

Press Release, February 27, 2019

BT's Preliminary Financial Results as at December 31, 2018

Banca Transilvania, the largest lender of the local economy in 2018: customer support twinned by the Bancpost integration

- 196,000 loans to companies and individual customers granted in 2018 ●
- Over RON 9 billion worth of loans extended to Romanian companies ●

Banca Transilvania - a Romanian born and raised bank - celebrated its 25th year of activity and became the main lender of the Romanian economy, using the experience and capital accumulated over time with the purpose to support the entire business environment in Romania.

For BT, 2018 represented a sequel of responsible organic growth, major investments in the customers' digital experience, Bancpost integration and the outset for business model replication in Victoriabank, Republic of Moldova.

“Banca Transilvania continued to be the most active player in the banking sector, supporting the Romanian economy, due to continuous capital boosts and to the relevant expertise gathered over its 25 years of existence, here, in our own country. During these years, we managed to constantly grow the Bank's capital base through yearly profit accumulation, cash capital increases from shareholders and subordinated debt instruments, to be able to maintain the alert lending pace across all customer types: from established SMEs to start-ups and population. Being the largest Romanian financial group, we are aware of our responsibility towards the local economy, and towards our over 3 million customers, out of whom 700,000 are beneficiaries of loans, as well as of our duty to over 31,000 Romanian individual shareholders, investors on the BSE and the indirect 7 million shareholders through the second pillar pension funds.” – stated Mr. Horia Ciorcilă, Chairman of the BT's Board of Directors.

Banca Transilvania Financial Group assets reached RON 77.9 billion at the end of the last year and the loans and advances granted to customers rose to RON 38.02 billion. Group's net consolidated profit was RON 1,257.17 million, out of which Banca Transilvania recorded a bottom-line result of RON 1,219.39, figure including the Bancpost integration expenses. The bank's operating profit has rose to RON 1,801.41 million due to streamlining of activities and business consolidation. Customer deposits reached RON 65.16 billion, of which RON 43.34 are individual deposits and RON 21.82 billion are corporate deposits.

In 2018, besides the merger and integration between Banca Transilvania and Bancpost, BT Leasing merged with ERB Leasing, company purchased from Eurobank Group, once with Bancpost and ERB Retail Services. BT Direct and ERB Retail Services, non-banking institutions consumer finance companies will merge in the first half of 2019.

Another important aspect is that Banca Transilvania managed to maintain a comfortable level of cost/income ratio at 49.9%.

BT's Board of Directors, decided in the meeting which took place yesterday, February 26th to propose to the General Shareholders Meetings (GSM) which will take place in April 2019, to distribute as cash dividends the amount of 818.121.781 lei (gross), representing a gross dividend per share of 0.17 lei. Also, it will be proposed to the GSM to capitalize the difference up to the distributable 2018 profit.

Supporting the entrepreneurs, the population and community in 2018

- ≈65,000 fixed interest loans were granted to individuals last year;
- BT has a 3.7 million cards portfolio, meaning a 21% market share in terms of issued cards in Romania;
- RON 15.5 billion SME loans (SME according to the European Definition)
- RON 11 billion mortgage and home equity loans;
- 125 BT units were rebranded and refurbished during 2018;
- RON 23 million were directed to our community, to education and sports through over 1,000 social responsibility projects, last year.

The important investments in digitalization generate visible positive effects on the business:

- Close to 200 million transactions were performed last year with BT cards. Each second means 6 transactions with BT cards;
- 475,000 credit cards are in the Group's portfolio, generating approximately 35% of the transactions performed with credit cards to the retailers from Romania. More than 60,000 transactions take place every day with the BT credit cards;
- 50,000 POSs are managed by Banca Transilvania, which account for 25% of the POSs installed in Romania;
- In 2018, 2 million transactions were performed on average, every day, through BT;
- The number of BT24 Internet Banking users exceeded 1 million, + 14% increase compared to the same period of last year, whereas the number of Mobile Banking users reached 560,000, + 34%;

- The volume of transactions made via Internet Banking is +20%, and via Mobile Banking +54% compared to the same period of last year;
- BT Pay, the first wallet application from Romania, launched in January 2018, currently offers 12 different functionalities developed over a 10 month-period, as well as, many non-stop cash and cards management functions: contactless payments, money transfer, monitoring and reports on card transactions, etc. The number of payments with mobile devices and the number of money transfers between wallet users picked up by +35% in Q4_2018 as compared to Q3_2018, while the volume of transactions increased by 50%;
- Other banking solutions offered through the online BT Store platform were accessed, on average, by 100 entrepreneurs/month, since its launch in August 2018;
- As of 2018 year-end, BT had close to 350 BT Express Plus units, multifunctional machines that invite to self-banking operations such as cash deposits/withdrawals of in local or foreign currencies. The number of cash deposits doubled during December 2018 compared to January 2018, reaching to 400,000 operations.

