



CONSILIERI CLIEŢI

BANCA TRANSILVANIA

1H financial results

August 14th 2020



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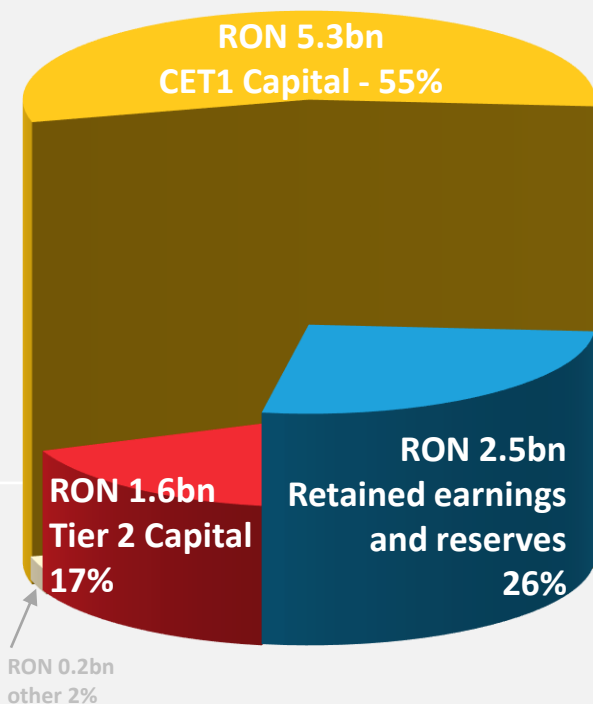


Actions and Impact COVID19

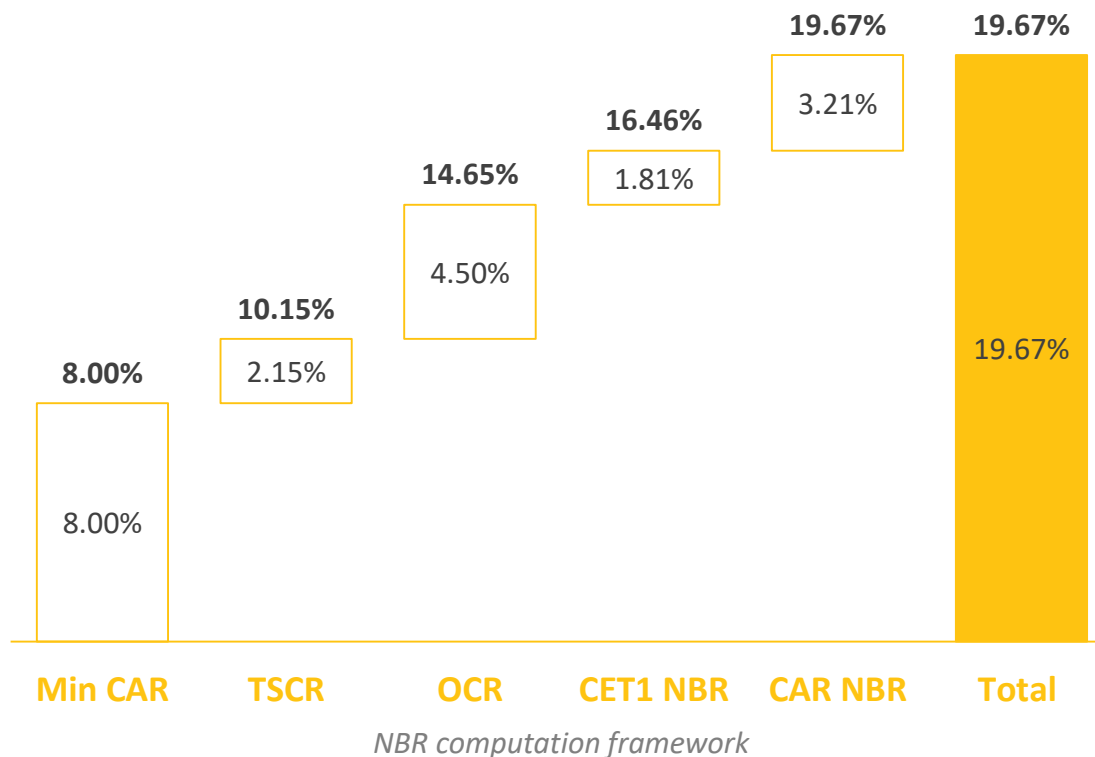


Robust capital to weather the pandemic context

Banca Transilvania is prepared to sustain its customer and partners to overcome the healthcare and economic crisis



Structure of own funds
RON 9.6 billion



Fuel the economy during CoVID-19 pandemic

Supporting customers



Supporting businesses

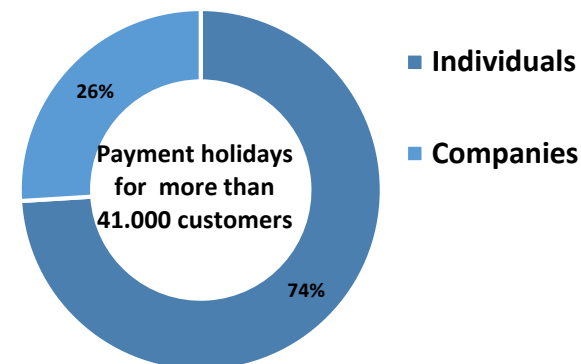


Supporting communities and employees



Granted payment holidays through public (GEO 37) and private moratoria to customers in financial need

Digital interaction between customers and the bank



Delivered Government support measures through IMM Invest:

- ✓ RON 15bn in total guarantees, out of which RON 3.4bn for BT
- ✓ 66.7k companies applied for the program, 40% choosing BT

BT's recent progress: more than 5.900 customer financing requests were approved, amounting to approx. RON 2.3 bn

Used our reach to support healthcare providers and remained open for business:

- ✓ more than EUR 2mn donated to hospitals and NGOs
- ✓ more than 80% of the units kept open for business
- ✓ on average, approx. 40% of colleagues worked from home



Leverage on digital capabilities to move forward

proactive support

solidarity

ease of banking

support one another

shift to digital

care

Retail

- Reissued cards directly in the wallet app allowing use before the card is received, up by 85% in Q2
- Launch of NEOcont allowing opening of accounts 100% online
- Easy access to accounts and history of transactions via BT Visual Help, 3 times more inquiries in Q2 vs. Q1
- SMS code-based cash withdrawals
- Faster online purchases allowed by new BT Pay functionalities. Launch of online hubs #directlatine and #inmiscare
- BT Pay allows donations to NGO

