



CONSILIERI CLIEŢI

BANCA TRANSILVANIA

1Q 2019 financial results

May 9th 2019



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BT: Q1 2019 by the numbers

	EOY 2018	31.03.2019
total assets (RONbn) ↑ 2.3%	74.1	75.9
CAR ↑ 0.6%	19.56 %	19.67 %
	Q1 2018	Q1 2019
net interest income (RONmn) ↑ 28.4%	518.2	665.2
net fee & commission income (RONmn) ↑ 13.1%	143.3	162.2
net profit (RONmn) ↑ 19.1%	366	436.1
provisions, net income (RONmn) ↑ 113.6%	54	115.9
cost/income ratio* ↑ 1.5 pps	45.24 %	46.74 %

*The values are 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 51.25% for Q1 2019 and 46.86% for Q1 2018.

Balance Sheet consolidation due to organic growth

Strong capital base, solid overall financial ratios after dividend distribution from 2018 results

Solid net interest income increase following the addition of Bancpost balance sheet

Increased number of operations and additional cross-sell

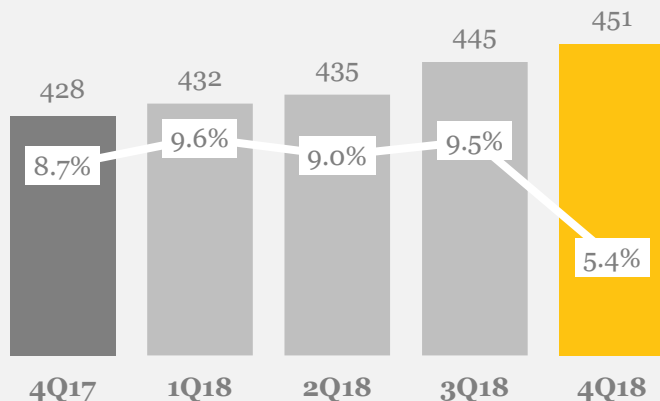
Net profit growing in line with the balance sheet

CoR at -1.17%, recoveries and releases are higher than related expenses

Operational efficiency impacted by the annual contribution to the Deposits' Guarantee Fund and Resolution Fund

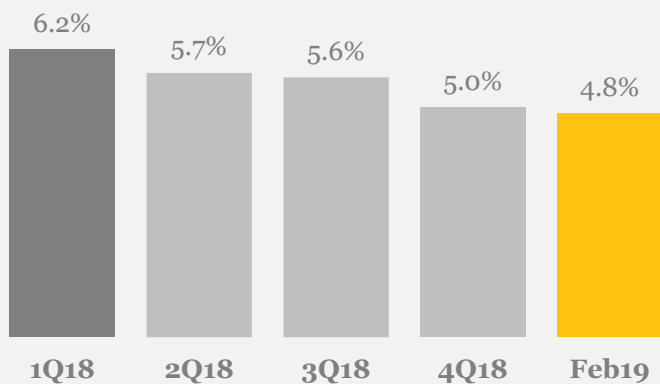
assets

total bank net assets, RONbn, %YoY



source: NBR

NPE ratio



source: NBR

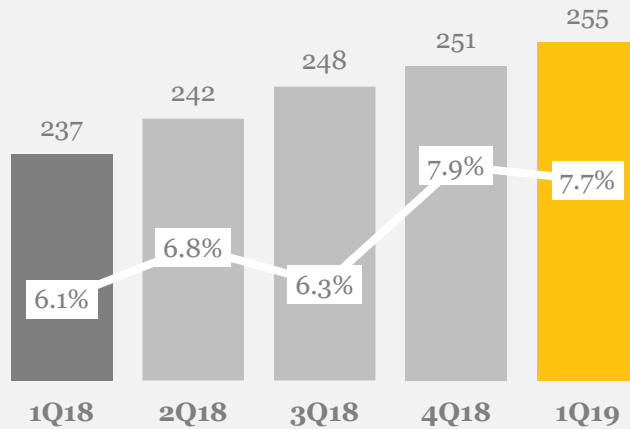
Banking sector dynamics

Quality of bank assets continues to improve

- Romanian banking system net assets advanced by more than 5% in 2018 to RON 451bn
- NPE ratio further improved during the first 2 months of the year from 5% to 4.8%

