

B.C. “VICTORIABANK” S.A. Preliminary financial results as of December 31, 2020



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Actions and impact COVID 19



Internal organization

1

Guideline – operational continuity

- Identifying and prioritizing critical services for clients and collaborators, such as: payments systems, cards, treasury
- Updating the continuity scenarios for a quick recovery
- Ensuring access to protection materials for the full network and head offices (disinfectants, protection masks, etc.)

2

Segregating teams to ensure continuity of the activity

- Both at the level of Head office and branches, team leaders mobilized to set-up multiple working teams, that will be able to cover the entire array of activities within Victoriabank
- Design working plans on different locations & interchanging teams

3

Teleworking

- Work-from-home: approx.50% of the employees currently work from home
- Extended availability of IT support teams to offer fast remote access to necessary applications
- Business travels and internal or external meetings are migrated to online solutions

Internal Organization - network

1

Strict working conditions in branches and agencies

- Client distancing in accordance with the recommendations issued by authorities
- Ensuring protection gear and materials: disinfectants, masks, service counter's separators

2

Active and clear communication with customers

- Recommendation for using the online channels
- Simplified workflows adjusted to current working conditions
- Based on available information, the number of transaction carried out in branches decreased, allowing business continuity in safe conditions, both for staff and clients

Measures taken for retail clients

Ever since the onset of the state of emergency, the retail clients were ensured of Victoriabank support, via a set of certain measures. VB embraced rapidly the national measures, but also issued additional actions, specifically designed for the bank's retail customer base.

Lending products

- For clients with personal and mortgage loans who are temporarily affected by the COVID-19 pandemic and who directly request support measures, is postponed the payment of installments for up to 3 months.
- All those interested in the offer can obtain a loan quickly and easily, requesting it online or visiting any Victoriabank unit for a consultation with a credit specialist.
- Victoriabank also has good news for customers who have taken out loans whose interest is calculated according to the NBM reference index + the bank's margin - in the next 6 months, the burden of credit rates becomes lower.
- For individual clients who feel a direct and lasting impact due to circumstances with job loss or health problems, is proceeded with care and responsibility, trying to find for each case the right solution for rescheduling the credit.

Bank services

- VB24 includes services such as: the VB24 Mobile application and VB24 Web - the platform for the computer. Both services are intended for online payments, such as payment for utilities and other providers, transfers between cards and own accounts but also for other customers in the country and abroad, access to foreign exchange.
- In the 3rd quarter of this year in the area of bank cards, the Bank launched a new digital innovation Cash by Code, which allows the withdrawal of cash at the bank's ATMs without the presence of the card.
- The bank has implemented new features in the online banking application, such as opening the current account and deposit account, setting up deposits at a higher interest rate than when opening them at the bank counter, filling the deposit and partial withdrawal from the deposit, currency conversion, free transfers between own accounts (card and current accounts), making transfers to card or current accounts opened with other banks in Moldova or around the world.

Measures taken for companies

Most of the lending activities are now deployed towards the renegotiation of the loan agreements. The demand, although it has decreased, will come from the essential sectors with growth potential and will contribute to the economic revival.

Lending products

- Restructuring of credits, without additional costs according to a simplified procedure, elaborated especially for the needs of the clients affected by the pandemic
- Launch of the product "Fast SME credit line for relaunching the activity" for customers who need working capital, precisely to help them get out of this difficult period and to help them return to their pre-pandemic potential
- The adjournment of the tariffs related to the extension of the loans, the modification of the schedule established in the contract, as well as the adjournment of application of the increased interest for the delayed payment of the credit according to the established terms

Bank services

- A series of online dialogue with entrepreneurs to allow them to go through this challenging period
- Reduction of tariffs for the processing of electronic payment orders in MDL
- Victoriabank has reset its partnership with the Organization for the Development of the Small and Medium Enterprises Sector (ODIMM). These two institutions signed a new collaboration agreement, which regulated the process of granting financial guarantees by ODIMM to small and medium-sized enterprises, which want to access bank loans and do not have enough collateral.
- Free of charge monthly VB24 BUSINESS service with transactional access for new customers or new subscribers for the months of April-September 2020 (6 months)

Victoriabank: YOY 2020 year by the numbers

	EOY 2019	EOY 2020
total Assets (MDLbn) ⬆ 0.56	14.82	15.37
CAR (%)	31.33	40.82
Customers loan portfolio, principal (MDLmn) ⬆ 15.19%	3,966	4,568
Net trading income (MDLmn)	134	178
Operating income (MDLmn)	743	780
Net income (MDLmn)	317	262

Larger Balance Sheet due to strong organic growth

Solid capital base, with good overall financial ratios

Loan portfolio of individuals increased by over 45.1% due to optimization of processes related to lending. The portfolio in generally increased by 15.19%.

We generated our highest annually revenue over the last five years, which demonstrates the benefit of our diversified business model.