Companies

- Opening of current accounts 100% online
- BT Store – meeting point of online solutions to keep businesses going forward
- Online loan applications, including digital remittance of documents
- Digital signature
- BT Visual Help to ensure fast replies to banking related queries
- Constant dialogue with businesses to whether the pandemic, including BT Club
- Digital awareness programs



Sustainability

Stepping up the pace towards sustainability

Long-lasting success is only possible by doing business responsibly. This is what we did:

BT has a maximum score of 10 in terms of VEKTOR Index provided by ARIR

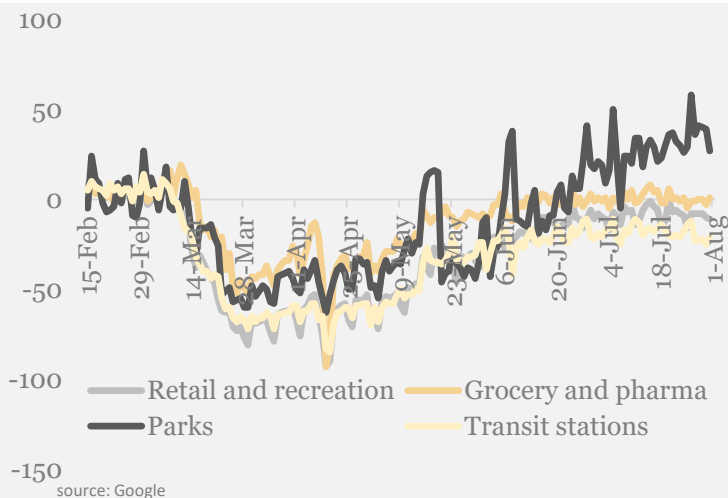
- Partnered up with reputed financial institutions, such as IFC, to ensure high standards know-how for a deeper assessment of environmental & social risks
- Elevated our dialogue with customers on E&S topics, by enhancing our team capabilities
- Maintained leader position in providing and developing access to finance for micro companies and start-ups
- Carefully reviewed the exclusions list and assumed a definite NO to projects with high E&S risks
- Enhanced E&S loan analysis is performed for projects over EUR 5 Mio, while environmental and social assessment applicable for all companies
- Partner of European Energy Efficiency Fund in Romania



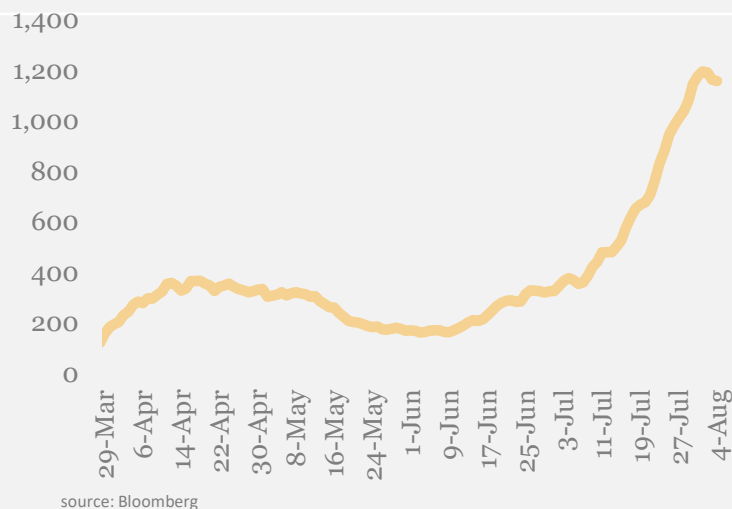
Macroeconomic Landscape

real economy

community mobility – %, compared to the baseline (Jan 3 – Feb 6)



COVID-19 new confirmed cases (MA10)



Macro developments

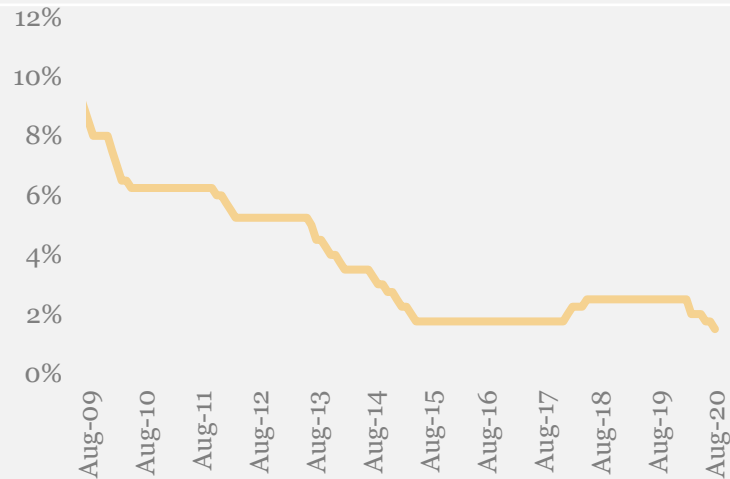
The economy started a recovery process in May, after bottoming out in April.

The pandemic has recently intensified, with daily confirmed cases above 1,000

- **The mobility and economic indicators have improved starting May, given the gradual exit from the lockdown, in an evolution also supported by the unprecedented expansionary policy-mix**
- **The current account deficit adjusted by 20% YoY in 1H , while FDIs increased for 3rd month in a row as of June**
- **According to flash estimate, GDP contracted by 12.3% QoQ and 10.5% YoY in 2Q (down by 4.7% YoY in 1H), but Romania may avoid technical recession in 2020 after the increase in 1Q (by 0.3% QoQ and 2.4% YoY)**
- **The intensification of the pandemic this summer determined the postponement of the final relaxation phase and triggered several restrictions from other countries for Romanians**

