integration of OTP Bank Romania, thus obtaining a little bit over RON 800 million in terms of bargaining gain for

the two transactions, with the majority of the bargaining gain coming from the OTP acquisition.

Going further into an analysis of the balance sheet evolution, like we mentioned earlier, total assets increased by 13.9% at individual level. We do have an increase in total assets, which is higher than the overall increase posted by the Romanian banking system, which was a little bit lower than 10%. At consolidated level, we have a 22.4% increase. This is being driven, of course, by the increase in assets following the acquisition of OTP.

In terms of gross loans, with a 13.5% individual level increase, we also exceeded the growth of the Romanian banking system. On the deposits side also, with the 12.2% YoY growth, we performed better than the market. In terms of capital ratios, the bank and the Group show very solid capital ratios at the end of 2024, with 23.5% total capital ratio at individual level and 20.08% at consolidated level.

We do have recorded a very good cost of risk level in 2024, 49bps for the whole 2024. This is in accordance with the guidance that we gave in the last investor call of 2024, in November. From this point of view, we do have a slight increase versus last year, but this is in line with our expectations and with the budgeted amount.

NPL ratio was 2.07%. We are well below the Romanian market average, market average that was presented a little bit earlier by Aurel, which stands at almost 2.5%. So, with 2.07%, we are below the market average of the banking system in Romania.

Now, if we go further and we look at the trends in income, we look at the net interest income, 28.1% increase at the level of individual results. Here, I would mention, like I said earlier, the increase in the net interest margin recorded during 2024 in comparison to the end of 2023 is important, reaching a level of 3.43% at the end of the last year.

What is also important to see, in the upper right-hand side of the slide is actually the fact that the Bank managed to

keep a very strong level of the net interest margin, irrespective of the evolution of the underlying rate on the market. For example, in 2020, 2021, the rates, both on the euro side and on the local currency side, were very low and the bank managed to maintain a very good net interest margin during that period as well, with levels above 2.6% - 2.8%. As interest rates increased, we managed to increase the Bank's net interest margin as well.

In terms of net fees and commissions, as I mentioned before, 2 billion transactions were processed at the Bank level last year, and these transactions come from two areas. First, we increased the number of transactions that we have performed for the current customers of the Bank by adding features, additional transactions' usage on their behalf. Also, we have a big number of new customers coming in and from that point of view, the number of customers increased by 350,000 in 2024, including both retail and corporate customers. This provides a very good base for further increases in net fees and commission income. Like Ömer mentioned a little bit earlier, we do believe that this double-digit growth will continue next year. I remind you, like we said in the previous conference calls, we are now after a period in which we adjusted our net fees and commissions to make them a little bit more simple, a little bit easier to be understood, and this was well received by our customers.

In terms of net income composition, you see on the lower right-hand side of the slide, that the largest part of the income is coming from net interest income with 67.3% contribution. When we compare this to our peers revenues composition, our peers have a higher proportion of net interest income in their total income, around 75%. We have other important sources of income aside from the net interest income, and we plan to continue this focus, on other sources of income, rather than focusing solely on the net interest income in the future as well.

I will not go into details on net fees and commission income, as we talked about it in the previous slide. Here you can see this type of income has a 15.4% share in the total revenues of the Bank.

When looking at the net trading income, the majority of the revenues are coming from FX and derivative related results.

In terms of operating expenses, as I mentioned before, if you look at the cost-to-income ratio, excluding the effect of the turnover tax, we would have recorded a 42.1% cost-to-income ratio. Again, this shows that despite the fact that we had to pay the turnover tax, despite the fact that we had expenses related to the integration of OTP, the Bank managed to keep a very good cost control in 2024 which helped us maintain this ratio at a comfortable level.

In terms of personnel expenses, these expenses are the biggest chunk of operational expenses. You see on this slide the increase, which is 20.5%. If you take a look at these expenses and you try to split the increase into sources, we do have a chunk coming from inflationary pressure and increase in staff. And here, out of the 20.5%, about 15%, are related to either increase in staff and also inflationary pressures and increases in salaries. The rest of this increase is coming from items such as training expenses, which increased in 2024, but also from bonuses, which also increased in 2024 to cover the fact that the performance was awarded for some big items happening either at the end of last year or during 2024.

