



**BANCA TRANSILVANIA**  
**March 2016 Financial Results**

April 28<sup>th</sup> 2016



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# AGENDA

- 1** Banking Sector Dynamics

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- 2** 2015 Highlights

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- 3** Performance in 2015

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- 4** Overview of Business Lines

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- 5** BT Financial Group

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- A** Financial Statements

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# ROMANIAN BANKING SECTOR – 2015 briefing

- The Romanian banking system stays solid:
  - average CAR at 17.5% in 4Q2015
  - NPL ratio at 13.6% in Dec 2015
- The non-government loans marked an inflexion point in 2015 (up by 3% ytd), due to the re-launch of the RON component (up by 19.7% ytd), supported by the acceleration of the domestic demand and the decline of the financing costs (the FX component declined by 9.9% ytd)

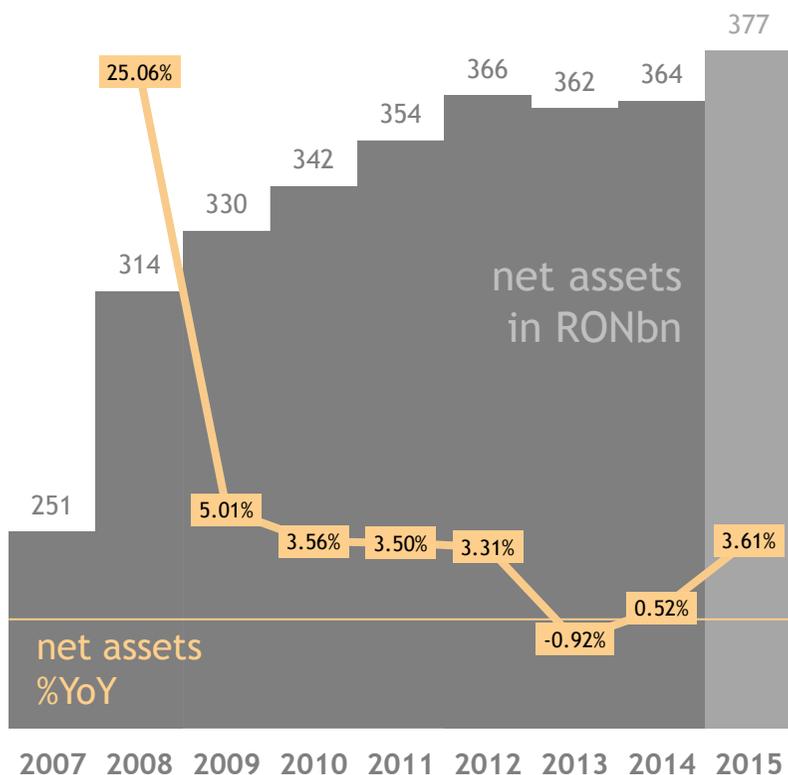


# BANK ASSETS

## expanded by 3.6% last year

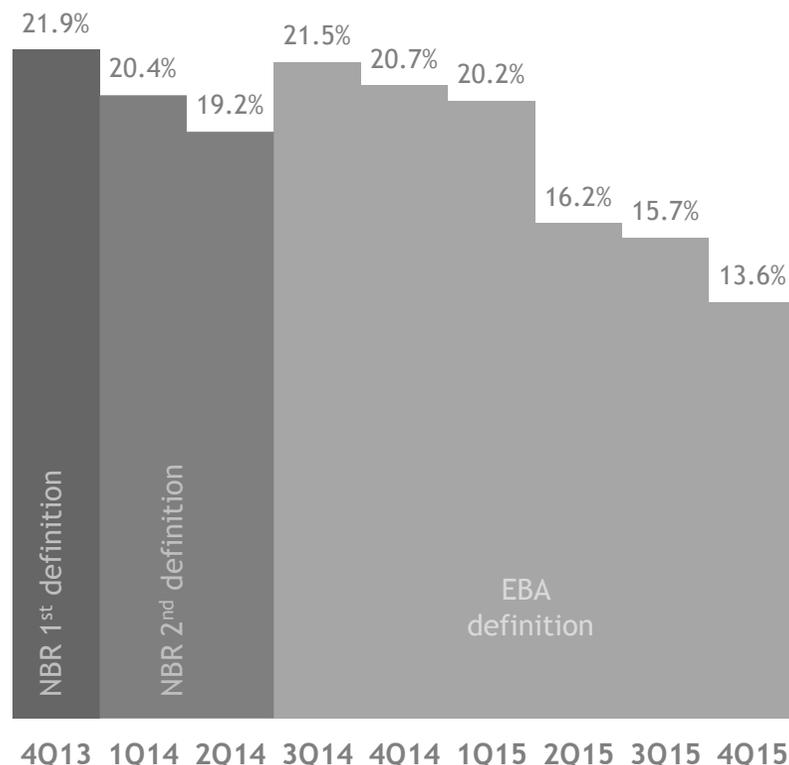
2015 marked the best growth in terms of bank assets since 2009

