victoriabank®
Grupul Banca Transilvania

# Activity Report

## 3Q 2022

Executive Summary

I. Macroeconomic context

II. About Victoriabank

III. Key achievements

IV. Financial indicators dynamics

# Executive Summary

- Macroeconomic situation in Moldova is impacted by the armed conflict in Ukraine and limited supply of energy resources.
- Inflation rate continue to grow, showing a slight decrease (by -0.32%) in September compared to August.
- Victoriabank strengthens the links with Romania after the Romanian Ambassador Cristian-Leon Țurcanu visited the headquarters of Victoriabank.
- Victoriabank continues to grow in the digital segment:
  - ✓ launching online update of the customer questionnaire (KYC) service - an innovative, fully automated solution in the field of Know Your Customer, which allows the identification of customers with the help of the latest biometric technologies, artificial intelligence and RPA (Robotic Process Automation);
  - ✓ Increasing mobile and web banking users in this period, as result of implementing three new electronic wallets this year: Apple Pay, Xiaomi Pay and Google Pay;
  - ✓ 57% of deposits opened online (by individuals) in Q3 2022.
  - ✓ Growth in the acquired payment volumes up to 14.64% for transactions made using a POS terminal.
- Major financial indicators are in growth, ROE and ROA indicators doubled compared to the same period of the previous year.
- The loan and deposit activity was in increasing trend, despite of the macroeconomic situation and new conditions from the Regulation on responsible lending that established much more restrictive lending rules.

# I. Macroeconomic context

## REPUBLIC OF MOLDOVA

Data published by the National Bureau of Statistics (NBS) indicate a fall in industrial production for the second consecutive month in July, with an annual pace increasing to 14.4%, amid the overlap of supply shocks and the consequences of the military conflict in Ukraine. At seven months the industry adjusted by 1.4% year/year.

Also, according to the NBS, retail trade decreased for the second month in a row in July, with a deepening annual rate of 6.3% (decline by 0.1% year/year between January and July), an evolution determined by the intensification of inflationary pressures, with an unfavorable impact on the real disposable income of the population.
The international macro-financial climate and domestic news were felt in the financial market.

At the level of the money market, interest rates increased: three-month CHIBOR by 1.1% to 23.83%, and six-month CHIBOR by 1.1% to 24.18%, as can be seen in the second adjacent graph.

On the government securities market, interest rates have strengthened: on three-month and six-month maturities at 19.6% and 22.0%, respectively. The Ministry of Finance did not run tenders. EUR/MDL depreciated by 0.8% to 19.1792, and USD/MDL appreciated by 0.2% to 19.4170 at the BNM.

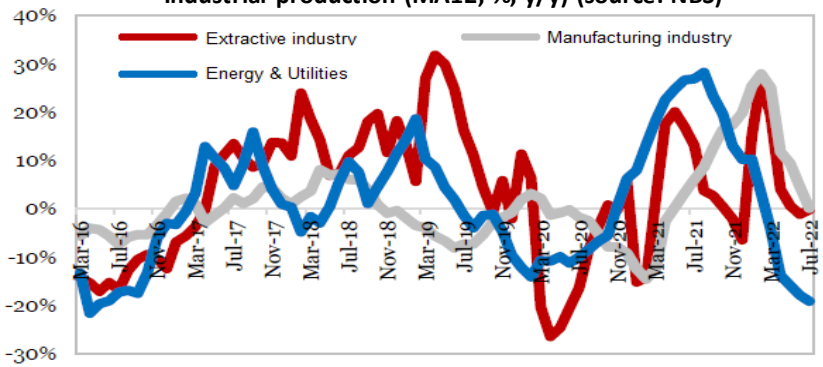
## INTERNATIONAL

In the Eurozone, consumer confidence reached a historically low level in September, which expresses unfavorable premises for the dynamics of private consumption (the main component of GDP) in the short term. Also, the economy of the region (Romania's main economic partner) decreased in September with the most severe rate since January 2021, according to the Composite PMI indicator. On the other hand, construction picked up steam in July, growing by 0.3% month-on-month and with an accelerating annual pace of 1.5%.

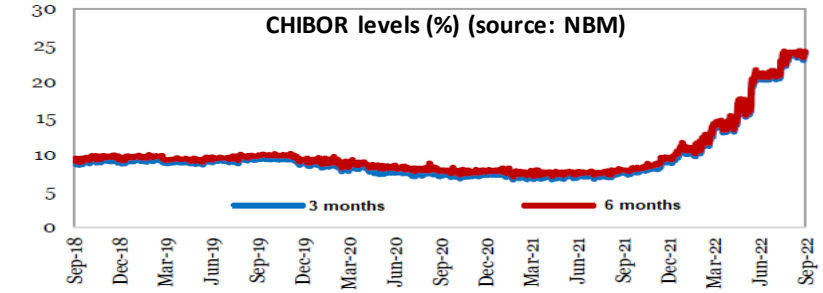
In Russia, consumer confidence improved in Q3, with the indicator rising at a quarterly rate of nine points to -22 points. On the other hand, the annual pace of producer prices moderated to 3.8% in August, in the context of adjustments in international raw materials markets.

The world economy is at a turning point, with macroeconomic indicators oscillating without outlining concrete trends, which increases the uncertainty range of forecasts. On the one hand, the world economy is affected by the tightening of monetary policies in major economies and the moderation of demand in China and other large economies. On the other hand, the risks related to the armed conflict in Ukraine, the limited supply of raw materials and the poor agro-meteorological conditions in Europe facilitate the persistence of high quotations for raw materials. Thus, in the current round of forecasting, the hypothesis regarding the pro-inflationary growth/maintenance related to quotations on the international market remains valid, but it is anticipated that external demand will be more moderate. Also, based on the latest developments, it is anticipated that the European currency will oscillate in the vicinity of parity with the US dollar, and the Russian ruble will reflect domestic monetary operations in the absence of the functioning of the capital account.