So, going back to other operating expenses, you see the increase of 49% and this is affected by the turnover tax. We have put a special presentation in the chart, to see in graphical format, how much of that this increase is coming from the turnover tax. So, if you take away this RON 270 million turnover tax, the increase remains at a reasonable level. We're talking about an increase that is related to IT expenses, licenses, which have increased by 28% last year. Also, POS usage and the expenses related to the integration of OTP that were booked at the level of the Bank.

Like I mentioned before, around 35% of the expenses that were booked in 2024, related to integration of OTP, were booked at BT level, while 65% of these expenses were booked at the OTP level. As you will see a little bit later in the presentation, in 2024, we booked almost 70% of the overall integration budgeted costs for OTP, with the rest

being booked in 2025.

Now, if you take a look at this cost analysis and you take away all these one-off items that I mentioned, the increase would have been around 15%-16% during 2024 in terms of operating expenses.

We talked a lot about big increases, but I think last quarter, we started to present also the efficiency of our personnel. We do have a 2% increase in the staff numbers in 2024. However, if you take a look at the efficiency, being reflected as total assets over the number of active employees, you will see that we have increased tremendously in 2024 this efficiency. If you look at the last 5 years, you will see this ratio increasing from 12.4% to almost 19% at the end of 2024. I will leave the floor now to Ömer to talk about our portfolio growth and a little bit about the business lines.



**ÖMER TETİK**

Thank you, George. Indeed, as I mentioned at the beginning of our call, 2024 in terms of loan growth, was the year of companies, the year of investments. We have seen robust growth in our companies' loan portfolio from micro, small to large corporates, a growth of 17.5%, with retail lending portfolio growing by almost 8%. On average, we grew our gross loans portfolio by 13.5% YoY, which is significantly higher than the market average of 8.5%.

In retail lending, 2024 was the year of consumer loans, especially at the beginning of the year because of the high interest rates and different concerns regarding the macroeconomic evolution. On the other hand, in the third and fourth quarter, we have seen that the appetite of retail customers also came back, and we have managed to grant at the end of the year more than 15,000 mortgages, new production being very close to EUR 1 billion in 2024.

Still, as I said, the real growth came from the corporates' portfolio. The numbers that we represent here, in the presentation, and the percentages we mentioned, do not include the OTP loans and deposits. So, these number represent our organic growth, and the numbers of OTP will come on top of these figures.

In retail mortgages, with all the difficulties in the market that the customers faced, generated by increased prices, inflation, and higher interest rates still, we observed a good appetite. Also, in the green mortgages lending, we have managed to grant last year, more than 1,700 mortgages with green certificates, amounting to more than RON 550 million, close to RON 600 million.

In corporate banking, we have seen the growth definitely supported by the impact of public investments, the impact of European Union and Romanian state-supported programs.

Our corporate loan portfolio reached RON 52.3 billion at the end of 2024.

We have always been enjoying the strong confidence of our retail customers in terms of their choice of bank, where they save their money or where they invest their savings. Later on, you will see the numbers of our subsidiaries. We see also high growth rates in our asset management business, but also, our deposits' growth was spectacular, I would say, in the retail side, where we have grown by 13.6% YoY. Our corporate deposits, deposits coming from companies of different sizes, grew by 9.6% YoY.

Coming back to foreign exchange rate or demand for foreign exchange. I'd say, almost 70% of the customers, retail or corporate, wanted their new deposits in 2024 in local currency, in RON. This shows also the continuous local trust into the exchange rates, into the strength of the National Bank of Romania's policies.

In retail banking, our total new production reached almost EUR 2 billion, RON 8.8 billion. At the beginning of the year this growth was very much supported by consumer lending and then by higher growth in mortgages lending.