Other financial information & the Fitch rating:

- NPE according to EBA, is at 4.97% as at December 31, 2018.
- NPE coverage ratio according to the EBA standards is 94%. In case collateral is considered the coverage rate is 133%;
- The bank's total CAR (excluding the profit of 2018) is at 18,59%, while the level including the profit is at 21.53%;
- In January, Fitch Ratings confirmed the long-term credit rating of Banca Transilvania (IDR) to 'BB +' with a stable outlook, respectively the level of the viability rating to "bb+".

The additional tax on assets

In anticipation of a decision regarding the additional tax on bank assets, Banca Transilvania reiterates the idea that the banks' capital and competencies have been built over time and can be quickly lost without the proper investments. Romania needs a strong banking system and higher lending growth rates, to reduce the gaps from the Western countries. The decrease of the available profit for capitalization will slow down the development of the Romanian banking system and will affect the economic growth. However, as a Romanian bank and company, BT will stand by its customers, so that they will be as less as possible affected by the potential tax on assets.

BT, +50 positions in the Brand Finance Banking 500 ranking

BT moved up 50 positions in the Brand Finance Banking 500 2019 ranking, published by The Banker, with a 39% increase on the brand value, up to USD 242 million, respectively a rating

improvement from A+ to AA, compared to 2018. Banca Transilvania is the only Romanian banking brand included in the Brand Finance Banking 500 this year.

The 2018 preliminary financial results are available on the BT website, [at the following link: www.bancatransilvania.ro/actionari/rezultate-financiare](http://www.bancatransilvania.ro/actionari/rezultate-financiare), on February 27 2019, starting with 8.30.

Banca Transilvania

Shareholders contact: Investor.Relations@bancatransilvania.ro

**SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

ASSETS	Bank			Group		
	31-dec-18 RON thousand	31-dec-17 RON thousand	Δ dec 18 vs dec 17	31-dec-18 RON thousand	31-dec-17 RON thousand	Δ dec 18 vs dec 17
Cash and cash equivalents at Central Bank	9,083,471	6,637,692	36.85%	10,322,121	6,637,725	55.51%
Placements with banks	4,000,416	5,079,500	(21.24)%	4,650,137	5,125,282	(9.27)%
Loans and receivables - securities	431,099	222,792	93.50%	436,947	222,792	96.12%
Financial assets held for trading of witch:	15,648	83,135	(81.18)%	213,527	274,850	(22.31)%
<i>Derivatives</i>	3,066	9,854	(68.89)%	3,066	9,854	(68.89)%
<i>Equity instruments</i>	12,582	73,281	(82.83)%	112,481	213,838	(47.40)%
<i>Debt instrumnets</i>	-	-	-	97,980	51,158	91.52%
Loans and advances to customers- net*	36,554,146	29,914,039	22.20%	38,015,255	30,248,962	25.67%
Financial assets at fair value through profit and loss	609,638	-	-	456,127	-	-
Financial assets measured at fair value through other items of the comprehensive income	21,363,908	-	-	21,374,708	-	-
Financial assets available- for -sale	-	16,032,612	-	-	15,821,300	-
Financial assets measured at amortized cost - debt securities	-	-	-	645,471	-	-
Equity investments	537,677	156,631	243.28%	-	-	-
Property and equipment	482,321	407,649	18.32%	588,181	633,668	(7.18)%
Intangible assets	253,847	125,761	101.85%	283,219	133,255	112.54%
Goodwill	-	-	-	4,295	2,774	54.83%
Current tax assets	-	148,594	-	-	146,858	-
Deferred tax assets	48,687	173,243	(71.90)%	66,916	187,145	(64.24)%
Other financial assets	612,711	211,913	189.13%	644,886	234,317	175.22%
Other non- financial assets	125,237	108,514	15.41%	182,131	136,041	33.88%
Total assets	74,118,806	59,302,075	24.99%	77,883,921	59,804,969	30.23%