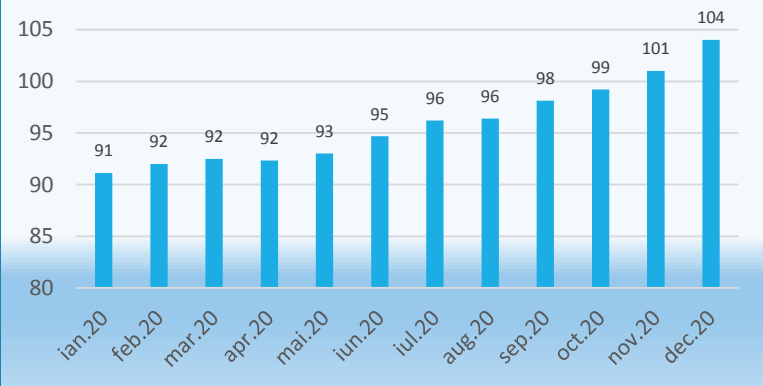
This growth is attributable to an increase in income from commission business and services

Net income declined due to the general economic decline generated by the COVID-19 pandemic

Assets

total bank assets. MDLbn. %YoY

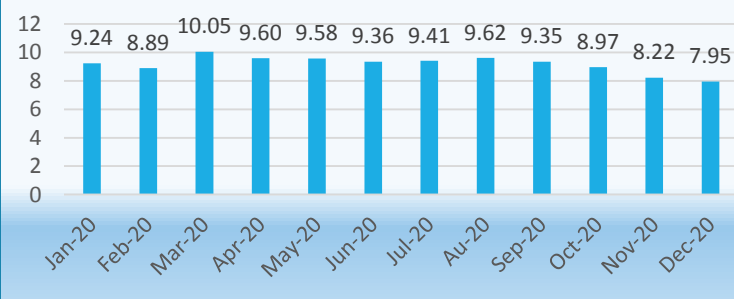
Total Assets (MDLbn)



source: BNM

NPE ratio

Balance of net non-performing credits debt (principal amount) / Total own funds



source: BNM

Banking sector dynamics

Bank assets kept expanding during all trimesters of the year

- Assets growth rate picked up during the end of 2020 year to 14.6%
- Moldova Foreign Exchange Reserves was measured at 3.8 USD bn in Dec 2020. The Foreign Exchange Reserves equaled 7.0 Months of Import in Nov 2020.

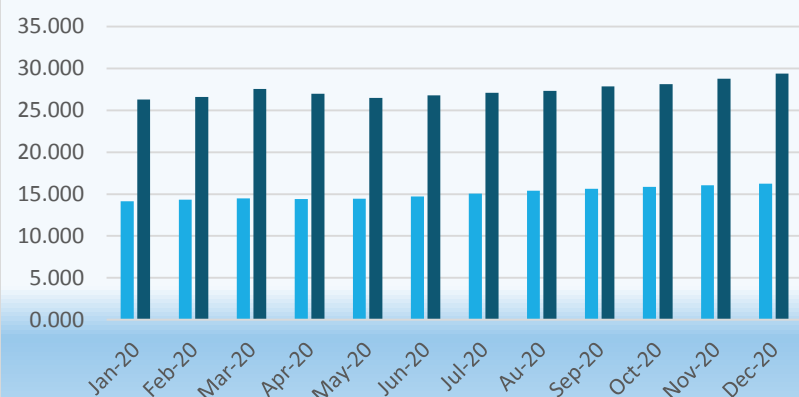
- Asset quality has been constantly improving across the banking system over the last year, the balance of net non-performing credits debt (principal amount) / own funds being 7.95% now.

Loans

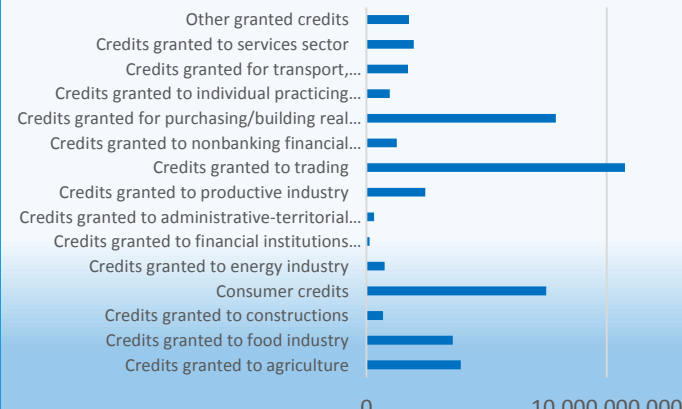
Loans by structures, MDLbn, %YoY

Loan portfolio on the banking sector

■ Individuals, MDLbn ■ Legal entities, MDLbn



Total balance in banking sector at the end of 2020 year



Banking sector dynamics

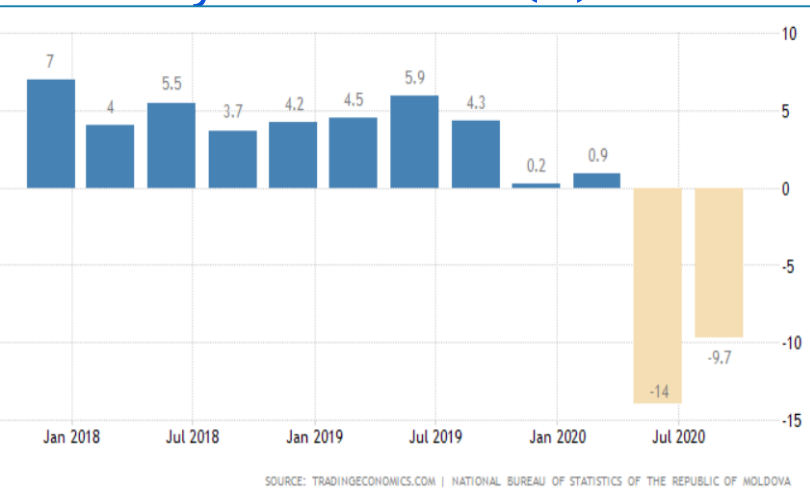
Corporate lending remains the main driver of credit activity

- Bank loans to the individuals grew accelerated during the fourth trimester of 2020 year
- The share of unfavorable loans in the loan portfolio of the country's banking sector was 13.4%, having decreased by 5 percentage points, compared to the beginning of 2018
- The country's Domestic Credit reached 3.7 USD bn, in equivalent, in Dec 2020, representing an increased of 9.0 % YoY.