total bank net assets source: NBR



Loan quality continues to improve as the NPL ratio dropped 7pp in 2015

NPL ratio, % source: NBR



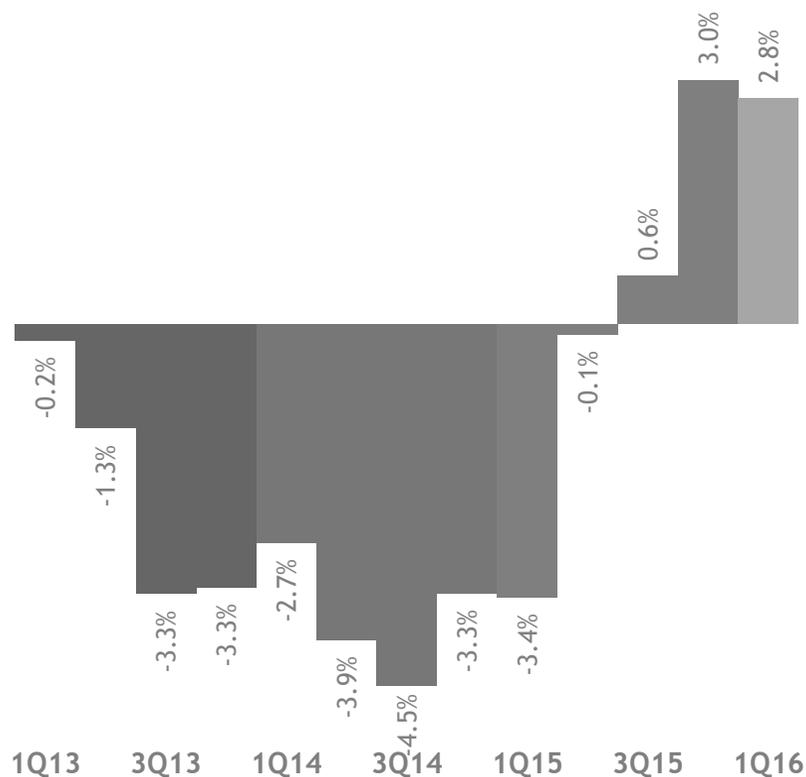


# GAP BETWEEN RON AND FCY LENDING grew significantly over the first quarter

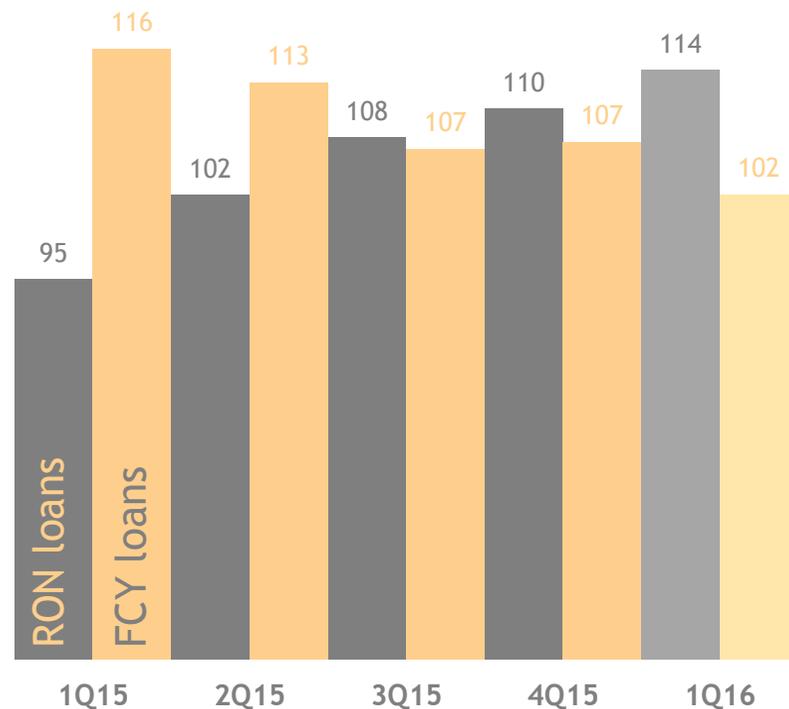
Lending activity up by 2.8% YoY in the first quarter