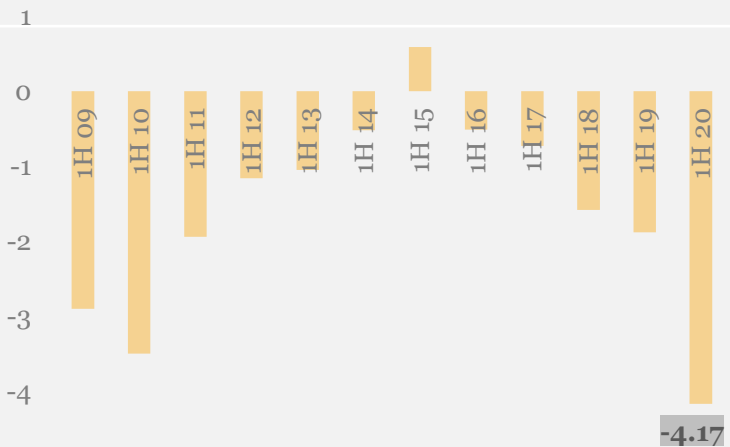
policy-mix

monetary policy rate



source: National Bank of Romania (NBR)

fiscal balance (% GDP)



source: Ministry of Finance

Macro developments

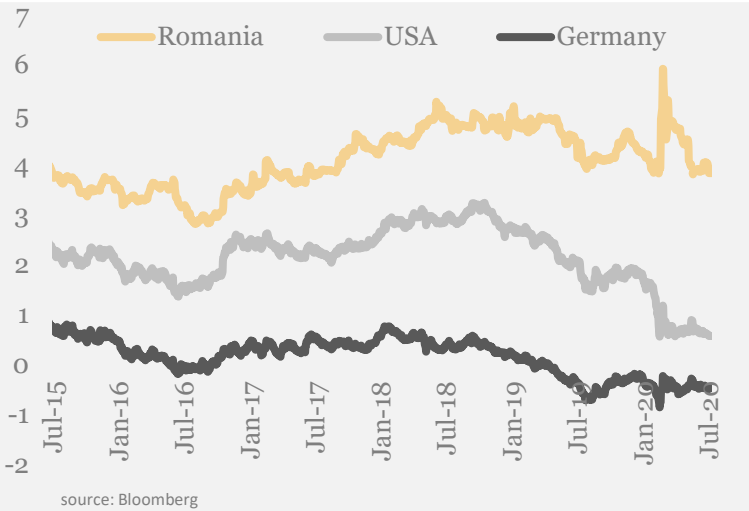
The policy-makers implemented unprecedented expansionary mix after the outbreak of COVID-19
 Budget deficit widened to record level in 1H2020
 However, S&P maintained the investment grade

- **NBR cut the policy-rate to 1.75% in 2Q and to 1.50% in August, launched bilateral repos and a QE program and set up an EUR 4.5bn repo line with ECB**
- **Government spent 2% of GDP on healthcare system, wages of parents staying home when the schools were closed and measures supporting the businesses**
- **The Administration also launched the SMEs Invest Program (RON 15bn in guarantees, 1.5% of GDP). The program ceiling was increased to RON 20bn (1.9% of GDP) in August**
- **Other measures – faster reimbursement of VAT, suspending foreclosures on overdue debtors, discounts for paying corporate income taxes, postponement of property tax and exemption of taxes for HORECA**

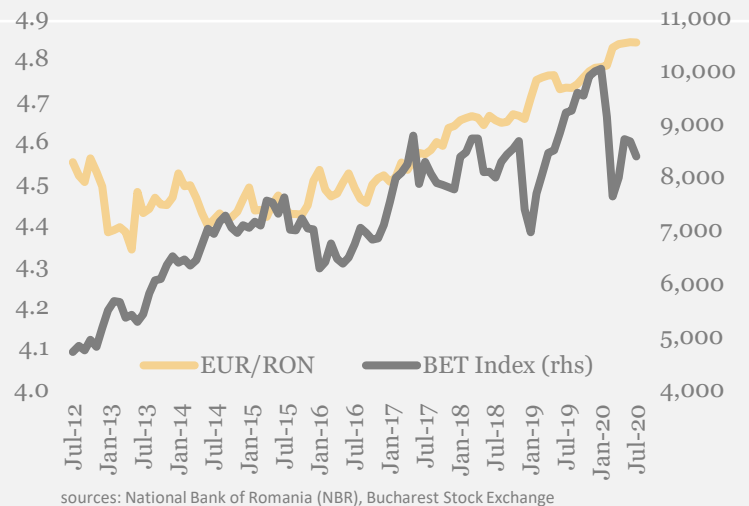


financial economy

yield on 10YR Bonds (%)



EUR/RON vs. BET Index



Macro developments

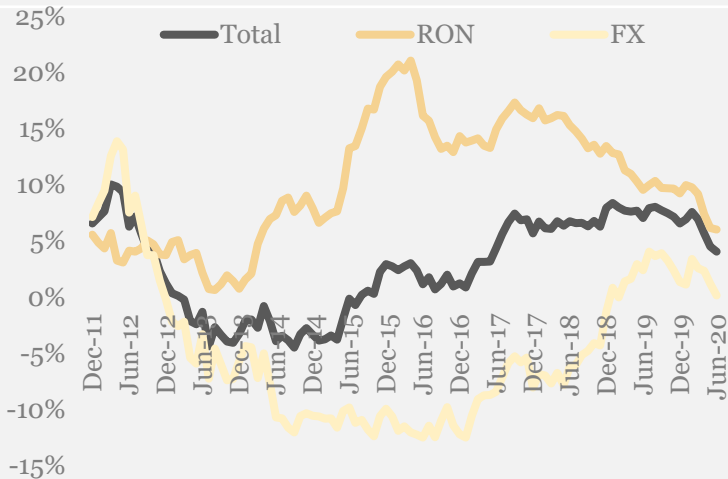
The sovereign financing costs declined in 2Q, an evolution also influenced by the NBR's QE program

The EUR/RON continued the gradual appreciation trend, while the BET index increased in 2Q

- **+150 days since the first COVID-19 case Romania is continuing on the upward trend in terms of the pandemic**
- **However, the worst has passed from the macro-financial point of view, given the international/European developments and the unprecedented expansionary policy-mix**
- **The decline of the interest rates contributed to the continuity of the upward trend for EUR/RON, the monthly average hitting a record high level in June**
- **However, BET Index rose by 13.6% in 2Q, rebounding after the decline by 23.6% in 1Q**

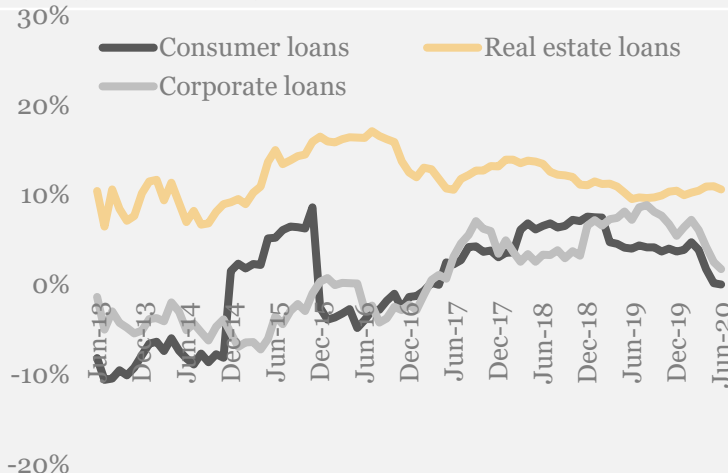
loans

loans (YoY)



source: National Bank of Romania (NBR)

dynamics of private loans (YoY)



source: National Bank of Romania (NBR)