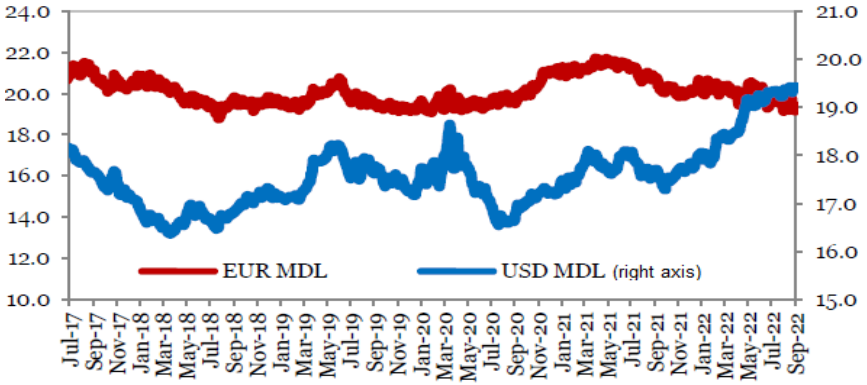
**Industrial production (MA12, %, y/y) (source: NBS)**




**CHIBOR levels (%) (source: NBM)**




**Exchange rate (MDL) (source: NBM)**



# I. Macroeconomic context

**GDP 2Q 2022**
**-0,9%**
(comparable prices)

**Population**
**2.6**
millions of people

**Money transfers from abroad 9M 2022 (net)**
**1,285 mln.USD**

**GDP 6M 2022**
**6,527 mln.USD**

**Unemployment rate**
**2.4% 2Q 2022**

**Current account balance 6M 2022**
**-982 mln.USD**

**Inflation rate**
**27.54% 9M 2022**
(average consumer prices)

**Average salary**
**540 USD / 2Q 2022**

**National public budget balance**
**- 99 mln USD 9M 2022**

**Average exchange rate EUR: 19.96 MDL**

# I. Macroeconomic context

| | | 31.12.2021 | 30.06.2022 | 30.09.2022 | Δ 9M 2022 | Δ Q3 2022 |
|---|---|---|---|---|---|---|
| Consumer price indices (NBM*) | % | 13.94% | 31.83% | 33.97% | 20.03 pp | 2.14 pp |
| Base rate | % | 6.50% | 18.50% | 21.50% | 15.00 pp | 3.00 pp |
| Broad Money (M3) | *mln.lei* | 119,760 | 112,967 | 115,634 | -3.61% | 2.19% |
| Required reserve ratio MDL& non-convert.curr. | % | 26.0% | 32.0% | 40.0% | 14.00 pp | 8.00 pp |
| Required reserve ratio freely convertible curr.* | % | 30.0% | 36.0% | 45.0% | 15.00 pp | 9.00 pp |
| Exchange rate USD | *lei/usd* | 17.75 | 19.12 | 19.55 | 0.10 | 0.02 |
| Exchange rate EUR | *lei/eur* | 20.09 | 20.11 | 18.99 | -0.05 | -0.06 |
| Average exchange rate USD | *lei/usd* | 17.68 | 18.46 | 18.75 | 0.06 | 0.02 |
| Average exchange rate EUR | *lei/eur* | 20.93 | 20.20 | 19.96 | -0.05 | -0.01 |
| Interest rate Treasury bills 91 days | % | 9.02% | 16.67% | 21.04% | 12.02 pp | 4.37 pp |
| 182 days | % | 9.63% | 19.13% | 23.17% | 13.54 pp | 4.04 pp |
| 364 days | % | 9.45% | 19.50% | 21.97% | 12.52 pp | 2.47 pp |

*M3: as of 31.08.2022*
** annual inflation rate represents the increase of consumer prices during a month this year compared with the same month last year*

# I. Macroeconomic context

According to the data published by the National Bureau of Statistics (NBS), consumer prices increased with a monthly rate of 0.89% in August. however, the inflationary dynamics showed a decrease (by -0.32%) in September compared to August. The prices of food goods, non-food products and service tariffs rose with annual rates of 38.39%, 23.26% and 45.25%, respectively. The intensification of inflationary pressures and the international macro-financial climate had an impact on the financial market in the second week of September.

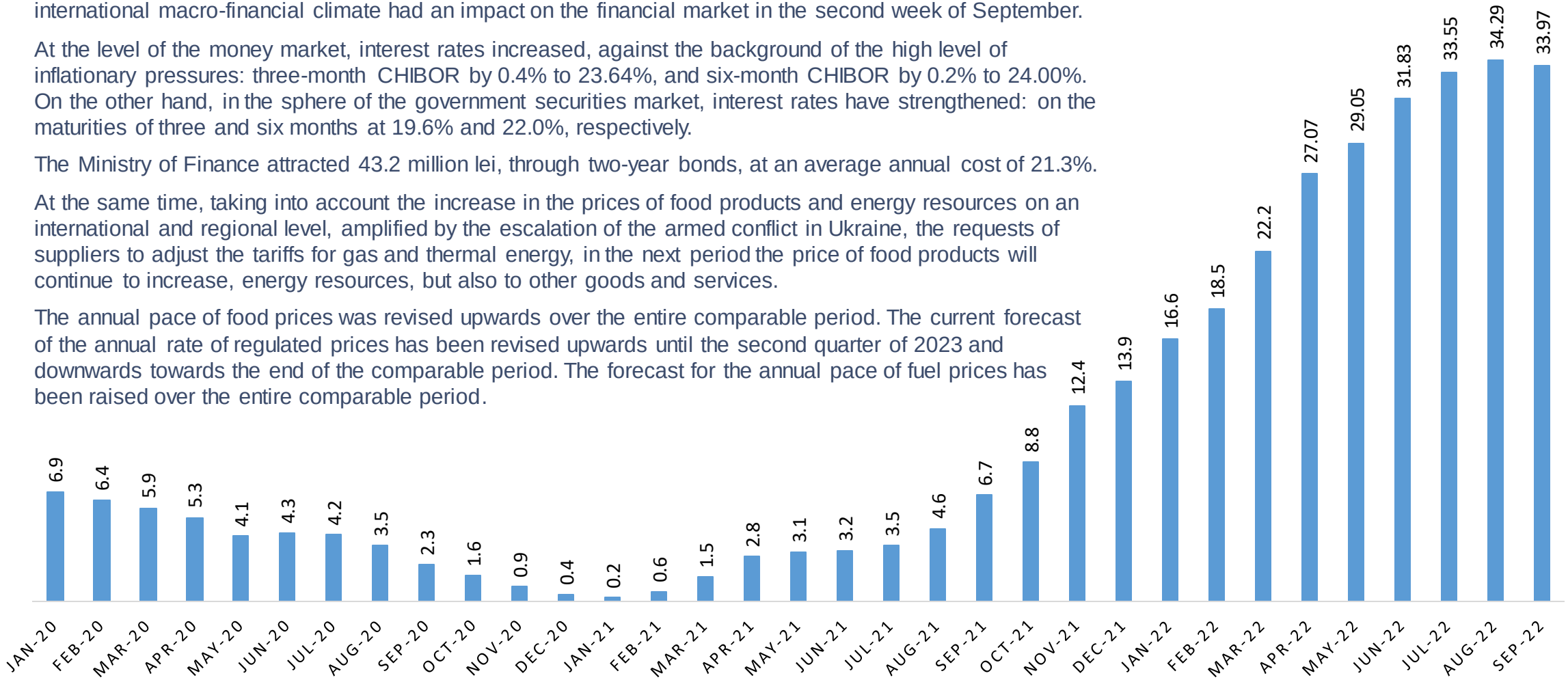
At the level of the money market, interest rates increased, against the background of the high level of inflationary pressures: three-month CHIBOR by 0.4% to 23.64%, and six-month CHIBOR by 0.2% to 24.00%. On the other hand, in the sphere of the government securities market, interest rates have strengthened: on the maturities of three and six months at 19.6% and 22.0%, respectively.