Gap between loans in LCY (dominant) and FCY grew to RON 12bn

loans non-government, %YoY source: NBR



loans non-government, RONbn source: NBR



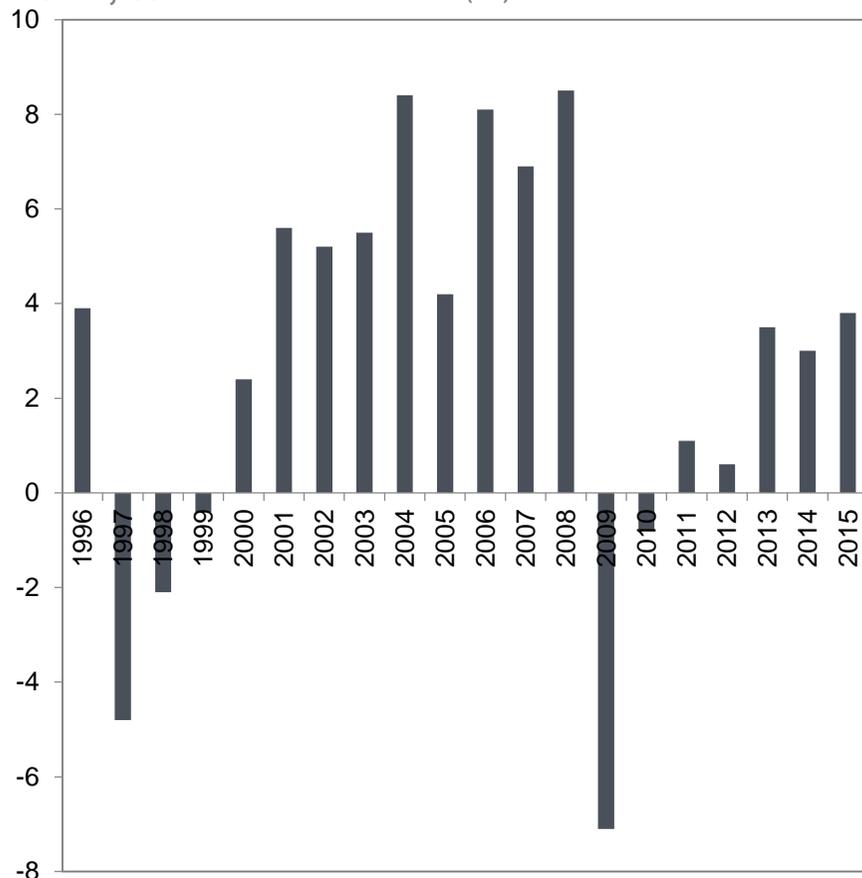


# ROMANIAN ECONOMY

## on an upward trend due to the domestic demand

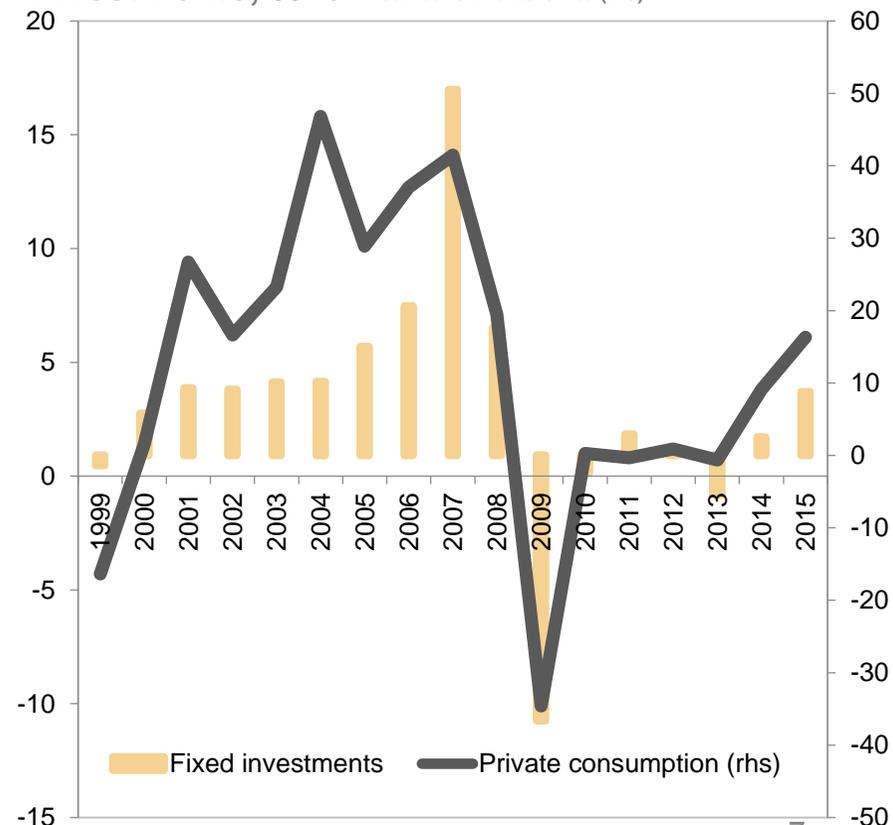
GDP rose by 3.8% YoY in 2015  
the highest pace since 2008

GDP, %YoY source: Statistics Office (INS)



Strong acceleration of both  
investments and consumption

Private consumption vs. fixed investments, %YoY source: Statistics Office (INS)