Banking sector dynamics

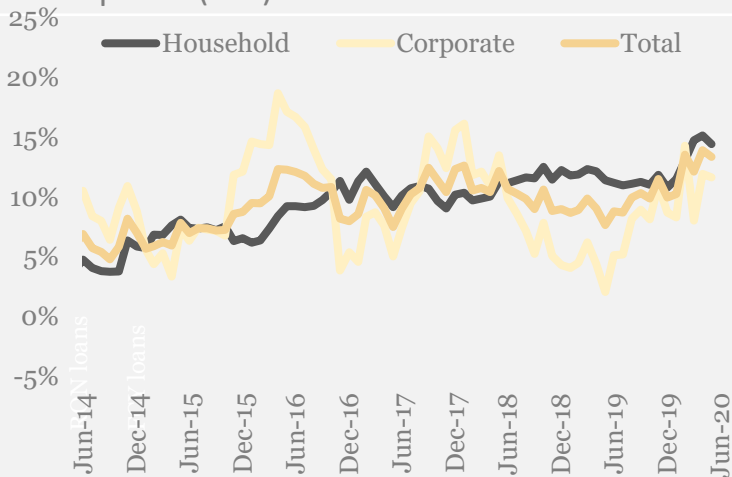
Loans decelerated to 4.7% YoY in 2Q, but rose by 5.9% YoY in 1H2020

- The outbreak of the pandemic determined the increase of the risk perception, leading to the MoM decline of the loans in April and May
- The loans resumed growth in June, given the unprecedented expansionary policy-mix
- In 1H2020 the loans rose by 5.9% YoY on average (the RON and FX segments up by 8.1% YoY and 1.8% YoY)
- The housing loans climbed by 10.5% YoY, while the consumer loans rose by 2.4% YoY during January-June
- The corporate loans increased by 4.7% YoY in 1H2020
- RON-denominated loans represented 67.8% of the total loans at the end of June, the highest level since 1990s



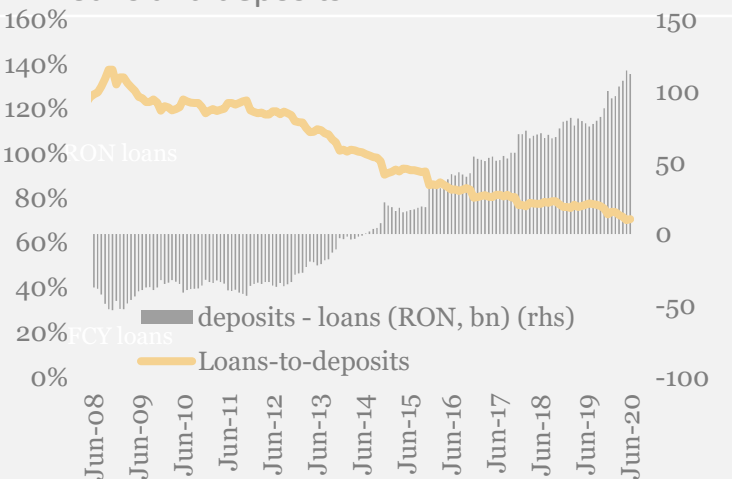
deposits

deposits (YoY)



source: National Bank of Romania (NBR)

loans and deposits



source: National Bank of Romania (NBR)

Banking sector dynamics

Deposits accelerated to 13.2% YoY in 2Q and rose by 12.2% YoY in 1H2020

- There can be noticed the increase of the FX-denominated deposits by 18.7% YoY in 2Q and by 17% YoY in 1H2020, an evolution influenced by the appreciation of the EUR/RON, in the context of higher risk perception
- The RON-denominated deposits accelerated to 10.2% YoY in 2Q and advanced by 9.8% YoY in 1H2020, due to the increase of the saving rate
- Household deposits rose by 13.3% YoY, while the corporate deposits climbed by 10.5% YoY in 1H2020
- The loans-to-deposits ratio continued the downward trend to 70.7% in June (close to the lowest level of the past decades) (the differential deposits – loans above RON 110bn)



Financial Performance



BT performance in H1 2020

profitability

Net interest income, RONmn

Net fee and commission income, RONmn

Operating expenses, RONmn

Pre-provision operating profit, RONmn

Net profit, RONmn

EPS, RON

Cost of risk, net

NIM

ROE

Cost-to-income ratio*

* Computed by assuming the annual contribution to Deposits Guarantee Fund and Resolution Fund to be evenly allocated over 12 months. Otherwise, the values would be 47.60% for H1 2020 and 45.78% for H1 2019 (individual), respectively 47.78% for H1 2020 and 45.47% for H1 2019 (consolidated).