In corporate banking, our new production was RON 26.6 billion. Here, the biggest chunk definitely were loans granted to the mid-corporates and large corporates. This is also helping us a lot in terms of the growth for micro lending or in retail banking, because each of these big companies also bring a good ecosystem, a supply chain with them,

with new salary accounts, new retail accounts.

I cannot ignore also the benefits of the government programs addressing the SMEs, such as SME Invest, the Farmers Loan, and all construction credit type programs. We also hope that the accelerated growth of the EU funds absorption will speed-up further, in the coming years, and will support the growth of investments in infrastructure, in healthcare and education, in what the country needs. All these investments will definitely put Romania in a better position. Thank you.



**CĂTĂLIN  
CARAGEA**

Good afternoon. I will take it from here with the risk side. I will start by depicting the capital ratios of the BT Group. What can be observed here is that the capital ratio, at Group level, stays slightly above 20%. If you remember, as of June 2024, our capital ratio was around 26% and the downward evolution was triggered by two main events, events that we are proud of. The first one was the OTP acquisition, which is, of course, seen at the group level - OTP at year-end 2024 being seen as a subsidiary, and the second one was the organic growth the bank posted throughout the year, of around 13% in terms of assets.

This can be also visible in the left bottom side of the slide, where you can see that the BT Group increased its own funds by around 20%, in order to support the growth both via the mergers and the organic evolution. When looking to the RWA evolution and the RWA density, we can see a stable pattern, showing also the stable risk profile of the bank and of the group. We can see also a very significant uplift of the RWA, which is totally in line with the asset evolution. Out of the roughly RON 18 billion plus RWA growth at Group level, less than half is triggered by the OTP portfolio, by the OTP acquisition.

If we go further to the BT stand-alone figures, we can see here that the capital ratio stands well above our targeted and announced minimum level of 20% total capital adequacy ratio. This is similar to the Group, only that the bank has a buffer here for the OTP incorporation, which happened last weekend. Here as well, if we compare it with



June 2024, when we benefited by the first transitory provisions of the Basel IV, the capital ratio was slightly above 27%. We are witnessing a downward trend, triggered by the loan growth that happened in the second part of the year on both sides, private individuals and companies, but more especially on the companies side.

Similar as for the Group, you can also see when looking to the own funds, another 20% increase mainly triggered by the half-year profit incorporation that I will talk about a bit later, in next slides.

Also, at the bank level, we can see stability when looking at the RWA density. The only difference when comparing this ratio to the Group level is that here, the uplift in RWA is slightly smaller because here we don't see the effects of the OTP acquisition. Here we only see the solid organic growth and any other RWA changes triggered by the regulatory framework.

We are again committing and we are showing our targeted minimum level of the total capital ratio of 20%, although you will see throughout the year that we will stay well above this level. When compared with the minimum capital ratio imposed by the regulator, which currently stands at around 17.2%, we have a very comfortable buffer.

Next, we introduced, a very explanatory slide about the capital ratio evolution throughout 2024. Beside the movement throughout the year, what we would like to share with you here is the self-capitalization that the bank holds. Here, you can see it in the bar called "profit H1 '24", which when compared with the RWA that the bank is producing, it shows the sustainability of the bank from the capital generation and the capital position.

We are estimating that this self-capitalization will be sustainable and will be also our way of managing the capital throughout the next year and the years to come.

Moving on to the liquidity and MREL strategy. Of course, due to our balance sheet composition, we are benefiting from a very strong liquidity position.

Our main liquidity indicators, LCR and NSFR, are both well above the minimum regulatory and risk appetite statement of the bank. At the same time, we are also showing a growth in the loan-to-deposit ratio, a growth which is also showing our capability of supporting the financial intermediation at the economy level and at the banking system level.

When looking to the MREL strategy, we are showing here the evolution from June to December because this is relevant. I just want to remind you that the MREL strategy of the bank is always seen at the Group level, this being the regulatory requirement.

