

**HALF YEAR REPORT as at June 30, 2016**

Half year report, pursuant to CNVM Regulation no. 1/2006

Report date: 10.08.2016

Name of the company: BANCA TRANSILVANIA S.A.

Registered office: Str. G. Baritiu nr. 8, Cluj-Napoca, Cluj County, zip code 400027, ROMANIA

Phone/fax no.: +40(0)264.407.150; +40(0)264.407.179

Tax identification no. according to the Trade Registry: RO 5022670

Record no. with the Trade Registry: J12/4155/16.12.1993

Subscribed and paid-up capital: RON 3.026.037.641

The regulated market where the issued securities are traded: Bucharest Stock Exchange

Main features of the securities issued by the company:

- 3.026.037.641 NOMINAL SHARES, with a par value of 1 RON/share.

**1. FINANCIAL STATEMENT ANALYSIS****1.a.1 Assets, Liabilities and Equity at bank level**

The financial position of the bank at the end of H1 2016, compared to the same period of last year, is the following:

RATIO - Bank	RON THD.				
	Jun-16	Dec-15	Jun-15	vs.Dec-15 %	vs.Jun-15 %
Cash and cash equivalents at Central Bank	5,096,698	4,997,896	3,500,575	1.98	45.60
Deposits at banks	2,503,770	3,889,483	4,386,091	-35.63	-42.92
Financial assets at fair value through profit or loss	59,456	56,819	52,729	4.64	12.76
Loans and advances to clients - net	25,851,184	25,107,527	19,861,307	2.96	30.16
<i>Loans and advances to clients - gross</i>	<i>28,642,362</i>	<i>27,740,013</i>	<i>22,254,796</i>	<i>3.25</i>	<i>28.70</i>
<i>Loan loss provisions</i>	<i>-2,791,178</i>	<i>-2,632,486</i>	<i>2,393,489</i>	<i>6.03</i>	<i>16.62</i>
Available-for-sale securities	13,525,778	12,332,76	9,823,356	9.68	37.69
Investments in equity	84,928	84,886	432,811	0.05	-80.38

RATIO - Bank	Jun-16	Dec-15	Jun-15	vs.Dec-15 %	vs.Jun-15 %
Tangible assets and real-estate investments	348,104	337,076	281,772	3.27	23.54
Intangible assets	68,399	72,425	66,237	-5.56	3.26
Deferred tax receivables	48,273	111,162	-	-56.57	-
Other assets	304,581	352,815	196,322	-13.67	55.14
<b>Total assets</b>	<b>47,891,171</b>	<b>47,342,665</b>	<b>38,601,200</b>	<b>1.16</b>	<b>24.07</b>
Deposits with banks	509,462	388,425	833,046	31.16	-38.84
Deposits from clients	39,020,732	38,395,292	31,917,049	1.63	22.26
Loans from banks and other financial institutions	1,337,930	985,142	1,335,430	35.81	0.19
Other subordinated liabilities	412,935	416,352	407,164	-0.82	1.42
Provisions for other risks and loan commitments	692,041	705,596	-	-1.92	-
Other liabilities	617,026	334,097	477,725	84.68	29.16
<b>Total liabilities</b>	<b>42,590,126</b>	<b>41,224,904</b>	<b>34,970,414</b>	<b>3.31</b>	<b>21.79</b>
Share capital	3,112,539	3,112,505	2,695,125	0.00	15.49
Own shares	-	-	-217	-	-
Share premiums	28,360	28,316	38,873	0.16	-27.04
Retained earnings	1,663,304	2,389,102	681,120	-30.38	144.20
Revaluation reserve	26,436	27,377	27,106	-3.44	-2.47
Reserve from available-for-sale assets	97,872	187,928	-	-47.92	-
Other reserves	372,533	372,533	188,779	0.00	97.34
<b>Total shareholders' equity</b>	<b>5,301,044</b>	<b>6,117,761</b>	<b>3,630,786</b>	<b>-13.35</b>	<b>46.00</b>
<b>Total liabilities and shareholders' equity</b>	<b>47,891,171</b>	<b>47,342,665</b>	<b>38,601,200</b>	<b>1.16</b>	<b>24.07</b>

At the end of the first 6 months of 2016, the bank's assets totaled 47,891.17 mill. RON, an increase by 24.07% versus the same period last year, which equaled an amount of 9,289.97 mill. RON.