credit activity

Gross loans to customers, RONmn

Deposits from customers, RONmn

Gross loans-to-deposits ratio

NPL ratio

capital

Total equity, RONmn

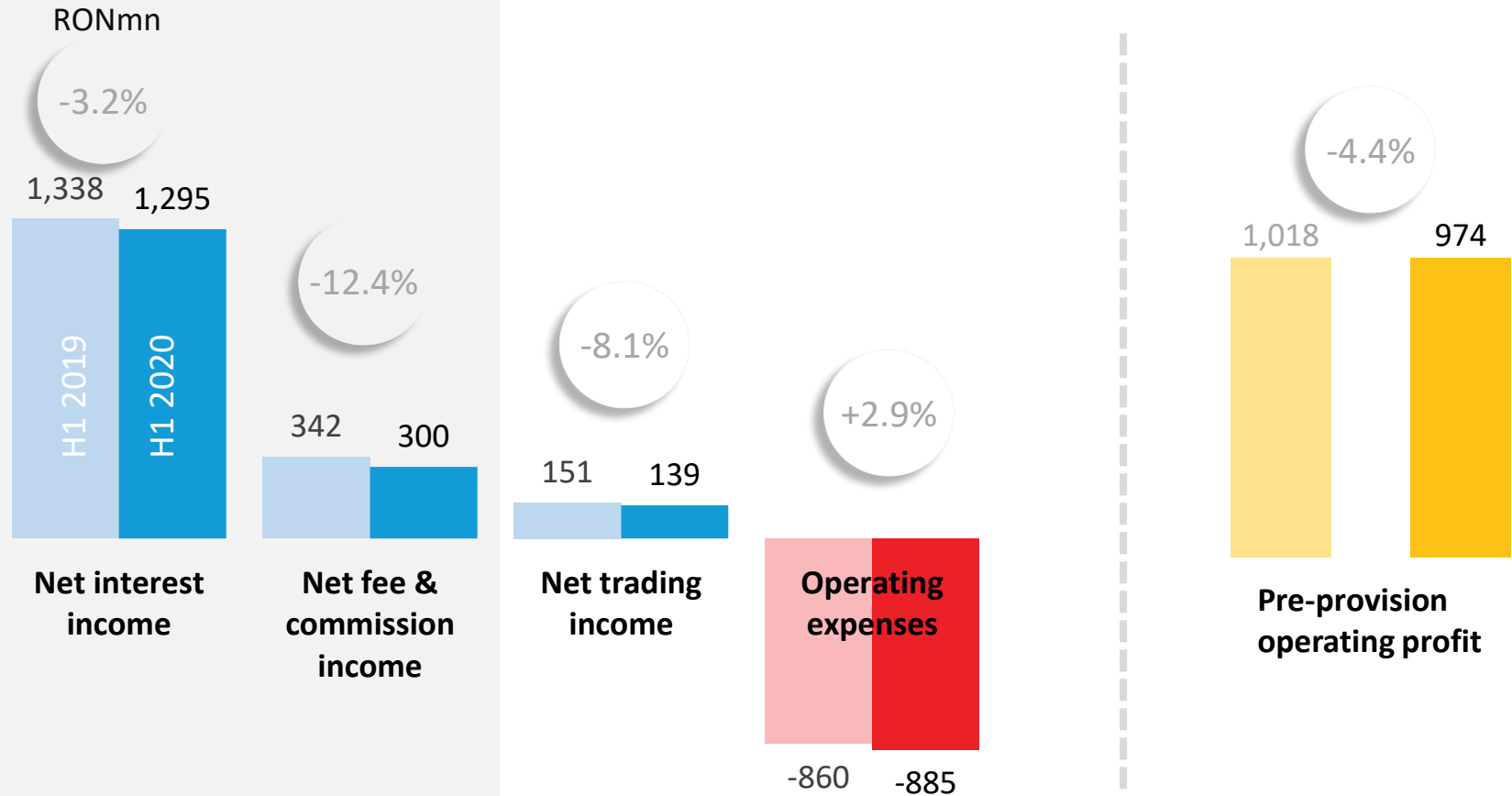
Tier 1 capital ratio (profit included)

Total capital ratio (profit included)

	INDIVIDUAL			CONSOLIDATED		
	H1 2020	H1 2019		H1 2020	H1 2019	
Net interest income, RONmn	1,295.0	1,338.3	-3.2%	1,453.0	1,520.2	-4.4%
Net fee and commission income, RONmn	299.8	342.0	-12.4%	351.8	391.0	-10.0%
Operating expenses, RONmn	(884.6)	(859.6)	2.9%	(1,001.4)	(991.6)	1.0%
Pre-provision operating profit, RONmn	973.6	1,018.2	-4.4%	1,094.5	1,189.0	-7.9%
Net profit, RONmn	607.4	848.0	-28.4%	690.1	942.4	-26.8%
EPS, RON				0.1174	0.1744	-32.7%
Cost of risk, net	1.31%	0.02%	1.3 pp	1.37%	0.24%	1.1 pp
NIM	2.93%	3.59%	-0.7 pp	3.14%	3.79%	-0.7 pp
ROE	14.98%	23.42%	-8.4 pp	15.54%	23.73%	-8.2 pp
Cost-to-income ratio*	46.73%	44.50%	2.2 pp	46.96%	44.36%	2.6 pp
	Jun/20	Dec/19		Jun/20	Dec/19	
Gross loans to customers, RONmn	41,902.0	41,134.6	1.9%	43,977.2	43,134.9	2.0%
Deposits from customers, RONmn	77,126.5	74,353.7	3.7%	79,992.9	77,037.1	3.8%
Gross loans-to-deposits ratio	54.33%	55.32%	-1.0 pp	54.98%	55.99%	-1.0 pp
NPL ratio	3.06%	2.79%	0.3 pp			
	Jun/20	Dec/19		Jun/20	Dec/19	
Total equity, RONmn	8,472.8	8,496.4	-0.3%	9,279.2	9,213.8	0.7%
Tier 1 capital ratio (profit included)	17.71%	16.64%	6.4%	16.38%	15.87%	3.2%
Total capital ratio (profit included)	20.91%	20.00%	4.6%	19.21%	18.93%	1.5%



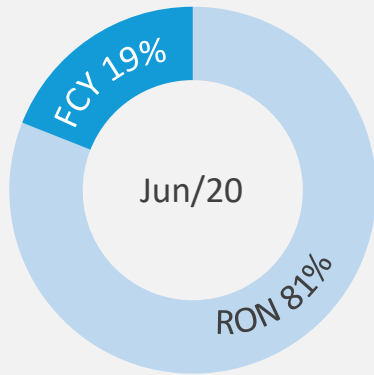
Trends in income structure



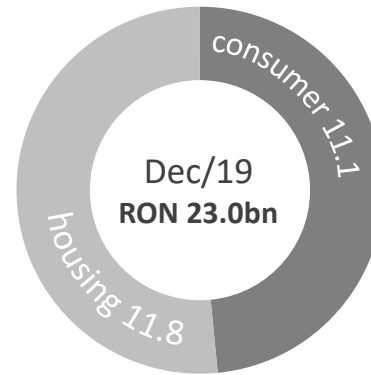
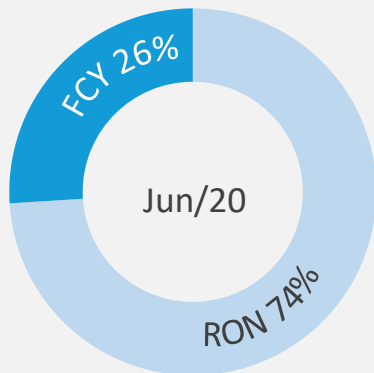