You can see here, a drop of our buffer from more than 700 basis points to 229 basis points. The drop in the buffer is being triggered by the OTP acquisition. Basically, if you remember, this was also our announcement and guidance. We build up this buffer to account for the up-coming acquisition. We are sticking on our minimum target, to maintain a 50bps buffer on top of the minimum regulatory MREL requirement. Although currently, we have a buffer higher than the 50bps in our capital planning for the upcoming period, we are looking to maintain this buffer and even more.

If we look at the asset quality, the figures are explaining a prudent underwriting standard. Regarding loans generation, we are closing the year with NPE ratio of 2.07%, this being well below the market average.

At the same time, on the cost of risk, we are seeing a slight uplift in Q4. If you remember, we were communicating a guidance of around 60 basis points in September. However, if we were to depict the risk cost from Q4, we can inform you that the regular inflow of NPLs coming out of pure portfolio quality is similar to Q2 and Q3, only that in Q4, the bank built additional reserves for the uncertainties, which are seen at horizon, and we also had a slight methodological change in the risk cost recognition.

So, all in all, we are confident and we don't see any early warning signals today when looking at the loan book. We can also inform you that into the risk cost in Q4, in the

reserves that we booked, we accounted also for additional uncertainties regarding certain industrial sectors. Here, I would name the agriculture sector, which might see some vulnerabilities, the portfolio might show some vulnerabilities, and auto trade.

What can be seen easily on the left bottom side of the slide, if we look for example to the BT individual figures, we can see a slight growth and constant growth of Stage 1 loans in the loan book. This is triggered especially by the loan growth and by bringing in the portfolio good quality loans.

Going further, we will speak a bit about EMTN status and our small history of issuances. We know that we spoke about this also in the last conference, however, we would like to emphasize one more time, our presence in the market and our capability of attracting MREL eligible bonds.

We would also like to commit this year, most probably for another issuance, which will be linked with some rollovers that we will have to pursue, but most probably dependent also on the market and on the evolution of the bank's portfolio; we might see or might approach this from different angles.

Last but not least, I would like to close my presentation with a few highlights about our credit ratings issued by the two rating agencies which are rating Banca Transilvania. Moody's, where our rating was confirmed, our long-term deposit rating Baa2 with a positive outlook for 2024. So, the sentiment was upgraded from stable to positive.

We can proudly say that Fitch upgraded the long-term rating of BT to "investment grade" for the first time, in the first instance with a stable outlook, but of course, afterwards, revised it in line with the sovereign update to negative. This is also something that is showing the stability, the capital position and how strong the balance sheet of BT and the BT Group are.



**AUREL BERNAT**

Jumping to another slide full of achievements, I will be touching a little bit on the sustainability updates. Very relevant is the Sustainalytics rating that was improved last year compared to 2023. We are now having a 14.9 Low ESG score from a score a little bit higher of 15.1. So, it is a definite improvement in this regard.

The FTSE Russell Index rating is 3.3 in terms of ESG performance, on a revised methodology. So, we are above the sector's average. Also, relevant is the Romanian Corporate Sustainability and Transparency Index, which gave us the Best Rated, Gold Level Recognition, just like Refinitiv, which places us on the 73rd place out of 1,100 banks assessed worldwide.

In terms of VEKTOR score, given by the Romanian Association of Investor Relations, we were, for the sixth year in a row, awarded with the maximum score.

In terms of sustainable finance, last year, we had the inaugural sustainable finance framework published. Also, in terms of ESG, 64% of the issuances were subscribed by investors with an ESG mandate.

We also published - and this is a moment in which I'm also thanking all the people that contributed to it - the Allocation and Impact report, which was published back in late September '24.

In terms of community care, I will highlight our BT Stup initiative, which was initiated 2.5 years ago, and has engaged more than 7,500 entrepreneurs. More than 630 new businesses were launched there, as a support for the economy.

On the other hand, obviously, we are still active in the Agri business, in the agricultural sector, where we had an initiative which cultivates future agricultural leaders. I go back to Ömer for the digital slides and the presentation of the developments realized there.



