

BANKING MARKET IN ROMANIA 2018-2020

CEE BANKING SERIES



Inteliace Research
November 2018

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DEMO



Mortgage lending is growing fast. FX-denominated loans are being gradually phased-out. Nevertheless, the ratio of mortgage to GDP is still extremely low

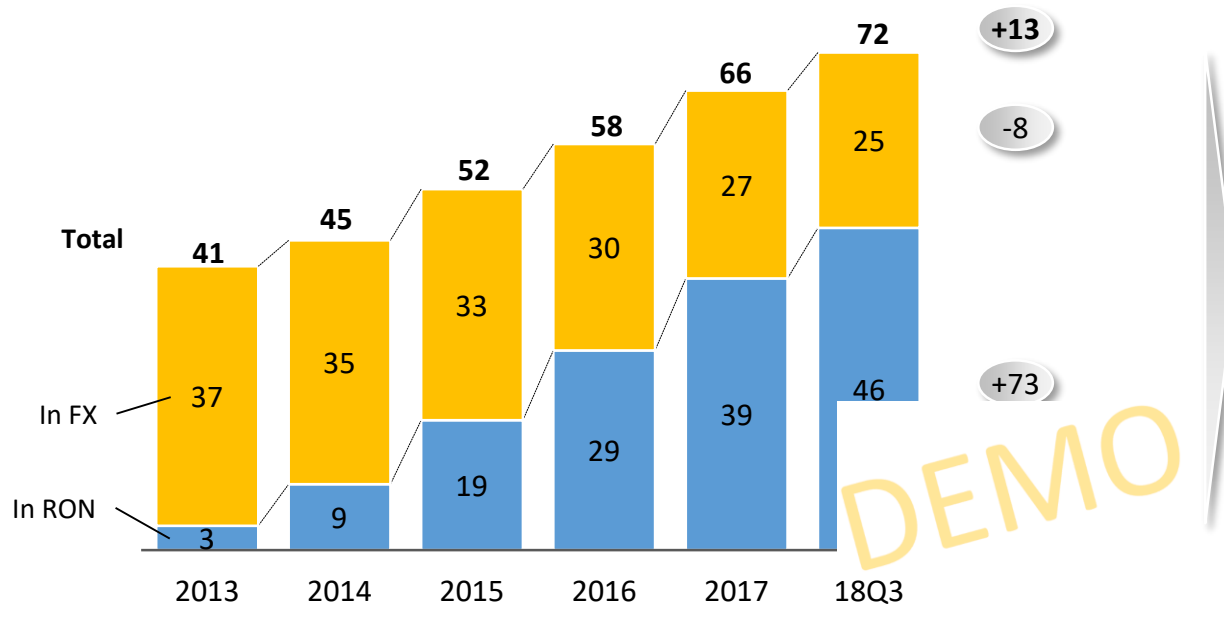
CORPORATE LOANS

Mortgage loans outstanding

RON billion

CAGR (%)

By initial lending currency



- Mortgage lending is growing very fast
- FX denominated loans are being phased out by lending in local currency.
- The ratio of mortgage loans to GDP grows very slowly and it remains extremely low if compared to other markets in Europe.