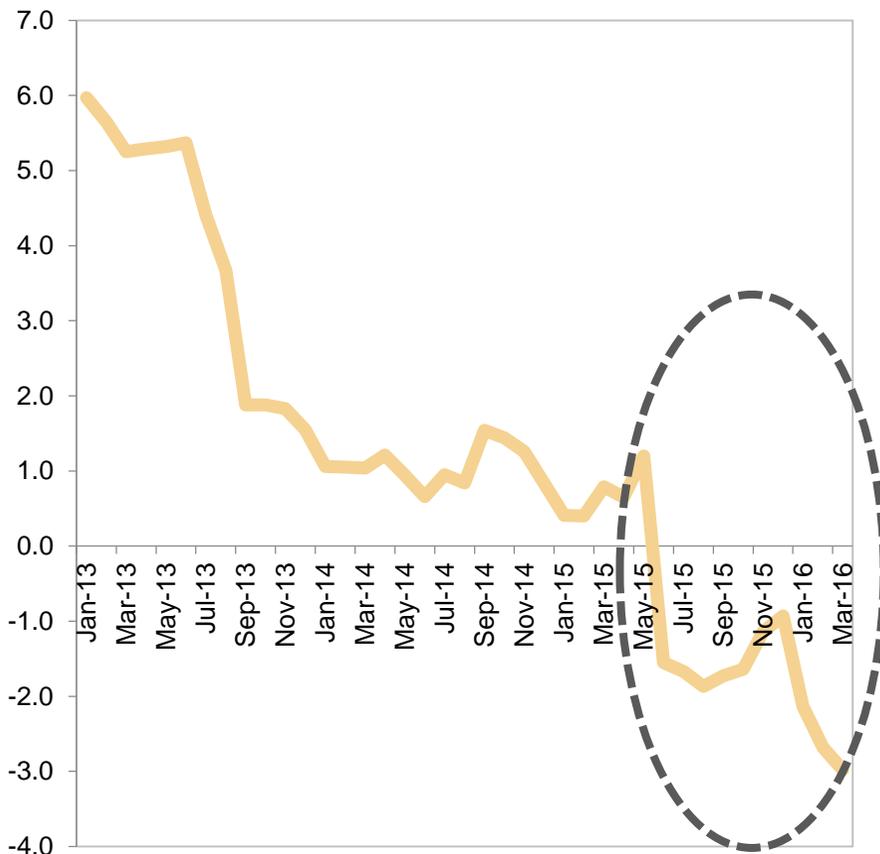




# HIGH MACRO-FINANCIAL STABILITY before the introduction of the Fiscal Act

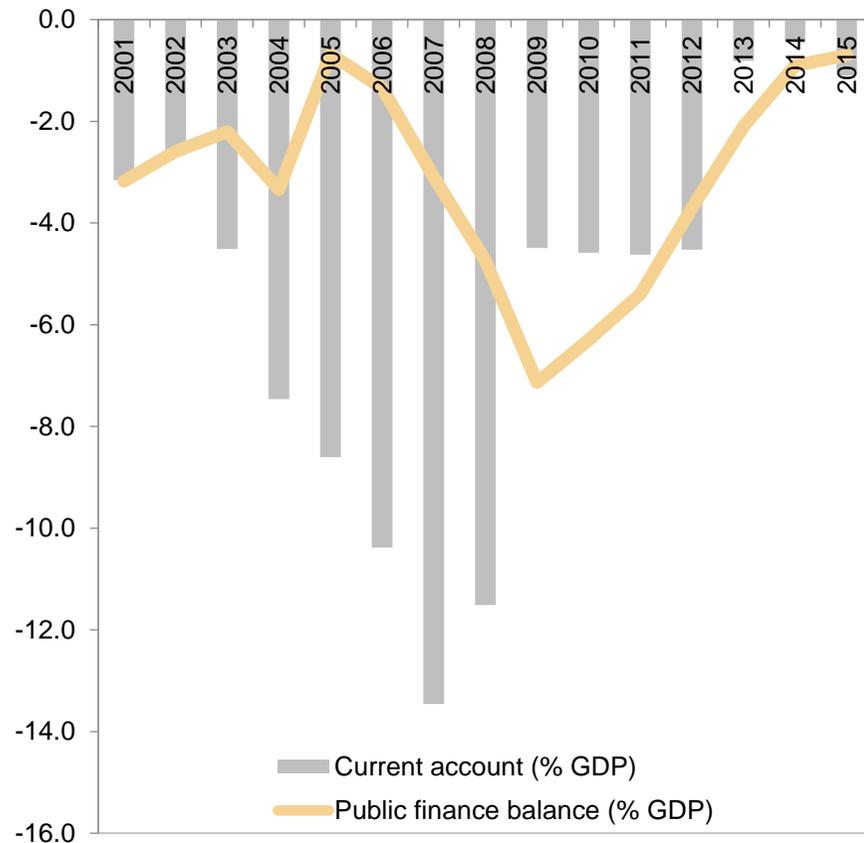
## Decline of the consumer prices due to VAT cut

consumer prices, %YOY source: Statistics Office (INS)



## C/A and public finance deficits close to record low levels

C/A vs. budget deficits (%GDP) source: NBR, Ministry of Finance





# **Banca Transilvania's business development and financial performance In Q1 2016**



# Q1 2016 Highlights

	Mil. RON	Q1 2016	Q1 2015	Δ	EoY 2015
<b>PROFITABILITY</b>	Operating income	599.1	541.3	10.7%	
	Operating expenses	(270.8)	(228.5)	18.5%	
	Gross profit before provisions	328.3	312.8	5.0%	
	Net profit	228.5	151.5	50.8%	
	EPS RON	0.063	0.050	25.2%	
	Cost of risk (%)	1.32%	2.84%	-53.0%	1.9%*
	NIM (%)	3.6%	2.8%	1.0 pp	3.0%
	ROE (%)	15.3%	16.9%	-1.6 pp	18.5%
	Cost-to-income ratio (%)	45.2%	42.2%	3.0 pp	48.8%
<b>CREDIT ACTIVITY</b>		Mar-16	Dec-15	Δ	
	Gross loans to customers	28,012.6	27,740.0	1.0%	
	Deposits from customers	37,084.4	38,395.3	-3.4%	
	Loans-to-deposits ratio	75.5%	72.2%	3.3 pp	
	NPL ratio	9.04%	9.75%	-0.7 pp	
<b>CAPITAL</b>		Mar-16	Dec-15	Δ	
	Total equity	6,362.1	6,117.8	4.0%	
	Tier 1 capital ratio (profit included)	16.9%	16.4%	3.1%	
	Total capital ratio (profit included)	18.2%	17.8%	2.1%	

\* actual cost of risk, without any reversals



# BUSINESS PERFORMANCE 2016

## at a glance

Total assets at RON 46.1 bn

- Enhanced ALM for higher efficiency

Capital adequacy ratio at 18.2%

- Strong capital base, supporting organic and non organic growth, after special dividend payout