**ÖMER TETİK**

Thank you, Aurel. BT Pay is our super app, our colleagues are saying the unlimited app, which is growing tremendously. Our number of users has grown 27% YoY, and the fund transfers 54% YoY. BT Pay, grew from a basic peer-to-peer payment application a couple of years ago, to a super app. At the end of this year, it will become our one and only application for retail customers, where from online accounts opening, savings, investments, lending, bancassurance, asset management, insurances, everything will be incorporated. Even features for kids, junior account management and several other features which are already available or will be available soon in the app. We have more than 145,000 kids already using BT Pay for their payments, giving them, but also their parents, the chance to offer to the kids financial education, safe payments and control over the payments.

We are also happy to see that the offer of BT Asset Management on BT Pay got a good traction, and more than 46,000 new customers have been onboarded just through BT Pay, opting for BT Asset Management products.

Last year, this time, when we go back to BT GO, our all-inclusive, all-in-one banking platform for companies, I wasn't sure if we should put details about BT GO in the presentation because we were speaking about 10,000 customers, a couple million RON payments, so, we were discussing internally: shall we discuss this later or not? But we were comfortable about where we will reach and at the end of this year BT GO will become also the unique application for companies. We already have more than 207,000 enrolled users. The good thing is that we see more than 40% of the new customers coming from OTP. In the first couple of days, the first two days of interaction with us, they enrolled to BT GO so they will be also, hopefully, issuing their invoices, making their payments and cash flow management through BT GO.

Now, the numbers look completely different. From a couple million RON, we are now discussing total payments amounting to RON 22 billion last year, and more than 40,000 electronic invoices e-Factura being issued through the app.

So, we have a lot to do on BT GO to increase the number of services and features, but we have already a good track record and experience from BT Pay. We know our customers well, especially the micro and mid-corporate segment, what they need, so, at the end of this year, BT GO will become this all in one, all-inclusive banking application for companies. As regard to BT Financial Group performance, George the floor is yours.

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**GEORGE  
CĂLINESCU**

Thank you. With respect to BT Financial Group, I don't want to keep the conversation long. We spent, I think, most of the time of our presentations on the results of the bank primarily. I want you to remember two figures, RON 1 billion and RON 6 billion.

We have RON 6 billion in assets under management in terms of BT Asset Management and RON 6 billion assets of BT Leasing. BT Leasing actually broke the record in terms of merger rapidness, if I can say so, because they realized the merger with OTP Leasing at the beginning of December 2024, thus becoming one company.

Victoriabank reached RON 6.3 billion in terms of assets. And then the smaller companies, which are growing, BT Direct, BT Mic, with more than RON 1 billion in terms of assets, growing rapidly with very good results for both of them in terms of profitability.

Salt Bank, as you see in the second part of this short presentation of the Group is not yet on breakeven, but their clients base is growing very rapidly. They had 380,000 clients at the end of December. By now, there are over 400,000 clients of Salt Bank already onboarded. They're growing very, very rapidly.

Going further, I want to give some details on OTP entities and their integration in the Group. As we mentioned before, almost RON 700 million represents the bargaining gain, recognized at closing, non-taxable. This is decided. It's not a debatable matter. This is the tax treatment applied in Romania.

We had a very, very fast integration project. As Ömer mentioned earlier, seven months, we merged last weekend. We had over 200 people that were involved on a daily basis effort, with 31 integrations flows and more than 1,000 colleagues involved overall in this project.

We kept 27 branches out of the 95 that OTP had and 600 people of the 1,700. The split between head office and branches is almost 50-50, 300 and 300.

We expect to have cost synergies of 55% of OTP cost base, forecasted in 2025. As Ömer mentioned, a very high rate of client retention was achieved, 95% of active retail clients and more than 90% of the legal entity clients remained with us following the acquisition. Integration costs are estimated at RON 227 million, including transaction costs. 70% of these costs are already booked in 2024, 30% will be booked in 2025. Most of them booked at the level of OTP, and I remind everybody that the P&L of OTP will not be shown as P&L of BT in 2025, it will be shown as retained earnings.