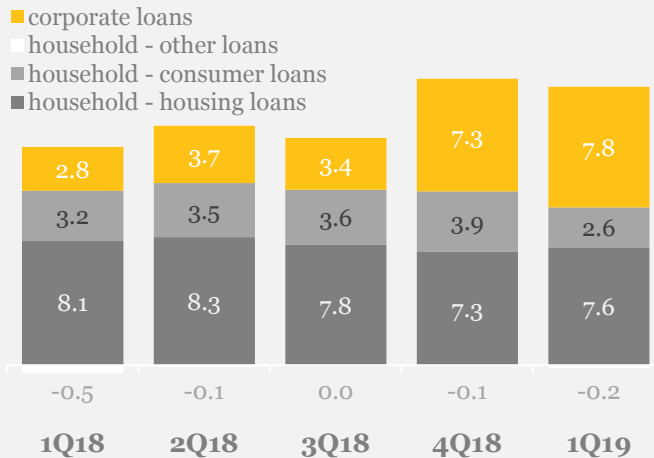
loans

private loans, RONbn, %YoY



source: NBR

YoY change in private loans, RONbn



source: NBR

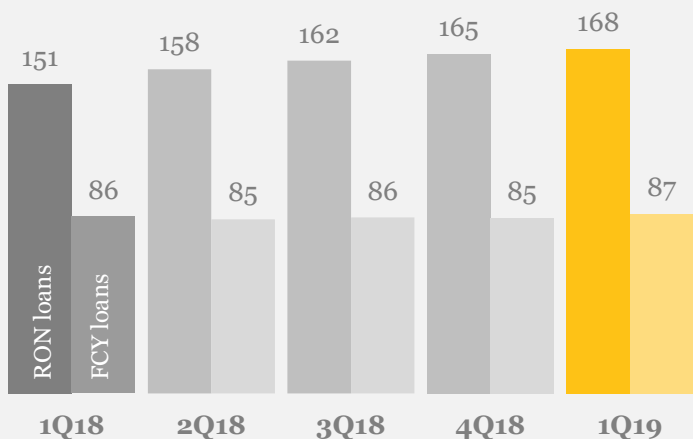
Banking sector dynamics

Credit activity continues its robust growth fueled by corporate lending

- Private loans rose by 1.5% during the first 3 months of 2019 and by 7.7% compared to 1Q18
- Corporate loans are increasingly supporting the expansion in lending activity
- They ensured RON 7.8bn of the 1Q18 credit advance of RON 18.2bn

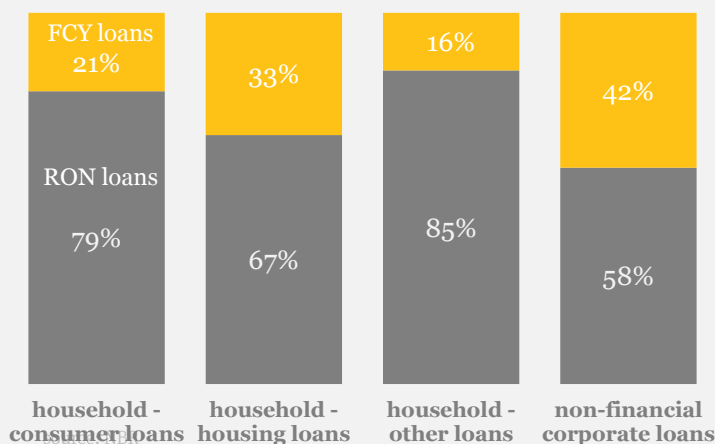
loans

private loans by currency, RONbn



source: NBR

private loans structure - 1Q19



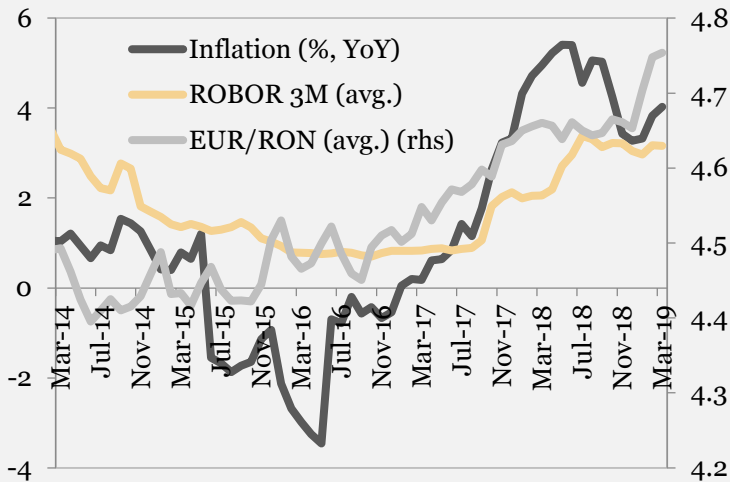
Banking sector dynamics

Lending in local currency amounts to 66% of total private loans

- LCY loans up by 11.3% versus 1Q18 to RON 168bn
- loans in FCY inched up 1.4% YoY to RON 87bn
- Loans in RON account for 72% of all consumer loans and 58% of corporate loans, respectively

risks and challenges

Inflation, ROBOR, EUR/RON



sources: National Institute of Statistics, National Bank of Romania

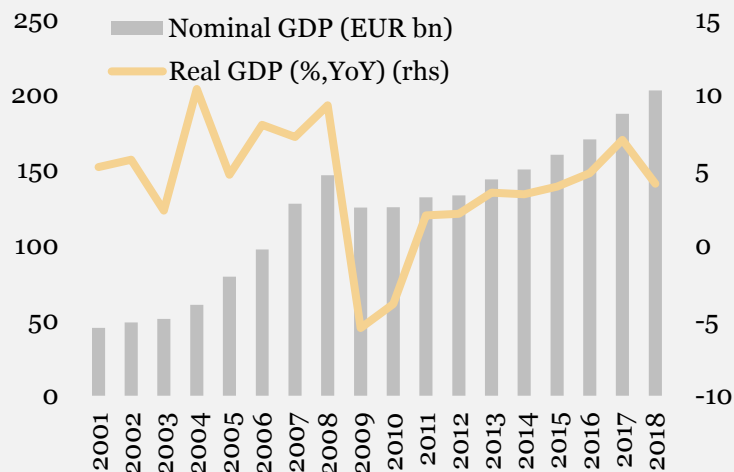
Banking sector dynamics

In our view the main risks and challenges for the domestic banking sector in the following quarters are:

- the global macro-financial climate;
- the domestic policy-mix, public tensions and electoral context;
- the regional geo-political climate;
- the structural change of the business model (including the challenge of FinTech companies).