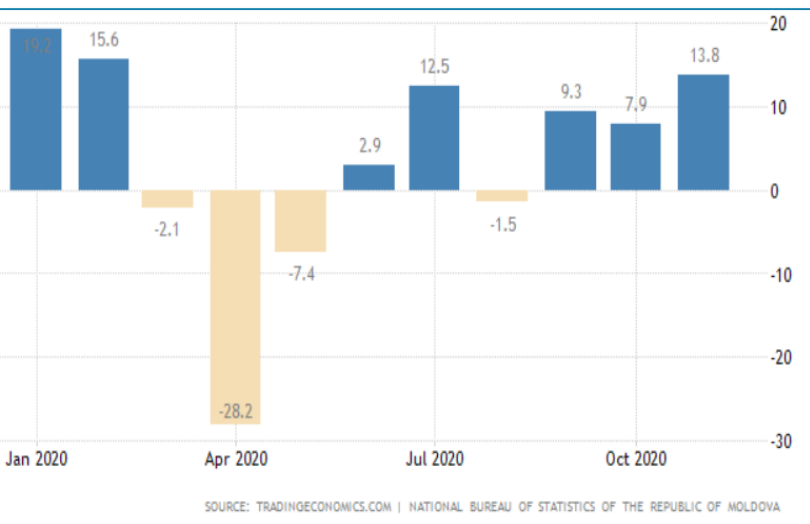
- Retail lending has a growing share
- All loan types (housing, consumer, other and corporate) had a positive contribution to credit growth during the 2020 year.

Real economy

YoY dynamics of GDP (%)



YoY retail sales



Macro developments

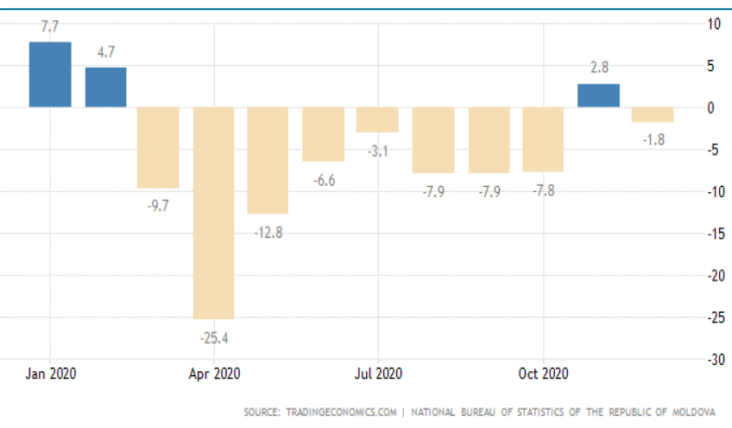
Moldova's gross domestic product shrank by 9.7 percent year-on-year in the third quarter of 2020, easing from a record contraction of 14 percent in the previous three-month period. COVID-19 and the recent drought have drastically worsened the outlook for Moldova with an economic contraction expected in 2020 of a magnitude not seen since the great global recession in 2009. GDP is estimated to decline by 4.5 percent in 2020. Economic growth is expected to reach 3.8 percent in 2021, assuming more favorable conditions thanks to the development of vaccines. The agricultural sector is estimated to strongly rebound after a bad yield this year. The average inflation is expected to be below the target of 5 percent in 2020-2021, but to pick up as the recovery strengthens..

Source: [National Bureau of Statistics of the Republic of Moldova](#).

It is estimated that **Retail Sales YoY in Moldova** to stand at 5.99 in 12 months time. In the long-term, the **Moldova Retail Sales YoY** is projected to trend around 5.66 percent in 2021 and 5.51 percent in 2022, according to the econometric models.

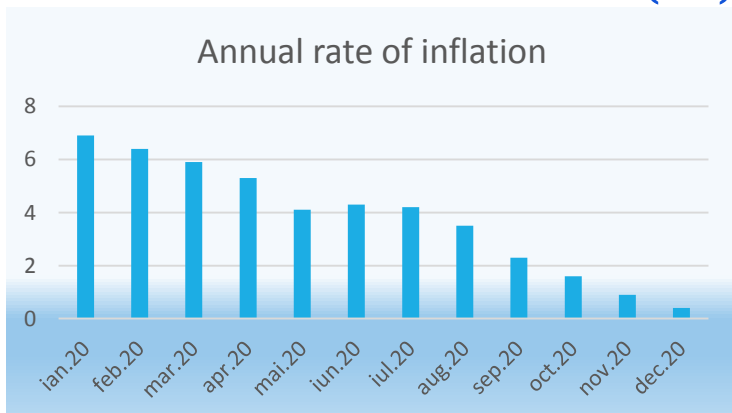
Real economy

Moldova's industrial output



source: National Institute of Statistics

Moldova Consumer Price Index (CPI)



Macro developments

Moldova's industrial production rose 2.7 percent from a year earlier in November 2020, following eight consecutive months of contraction, boosted by faster increases in utilities output (28.7 percent) and mining and quarrying (31.5 percent). At the same time, manufacturing production contracted at a softer rate (-2.4 percent).