**ÖMER TETİK**

Before we switch to Q&A, we had been asked by some analysts to offer some guidance. Please take these numbers, which we will definitely leave in the presentation and in the public space, that they are subject to approval of our budgets by the shareholders. The way we construct our budget is that we still foresee growth of our loan book by 8% organically and 20% together with OTP while deposits are expected to grow 6% organically and 13% together with OTP. Here, the 6% growth is, I would say, the management's view, not being very competitive due to our high liquidity position. Here, we see high flexibility. If we will go above the market average in terms of interest rates, we could attract even more, we could go even to a low single-digit growth, but having our position, we don't think it will be necessary.

Our net interest income is expected to grow around 23% and we are comfortable that we will deliver this. Also, coming back to some of the questions, we are comfortable that we will be able to deliver around 300 basis points net

interest income. We are continuously very ambitious by ourselves, before going in front of the shareholders, that we want to grow our net fee and commission income by 23%. Definitely, the new customers coming from OTP will also help, because we have a lot to offer to them. So, in the end, all these efforts, despite all the challenges around us, should deliver a return on equity of 26%, with a continuous solid capital adequacy ratio of 22%.

I would say that we should switch to Q&A. There are some overlapping questions so, in case we skip your question, we will answer it through someone else's question. If anything is left behind, please do not hesitate to contact Diana and our Investor Relations team, so that we will manage to address all your observations or questions. Thank you.



**DIANA  
MAZURCHIEVICI**

Thank you, everyone for being with us today as well from my side. We begin with the first set of questions coming from Odile Bagao from Consilium Investments. Odile wants to know about the update on the political situation in Romania and potential effects on the bank.

And what would be the sustainable return on equity for the group now that all acquisitions are integrated?



**ÖMER TETİK**

Odile, thank you for the question. This was the question we were hoping not to receive. It is definitely difficult to answer, the political situation is very volatile. On the other hand, whatever the situation is, we know that the elections will be held in May. Most probably, there will be two rounds of elections. The governing parties seems to stick further in this formed coalition.

On the other hand, although we are not delusional nor are we ignorant to the realities around us, if you look at the history of BT and Romania in the last 35 years, we have seen different political crisis, different local events, and incidents. These didn't hinder our growth. These didn't



hinder our positive focus on business and on customers.

I wouldn't like to go to the extreme, that it will create some opportunities for us, but it may. That's why if there will be hard times, it will be also our time to show what we can do, how we can do it, and this is a unique opportunity that BT will enter this new era, if there is any, with the highest capital and liquidity position in Southern Eastern Europe.

As regard to return on equity, I don't want to commit to anything before our Shareholders General meeting and approval, but we are not targeting, or we are not budgeting a return on equity level below 20%. So, what we can do in the coming years, we have shown our capabilities both in increasing interest rate environment and decreasing interest rate environment. We are sticking with our customers, growing together with them, benefiting from the size that we have, I think we can deliver a 22%, 23% return on equity year-on-year from now on. This is also a message to my colleagues about the coming budget.



**DIANA  
MAZURCHIEVICI**

Thank you. Next question comes from Adam Motala from Pekao. What would be your initial net interest margin outlook for 2025 for BT Group?



**GEORGE  
CĂLINESCU**

We estimate that we'll start the year 2025 with around 3.5% net interest margin. The evolution of the rates on the local market, at least for the first half of the year until elections are held, are not estimated to vary very much from what we had at the end of the year.



**DIANA  
MAZURCHIEVICI**

Thank you. Next question comes from PKO BP Securities from Robert Brzoza. First question, should we treat the 2024 risk charges at a sustainable level going forward? From the operating expenses, how much of the quarter-on-quarter change is due to seasonality and how much will stay as a higher quarterly run rate going forward?



**ÖMER TETIK**

Hi Robert, in terms of risk charges, as Cătălin also mentioned previously we revised our methodology. So, we have been saying this quite frequently that, considering our customers profile, customers base, Romanian economic stance and so on, a natural, a normal cost of risk would be most probably around 100 basis points. We managed to keep it below this level.

I guess 60 basis points will be aggressive, but I don't expect it to go over 80 basis points this year because we already see our customers' behavior in the first months of the year, and we are comfortable with it, and most probably, it will remain as it is.