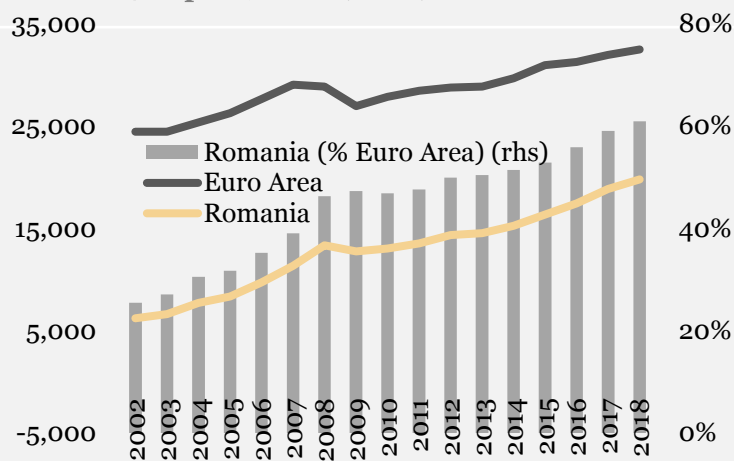
real economy

nominal GDP vs. real growth pace



source: Eurostat

GDP/capita, PPS (EUR)



source: Eurostat

Macro developments

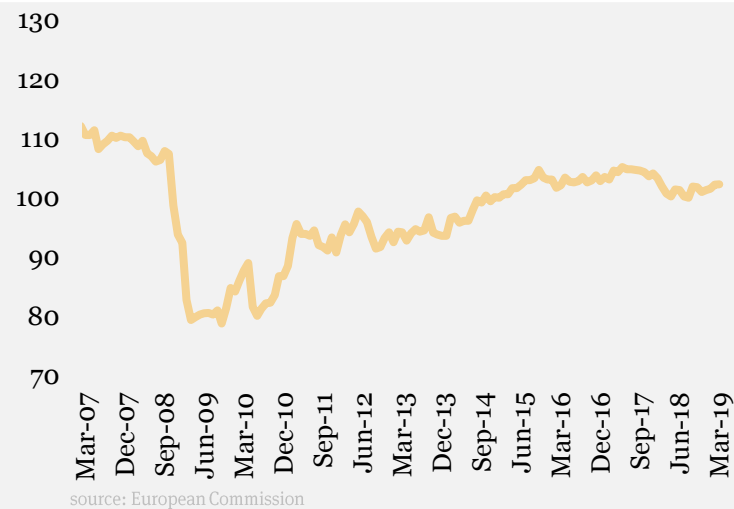
In 2018 Romania surpassed Portugal in terms of nominal GDP (EUR 202.9bn)

The growth pace converged to its potential and continued above the EU level last year

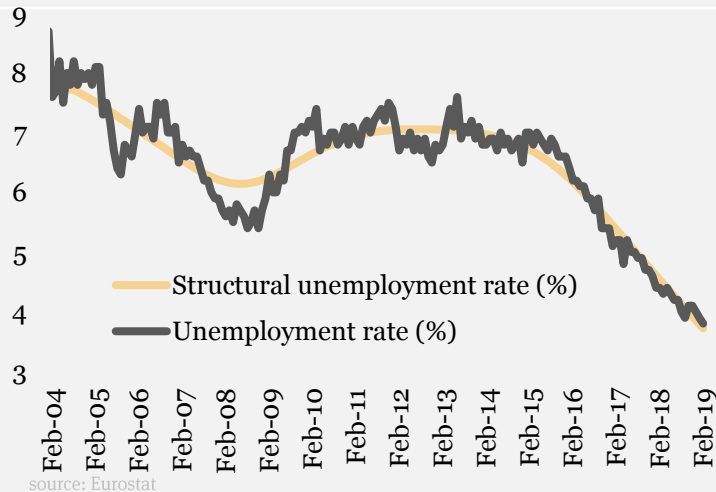
- The YoY dynamics of the GDP decelerated to 4.1% in 2018, as the private consumption grew by 5.2% (the slowest pace since 2014), while the fixed investments contracted by 3.2%
- The EU real economic convergence is going on, with GDP/capita (PPS) above 60% of the Euroland average in 2018
- However, the speed of the EU economic convergence is slowing-down

real economy

economic confidence (points)



unemployment rate (%)



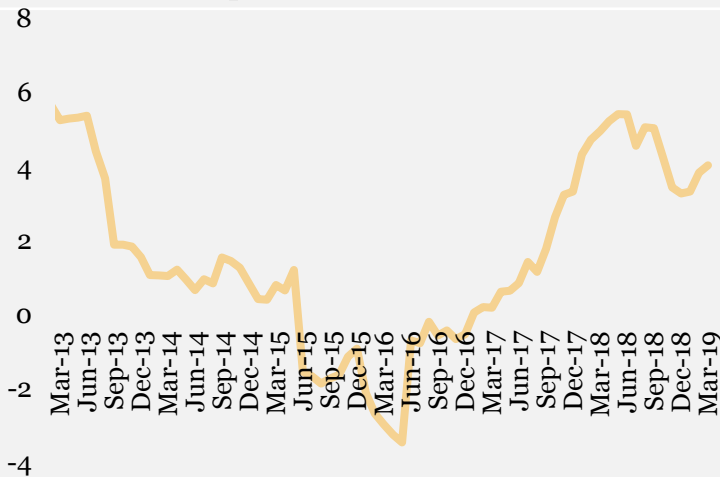
Macro developments

Economic confidence slightly improved in 1Q2019, despite the slowing-down in Euroland and the domestic challenges

- In February the industry and the retail trade accelerated, while the constructions rose by the highest pace since May 2016
- The unemployment rate at the lowest level since early 1990s (3.8% in February)