The Ministry of Finance attracted 43.2 million lei, through two-year bonds, at an average annual cost of 21.3%.

At the same time, taking into account the increase in the prices of food products and energy resources on an international and regional level, amplified by the escalation of the armed conflict in Ukraine, the requests of suppliers to adjust the tariffs for gas and thermal energy, in the next period the price of food products will continue to increase, energy resources, but also to other goods and services.

The annual pace of food prices was revised upwards over the entire comparable period. The current forecast of the annual rate of regulated prices has been revised upwards until the second quarter of 2023 and downwards towards the end of the comparable period. The forecast for the annual pace of fuel prices has been raised over the entire comparable period.

*Annual rate of inflation*



# II. About Victoriabank

## *Victoriabank Management*

Bogdan Pleșuvescu

President of the Executive Committee (CEO)

Vasile Donica

Vice-President (CBO)

Ionela Maloș

Vice-President (COO)

Vitalie Corniciuc

Vice-President (CFO)

Sorin Șerban

Vice-President (CRO)

# II. About Victoriabank

*Victoriabank in numbers*

More than **1000** employees

Network of **71** units

**41** – agencies

**30** - branches

**180** Shareholders

Over **288 000** active customers

Shareholders structure

European Bank for Reconstruction and Development

BANCA BT TRANSILVANIA

| Name, Last name/ Entity | Residence contry | Share, % |
|---|---|---|
| **1.** VB Investment Holding BV (owned by BT - 61,82% and BERD - 38,18%) | Netherlands | 72,19% |
| **2.** Țurcan Victor | Republic of Moldova | 10,76% |
| **3.** Țurcan Valentina | Republic of Moldova | 8,07% |
| **4.** Artemenco Elena | Republic of Moldova | 4,95% |
| **5.** Proidisvet Galina | Republic of Moldova | 1,58% |

# II. About Victoriabank

## *Synergy between Romania and Victoriabank*

His Excellency the Romanian Ambassador to Chisinau, Cristian-Leon Țurcanu, visited, on September 22, the headquarters of Victoriabank, part of the Banca Transilvania Financial Group, the most important Romanian investment in the banking system of the Republic of Moldova.

Cristian-Leon Țurcanu met with the top management and representatives of Victoriabank shareholders, during the meeting of the Bank's Board of Directors.

The discussions were focused on Victoriabank's main lines of activity, ways to support current and potential investors from the Republic of Moldova, as well as the challenges the financial-banking institution is currently facing. They also highlighted the importance of a healthy and transparent banking system in the RM.

Banca Transilvania (BT), the largest financial group in Romania, is one of the majority shareholders of Victoriabank, together with the European Bank for Reconstruction and Development.

Among the priorities of BT for Victoriabank are the following:

- supporting the private business environment in the RM, especially the SME and micro sector;
- development of a wide range of products and services for individuals;
- aligning Victoriabank's organizational culture and corporate governance with those of BT Financial Group.

❖ **97 customers**

**companies with at least one beneficial owner resident in Romania**

❖ **31 customers**

**companies with residence in Romania**

❖ **3599 payments**

**to Romania made through VB in Q3 2022**

# III. Key achievements Q3/2022

## Victoriabank este #CuPoftăDeBusiness

Victoriabank launches **its Development Strategy for the next three years**. The strategy is oriented towards the organic development of the bank, the reorganization of the business model and the launch of new digital products. Victoriabank also aims to become the first option for customers. According to the Victoriabank Strategy, the customer is at the center of attention of every employee of the bank.

*The President of Victoriabank, **Bogdan Pleşuvescu**: "Yes, we have an ambitious but achievable plan for Victoriabank. Affiliation with Banca Transilvania Financial Group, the largest banking group in Romania, gives us the guarantee that the success of our shareholder can be replicated in the Republic of Moldova, when you know how to do it. We assume the role of trendsetter of the banking system.".*

VB continues to support entrepreneurs who want to align their businesses with EU directives, increase the quality of their products/services and environmental responsibility. The Eu4Business EBRD Credit Line is a joint initiative of the EU and the EBRD, which enables enterprises in the RM to increase their export potential and use the relatively low cost to successfully compete with other companies in the large markets of the EU and the region. VB is a financial partner of the program since 2018, and for 4 years dozens of domestic companies have benefited from grants from the financial package.

Credit destinations:

- equipment modernization up to EUR 300,000, based on the List of Eligible Technologies (LET) - a grant of up to 10% is applied;
- investments of up to EUR 3 million for business development – a grant of up to 15% applies.