In terms of assets, significant increases were registered for the following positions:

- cash and cash equivalents were 45.60% higher than in the same period of the previous year, reaching 5,096.70 mill. RON;
- available for sale securities went up by 37.69% versus the same period last year, reaching 13,525.78 mill. RON;
- net loans in the first semester of 2016 represented 25,851.18 million RON, increasing with 30.19% versus net loans at 30.06.2015.

Banca Transilvania continued to support the Romanian entrepreneurial spirit through financing: during the first half of this year almost 74,700 new loans were granted, totaling over 3,307 million RON, the beneficiaries being companies as well as individuals.

Banca Transilvania maintained a prudent lending policy over the past few years, being focused on credit risk dispersion. Non-performing loans, more than 90 days past due, represent 9.17% of the total loan portfolio of Banca Transilvania, at the end of H1 2016. The coverage of non-performing loans with loan loss provisions and mortgages continues to be at a comfortable level, representing over 124.63%, in line with the bank's risk appetite. The total balance of value adjustments (provisions and other adjustments) is 3,693.00 million RON, at 30.06.2016, representing 12.5% of total loans.

The loan to deposit ratio is more efficient, increasing from 62.23% at the end of H1 2015, to 65.39% at the end of 2015, respectively to 66.25% at the end of H1 2016.

The capital adequacy ratio of the bank computed as at June 30, 2016, taking into consideration the aggregate profit of the first semester of 2015, was 18.17% (16.62% without including the profit), being comfortably positioned above the minimum level of 8%, which is required by Regulation (EU) no. 575/2013 regarding prudential requirements for credit institutions, which apply as of 2014, while the excess capital surpasses by far the value of the conservation buffer and of the systemic importance buffer imposed by the NBR since January 1, 2016 (the systemic buffer equals 1% of the total value of risk exposure, while the conservation buffer is 0.625% of the total risk exposure), the total value of which is 483.4 million RON, compared to the amount of excess capital whose value is 2,564.8 million RON.

BT's financial data confirms that the Bank enjoys adequate capitalization and a comfortable level of liquidity.

Banca Transilvania's shareholder equity as at 30.06.2016 reached 5,301.04 million RON, 46.00% over the amount registered a year before, when 3.630,79 million RON.

The Ordinary General Meeting of Shareholders, respectively the Extraordinary General Meeting of Shareholders of 27.04.2016 approved the granting of dividends amounting to a total of RON 1,200,000,000, the gross dividend/share being RON 0.3965581868, as well as granting free shares by increasing the bank's share capital with RON 620,000,000, by issuing 620,000,000 shares with a face value of 1 RON/share.

Please note that the Bank's ownership structure is constantly changing, due to the fact that BT's shares are currently traded on the securities market, in compliance with the provisions of Law 52/1994 and the norms of the National Securities Commission (CNVM). At present, Banca Transilvania's shares are listed on the Bucharest Stock Exchange in Category I.

The ownership structure of BT as at June 30, 2016 is presented in the Annex.

### 1.a.2 Assets, Liabilities and Equity at Group level

RON THD.

RATIO - Group	Jun-16	Dec-15	Jun-15	vs.Dec-15%	vs.Jun-15%
Cash and cash equivalents at Central Bank	5,096,741	4,997,930	4,118,608	1.98	23.75
Deposits at banks	2,524,615	3,908,864	4,012,905	-35.41	-37.09
Financial assets at fair value through profit or loss	154,142	161,028	206,414	-4.28	-25.32
Loans and advances to clients - net	25,485,186	24,894,560	24,224,498	2.37	5.20
Leasing investments - net	428,709	331,054	262,262	29.50	63.47
Available-for-sale securities	13,430,694	12,242,959	11,054,095	9.70	21.50
Held-to-maturity securities	16,775	12,942	-	29.62	-
Tangible assets and real-estate investments	504,857	452,266	410,157	11.63	23.09
Intangible assets	75,221	74,472	81,144	1.01	-7.30
Goodwill	2,774	376	376	637.77	637.77
Deferred tax receivables	50,031	113,906	-	-56.08	-
Other assets	372,937	388,735	292,453	-4.06	27.52
<b>Total assets</b>	<b>48,142,682</b>	<b>47,579,092</b>	<b>44,662,912</b>	<b>1.18</b>	<b>7.79</b>
Deposits with banks	509,462	388,425	270,815	31.16	88.12
Deposits from clients	38,926,528	38,301,741	35,600,323	1.63	9.34
Loans from banks and other financial institutions	1,403,607	1,129,702	1,481,691	24.25	-5.27
Other subordinated liabilities	412,998	416,424	407,243	-0.82	1.41
Provisions for other risks and loan commitments	697,046	708,199	-	-1.57	-
Other liabilities	701,643	360,140	1,086,257	94.83	-35.41
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>42,651,284</b>	<b>41,304,631</b>	<b>38,846,329</b>	<b>3.26</b>	<b>9.79</b>

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RON THD.