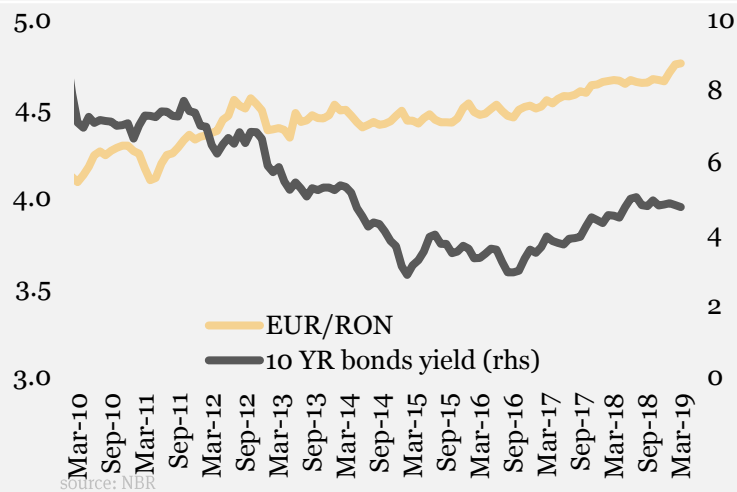
financial economy

consumer prices (% YoY)



source: National Institute of Statistics

EUR/RON fixing vs. 10YR bonds yield



source: NBR

Macro developments

Inflationary pressures accelerated at the beginning of 2019

- The real interest rates continue affordable
- The Central Bank signaled a higher frequency of money and FX markets operations in the short-run to counter the inflationary pressures
- The EUR/RON appreciated (to record levels), while the upward trend for the 10YR yield consolidated in 1Q, evolutions mainly determined by the domestic tensions - the high level of inflation and of twin deficits and the policy-mix uncertainties



BT performance in Q1 2019

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 51.25% for Q1 2019 and 46.86% for Q1 2018 (individual), respectively 49.57% for Q1 2019 and 48.24% for Q1 2018 (consolidated).

credit activity

Gross loans to customers, RONmn
Deposits from customers, RONmn
Gross loans-to-deposits ratio
NPL ratio

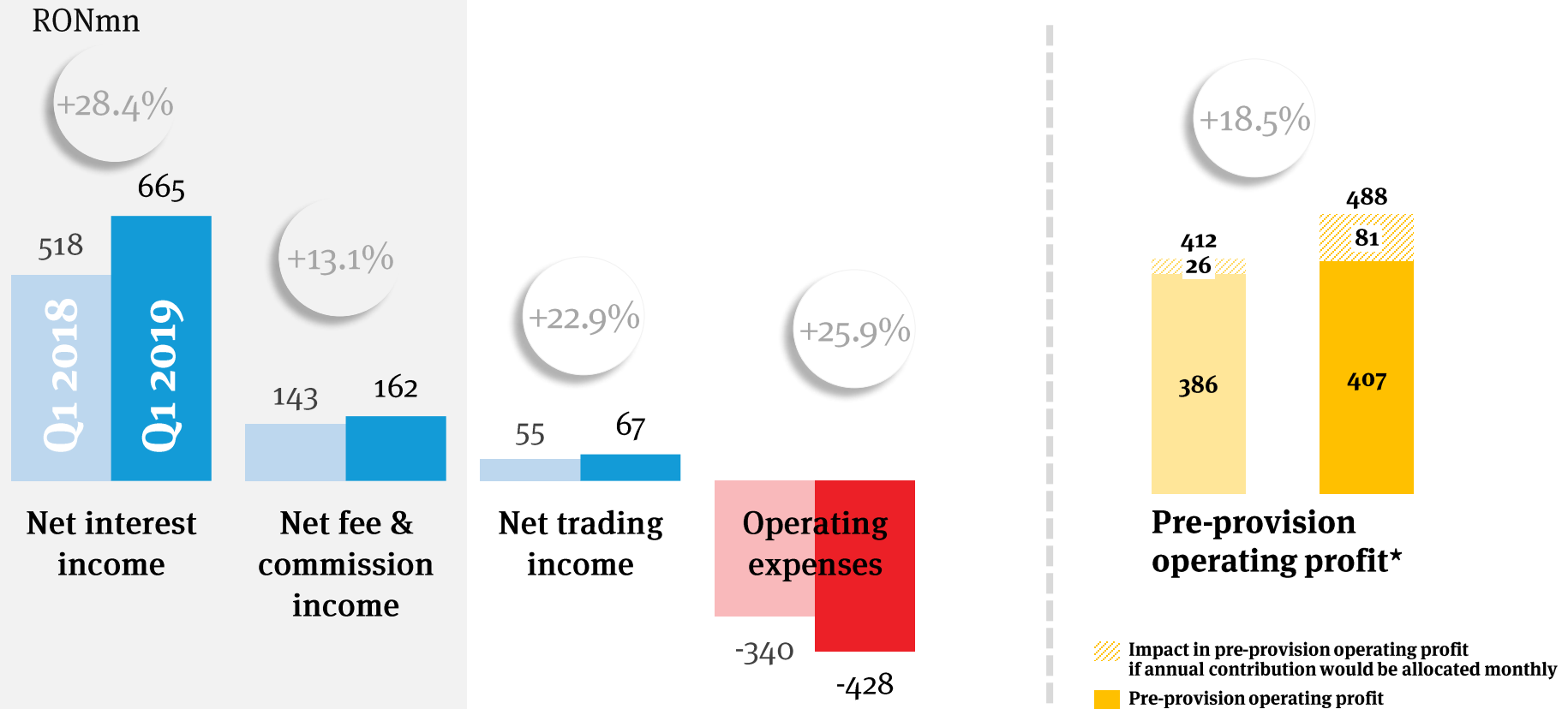
capital

Total equity, RONmn
Tier 1 capital ratio (profit included)
Total capital ratio (profit included)