* at group level, it also includes the impact of the leasing activity

	Bank			Group		
	31-dec-18	31-dec-17	Δ dec 18	31-dec-18	31-dec-17	Δ dec 18
	RON	RON		RON	RON	vs dec 17
	thousand	thousand	vs dec 17	thousand	thousand	
LIABILITIES AND EQUITY						
Deposits from banks	207,608	127,946	62.26%	195,348	127,946	52.68%
Deposits from customers	62,522,369	49,099,201	27.34%	65,160,466	48,932,195	33.16%
Loans from banks and other financial institutions	1,185,556	1,099,891	7.79%	1,703,551	1,487,022	14.56%
Other subordinated liabilities	1,651,518	414,578	298.36%	1,655,377	414,578	299.29%
Provisions for other risks and for loan commitments	444,673	373,117	19.18%	472,722	382,849	23.47%
Held for trading financial liabilities	4,226	11,906	(64.51)%	4,226	11,906	(64.51)%
Current tax liability	43,935	-	-	40,953	-	-
Other financial liabilities (*)	532,833	1,142,938	(53.38)%	650,514	1,242,355	(47.64)%
Other non-financial liabilities	114,872	62,425	84.02%	133,417	66,006	102.13%
Total liabilities	66,707,590	52,332,002	27.47%	70,016,574	52,664,857	32.95%
Equity						
Share capital	4,898,982	4,427,940	10.64%	4,898,982	4,427,940	10.64%
Treasury shares	(23,271)	(32,140)	(27.59)%	(38,558)	(47,427)	(18.70)%
Share premiums	28,381	28,381	-	28,381	28,381	-
Retained earnings	2,075,470	1,981,886	4.72%	2,244,979	2,202,764	1.92%
Other reserves	431,654	564,006	(23.47)%	438,844	513,764	(14.58)%
Total equity	7,411,216	6,970,073	6.33%	7,572,628	7,125,422	6.28%
Non-controlling interest	-	-	-	294,719	14,690	1,906.27%
Total liabilities and equity	74,118,806	59,302,075	24.99%	77,883,921	59,804,969	30.23%

Note: The financial information as at December 31, 2018 are not audited or revised and for December 31, 2017 are audited.

(*) at consolidated level, it also comprises the financial debt towards fund unit holders.

DEPUTY GENERAL DIRECTOR

GEORGE CĂLINESCU

FINANCIAL REPORTING MANAGER

MIRCEA ȘTEFĂNESCU

SEPARATE AND CONSOLIDATED PROFIT AND LOSS ACCOUNT AS AT DECEMBER 31, 2018

	Banca			Grup		
	31-dec-18 mii lei	31-dec-17 mii lei	Δ dec 18 vs. dec 17	31-dec-18 mii lei	31-dec-17 mii lei	Δ dec 18 vs. dec 17
Interest income	2,855,070	2,018,571	41.44%	3,182,049	2,102,621	51.34%
Interest expense	(377,162)	(210,122)	79.50%	(432,500)	(211,802)	104.20%
Net interest income	2,477,908	1,808,449	37.02%	2,749,549	1,890,819	45.42%
Fee and commission income	923,938	704,571	31.13%	1,029,931	744,313	38.37%
Fee and commission expense	(229,277)	(123,621)	85.47%	(252,234)	(117,516)	114.64%
Net fee and commission income	694,661	580,950	19.57%	777,697	626,797	24.07%
Net trading income	263,448	223,667	17.79%	252,163	278,339	(9.40)%
Net loss /gain from the sales of financial instruments available-for sale		(4,102)	-	-	(3,206)	-
Net loss/(gain) on financial assets measured through comprehensive income	(7,774)	0	-	(7,555)	-	-
Net gain /loss from financial assets measured trough profit and loss	(40,529)	0	-	(2,570)	-	-
Contribution to the Banking Deposits Guarantee Fund and Resolution Fund	(39,164)	(49,696)	(21.19)%	(41,423)	(49,696)	(16.65)%
Other operating income	245,248	116,196	111.06%	218,136	173,823	25.49%
Operating income	3,593,798	2,675,464	34.32%	3,945,997	2,916,876	35.28%
Personnel expenses	(965,899)	(715,390)	35.02%	(1,065,089)	(763,227)	39.55%
Depreciation and amortization	(129,250)	(90,106)	43.44%	(162,514)	(125,024)	29.99%
Other operating expenses	(697,242)	(492,821)	41.48%	(807,262)	(556,782)	44.99%
Operating expenses	(1,792,391)	(1,298,317)	38.05%	(2,034,865)	(1,445,033)	40.82%
Net impairment(-) / income allowance on assets, provisions for other risks and loan commitments	(230,791)	1,353	-	(367,888)	(29,221)	-
Gain from acquisitions	71,830	-	-	160,077	-	-
Profit before income tax	1,642,446	1,378,500	19.15%	1,703,321	1,442,622	18.07%
Impairment/Income tax expense(-)	(423,055)	(192,521)	119.74%	(446,148)	(200,154)	122.90%
Profit net	1,219,391	1,185,979	2.82%	1,257,173	1,242,468	1.18%

Note: The financial information as at December 31, 2018 are not audited or revised and for December 31, 2017 are audited.

DEPUTY GENERAL DIRECTOR
GEORGE CĂLINESCU

FINANCIAL REPORTING MANAGER
MIRCEA ȘTEFĂNESCU

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Note to the financial information at 31.12.2018

The information presented for the period ended December 31, 2018, as well as for the prior periods, was prepared in accordance to the International Financial Reporting Standards as adopted by the European Union and applicable at that date. The financial information relates to the bank and its subsidiaries, it does not constitute a complete set of financial statements.

The information as at December 31, 2018 is not audited or revised and the information as at December 31, 2017 is audited.

Banca Transilvania