RATIO-Group	Jun-16	Dec-15	Jun-15	vs.Dec-15%	vs.Iun-15%
<b>Net assets attributable to unitholders - liability</b>	32,823	33,648	21,899	-2.45	49.8
<b>Total liabilities</b>	<b>42,684,107</b>	<b>41,338,279</b>	<b>38,868,228</b>	<b>3.26</b>	<b>9.82</b>
Share capital	3,112,539	3,112,505	2,695,125	0	15.4
Own shares	-13,447	-11,806	-19,394	13.90	-30.6
Share premiums	28,360	28,316	38,873	0.16	-27.0
Retained earnings	1,817,622	2,523,109	2,866,257	-27.96	-36.5
Revaluation reserve	25,502	26,470	26,226	-3.66	-2.7
Reserves from available-for-sale assets	91,281	175,511	-	-47.99	
Other reserves	381,227	380,588	182,553	0.17	108.8
<b>Total equity attributable to the Bank's shareholders</b>	<b>5,443,084</b>	<b>6,234,693</b>	<b>5,789,640</b>	<b>-12.70</b>	<b>-5.9</b>
Non-controlling interests	15,491	6,120	5,044	153.12	207.1
<b>Total shareholders' equity</b>	<b>5,458,575</b>	<b>6,240,813</b>	<b>5,794,684</b>	<b>-12.53</b>	<b>-5.8</b>
<b>Total liabilities and shareholders' equity</b>	<b>48,142,682</b>	<b>47,579,092</b>	<b>44,662,912</b>	<b>1.18</b>	<b>7.7</b>

At the end of the first half of 2016, Banca Transilvania's assets have a share of 99.48 % in the total assets of the BT Group.

### 1.b. Profit and loss account

The main elements of the Profit and Loss Account at separate and consolidated level, prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union, compared to the same period as last year, are the following:

RON THD.

Ratio	Bank	Bank	vs.Jun-15	Group	Group	vs.Jun-15
	Jun-16	Jun-15	%	Jun-16	Jun-15	%
Interest income	1,001,276	769,444	30.13	1,027,789	1,204,154	-14.65
Interest expense	-143,583	-247,407	-41.96	-145,949	-264,077	-44.73
<b>Net interest income</b>	<b>857,693</b>	<b>522,037</b>	<b>64.30</b>	<b>881,840</b>	<b>940,077</b>	<b>-6.19</b>
Fee and commission income	294,840	260,848	13.03	307,311	279,370	10.00
Fee and commission expenses	-51,893	-49,943	3.90	-48,838	-49,572	-1.48

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RON THD.

Ratio	Bank Jun-16	Bank Jun-15	vs.Jun-15 %	Group Jun-16	Group Jun-15	vs.Jun-15 %
<b>Net fee and commission income</b>	<b>242,947</b>	<b>210,905</b>	<b>15.19</b>	<b>258,473</b>	<b>229,798</b>	<b>12.48</b>
Net trading income	80,675	69,824	15.54	79,743	60,299	32.25
Net earnings from the sale of financial instruments held for sale	269,498	200,490	34.42	269,758	200,286	34.69
Deposit Guarantee Fund contribution	-72,792	-80,944	-10.07	-72,792	-95,216	-23.55
Other income	37,180	24,479	51.89	61,953	42,916	44.36
<b>Operating income</b>	<b>1,415,201</b>	<b>946,791</b>	<b>49.47</b>	<b>1,478,975</b>	<b>1,378,160</b>	<b>7.32</b>
Net expenses with depreciation adjustments for assets, risk provisions and loan commitments	-325,216	-236,795	37.34	-317,923	-336,124	-5.41
Staff expenses	-304,816	-243,812	25.02	-318,079	-292,421	8.77
Depreciation and amortization charges	-35,680	-26,942	32.43	-45,153	-40,911	10.37
Other operating expenses	-211,191	-212,935	-0.82	-232,730	-248,902	-6.50
<b>Operating expenses</b>	<b>-876,903</b>	<b>-720,484</b>	<b>21.71</b>	<b>-913,885</b>	<b>-918,358</b>	<b>-0.49</b>
<b>Purchasing gains</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>1,650,600</b>	<b>-100</b>
<b>Profit before tax</b>	<b>538,298</b>	<b>226,307</b>	<b>137.86</b>	<b>565,090</b>	<b>2,110,402</b>	<b>-73.22</b>
Income tax expense	-80,042	-36,099	121.73	-84,019	-38,816	116.45
<b>Net profit for the period</b>	<b>458,256</b>	<b>190,208</b>	<b>140.92</b>	<b>481,071</b>	<b>2,071,586</b>	<b>-76.78</b>
Profit attributable to the Bank's shareholders	458,256	190,208	140.92	479,716	2,070,721	-76.83
Profit attributable to non- controlling interests	-	-	-	1,355	865	56.65
<b>Net profit for the period</b>	<b>458,256</b>	<b>190,208</b>	<b>140.92</b>	<b>481,071</b>	<b>2,071,586</b>	<b>-76.78</b>