# III. Key achievements Q3/2022

Victoriabank este #CuPoftăDeDigitalizare

**Investments in digital platforms are a priority for Victoriabank. VB continues to grow in the digital segment, always updating its products according to the latest digital trends**

❖ VB continues the process of improving and developing alternative banking and self-service solutions. From 11.07.2022, the bank's customers have the possibility to top up their cards with RON. VB launched the first foreign currency ATMs in June 2021, and at the end of September, 191 of the 208 ATMs throughout the country are foreign currency, accepting the withdrawal or replenishment of the account with currencies such as: MDL, EUR, USD and RON.

❖ VB customers can apply for **online loans** or open **online deposits** (**57% of all deposits** were opened online, in Q3 2022, by individuals). They can also quickly receive money from abroad through the **T2A service**. Moreover, between 1- 31 August, those who receive transfers of at least 2,000 lei to their card/current account, through the T2A online transfer platform, are automatically entered into **the raffle with weekly prizes** worth 5,000 lei.

❖ On 13.07.2022 Victoriabank launched the **online update of the customer questionnaire (KYC)** service - an innovative, fully automated solution in the field of Know Your Customer, which allows the identification of customers with the help of the latest biometric technologies, artificial intelligence and RPA (Robotic Process Automation).

❖ VB and its customers are in the continuous process of digitization. The latest statistics show that **over 90%** of Victoriabank card applicants opt for the **E-PIN service**.

# III. Key achievements Q3/2022

Victoriabank este #CuPoftăDeDigitalizare

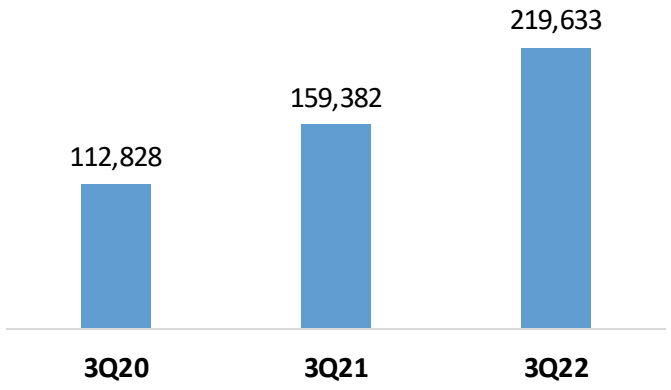
**VB has fortified its position as a leader in digital solutions offered to its clients, by implementing three new electronic wallets this year: Apple Pay, Xiaomi Pay and Google Pay**

❖ **Google Pay™** has become available to VB cardholders. From 23.08.2022, VB card users can benefit from the opportunity to use Google Pay – a simple, secure and fast payment tool using **Android** and **WearOS** devices.

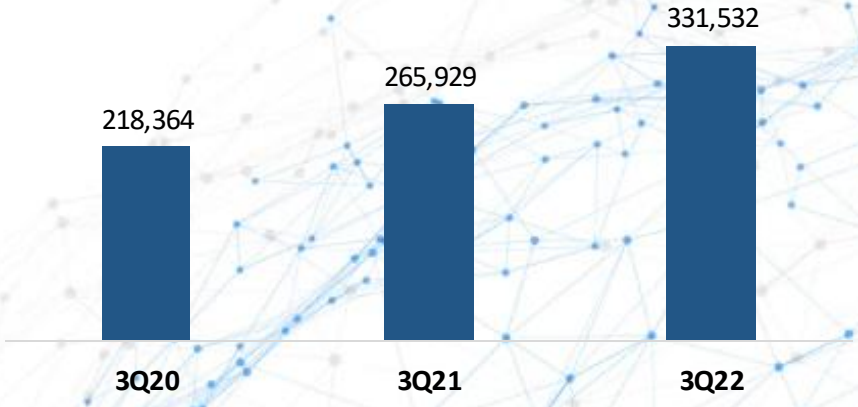
❖ VB is the first bank to introduce NFC-enabled Android phone payments through the free **VB24 Pay** app in 2019 – **Garmin Pay** payments. From April '22, **Apple Pay** became available. Card users can manage their accounts remotely through: **VB24 Web**, **VB24 Mobile**, and legal entities – through **VB24 Business**. VB is included in the Global Register of Visa and Mastercard Service Providers for the security of digital payments.

❖ VB and Mastercard launched a new digital service for its customers - **Xiaomi Pay**, for the first time in Moldova. VB customers can add their Mastercard cards to the Xiaomi Pay digital wallet and make contactless payments with Xiaomi's **Mi Smart Band 6 NFC** wristband.