Banking market in Romania, 2018

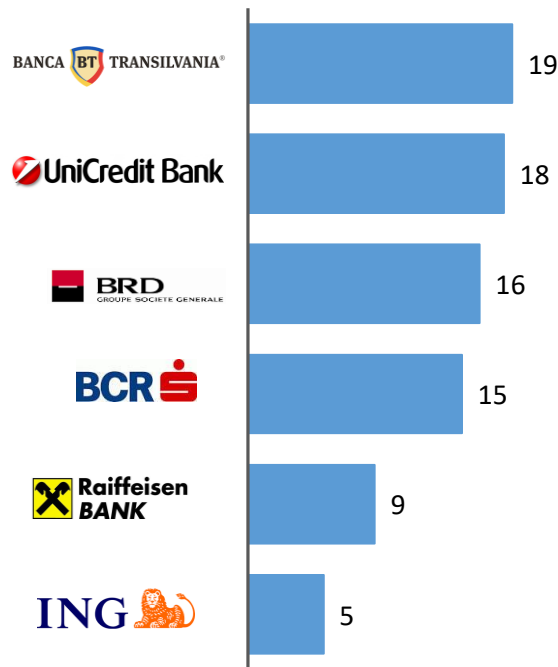


There is one clear leader in corporate banking - Banca Transilvania

CORPORATE BANKING

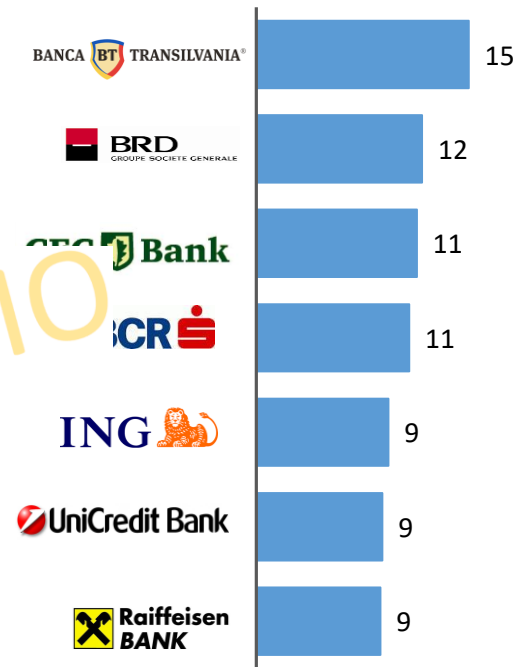
Top players in corporate banking

Major* banks by Corporate** Deposits, Dec. 2017, RON billion



Total TOP 6= RON 83 billion

Major* banks by Corporate** Loans, Dec. 2017, RON billion



Total TOP 7= RON 76 billion

DEMO

* Banks with market share estimated at >=5%
 ** Non-financial corporations only
 Source: BNR, banks, Inteliace Research



Key facts

- **Company name:** BRD-Groupe Société Générale S.A.
- **HQ:** BRD Tower 1-7, Ion Mihalache blvd., sector 1, 011171 Bucharest
- **CEO:** Mr. François Bloch
- **Major shareholders:** 60.2% Société Générale [FR]
- **Headcount:** 7564 (active employees at group)
- **Key Subsidiaries:** Leasing, Factoring, consumer lending, asset and fund management, insurance and other services

Overview

- BRD is one of three major universal banks in Romania.
- Initially BRD focused on corporate customers but over time it has expanded the retail business
- In view of growing competition and considering the efficiency focus, BRD has been losing market share recently while it has managed to improve its profitability

History

- 1990 BRD established as a commercial bank based on the assets and liabilities taken over from the Investment Bank
- 1999 BRD is privatized as first of commercial banks | Banque Société Générale buys a majority stake
- 2001 Listing of bank shares at BSE
- 2004 SG increases stake in BRD to 58.3%
- 2015-2017 Return to profitability after restructuring and closing the fraud scandal
- 2017 A new 5-year plan of digitization and build-up of remote channels announced by the CEO
- 2018 BRD Transformation program started

Channels

- Network: 760 branches
- ATMs: 1.5k
- Online banking: 930k+ users
- Mobile banking: 460k+ users

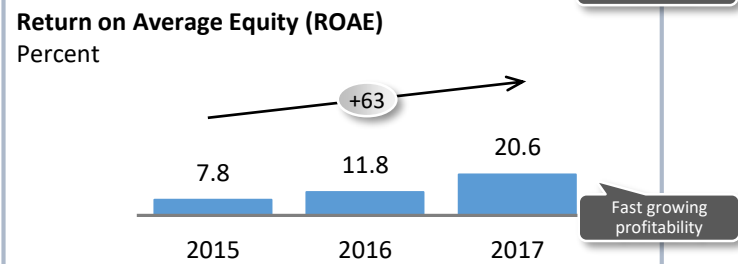
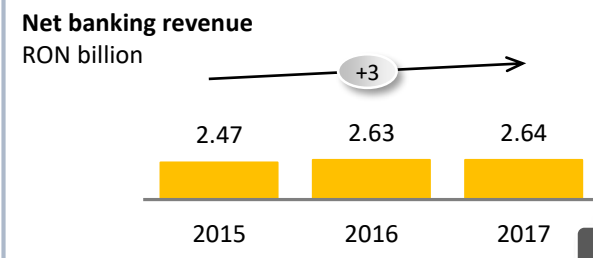
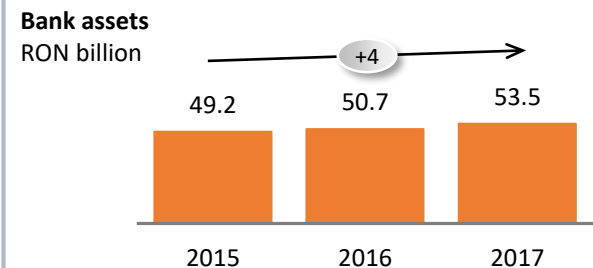
Customers

- The total number of active customers reported by the bank reached 2.33 million as of 2017 of which 2.19m were active individual customers and ~115k were SME customers