	INDIVIDUAL			CONSOLIDATED		
	Q1 2019	Q1 2018		Q1 2019	Q1 2018	
	665.2	518.2	28.4%	749.4	543.3	37.9%
	162.2	143.3	13.1%	186.7	163.2	14.4%
	(428.5)	(340.3)	25.9%	(490.1)	(386.0)	27.0%
	407.5	385.8	5.6%	498.7	414.1	20.4%
	436.1	366.0	19.1%	507.5	389.0	30.5%
				0.0977	0.0815	19.9%
	-1.17%	-0.67%	-0.5 pp	-1.03%	-0.62%	-0.4 pp
	3.61%	3.59%	0.0 pp	3.82%	3.75%	0.1 pp
	24.46%	22.37%	2.1 pp	27.18%	23.21%	4.0 pp
	46.74%	45.24%	1.5 pp	45.80%	46.72%	-0.9 pp
	Mar/19	Dec/18		Mar/19	Dec/18	
	39,493.8	38,815.1	1.7%	41,246.0	40,594.8	1.6%
	62,692.8	62,522.4	0.3%	65,278.3	65,160.5	0.2%
	63.00%	62.08%	0.9 pp	63.18%	62.30%	0.9 pp
	3.02%	3.09%	-0.1 pp			
	Mar/19	Dec/18		Mar/19	Dec/18	
	7,973.1	7,411.2	7.6%	8,190.8	7,587.5	8.0%
	15.94%	15.70%	1.5%	15.14%	14.63%	3.5%
	19.67%	19.56%	0.6%	18.59%	18.11%	2.7%



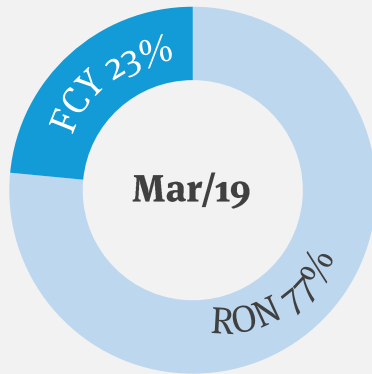
Trends in income structure



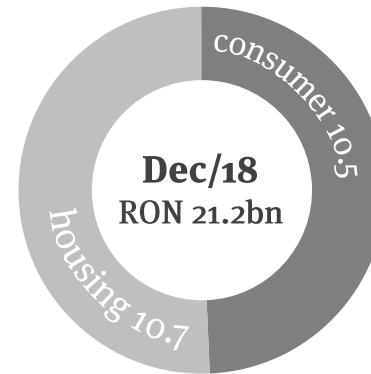
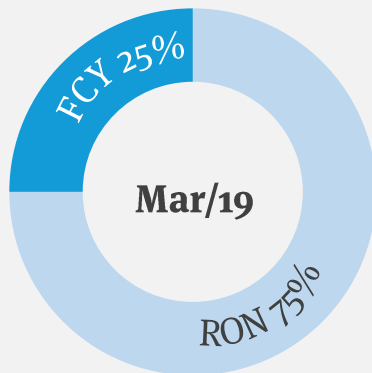
*Pre-provision operating profit computed assuming equal monthly allocation of the contribution to Deposits Guarantee Fund and Resolution Fund

Loan structure

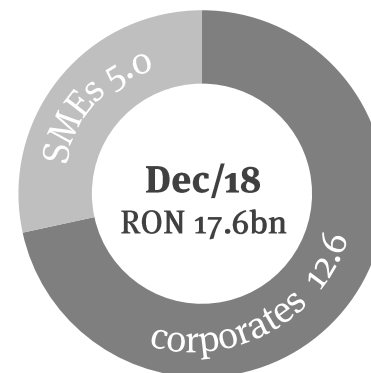
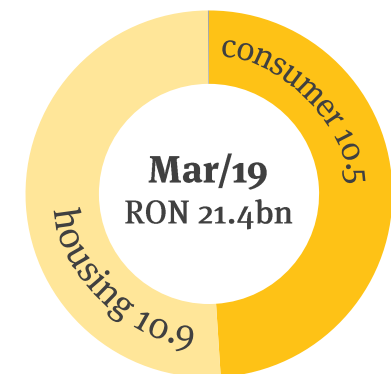
loans to households