Banca Transilvania recorded positive results in the first semester of this year. The gross profit of the first six months was 538.30 million RON, an increase of 37.86% versus the same period of 2015.

The net profit for the period ending 30.06.2016 was 458.26 million RON, exceeding by 140.92% the result of the same period of 2015, when 190.21 million RON.

The net interest income rose by 64.30% as compared to the similar period of last year, also due to the bank's organic growth.

The growth pace of fee and commission income during H1 2016 compared to the same period of 2015 was 15.19 %. Operating income registered 1,415.21 million RON for the first half of 2016, 49.47% more than the same period last year, when 946.79 million RON.

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The operational efficiency of the Bank has increased, while also maintaining favorable cost conditions for clients. Banca Transilvania continued to support the Romanian entrepreneurial spirit, the development of new products and services, respectively continued to focus on increasing activity in all areas of interest for Banca Transilvania. BT's operational efficiency was significantly improved, the cost/income ratio being 39.00% at June 30, 2016, even if the expense with the contribution to the Deposit Guarantee Fund was registered on this semester, although it is for the entire year.

At June 30, 2016, BT registered net expenses with depreciation adjustments and provisions of RON 325.21 million (including the impact of taking RON 365 million off the balance sheet).

Aiming to maintain the level of provision coverage for non-performing loans, even if some of the fully provisioned loans were taken off balance sheet, Banca Transilvania recorded in the first half by 2016 net expenses with provisions for assets and loan commitments amounting to RON 325.22 million as compared to RON 236.79 million, namely the value recorded at the end of the first half of the previous year.

At the end of the first semester of 2016, Banca Transilvania's profit has a 95.26% weight within the profit of the BT Group.

The result per share after the first 6 months of 2016, respectively after the same period of 2015, restated taking into consideration BT's share capital increase from July 2016, respectively July 2015, is the following:

RATIO	Bank Jun-16	Bank Jun-15	vs. Jun-15 %	Group Jun-16	Group Jun-15	vs. Jun-15 %
Net Profit for the period (RON THD.)	458,256	190,208	140.92	481,071	2,071,586	-76.78
Basic EPS	0.1257	0.0522	140.80	0.1316	0.5679	-76.83
Diluted EPS	0.1254	0.0522	140.23	0.1313	0.5679	-76.88

Other details regarding the activity of the first semester this year:

- ⇒ At the end of the first semester of 2016, Banca Transilvania had 558 units, while at the end of H1 2015 there were 541 units; BT has picked up the pace in terms of modernizing its network of units
- ⇒ The total number of active staff at 30 June 2016 was 6,996, compared to 6,357 at 30 June 2015;
- ⇒ The number of the Bank's active clients (individuals and companies) has increased by 13.23% versus the same period in 2015, from 1,924,309 million clients at 30.06.2015 to 2,178,956 million at 30.05.2016.
- ⇒ The number of operations processed through Banca Transilvania accounts increased by over 14% versus the same period of 2015;
- ⇒ BT continued to focus on the SME sector, having granted over 9,000 new loans to such clients during H1 2016;
- ⇒ Banca Transilvania closed the first semester of 2016 with a portfolio of 2.64 million cards, generating transactions which increased by 25% than those registered in the same period of last year. The bank's market share in terms of the volume of card transactions is over 19%. BT also has 292,000 credit cards, as part of the STAR loyalty program.
- ⇒ At June 30, 2016, Banca Transilvania had 1,055 ATMs and 28,871 POSs, versus 948 ATMs and 22,820 POSs at June 30, 2015.