Loan structure

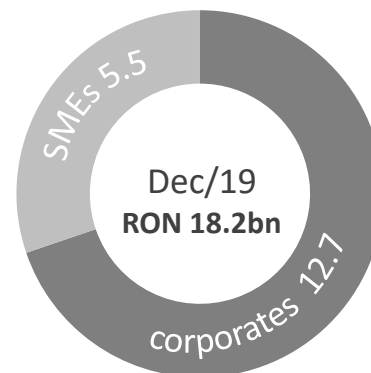
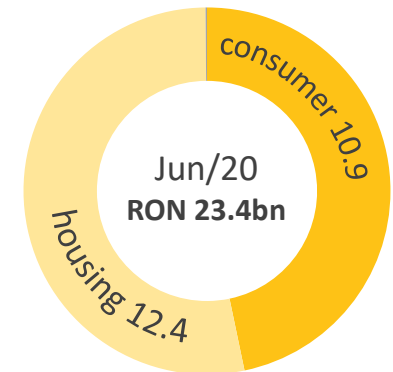
loans to households



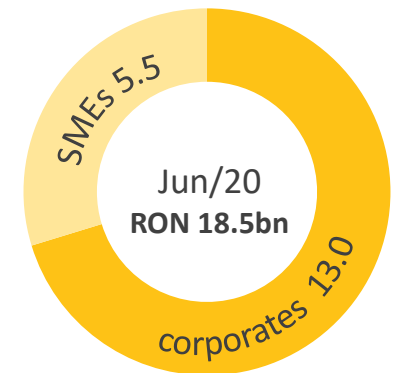
loans to companies



↑ 2%



↑ 2%



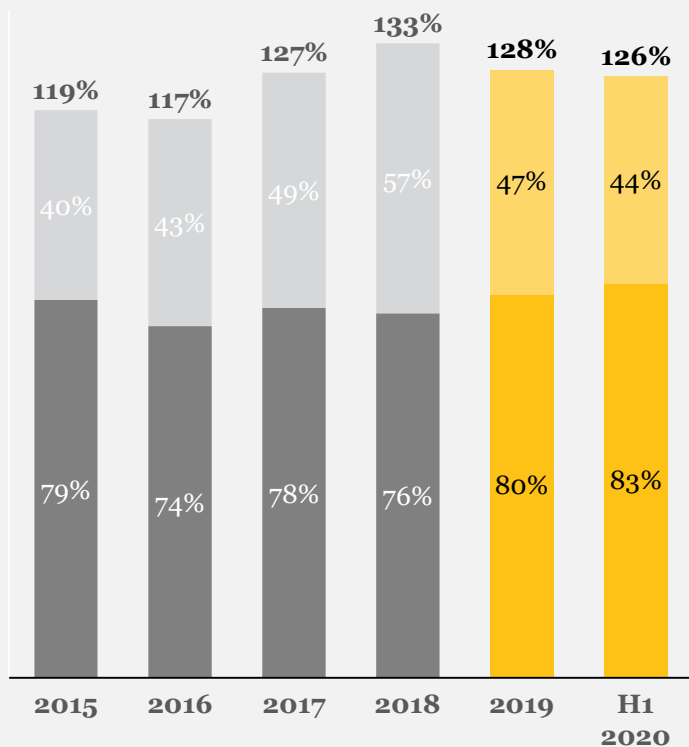
* SMEs identified according to internal classification rules



Loan quality

NPL (PAR90) ratio stable at 3.06%

NPL coverage ratio



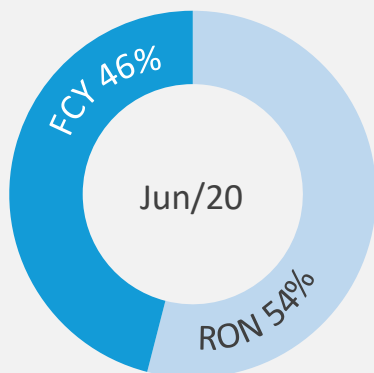
NPL coverage with mortgage collaterals
 NPL coverage with provisions

- **Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio**
- **NPL coverage, including collaterals, sits at a comfortable 126% level**

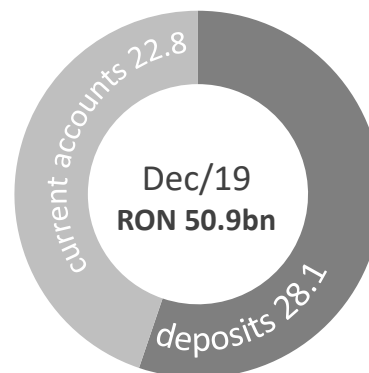
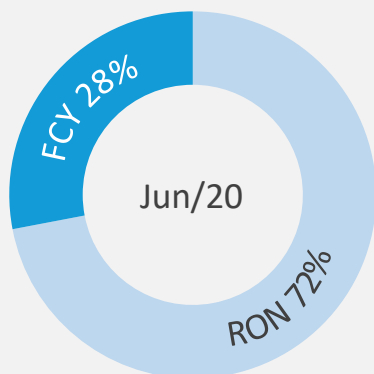


Deposit structure

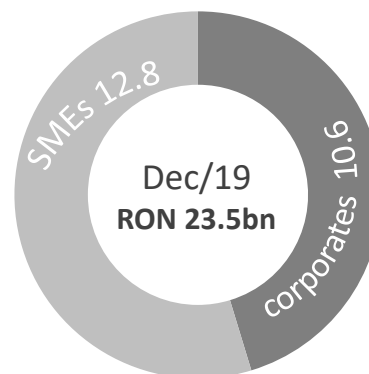
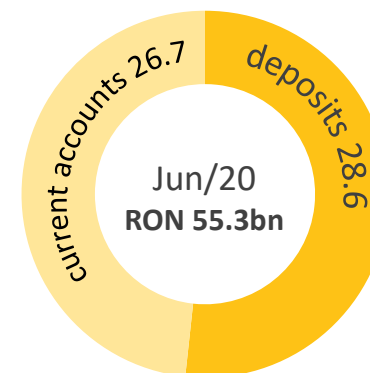
deposits from households