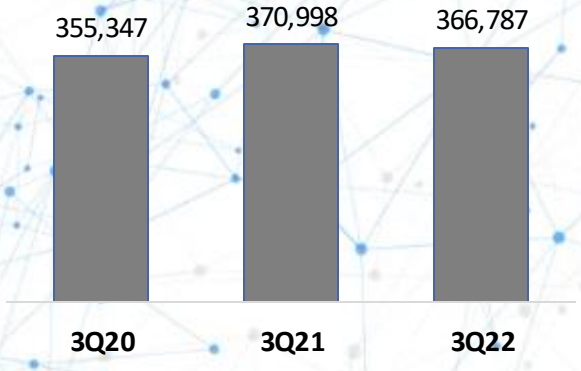
*Mobile banking users*




*VB24 WEB and Business users*

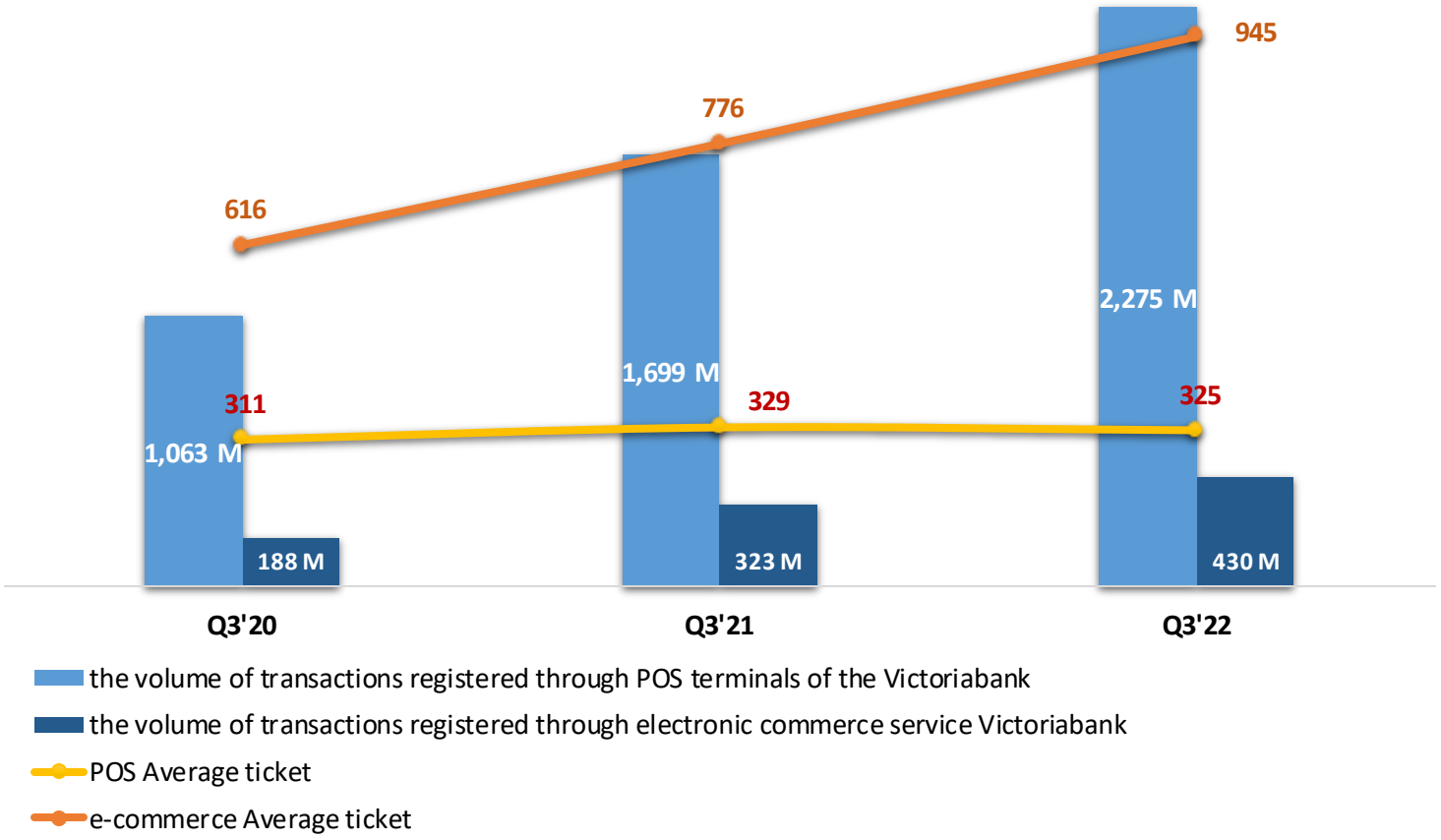



*Active cards*



# III. Key achievements Q3/2022

*The evolution of the transactions volume in acquiring*




- **Retail** – THE SECOND Place in the banking system of Moldova held by Victoriabank with 8,012 units of POS-terminals.
- **E-commerce** – THE SECOND Place in the banking system of Moldova held by Victoriabank with 261 on-line stores.
- The acquired payment volumes for the first nine months of the 2022 year, have achieved an increase of 14.64% for transactions made using a POS terminal and 14.53% for transactions made in e-commerce platforms, compared to the same period of the previous year.

# III. Key achievements Q3/2022

Victoriabank este #CuPoftăDePromoții

## Victoriabank values the loyalty of its customers and makes sure to reward them regularly

❖ Until 31.10.2022, any payment with a Visa from VB (minimum 100 lei) made through the Google Wallet can bring one of the 15 Samsung Galaxy A53 smartphones offered by Victoriabank. **#TaptoPay #GoogleWallet #Visa #SmartChoices**

❖ The 3rd stage of the promotion has ended - **„Strigă „Gool" în finala FIFA World Cup!"** (carried out during 16.07-15.08.2022). Dozens of VB customers, who made purchases of at least 400 lei with a Visa card during this period, won prizes with "football appetite": console, smart TV, FIFA Boxes and dozens of Adidas FIFA World Cup soccer balls.

❖ **10 Victoriabank customers** who, between 3.05-15.06.2022, benefited from a real estate loan from VB, received **10,000 STAR points**, being chosen randomly in the raffle within the offer **"Cu pofta de...Acasa"**.

❖ Victoriabank and Mastercard thanked their customers for their loyalty, offering them discounts of up to 15% at Vara Vara (the largest aquatic city in RM - 40,000 m2 of pools and slides, wave pool, slides). The winners of the 6th stage of the "Live memorable with Victoriabank and Mastercard" campaign (10 trips for 2 people in Transfăgărășan / Romania and 150 sets for BBQ and picnic) were announced.

# III. Key achievements Q3/2022

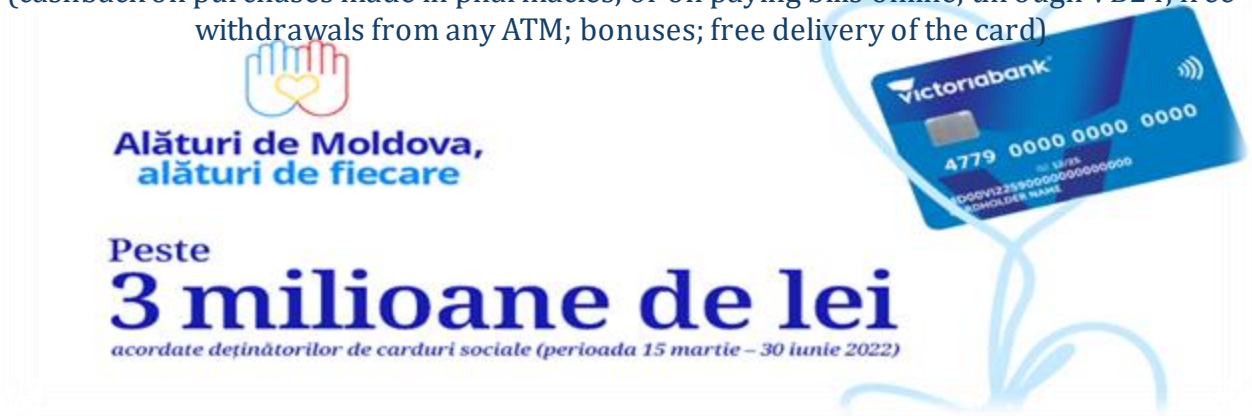
## VB continues to support the business environment, and comes with a series of facilities for them