In terms of the quarter-on-quarter change, definitely, there are a lot of one-offs related to OTP integration, which unless we do a new acquisition and integration, which will not happen at least in the next few quarters, the impact will be diluted. So, you will see, I'll say, lower increases both on the cost of risk side and on the OpEx side.



**DIANA  
MAZURCHIEVICI**

Moving on. Next set of questions comes from Miguel Dias, Wood & Company. Firstly, do we expect any regulatory or extra tax burden we should be concerned in 2025? And what would be the impact from Basel IV on capital ratios?



**ÖMER TETIK**

Let's say, administrative wise, we don't see any significant change in the fiscal code this year because the existing government already said that it is not the case, at least for this year. If, after the presidential elections, there will be some adjustments, anything that will be done might affect 2026 and onwards, so we are making our assumptions with the current status. On the other hand, we are not expecting a positive change for us, in the sense that the banking tax, which created a 270 million RON burden last year could be eliminated or abolished very soon. In terms of Basel IV, I will let Cătălin to give the answer, but the impact is around 10 to 12 basis points basically.

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**CĂTĂLIN  
CARAGEA**

Yes, as we also stated in the previous meetings. indeed, we also estimated the Basel IV impact because we stepped into 2025, also as a prerequisite for the exercise that we are engaging into, namely the EBA Stress Testing exercise, because, as we announced, we are the first Romanian bank which is engaged in this exercise. According to our estimation, indeed, there is a neutral impact of Basel IV, a couple of basis points in total capital adequacy ratio.

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**DIANA  
MAZURCHIEVICI**

Another follow-up question from Miguel Dias. What segment do you see as main driver in 2025 in terms of loan growth? And what are you expecting in terms of the deposits' growth in 2025?



**ÖMER TETİK**

As mentioned, regarding deposits, we are expecting a growth of around 13% together with OTP, and around 6% organic growth. Here, as I said, we are factoring in the fact that we are not being very aggressive in pricing. Also, given the current economic situation and volatility, companies will be much more attentive to manage their cash flows, while the interest rates are either stable or on a slightly decreasing trend, they don't want to keep too much cash in their bank accounts. But still, we are considering a growth of 13%.

The main driver for loan growth, this year, will remain mid-corporates and large corporates although consumption is still solid. Consumption is growing, not aggressively, but it's growing in real terms, higher than the GDP growth, higher than inflation. Still, the real investments which are happening are in infrastructure, in health care, in the energy sector, so, we think that the corporate sector will be the main driving force in loan growth. This doesn't mean that we are giving up nor that we are ignoring retail banking. We have a very strong franchise there and we want to continuously increase our market share, as we did in 2024, but the loan growth, I think, induced by the market, will mostly come from the corporate segment.



**DIANA  
MAZURCHIEVICI**

Next question comes from Raiffeisen Bank International from Ruslan Gadeev. Ruslan asked us about our debt issuance strategy for this year. And if we envisage any material recalibration of the MREL targets due to the merger of OTP Romania?



**CĂTĂLIN  
CARAGEA**

I will take the second part of the question with the recalibration of the MREL target, and then I will give the floor to Aurel. Yes, indeed, we will see a slight increase in the minimum MREL target requirement. This is driven by the immediate fact that the bank size increased and this is also driven by the mechanical calculation of the capital buffers. Although we entered in 2025 with a minimum MREL requirement from the last year, which is 30.1%, we will see a slight increase in the minimum MREL requirement, which will be easily absorbed by our capital and eligible liabilities position. As regards the new issuance, I will give the floor to Aurel.

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**AUREL BERNAT**

Thank you, Cătălin. So, for the new issuances in 2025, we are not under any pressure right now to make some very fast movements. What we can take into account is that during the second half of 2025, we might be present in the market with a new issuance.

What is relevant and what you were always asking us, as investors, was that you would very much appreciate to see Banca Transilvania as a frequent issuer in the market and this is a request but also a promise that we want to keep and be there. Most probably, we'll be seeing the fixed-income investors during the second half of this year.

