



# Facilitating access to financing remains our objective

By Nicoleta Banila

Ömer Tetik, General Director, Banca Transilvania

**Banca Transilvania remains the largest bank in Southeast Europe despite the difficult context. What was your strategy to offset the negative factors?**

We maintained our optimism and commitment to contribute to the relaunch of the Romanian economy and support our customers. During this period, we financed the population and the companies, we increased the volume of the bank's operations. Currently, we account for approximately 20% of the banking market in Romania and in certain segments we have a considerably larger market share. In parallel, with inflation and interest rates rising, we preferred to be proactive with increasing interest rates on deposits and in this way we maintained a corresponding rate in resources, while also keeping our customers loyal.

**How do the geopolitical tensions caused by the war in Ukraine affect the bank's operations and what impact will increased risk cost have on the bank's financial results in 2022?**

The geopolitical tensions do not affect Banca Transilvania's operations, considering that we are not present on the neighbouring market and that the Romanian banking system is not directly exposed to risks associated with the conflict in Ukraine. Of course, there is an impact when it comes to payables and receivables with the Russian Federation, as we must respect EU regulations pertaining to international sanctions but we try to responsibly manage the situation in such a way so that the effect on our customers is minimal. As for risk costs, they will increase, but not necessarily as a direct result of the situation in Ukraine, as there are cumulative recession signals coming from the U.S. and the Euro zone. In line with the requirements of the European Central Bank, credit risk management is a priority for us, together with the governance and the solidity of our business model.

Regarding our Ukrainian neighbours, we are helping those in need – be it the

people or the companies. We have stood by them ever since the beginning of the war, we remain involved through financial solutions, employment offers, donations and communication in the Ukrainian language. The most recent step in this direction is a 25 million euro credit line which we received in September from the European Bank for Reconstruction and Development to support the companies affected by the war in Ukraine.

**Do you foresee an increase of NPLs this year because of the strong increase of the cost of living?**

We estimate that the rate of NPLs will turn from downward to upward, but the pace will not be alarming at banking system level. In practice, this development depends on the dynamics of the economy of the region and of Romania, as well as on the situation of those affected by the challenges of recent years who have resorted to the moratoriums of suspension of payment on their credit instalments. The measures taken by authorities were welcome and the government programmes for financing the economy worked well, partly due to the collaboration between the state and the banks. Also, the moratorium on the postponement of loan repayments has made the situation easier for our customers because they were people who had lost their jobs or had lower revenues, as well as companies that reduced their activity, had to close the business or were affected by supply chain disruptions.

**Has the current volatility reduced the bank's appetite for acquisitions?**

The uncertainties related to the macroeconomic situation and the geopolitical tensions have not significantly diminished our appetite for acquisitions. This does not depend solely on us, but also on the sellers. Some analysts and investors view Central and Southeast Europe as the region with the highest growth prospects, while others expect a decline due to our geographical positioning and vicinity with the

war zone in Ukraine. That is precisely why pay attention to any signals from the market, we are monitoring the costs, revenues and opportunities. Buyers and sellers are watching out for the same things actually. Our bank is not currently in active negotiations for possible acquisitions in Romania, although we do have the resources to generate value and justify the risks associated with any exposure through purchases. Strengthening our market position will come from responsible organic growth, not so much through acquisitions. We are currently in the process of integrating two leasing companies in the Banca Transilvania Group - Tiriac Leasing and Idea Leasing - which strengthen our position through alternative financing services. If speaking about Banca Transilvania's presence in Europe, we continue to replicate our business model at Victoriabank, the bank in Moldova where we hold shares, and we try to stay as close as we can to the Romanian community in Italy where Banca Transilvania is also present.

**How do you see the development of the Romanian banking sector in the short term?**

Being part of the ecosystem, the banks will feel adjustment signals from the economy and the overlapping of shocks. There will be an adjustment, as well as developments which will lead to the consolidation of the banking system. Inflation is manifesting globally, not just in Romania or in Europe, but we see all the efforts by national banks and governments in different countries to create a stable, or at least a predictable, climate. The good thing is that banks in Romania are now more mature, better-capitalised, with a solvency above the European Union average, more digitalised and more prepared for challenges than ever before.

Facilitating access to financing remains our objective - for banks in Romania and for Banca Transilvania as a market leader. We provide the necessary mechanisms for the sustainable recovery and financing sustainable aspects of the Romanian economy. We contribute to the growth of financial intermediation, considering that Romania has the lowest level in the EU, as well as to increasing the level of economic prosperity.