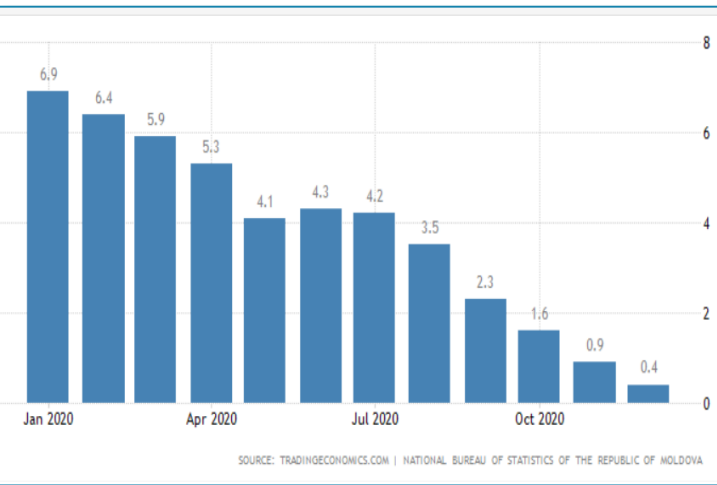
Source: [National Bureau of Statistics of the Republic of Moldova](#)

Moldova Consumer Price Index (CPI) growth was measured at 0.4 % YoY in Dec 2020, 5 tenths less than the month before.

In Moldova, the Consumer Price Index or CPI measures changes in the prices paid by consumers for a basket of goods and services.

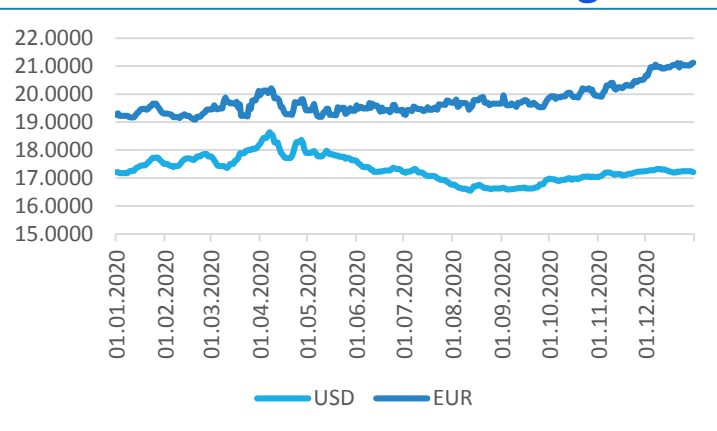
Financial economy

Moldova Inflation Rate



source: <https://tradingeconomics.com/>

EUR/MDL & USD/MDL fixing



sources: www.bnm.md

Macro developments

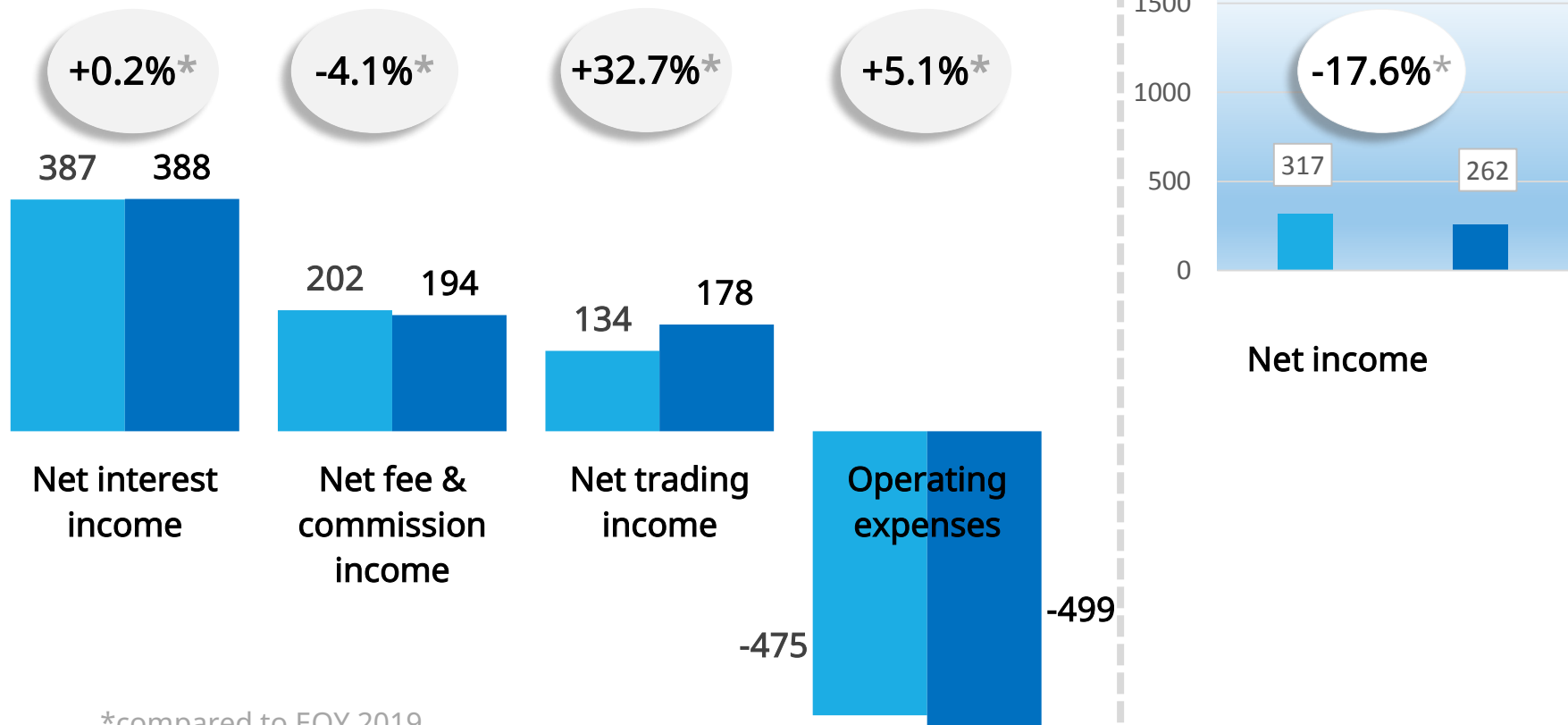
Moldova's annual inflation rate fell to 0.4 percent in December of 2020, reaching its lowest level since December of 2009. Food prices slowed (1.7 percent) while both non-food (-0.5 percent) and services (-0.3 percent) dropped further. On a monthly basis, consumer prices went up 0.3 percent, following a 0.2 percent gain in November.