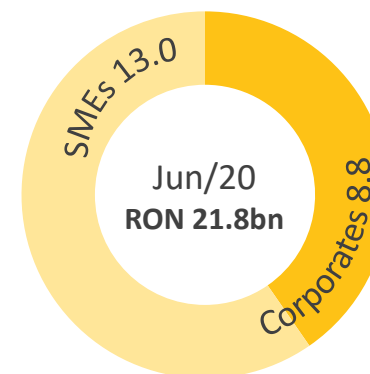
deposits from companies



↑ 9%



↓ 7%



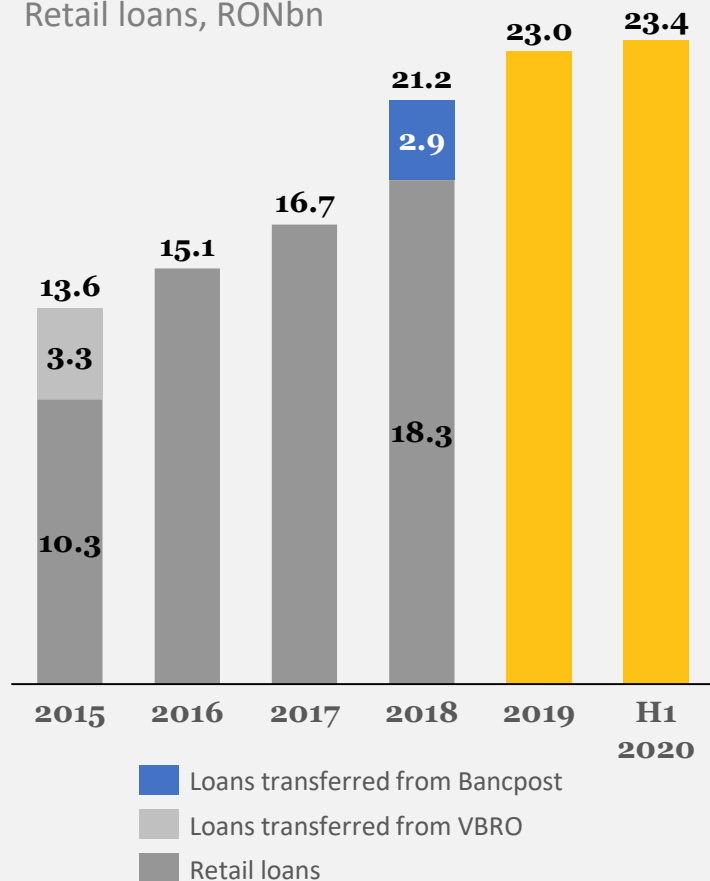
* SMEs identified according to internal classification rules



Business lines/ Retail banking

Retail loan portfolio reached RON 23.4bn at the end of H1 2020

Retail loans, RONbn



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

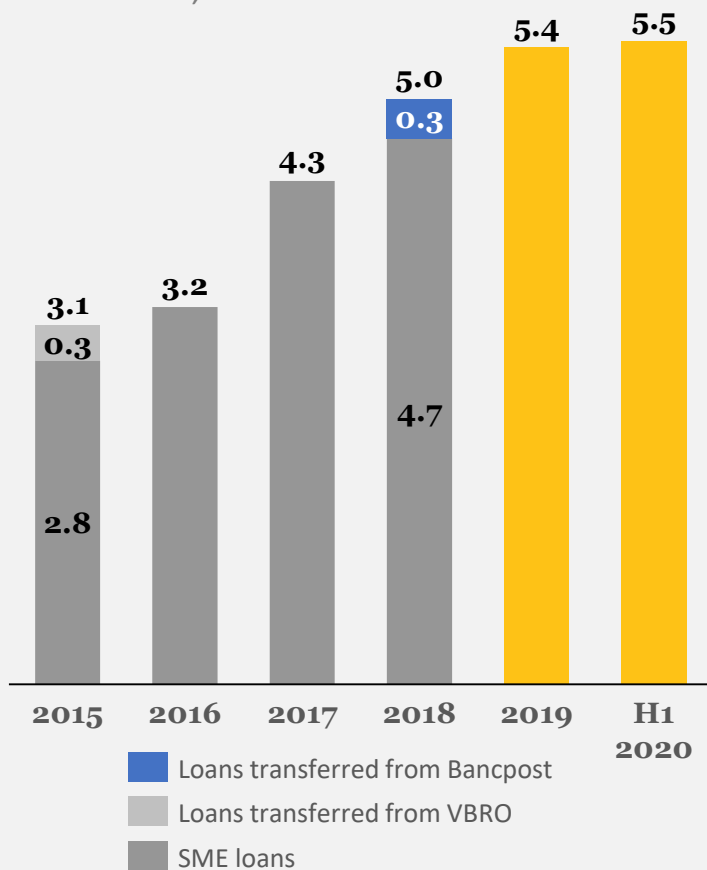
- **~2,885,000 active clients**
- **~34,800 non-card retail loans disbursed in H1 2020**
- **leader on the cards market (23% market share) both on issuing and acquiring with 4,1 mn active cards, 65k POS terminals and 1,700 online retailers**
- **more than 1 million cards enrolled in BT Pay and Apple Pay wallet applications**



Business lines/ SME banking

SME (internal definition) loan portfolio at RON 5.5bn

SME loans, RONbn



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

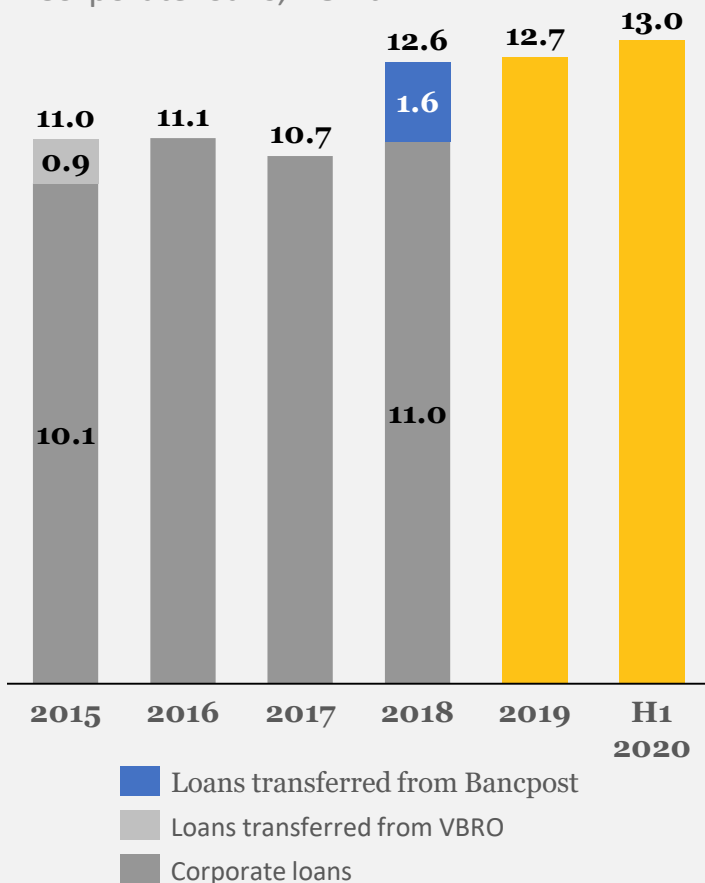
- **~325,000 active clients**
- **Banca Transilvania continued to support the SME business sector, granting more than 5,200 new loans in H1 2020**
- **focus on IMM Invest program with over 2,000 colleagues working together with the applicants**