❖ Starting from May 2022, VB launched a super offer designed to support **Moldovan SMEs**: Interbank foreign exchange payments at only 25 EUR/USD. From the beginning of the promotion until now, thousands of operations have already been carried out at a preferential rate, and the number of companies interested in the offer is increasing every day.

❖ VB stands with **farmers** and helps them face the challenges and comes with innovative credit solutions and very advantageous conditions. In addition to the facilities already known to farmers, VB grants, for the first time, **fixed rate loans** for companies in the agricultural sector. Thus, at VB, farmers can choose several fixed-rate lending options: agri loans for investment or agricultural work, overdraft loans, lines of credit, investment loans with grants and others.

## Victoriabank supports humanitarian causes and is actively involved in actions with a social impact

❖ VB offered 3 million lei in the promotion for social cards as part of the **"Alături de Moldova, alături de fiecare"** campaign. During the promotion period, the social card was issued and serviced free of charge. Social card holders enjoyed numerous freebies and benefits (cashback on purchases made in pharmacies, or on paying bills online, through VB24; free withdrawals from any ATM; bonuses; free delivery of the card)




❖ VB supports a humanitarian cause and this year joins the team of heroes who change destinies - the Run for Children team. The **#EroilorVictoriabank – Run for Children** team joined the Chisinau International Marathon on September 25.

VB has been supporting the noble cause of the organization for more than 7 years. In all these years of fruitful collaboration, the bank supported numerous charity initiatives of CCF Moldova, including the **„Gala Generozității"**, participated in 2 editions of **"Povești de acasă"** where it doubled the amount of donations, organized various collection actions of money, such as **„Cumpără artă – susține un copil"**.