Source: [National Bureau of Statistics of the Republic of Moldova](#).

While uncertainty remains, key components of aggregate demand are expected to suffer significant declines. Assuming no additional restrictive measures domestically and more favorable external conditions in the region, a slow upturn of the economy is envisaged starting in late 2020/early 2021.

Trends in Victoriabank income structure

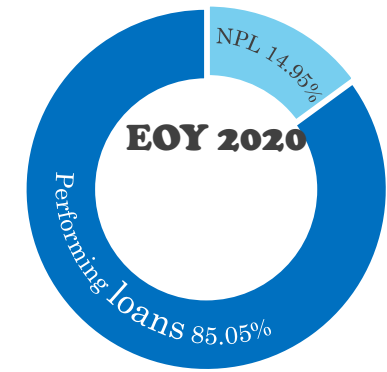
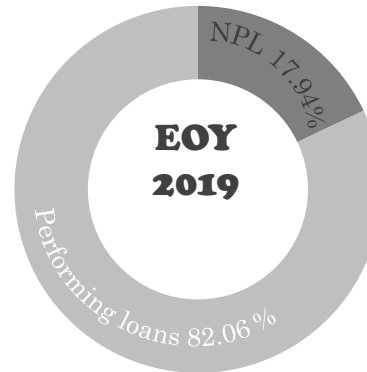
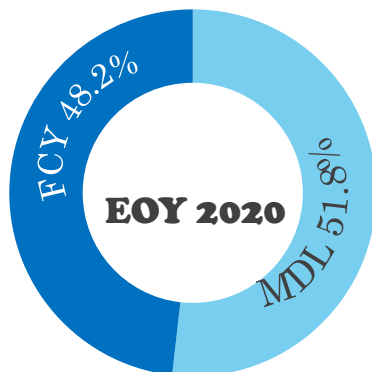
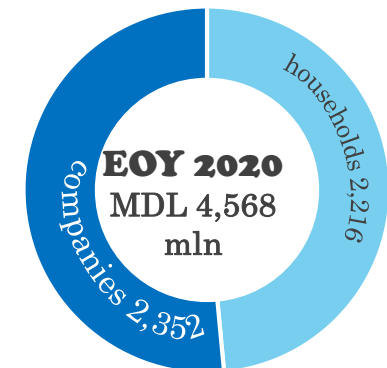
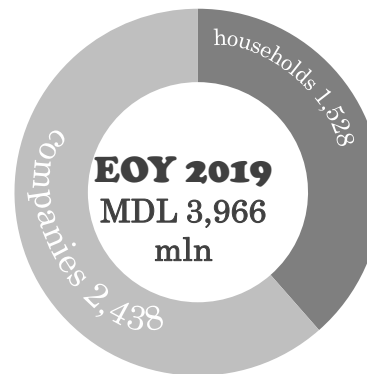
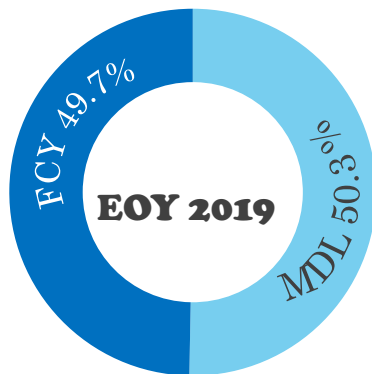
MDLmn