Business lines/ Corporate banking

Corporate loan portfolio remains stable around RON 13.0bn

Corporate loans, RONbn



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

- **~10,300 active clients**
- **proactively acted in supporting existing clients, while maintaining an active rhythm in generation of new relationships**
- **sectorial approach: focus on healthcare, agribusiness and industrial manufacturing**
- **BT continued to be prime supporter of both working capital needs, as well as new investment projects of local corporates**

Banca Transilvania

Financial Group as of 30/Jun/2020



total assets RON 93.9bn



total assets RON 463mn



total assets RON 1,151mn



AUM RON 3,746mn



total assets RON 172mn



total assets RON 504mn



total assets RON 3,792mn



* Figures for subsidiaries assessed under RAS rules;



Annexes



ANNEX1

income statement, IFRS individual

RONmn	H1 2020	H1 2019	
Net interest income	1,295.0	1,338.3	-3.2%
Net fee and commission income	299.8	342.0	-12.4%
Net trading income	138.7	151.0	-8.1%
Other net income	124.7	46.5	168.1%
Operating income	1,858.2	1,877.8	-1.0%
Personnel expenses	(482.5)	(458.4)	5.2%
D&A	(146.8)	(137.8)	6.5%
Other operating expenses	(255.3)	(263.3)	-3.0%
Operating expenses	(884.6)	(859.6)	2.9%
Pre-provision operating profit	973.6	1,018.2	-4.4%
Cost of risk	(273.1)	(3.8)	-
Net income before taxation	700.6	1,014.5	-30.9%
Income tax (expense)/revenue	(93.1)	(166.5)	-44.0%
Net income	607.4	848.0	-28.4%



ANNEX1

balance sheet, IFRS individual

RONmn

	Jun/20	Dec/19	
Cash & cash equivalents	14,237.5	13,480.2	5.6%
Placements with banks	9,575.5	6,995.3	36.9%
Loans to customers, net	38,951.4	38,601.9	0.9%
T-bills & securities	28,777.1	25,985.6	10.7%
Fixed assets	795.4	777.4	2.3%
Right-of-use assets	373.9	366.2	2.1%
Investments in associates	486.4	486.4	0.0%
Other financial assets	617.1	638.8	-3.4%
Other non-financial assets	113.3	106.2	6.6%
Total assets	93,927.6	87,438.1	7.4%
Deposits from banks	411.8	304.5	35.2%
Deposits from customers	77,126.5	74,353.7	3.7%
Loans from banks and FIs	3,679.4	895.7	310.8%
Subordinated loan	1,670.1	1,696.6	-1.6%
Current tax liabilities	47.8	38.1	25.3%
Deferred tax liabilities	0.6	7.9	-92.8%
Provisions for other risks and charges	495.0	498.5	-0.7%
Financial liabilities from leasing contracts	379.6	365.9	3.7%
Other financial liabilities	1,558.0	701.9	122.0%
Other non-financial liabilities	86.0	78.9	9.1%
Total liabilities	85,454.7	78,941.6	8.3%
Shareholders' equity	8,472.8	8,496.4	-0.3%
Total liabilities and equity	93,927.6	87,438.1	7.4%



ANNEX2

income statement, IFRS consolidated

RONmn

	H1 2020	H1 2019	
Net interest income	1,453.0	1,520.2	-4.4%
Net fee and commission income	351.8	391.0	-10.0%
Net trading income	127.6	191.2	-33.3%
Other net income	163.4	78.1	109.1%
Operating income	2,095.9	2,180.5	-3.9%
Personnel expenses	(545.5)	(522.9)	4.3%
D&A	(158.8)	(149.8)	6.0%
Other operating expenses	(297.1)	(318.9)	-6.8%
Operating expenses	(1,001.4)	(991.6)	1.0%
Pre-provision operating profit	1,094.5	1,189.0	-7.9%
Cost of risk	(299.3)	(50.7)	
Net income before taxation	795.3	1,138.3	-30.1%
Income tax (expense)/revenue	(105.2)	(195.9)	-46.3%
Net income	690.1	942.4	-26.8%



ANNEX2

balance sheet, IFRS consolidated

RONmn

	Jun/20	Dec/19	
Cash & cash equivalents	15,220.3	14,583.1	4.4%
Placements with banks	10,355.5	7,775.1	33.2%
Loans to customers, net	40,742.4	40,353.8	1.0%
T-bills & securities	29,820.2	26,781.7	11.3%
Fixed assets	1,046.5	973.4	7.5%
Right-of-use assets	393.5	388.0	1.4%
Investments in associates	2.3	3.3	-30.1%
Deferred tax assets	23.0	16.8	37.3%
Other financial assets	672.0	688.0	-2.3%
Other non-financial assets	165.0	158.9	3.8%
Total assets	98,440.8	91,722.3	7.3%
Deposits from banks	402.9	296.1	36.0%
Deposits from customers	79,992.9	77,037.1	3.8%
Loans from banks and FIs	4,225.8	1,473.9	186.7%
Subordinated loan	1,673.6	1,700.2	-1.6%
Current tax liabilities	48.8	42.2	15.6%
Provisions for other risks and charges	518.1	533.9	-3.0%
Financial liabilities from leasing contracts	399.2	387.4	3.0%
Other financial liabilities	1,788.6	925.6	93.2%
Other non-financial liabilities	111.9	112.0	-0.1%
Total liabilities	89,161.6	82,508.4	8.1%
Shareholders' equity	8,878.0	8,831.2	0.5%
Non-controlling interest	401.1	382.6	4.8%
Total liabilities and equity	98,440.8	91,722.3	7.3%



Banca Transilvania HQ

8, G. Baritiu Street, Cluj-Napoca
400027, Romania



+ 40 264 407 150
+ 40 264 407 179 /FAX



investor.relations@btrl.ro



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