# IV. Financial indicators dynamics

**OWN FUNDS**

**141.23 millions EUR**

**TOTAL OWN FUNDS RATIO**

**49.44%**

**TOTAL ASSETS**

**891.11 millions EUR**

**TOTAL LOANS**

**287.84 millions EUR**

**TOTAL DEPOSITS**

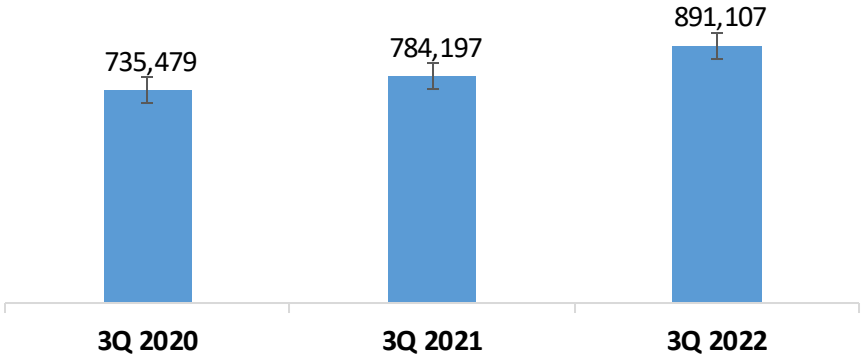
**662.13 millions EUR**

**NET PROFIT**

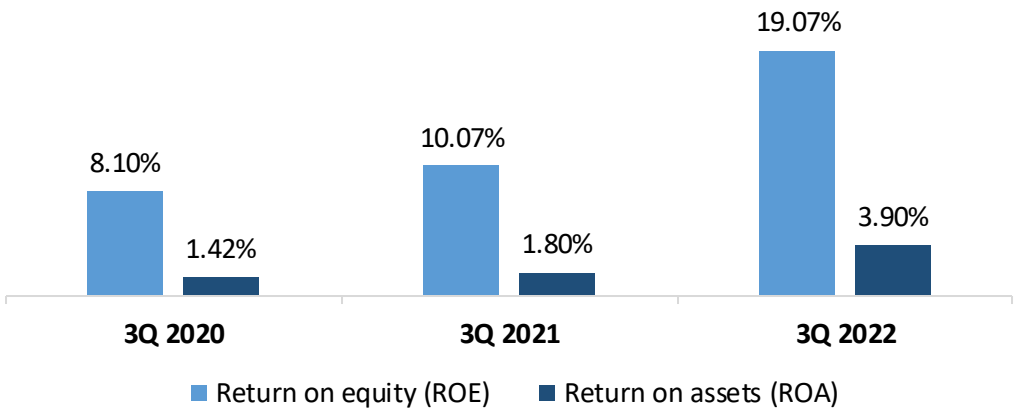
**24.90 millions EUR**

# IV. Financial indicators dynamics

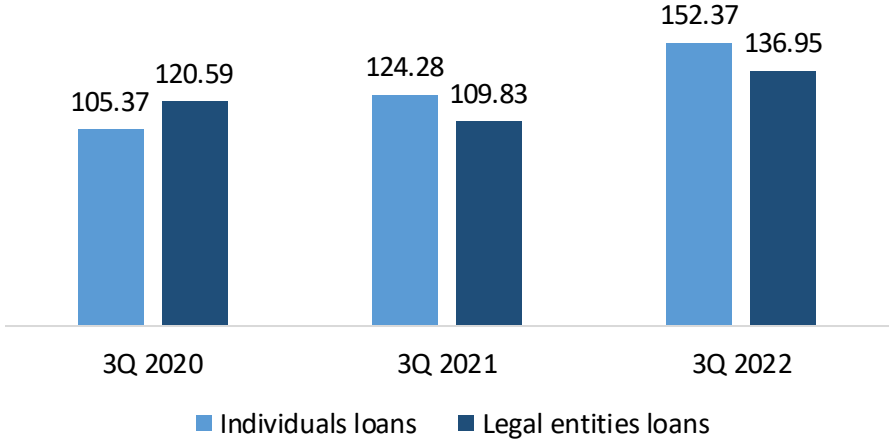
## *Assets (mln. EUR)**



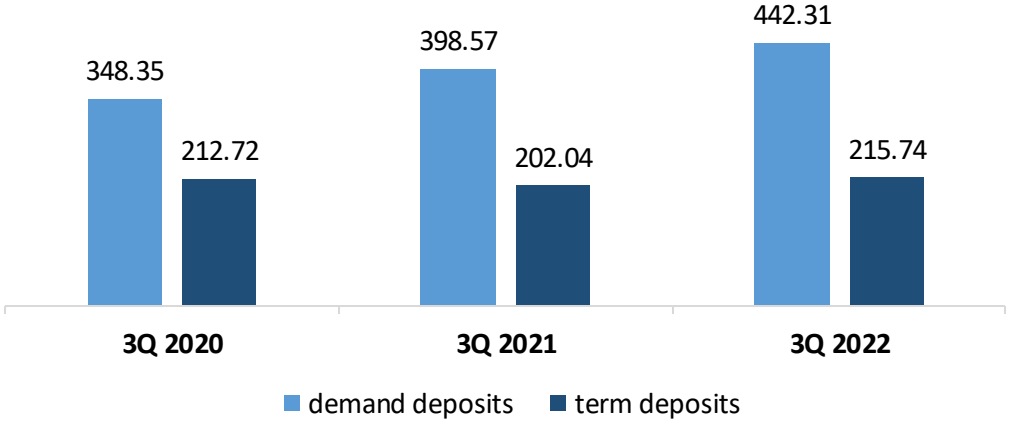

## *Profitability ratios ROE/ROA**




## *Loans (mln. EUR)**



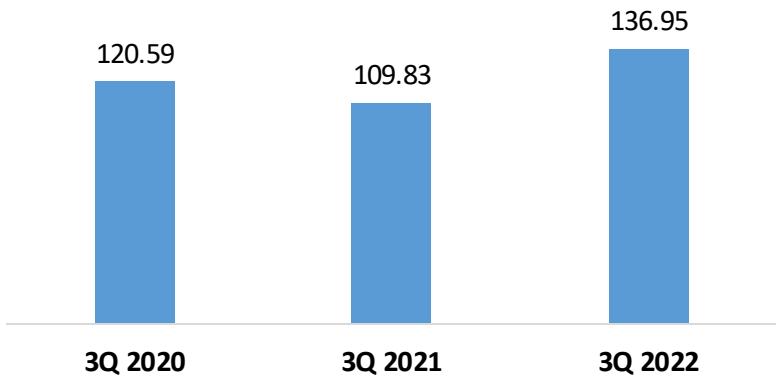

## *Deposits (mln. EUR)**



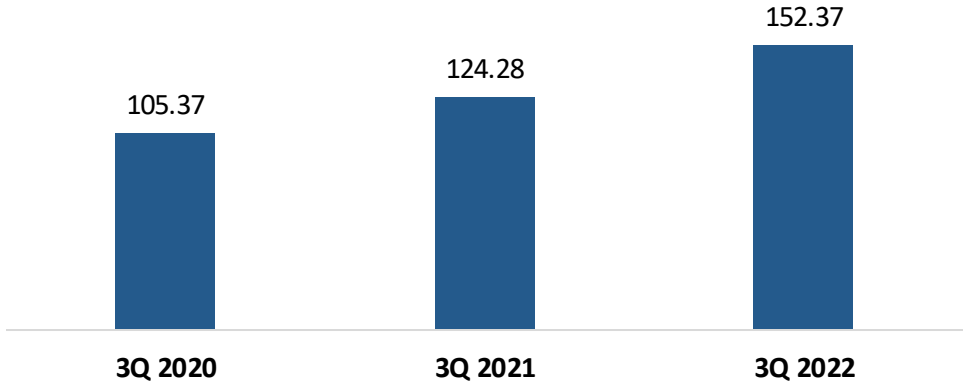
# IV. Financial indicators dynamics

*Loan activity*

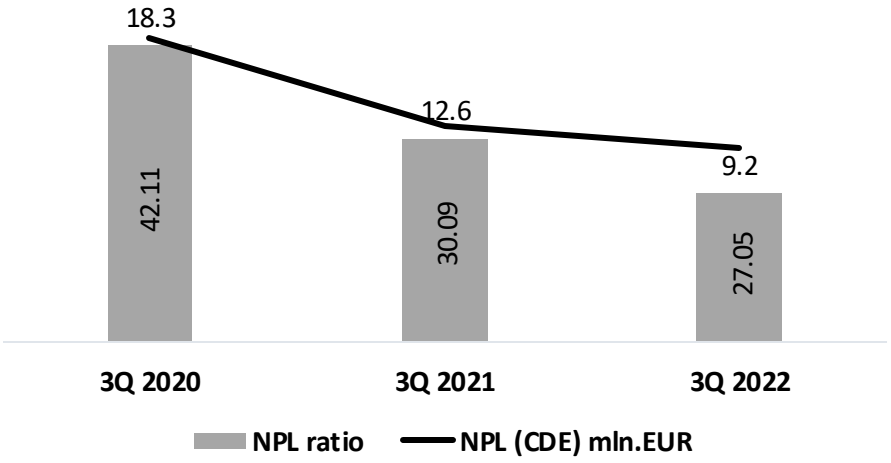
*Corporate loans (mln. EUR)*



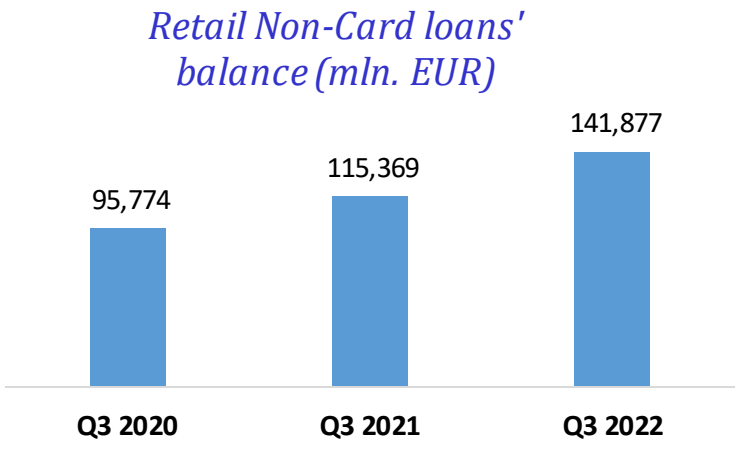

*Individuals loans (mln. EUR)*




*NPL evolution*



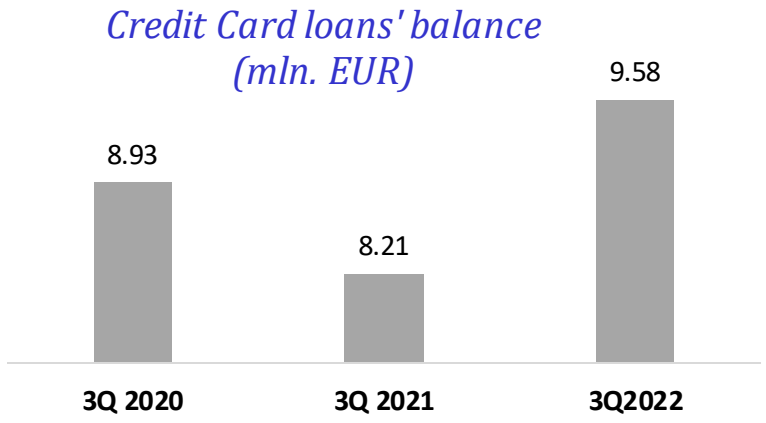
# IV. Financial indicators dynamics




## +26.5 mln. EUR

**increasing the retail non-card loans comparative to the analogic period of 2022**

Retail Non-Card loans' balance: During the Q3 2022, production of non card loans was in increasing trend, ins pite of the fact