*compared to EOY 2019

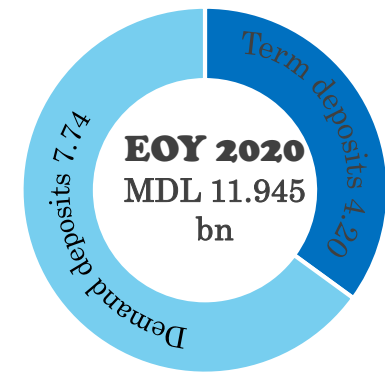
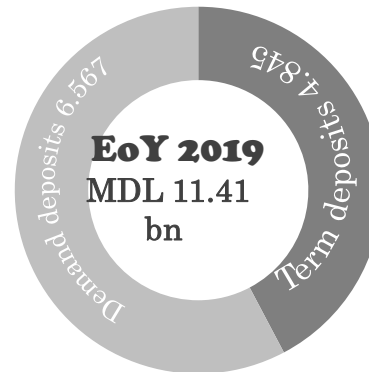
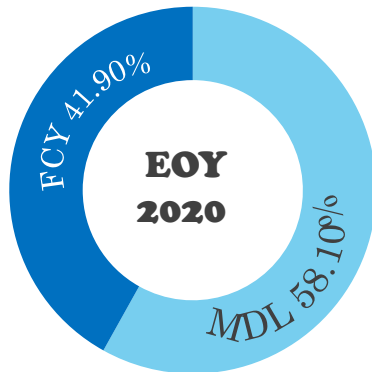
Victoriabank loan structure

Companies
Loans by currency

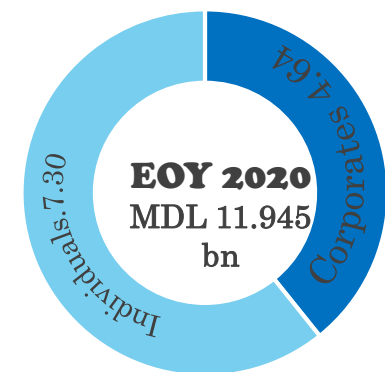
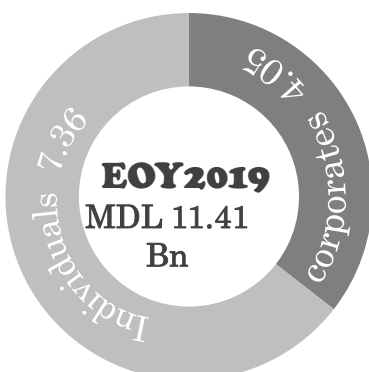
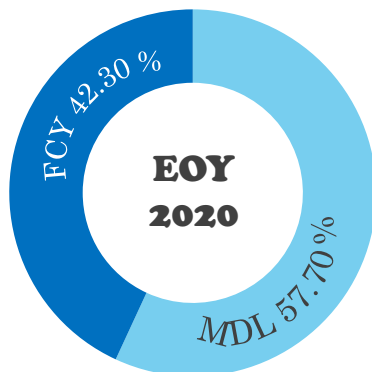


Victoriabank deposit structure

deposits from households



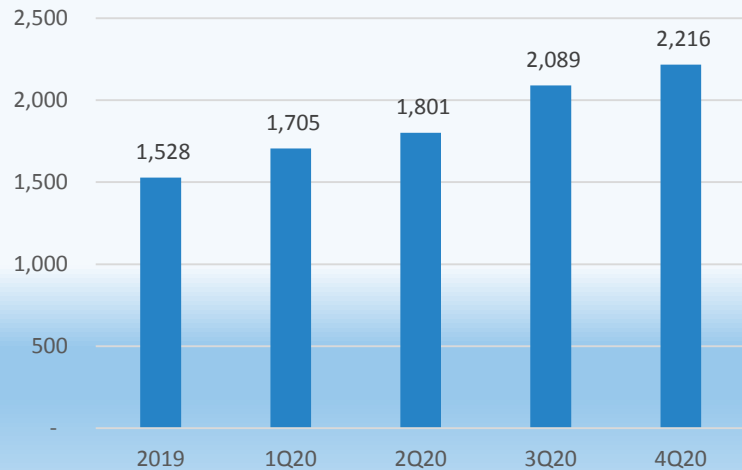
deposits from companies



The clients are confident in the bank's operational capacity and the level of deposits are balanced