Net fees and commissions at RON 116.5 mn ↗ 16.2% Y/Y

- Driven by increased number of operations and additional cross-sell

CoR on a sound path

- CoR at 1.32% as compared to 1.9% as of end of 2015

Net profit at RON 229 mn ↗ 50.8% Y/Y

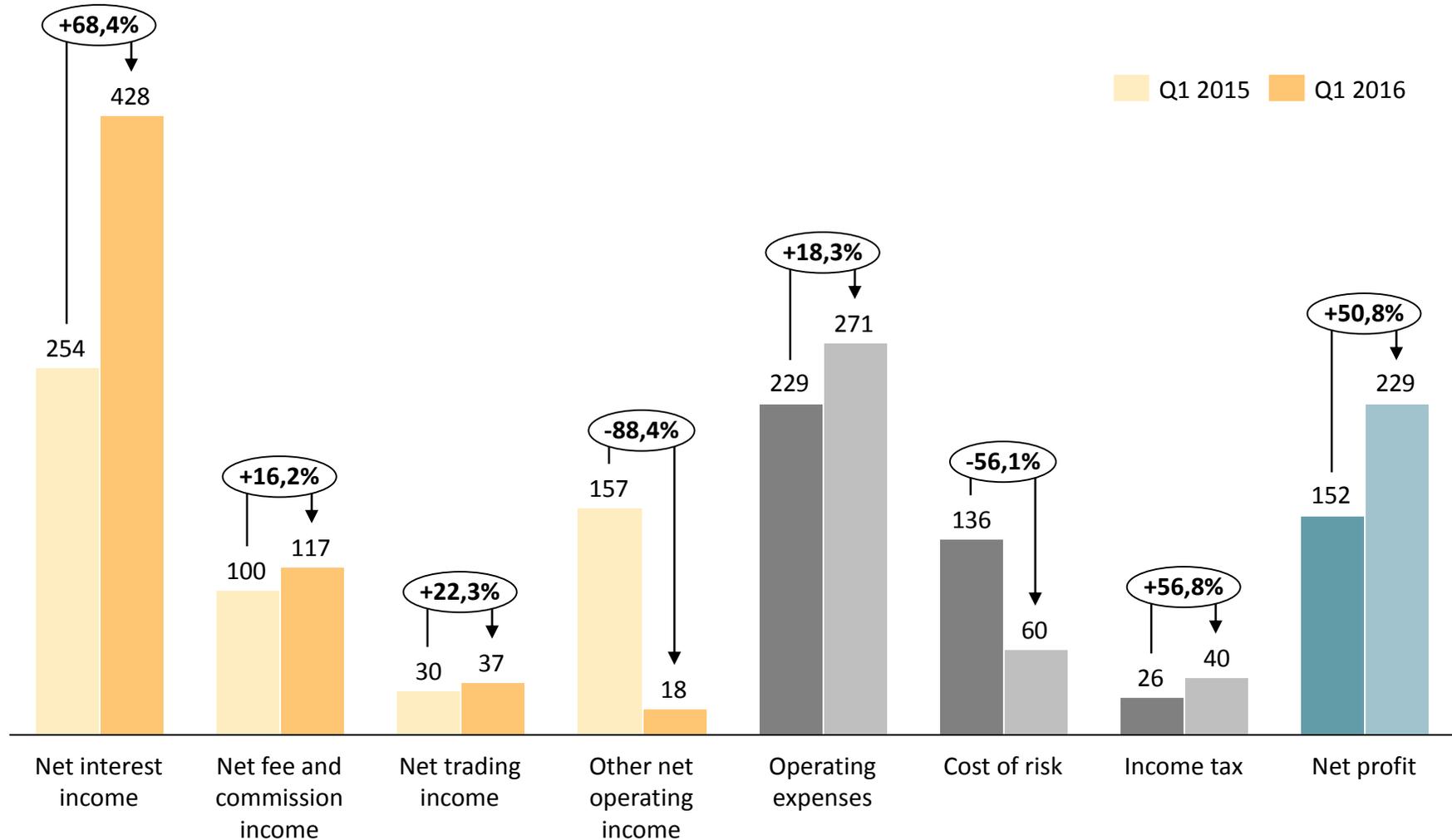
- Operating income positively influenced by increase in net interest income, net fees and commission income and net trading income