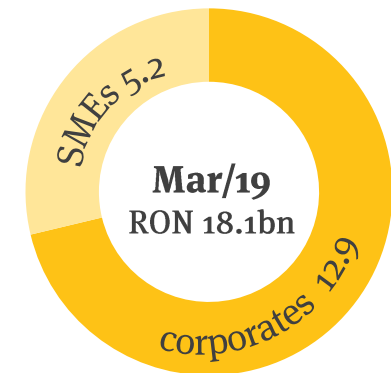
loans to companies



↑ 10%



↑ 3%



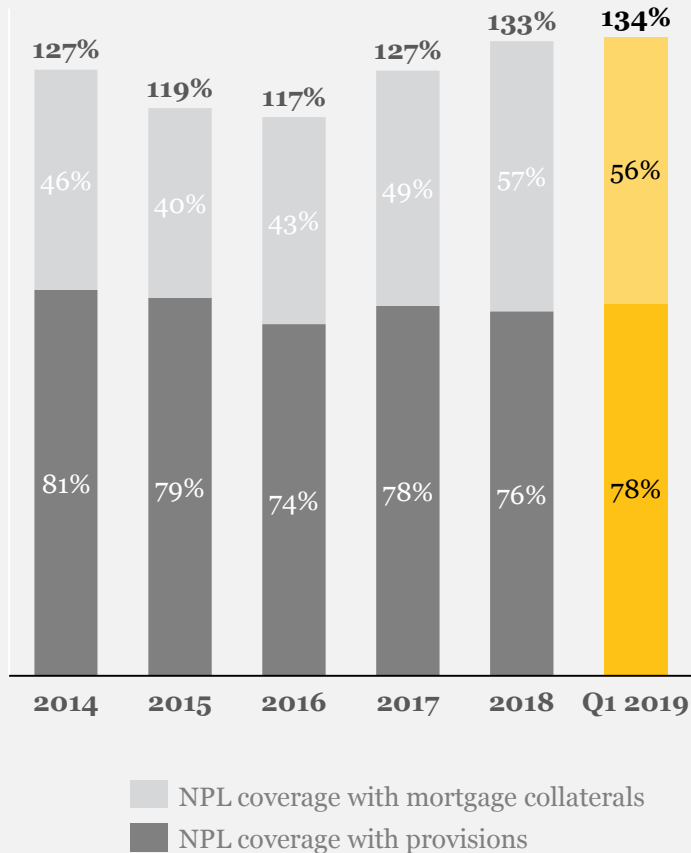
* SMEs identified according to internal classification rules



Loan quality

NPL (PAR90) ratio stable at 3.02%

NPL coverage ratio

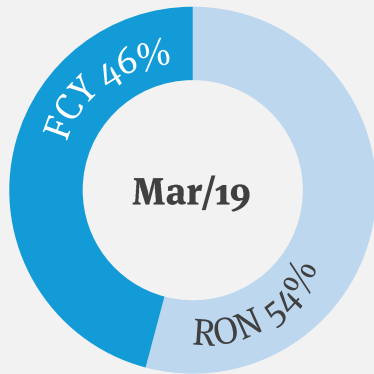


- Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio
- NPL coverage sits at a comfortable 134% level

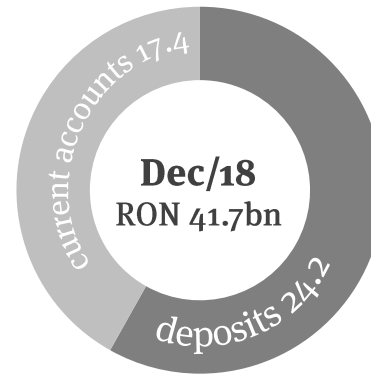
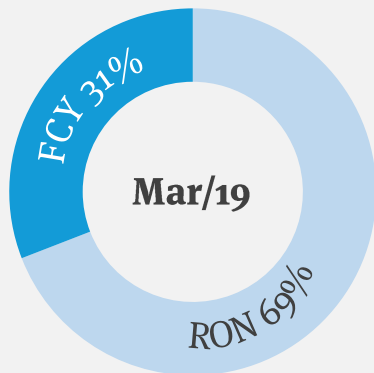


Deposit structure

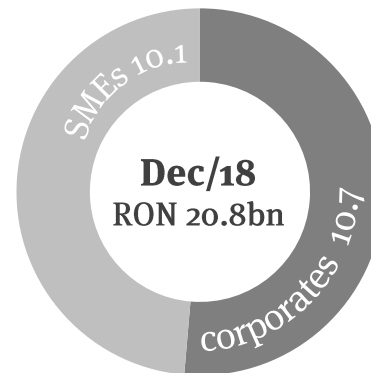
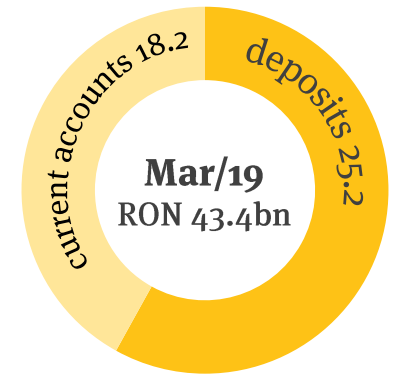
deposits from households