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**DIANA  
MAZURCHIEVICI**

Next set of questions comes from Swiss Capital, Mrs. Daniela Mândru. In terms of dividend distribution, what are your expectations? Do you see any NPE ratio increases in the next year? And what would be the final net loans and deposits from the OTP acquisition in RON million?



**ÖMER TETİK**

As regard to the NPE ratio, yes, we think that there will be pressure for a slight increase. Still, we think that we will remain below the market average and below the 2.5% indication of the regulators. We are preparing our budget for a slight increase, this is also related to the fact that macroeconomic conditions are changing, fiscal burden on some companies is already being felt and inflation impact through wages and impact on company's portfolio is present.

We need to see also the impact of tariffs, if any, and how these will impact the Romanian economy and businesses, although Romania's main trading partner is Europe.

Moving on to the dividends question, thank you for addressing this, Daniela. I wouldn't like to give a guidance on this topic, this is a delicate situation. I don't think we will disappoint the long-term investors. But on the other hand, before the approval of our shareholders, I don't want to mention a number.

There have been some analysts circulating, guesstimating some numbers. I think they are almost there in terms of what we are planning to propose, but you will see the number soon, at the end of this month, once we send the GSM notifications.



**CĂTĂLIN  
CARAGEA**

The last question was related to how many loans were transferred from OTP. So, I can say that we transferred around RON 11.5 billion at fair value from OTP. The gross value is a little bit higher, but talking about fair value is RON 11.5 billion. And on the liabilities side, I think we're below RON 11 billion, RON 10.5 billion on deposits from OTP clients being transferred.



**DIANA  
MAZURCHIEVICI**

We have another last-minute question regarding the presence of Banca Transilvania operations in European countries with large populations of Romanian migrants.



**ÖMER TETIK**

Using this opportunity, I wouldn't say Romanian immigrants, but European citizens of Romanian origin. We have, in Banca Transilvania, over 600,000 customers from diaspora, the Romanian diaspora. We have already a physical presence with our branch in Italy, in Rome. Lazio region is one of the most dense regions in terms of Romanian diaspora.

Today, we are announcing the launch of BT Pay and special packages in Italy, certified for Italian customers or residents of Italy. Our plans through Salt Bank, include going to countries where we see high density of Romanian population like U.K., Spain, Italy and Germany. But in terms of operating and having physical presence, we have only BT Italy, except our subsidiary, Victoriabank, in Moldova.



**DIANA  
MAZURCHIEVICI**

This concludes the Q&A session for today's earnings call. I would give the floor back to management for final comments and last messages from today.





**ÖMER TETİK**

Thank you for joining us. It was a bit longer than maybe planned, but I would like to thank our shareholders, analysts, investors because your questions challenge us, they guide us. Our interactions with you, through different platforms, are very helpful. They're useful, and this is the best consultancy, the real consultants and advisers, that we can get.

On the other hand, I'm also glad that we managed to deliver a year with good results, starting also 2025 with 2 successful integrations. So, regardless of the sentiment surrounding us, we are still optimistic about the Romanian economy.

We think that Romania is about to become energetically independent, agriculture sector is having a good year already with the signs that we have, we have quite of a big population, one of the largest in Europe and second largest in Central Eastern Europe, developed IT sectors, with good Internet and communication infrastructure.

I think Romania is positioned well and still is an economy with very low financial inclusion, where we have good growth opportunities. I hope that once we present our budget, the ambitious budget, we will altogether make everything possible to deliver it, not to disappoint people trusting us, starting from customers up to our shareholders.

Thank you again for joining us, hope to hear you soon once we will also have the GSM convocation note and budget announcements.

Thanks a lot.

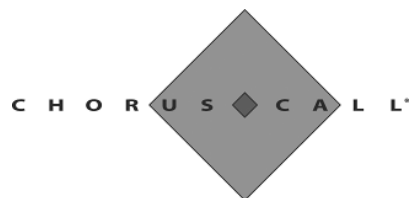
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