Cost/income at 45.2%

- Cost to income was positively influenced by increase in operating revenues



# PROFIT&LOSS ACCOUNT STRUCTURE

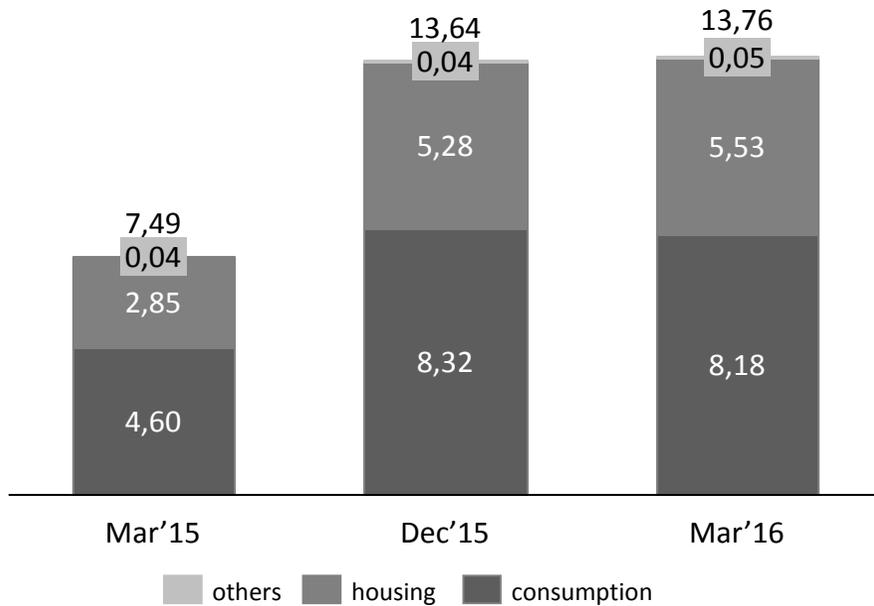




# LOAN STRUCTURE

## Loans to households in line with EOY 2015

Loans to Households, RONbn



Loans to Households, RONbn

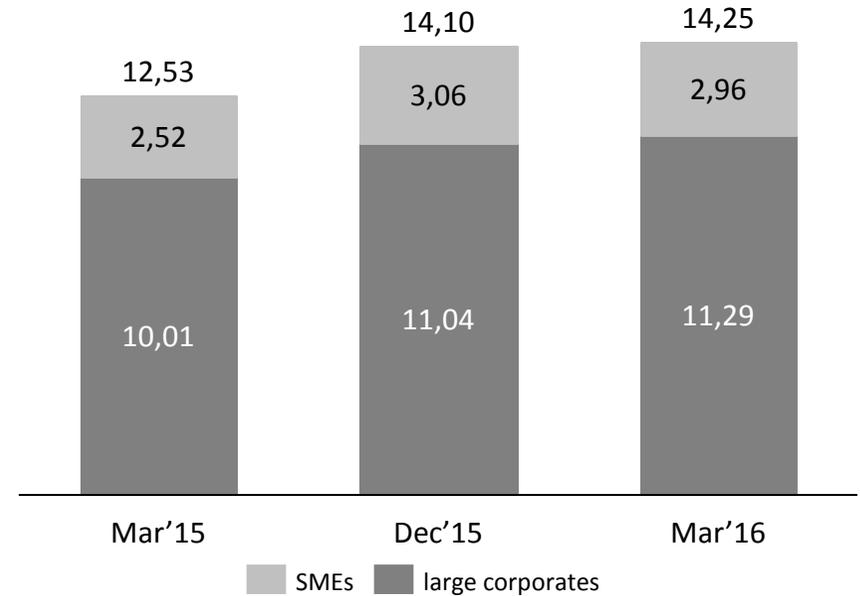


RON

FX

## Loans to companies in line with EOY 2015

Loans to Companies, RONbn



Loans to Companies, RONbn



RON

FX

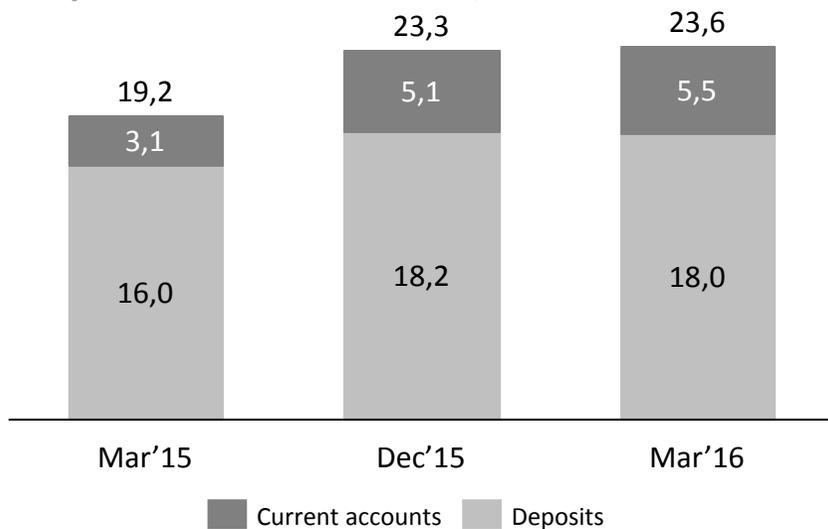
\*SMEs identified according to internal classification rules



# DEPOSIT STRUCTURE

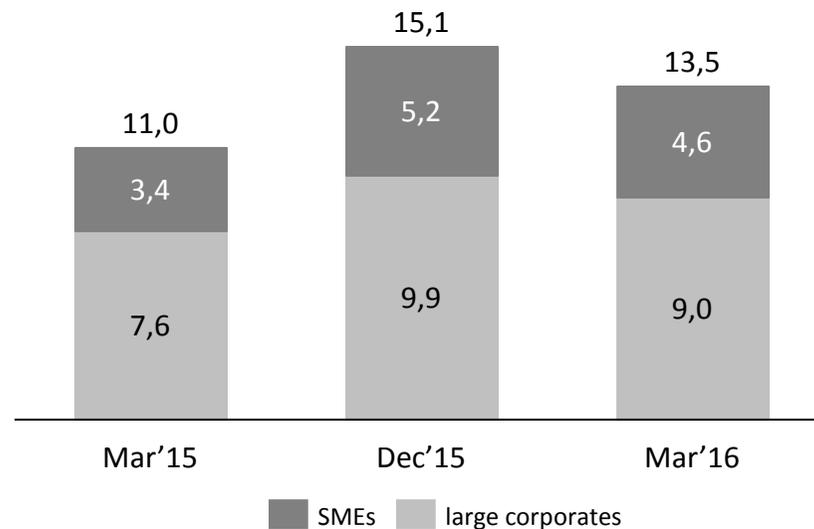
## Deposits from households continue the growth path