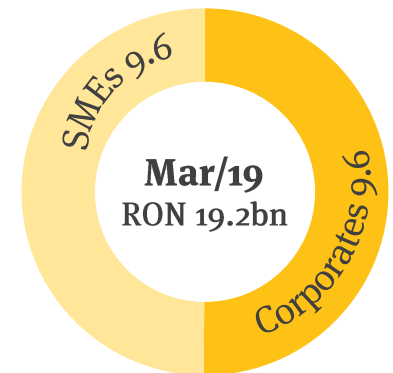
deposits from companies



↑ 4%



↓ 8%

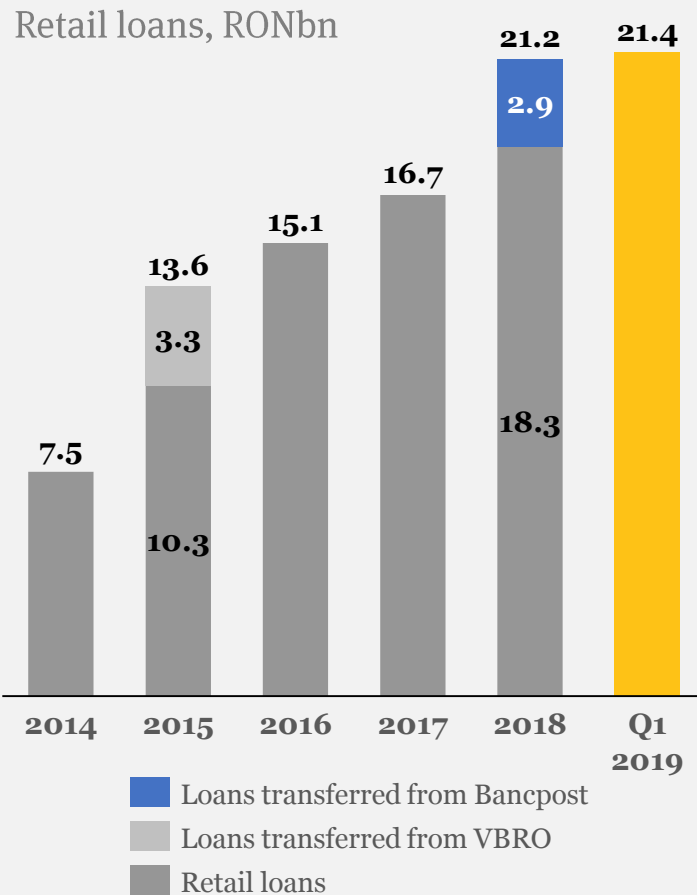


* SMEs identified according to internal classification rules



Business lines/ Retail banking

Retail loan portfolio reached RON 21.4bn as of March 2019



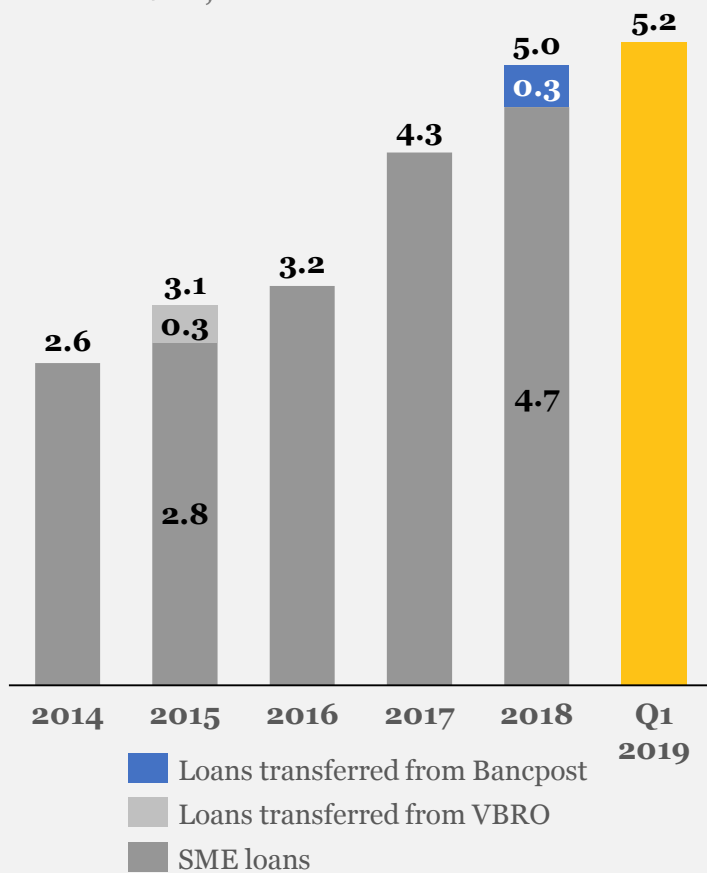
** Loans transferred from Bancpost include loans transferred during 2018, before integration*

- 2,749,000 active clients
- 21,000 non-card retail loans disbursed in Q1 2019
- A 16.4% market share for retail loans at end of March 2019
- 3.8 mn active cards – with a market share of about 21%

Business lines/ SME banking

SME (internal definition) loan portfolio at RON 5.2bn

SME loans, RONbn



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

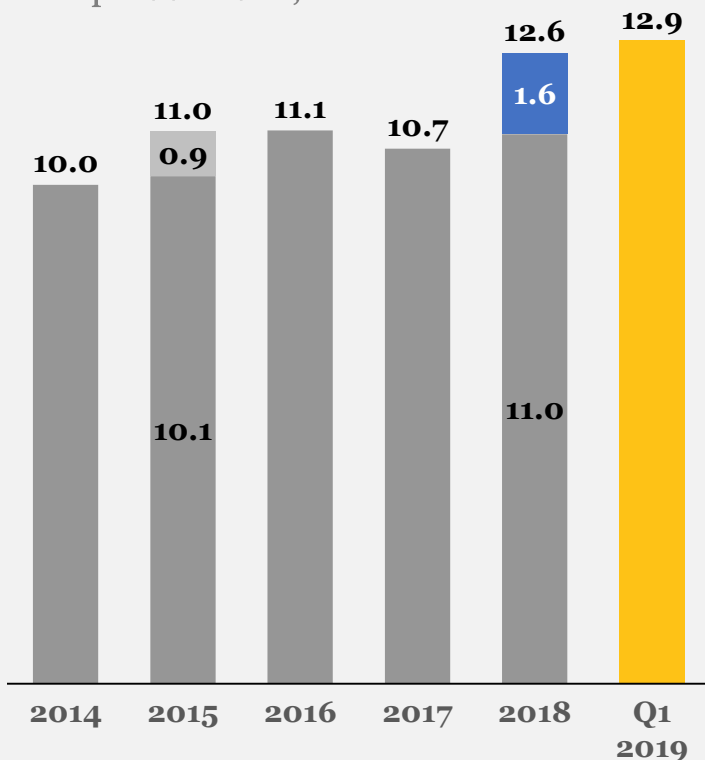
- 294,000 active clients
- Banca Transilvania continued its specific focus on the SME business sector, granting over 4,000 new loans in 2019 so far