that the approval rate of applications fell from 50% to 40% starting in July, conditioned by the Regulation on responsible lending that established much more restrictive lending rules.



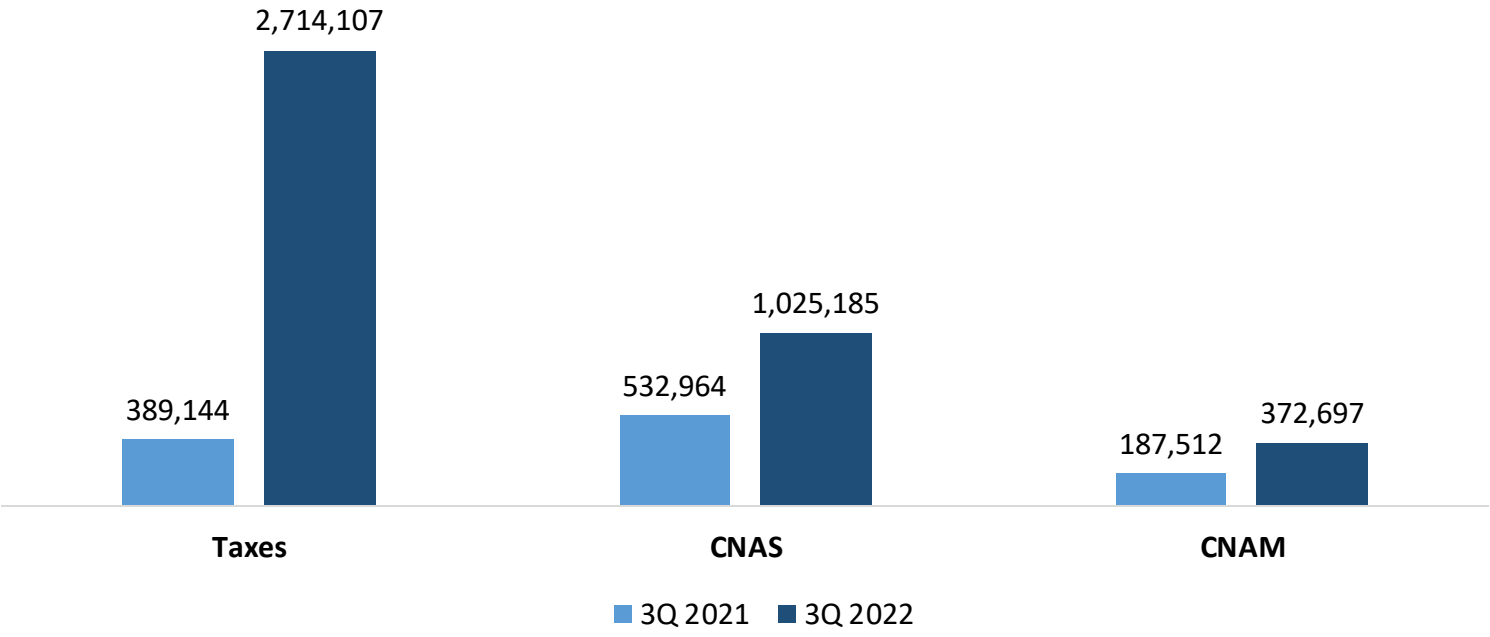

## +1.37 MEUR

**increasing the credit card loans comparative to the analogic period of 2022**

Credit Card loans' balance: During the Q3 2022, production of card loans was in increasing trend, despite of the fact that In the first 9 months of 2022, the number of loans decreased by 23.82% compared to the same period of 2021, and the volume by 9.40%.

# IV. Financial indicators dynamics

*Taxes and contributions to the state budget (EUR)*




**CNAS**: National Social Insurance House
**CNAM**: National Medical Insurance Company
**Taxes**: income tax withheld from salary, from entrepreneurial activity, withheld at the source of payment, property tax, VAT, landscaping fee, advertising device fee, road use fee, and so on

# DISCLAIMER

The information presented in this document is to be used with caution and good faith, in strict accordance with the legal provisions in force applicable on the territory of the Republic of Moldova.

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