Deposits from Households, RONbn



## Deposits from companies decreased in Q1 2016

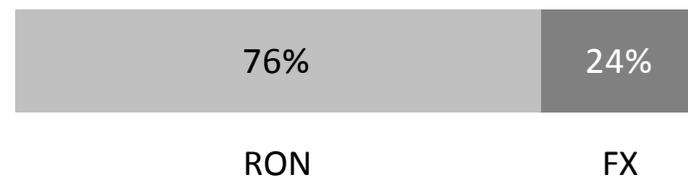
Deposits from Companies, RONbn



Deposits from Households, RONbn



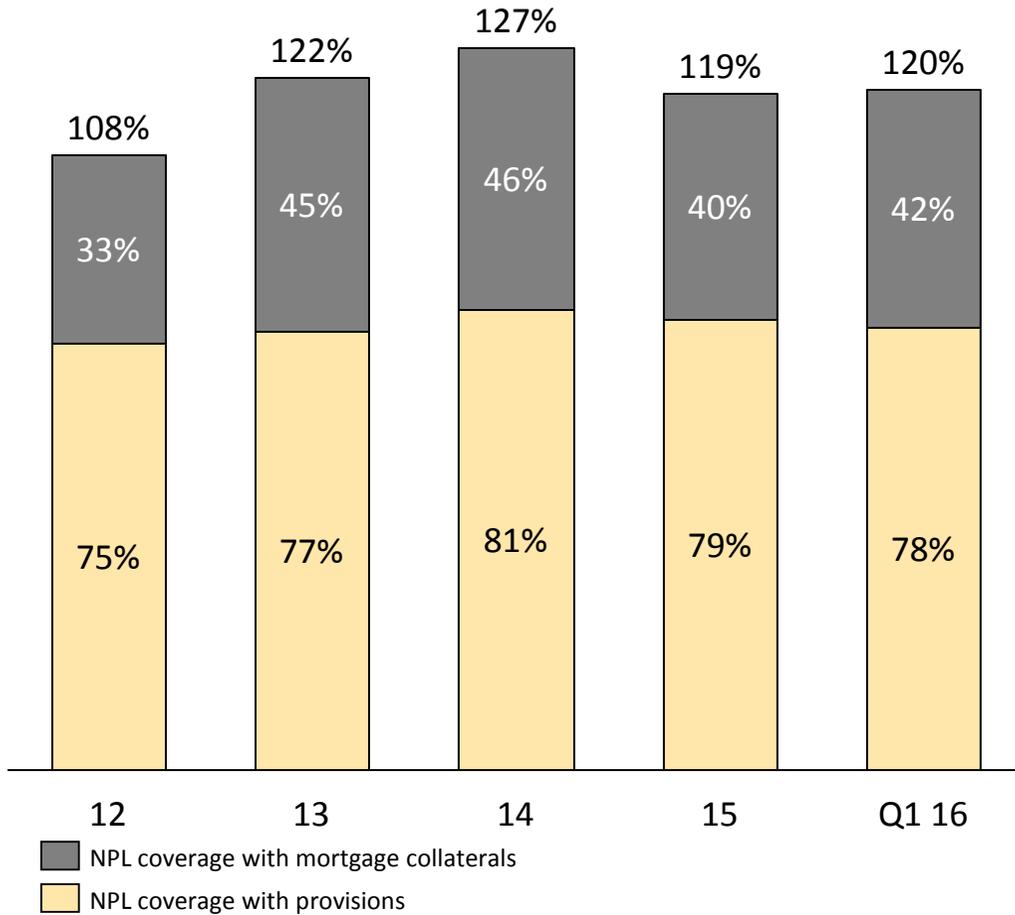
Deposits from Companies, RONbn



\*SMEs identified according to internal classification rules



# NPL RATIO AT 9.04%



- Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio

\*For Financial Statements purposes the gross loans are netted by the unwinding adjustment; For coverage ratio purposes the respective adjustment is included in the total stock of provisions



# Highlights - business lines

## Retail

- BT 24 and mobile banking remain top priority
- Banca Transilvania has a 2.6 million card portfolio reaching a market share of 19%

## SME & Corporate

- Banca Transilvania continued its specific focus on the SME business sector, processing over 3,870 new loans in Q1 2016
- BT continued its partnership with DFIs, offering special loan and guarantee products to its SME clients
- Agriculture, industrial manufacturing, Healthcare and European Structural Funds are on BT radar as specialized sectorial approaches



# BANCA TRANSILVANIA FINANCIAL GROUP

## full array of financial services

As of 31.03.2016:



Total assets: 46.1 RON bn



Total assets: 83 RON mn.



Total assets: 110 RON mn.



Total assets: 81 RON mn.



AuM: 2,590 RON mn.



Total assets: 386 RON mn.