Victoriabank Retail banking

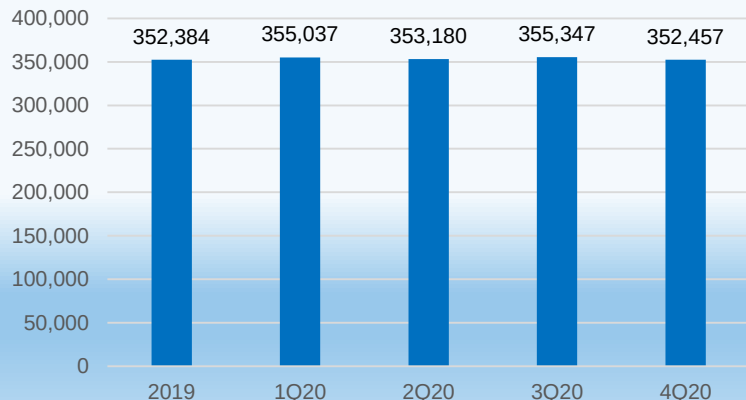
Individuals loans



Retail loan portfolio reached MDLmn 2,216 as of December 31, 2020

- ~263 thousand active clients

Active cards

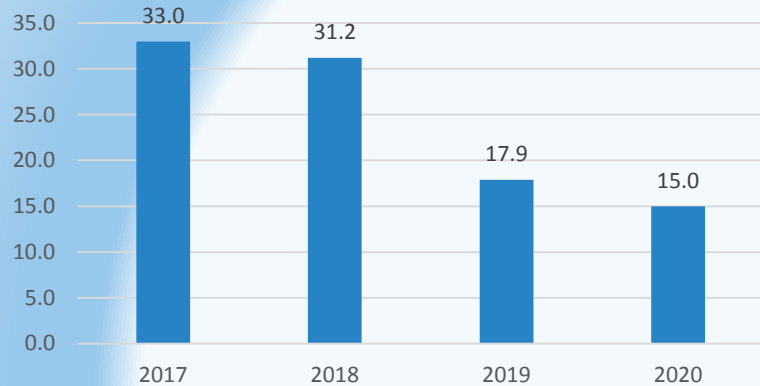


- 1,883 MDLmn retail loans disbursed until the end of December, 2020

- ~352 thousand active cards

Victoriabank corporate banking

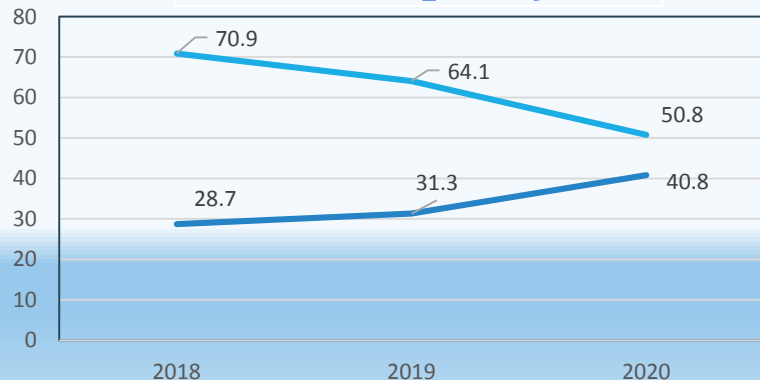
NPL ratio



Corporate loan portfolio reached MDLmn 2,352 as of December 31, 2020

- ~10,400 active clients
- 1,945 MDLmn new loans disbursed until the end of December, 2020

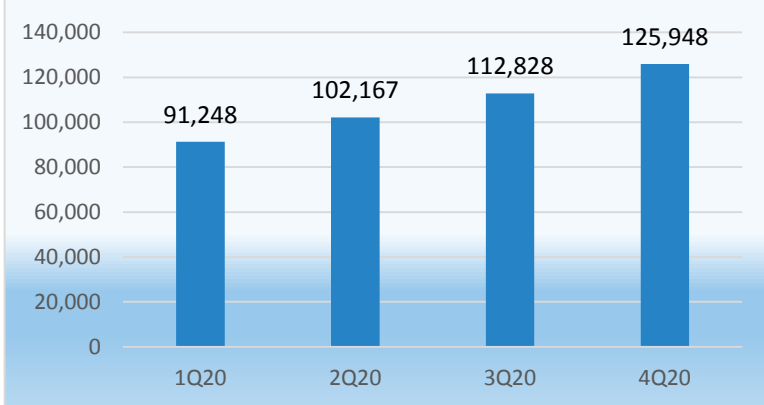
Capital Adequacy Ratio and Liquidity



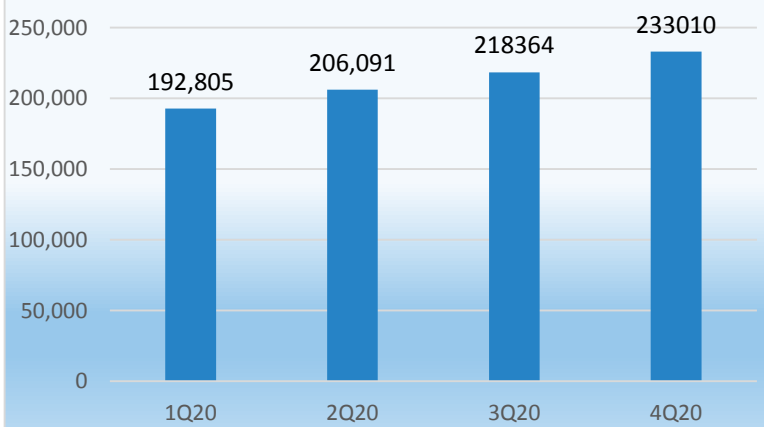
- Both the capital adequacy ratio and the liquidity ratio prove the bank's stability and safety

Victoriabank remote banking systems

Mobile banking users



VB24 Web and Business users



- ~100,000 internet & mobile banking new users during 2020 year
- ~1,220,000 VB24 Web transactions processed in 2020 year
- ~1,450,000 VB24 Business transactions processed in 2020 year
- ~2,460,000 VB24 Mobile transactions processed in 2020 year
- 1,118 new POS terminals installed during 2020 year

ANNEX 1

Victoriabank income statement, IFRS

MDLmn	EOY 2019	EOY 2020
Net interest income	386	388
Net commission income	202	194
Foreign exchange trading	134	178
Other income	19	20
Operating income	742	780
Personnel expenses	262	259
D&A	211	239
Operating expenses	474	498
Cost of risk & provisions (release)	-63	-4
Net income before taxation	331	286
Income tax (expense)/revenue	14	24
Net income	317	261

The preliminary financial statements at 31.12.2020 are not audited or revised, and those at 31.12.2019 are audited.