Products

- BRD is traditionally specialized in serving large corporates including financing large investment projects in Energy, telecom and construction sectors
- Within retail segment, BRD is offering home financing, consumer finance products as well it is a strong player in private banking services.
- Through subsidiaries, BRD has an established position in financing business including factoring and leasing

Financials



Banking market in Romania, 2018

*Market share by assets (non-consolidated)

**Compound Annual Growth Rate

Source: Company, Press, Inteliace Research

Notes on methodology

FX rates:

- As a general rule all “end of year” balances like: assets, deposits, loans and similar volumes have been converted from the local currency into Euro using **end of year** exchange rate
- All results achieved during a period of time like: profits, revenues, new sales etc. have been converted from the local currency into Euro using **average** exchange rate
- Exchange rates used in the report:

EUR / RON	2010	2011	2012	2013	2014	2015	2016	2017	2018F
Average	4.21	4.24	4.46	4.42	4.44	4.45	4.49	4.52	4.65
End of year	4.28	4.32	4.43	4.48	4.48	4.52	4.54	4.55	4.66

Source: BNR

Estimates and Forecasts:

- In some cases, recent or verified data was not available. Therefore, necessary short-term estimations have been done to fill the gaps. Estimates are always indicated with the letter “E”
- When preparing forecasts “F” we have built models using latest observed trends, available forecasts of main economic indicators, seasonal changes observed in the past and other specific factors considered important.

Multiple sources:

- In some cases multiple sources of similar data exist. In this situation we always try to select the most appropriate one /in our view/. The source is indicated in the footer area of each slide. Nevertheless in specific cases, before interpreting the data it is recommended to get a good understanding on the methodology of data collection by contacting the authors.

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Our company specializes in value-added research services and tailored business intelligence solutions.

Through our customized research services we help our clients to better understand their customers, competitors and overall market dynamics.

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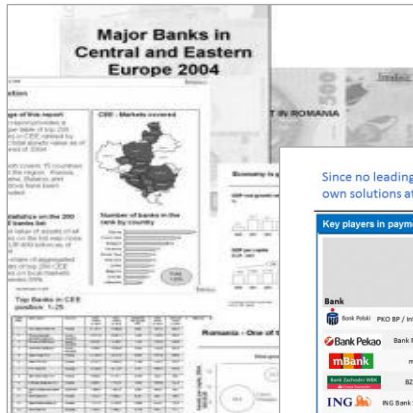
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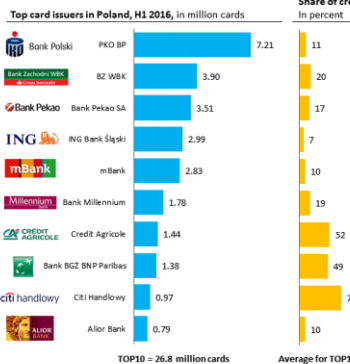


Since no leading market standard has been set yet, banks bet on partnerships and develop own solutions at the same time

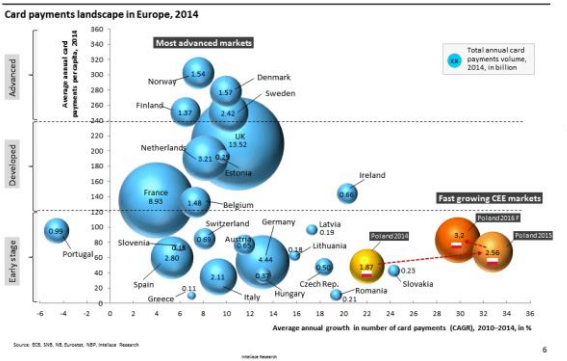
Key players in payment applications/wallets, 2016

Bank	Number of retail accounts (ROA), As of Q3 2016 in million	Key payment applications (mobile, wallets, etc.)					
		HCE	BLIK	Android Pay	MasterPass	Visa Checkout	
Bank Pekao / Integro	5.8	✓	✓	✗	✓**	○	
Bank Pekao	3.8	✓	✗	✗	✓***	○	
mBank	3.2	✗	✓	✓	✓**	○	
BZ WBK	3.1	✓	✓	✓	✓	○	
ING Bank Śląski	2.6	✗	✓	✗	✓**	○	

PKO Bank Polski is by far the largest card issuer in Poland



The volume of card payments in Poland is expected to exceed 3 billion in 2016



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2018

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- May - Banking Market in Poland '18
- June - Insurance Market in Poland '18
- September - Top 200 CEE banks '18
- October - Investment Funds and Asset Mgmt. '18
- November - Payments in Poland '18

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