Business lines/ Corporate banking

Corporate loan portfolio at RON 12.9bn

Corporate loans, RONbn



- Loans transferred from Bancpost
- Loans transferred from VBRO
- Corporate loans

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

- 9,800 active clients
- Sectorial specialization is a major focus
- Banca Transilvania is present with lending facilities especially in the industrial manufacturing and agribusiness segments



Banca Transilvania Financial Group

as of 31/Mar/2019

total assets **RON 75.9bn**

BANCA  **TRANSILVANIA**[®]

total assets RON 155mn

 **BT Direct**[®]
Grupul Financiar Banca Transilvania

total assets **RON 1,057mn**

 **BT Leasing**[®]
Grupul Financiar Banca Transilvania

AUM RON 3,616mn

 **BT Asset Management S.A.I.**[®]
Grupul Financiar Banca Transilvania

total assets RON 90mn

 **BT Capital Partners**[®]
Grupul Financiar Banca Transilvania

total assets **RON 377mn**

 **BT Mic**[®]
Grupul Financiar Banca Transilvania

total assets **RON 3,404mn**

 **VICTORIABANK**
PRIMA BANCĂ DIN MOLDOVA

total assets **RON 216mn**

ERB Retail Services

* Figures for subsidiaries assessed under RAS rules;



ANNEX1

income statement, IFRS individual

RONmn	Q1 2019	Q1 2018	
Net interest income	665.2	518.2	28.4%
Net fee and commission income	162.2	143.3	13.1%
Net trading income	67.0	54.6	22.9%
Other net income	(58.5)	10.0	
Operating income	835.9	726.1	15.1%
Personnel expenses	(225.2)	(192.5)	17.0%
D&A	(67.7)	(24.4)	177.6%
Other operating expenses	(135.5)	(123.4)	9.8%
Operating expenses	(428.5)	(340.3)	25.9%
Pre-provision operating profit	407.5	385.8	5.6%
Cost of risk	115.9	54.3	
Net income before taxation	523.4	440.1	18.9%
Income tax (expense)/revenue	(87.3)	(74.1)	17.8%
Net income	436.1	366.0	19.1%



ANNEX1

balance sheet, IFRS individual

RONmn

	Mar/19	Dec/18	
Cash & cash equivalents	10,144.9	9,083.5	11.7%
Placements with banks	5,711.9	4,431.5	28.9%
Loans to customers, net	37,043.5	36,356.0	1.9%
T-bills & securities	20,288.2	21,989.2	-7.7%
Fixed assets	1,198.4	736.2	62.8%
Participations	537.7	537.7	0.0%
Deferred tax assets	23.8	48.7	-51.0%
Other financial assets	804.1	811.1	-0.9%
Other assets	105.3	125.2	-15.9%
Total assets	75,857.9	74,118.9	2.3%
Deposits from banks	277.3	207.6	33.5%
Deposits from customers	62,692.8	62,522.4	0.3%
Loans from banks and FIs	980.3	1,185.6	-17.3%
Subordinated loan	1,707.4	1,651.5	3.4%
Current tax liabilities	66.2	43.9	50.6%
Provisions for other risks and charges	455.0	444.7	2.3%
Other financial liabilities	1,636.2	537.1	204.6%
Other liabilities	69.8	114.9	-39.2%
Total liabilities	67,884.8	66,707.7	1.8%
Shareholders' equity	7,973.1	7,411.2	7.6%



ANNEX2

income statement, IFRS consolidated

RONmn

	Q1 2019	Q1 2018	
Net interest income	749.4	543.3	37.9%
Net fee and commission income	186.7	163.2	14.4%
Net trading income	80.5	57.1	41.0%
Other net income	(27.7)	36.6	-175.7%
Operating income	988.8	800.2	23.6%
Personnel expenses	(253.7)	(203.6)	24.6%
D&A	(73.4)	(35.4)	107.4%
Other operating expenses	(163.0)	(147.0)	10.9%
Operating expenses	(490.1)	(386.0)	27.0%
Pre-provision operating profit	498.7	414.1	20.4%
Cost of risk	106.1	50.9	108.3%
Net income before taxation	604.8	465.1	30.0%
Income tax (expense)/revenue	(97.3)	(76.1)	27.9%
Net income	507.5	389.0	30.5%



ANNEX2

balance sheet, IFRS consolidated

RONmn

	Mar/19	Dec/18	
Cash & cash equivalents	11,241.5	10,322.1	8.9%
Placements with banks	7,097.4	5,732.6	23.8%
Loans to customers, net	38,609.0	37,817.1	2.1%
T-bills & securities	20,315.7	22,044.4	-7.8%
Fixed assets	1,377.9	877.1	57.1%
Current tax assets	0.0	0.0	
Deferred tax assets	46.5	73.9	-37.1%
Other financial assets	806.1	843.2	-4.4%
Other assets	170.2	186.4	-8.7%
Total assets	79,664.3	77,896.8	2.3%
Deposits from banks	264.7	195.3	35.5%
Deposits from customers	65,278.3	65,160.5	0.2%
Loans from banks and FIs	1,494.2	1,703.6	-12.3%
Subordinated loan	1,711.3	1,655.4	3.4%
Current tax liabilities	66.4	41.0	62.2%
Provisions for other risks and charges	481.9	472.7	1.9%
Other financial liabilities	1,778.1	654.8	171.5%
Other liabilities	88.4	133.4	-33.7%
Total liabilities	71,163.3	70,016.7	1.6%
Shareholders' equity	8,190.8	7,587.5	8.0%
Non-controlling interest	310.2	292.5	6.0%
Total liabilities and equity	79,664.3	77,896.8	2.3%



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