# Q1 2016 Highlights – Consolidated figures

	Mil. RON	Q1 2016	Q1 2015	Δ
<b>PROFITABILITY</b>	Operating income	620.7	561.5	10.6%
	Operating expenses	(288.4)	(240.9)	19.7%
	Gross profit before provisions	332.3	320.6	3.7%
	Net profit	231.1	159.1	45.2%
	EPS RON	0.06	0.05	20.5%
	Cost of risk (%)	1.1%	2.8%	-60.1%
	ROE (%)	15.3%	17.7%	-13.5%
	Cost-to-income ratio (%)	46.46%	42.9%	8.3%
<b>CREDIT ACTIVITY</b>		Mar'16	Dec'15	
	Gross loans to customers	28,199.2	28,012.3	0.7%
	Deposits from customers	37,000.3	38,301.7	-3.4%
	Loans-to-deposits ratio (%)	76.2%	73.1%	4.2%
<b>CAPITAL</b>	Total equity	6,499.0	6,240.8	4.1%



## ANNEX I INCOME STATEMENT - Q1 2016

IFRS, individual, RONmn	Q1 2016	Q1 2015	Δ
Net interest income	427.5	253.8	68.4%
Net fee and commission income	116.5	100.3	16.2%
Net trading income	36.9	30.2	22.3%
Other net income	18.1	156.9	-88.4%
<b>Operating income</b>	<b>599.1</b>	<b>541.3</b>	<b>10.7%</b>
Personnel expenses	(151.5)	(118.2)	27.8%
D&A	(17.6)	(13.2)	33.3%
Other operating expenses	(101.7)	(97.1)	4.8%
<b>Operating expenses</b>	<b>(270.8)</b>	<b>(228.5)</b>	<b>18.5%</b>
<b>Cost of risk</b>	<b>(59.6)</b>	<b>(135.6)</b>	<b>-56.1%</b>
Net income before taxation	268.7	177.2	51.7%
Income tax expense	(40.2)	(25.7)	56.8%
<b>Net income after taxation</b>	<b>228.5</b>	<b>151.5</b>	<b>50.8%</b>



## ANNEX II BALANCE SHEET - Q1 2016

IFRS, individual, RON mn	Mar-16	Dec-15 (audited)	Δ
Cash & cash equivalents	4,523.6	5,104.9	-11.4%
Placements with banks	1,979.79	3,782.5	-47.7%
Loans to customers, net	25,494.8	25,107.5	1.5%
T-bills & securities	13,211.5	12,389.4	6.6%
Fixed assets	412.1	409.5	0.6%
Participations	84.9	84.9	0.1%
Other assets	414.3	464.0	-10.7%
<b>Total assets</b>	<b>46,121.0</b>	<b>47,342.7</b>	<b>-2.6%</b>
Deposits from banks	252.1	388.4	-35.1%
Deposits customers	37,084.6	38,395.3	-3.4%
Loans from banks and FIs	743.4	985.1	-24.5%
Subordinated loan	407.2	416.4	-2.2%
Deferred tax liabilities	0.0	0.0	
Other liabilities	1,271.6	1,039.7	22.3%
<b>Total liabilities</b>	<b>39,758.9</b>	<b>41,224.9</b>	<b>-3.6%</b>
<b>Shareholders' equity</b>	<b>6,362.1</b>	<b>6,117.8</b>	<b>4.0%</b>



# ANNEX III INCOME STATEMENT - Q1 2016

IFRS, consolidated, RONmn	Q1 2016	Q1 2015	Δ
Net interest income	438.6	263.2	66.6%
Net fee and commission income	124.0	106.1	16.8%
Net trading income	31.3	28.1	11.0%
Other net income	26.9	164.0	-83.6%
<b>Operating income</b>	<b>620.7</b>	<b>561.5</b>	<b>10.6%</b>
Personnel expenses	(158.3)	(123.6)	28.1%
D&A	(21.9)	(16.0)	36.5%
Other operating expenses	(108.2)	(101.2)	6.9%
<b>Operating expenses</b>	<b>(288.4)</b>	<b>(240.9)</b>	<b>19.7%</b>
<b>Cost of risk</b>	<b>(59.0)</b>	<b>(133.9)</b>	<b>-55.9%</b>
<b>Bargaining gain</b>	<b>0.0</b>	<b>0.0</b>	
Net income before taxation	273.3	186.6	46.4%
Income tax expense	(42.3)	(27.5)	53.6%
<b>Net income after taxation</b>	<b>231.1</b>	<b>159.1</b>	<b>45.2%</b>



## ANNEX IV BALANCE SHEET - Q1 2016

IFRS, consolidated, RONmn	Mar-16	Dec-15	Δ
Cash & cash equivalents	4,527.7	5,109.1	-11.4%
Placements with banks	2,232.2	3,797.7	-41.2%
Loans to customers, net	25,605.6	25,225.6	1.5%
T-bills & securities	13,006.8	12,416.9	4.8%
Fixed assets	540.5	527.1	2.5%
Participations	0.0	0.0	
Other assets	455.3	502.6	-9.4%
<b>Total assets</b>	<b>46,368.0</b>	<b>47,579.1</b>	<b>-2.5%</b>
Deposits from banks	252.1	388.4	-35.1%
Deposits customers	37,000.3	38,301.7	-3.4%
Loans from banks and FIs	854.2	1,129.7	-24.4%
Subordinated loan	407.2	416.4	-2.2%
Deferred tax liabilities	0.0	0.0	
Other liabilities	1,355.2	1,102.0	23.0%
<b>Total liabilities</b>	<b>39,869.0</b>	<b>41,338.3</b>	<b>-3.6%</b>
<b>Total equity</b>	<b>6,499.0</b>	<b>6,240.8</b>	<b>4.1%</b>



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