ANNEX 2

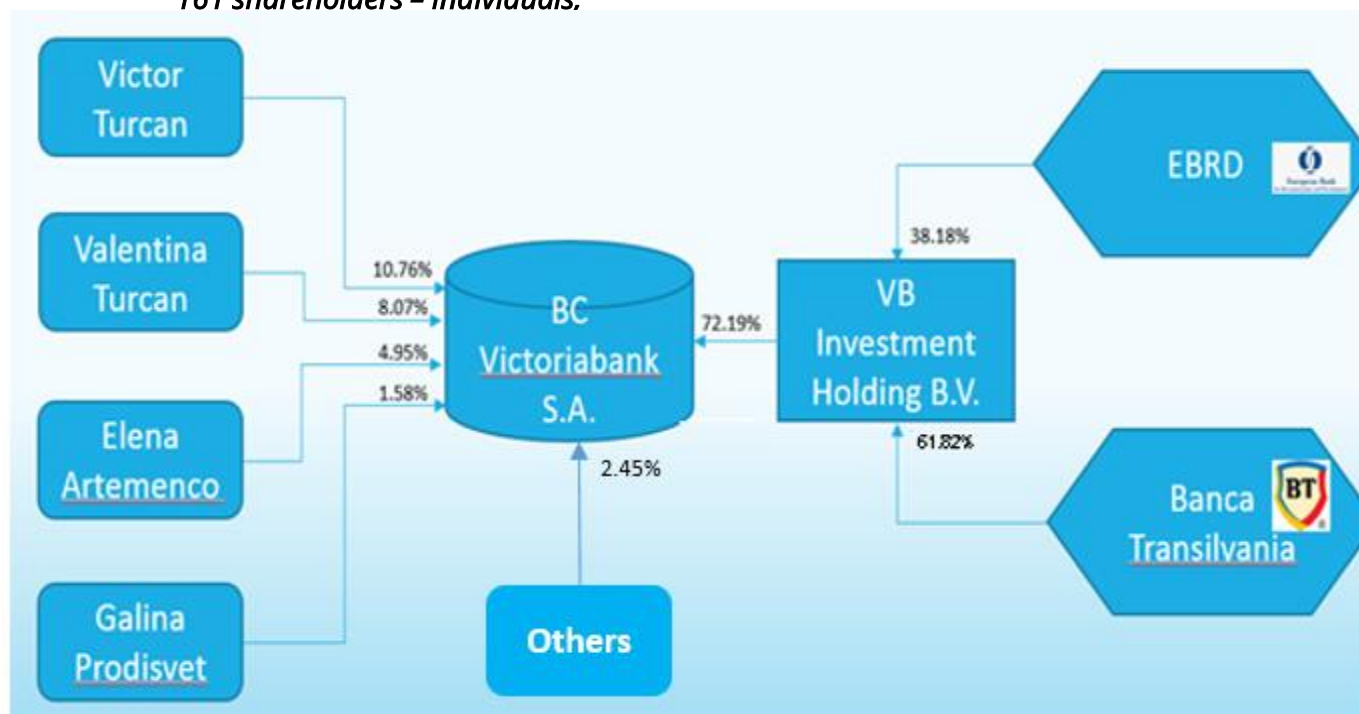
Victoriabank balance sheet, IFRS

MDLmn	EOY 2019	EOY 2020
Cash, cash balances at central banks, reserves and other demand deposits	6,461	5,814
Financial assets at fair value through other comprehensive income	17	20
Debt securities at amortised cost	3,165	3,555
Loans and advances at amortised cost	4,363	4,698
Tangible assets	216	244
Intangible assets	65	79
Tax assets	54	37
Other assets	477	408
TOTAL ASSETS	14,816	14,856
Deposits	11,488	12,031
Other financial liabilities	128	138
Provisions	172	45
Tax liabilities	43	7
Other liabilities	280	187
TOTAL LIABILITIES	12,110	12,407
TOTAL EQUITY	2,706	2,968
TOTAL EQUITY AND LIABILITIES	14,816	15,375

ANNEX 3

Shareholding structure as 31.12.2020

Total number of shareholders – 171
 161 shareholders – individuals:



Type of shares	Registered Common Share
ISIN	MD14VCTB1004
Face value of Share, MDL	10
Total Number of Outstanding Shares, units	25,000,091
Share Capital, MDL	250,000,910
The entity that keeps records of the rights over the securities issued by the bank	Depozitarul Central Unic al Valorilor Mobiliare MD-2005, Republic of Moldova, Chisinau,. Mitropolit Gavriil Bănulescu Bodoni Str.,57/1, tel.: +373 999-871, dcu@dcu.md , web: www.dcu.md
The regulated market where securities issued by Victoriabank are admitted to trading	„Bursa de Valori a Moldovei” S.A. MD-2012, Republic of Moldova, Chisinau, Maria Cebotari Str., 16, tel. +373 22 27 75 16, web: www.bvm.md

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