### 1.c. Cash flow statement and liquidity position

The cash flow statement detailing the cash flows from operating, investment and financing activities is part of the Financial Statements that accompany this report.

The liquidity indicator computed in accordance with NBR regulations in force at 30.06.2015 was between 2.02 and 17.19, being above the minimum level of 1 (as per NBR Regulation No. 25/8.11.2011, applied from 31.01.2012).

Banca Transilvania continues to have excess liquidity, with a quick liquidity ratio of 50.18%, clearly better than the average of the banking system.

## 2. OTHER ELEMENTS RELATED TO THE ACTIVITY OF THE FIRST SEMESTER IN 2015

### 2.1 Presentation and analysis of trends, elements and events or uncertainty factors that could impact the bank's liquidity

The economic environment at national level:

- ⇒ At macroeconomic level, the evolution of indicators in H1 2016 confirms that the prerequisites for Romania's improved dynamics in the short and medium term have been



met. Productive investments represent the engine of the economic growth process. Economic potential is improving, with a relatively balanced contribution of production factors, at least in terms of 2016-2018. It is imperative to continue structural reforms in order to have sustainable growth and economic convergence.

- ⇒ There are challenges with regards to mid-term macro-financial stability in the medium term and perspectives for the monetary policy to enter a new cycle. It is also necessary to understand and cultivate the spirit of real economic convergence.
- ⇒ There are certain risks at international/ European/ regional level, but also at national level, due to the mix of economic policies applied by each country.
- ⇒ The National Bank of Romania took the decision to reduce the total level of required reserves, lowering the foreign currency reserve from 14% to 12%, while maintaining the national currency reserve (in Lei a.k.a. RON) at 8%.

## **2.2 Presentation and analysis of the effects on financial statements of all capital expenditures, current and anticipated, compared to the same period of last year**

Investments in tangible and intangible assets were RON 416.50 million at June 30, 2016, compared with 348.01 million at June 30, 2015. The value of tangible and intangible assets increased versus H1 2015 by RON 68.49 million, of which RON 36.49 million were due to implementing the investment budget for the period of January-June 2016, while the increase of RON 32.00 million was due to the acquisition of Volksbank.

## **2.3 Presentation and analysis of the economic events, transactions and changes that significantly impact the main revenues of the bank**

The main activity of the bank was performed under normal conditions, with no exceptional circumstances. All legal requirements were followed, in terms of the correct and up-to-date organization and management of accounting, in terms of accounting principles, as well as in terms of the observance of accounting rules and methods in force.

The Separate and Consolidated Financial Statements were drafted in accordance with the International Financial Reporting Standards as adopted by the European Union (“IFRS”) and in force at June 30, 2016. The data presented regarding the closing of the first semester of 2016 is based on the rules for accounting organization and management, in accordance with Law no. 82/1991, republished and further amended and completed, with NBR Order no.27/2010 approving the accounting rules under the International Financial Reporting Standards adopted by the European Union, as amended and supplemented by NBR Order no. 29//29.12.2011,

Order no. 2/7.03.2013, Order 7/30.10.2014, Order 7/20.07.2015, as well as other NBR instructions in the field.

### 3. CHANGES THAT AFFECT THE SHARE CAPITAL AND THE ADMINISTRATION OF THE COMPANY

3.1 Description of cases in which the company could not fulfill its financial obligations in the reporting period: Not the case.

3.2 Description of changes in the rights of the shareholders:

Banca Transilvania's Ordinary & Extraordinary General Meeting of Shareholders held on April 27, 2016 has approved the distribution of the profit resulted in 2015, namely RON 2,417,668,444 for:

- The payment of cash dividends to shareholders amounting to RON 1,200,000,000
- Increasing the share capital with RON 620,000,000 by issuing free shares.

The gross value of the dividend per share paid as at June 17, 2016 was 0.3965581868 RON (resulted from the ratio of RON 1,200,000,000 / 3,026,037,641). For each TLV share, the Bank's 28,000 shareholders received RON 0.39, totaling RON 1,200,000,000. Banca Transilvania held the related tax per dividend, as required by law.

Also, in addition to the dividends received, BT shareholders were also granted free shares issued by the Bank, with a nominal value of 1 RON, following the increase of share capital with 620,000,000 RON. As a result of the capital increase with the amount of 620,000,000 RON, for every 100 shares held, 20.48883965 additional shares were received.

Dividends and shares free were received by all TLV shareholders who were recorded in the Shareholding Registry as at May 31, 2016.

Increase of the share capital with the amount of 620,000,000 RON by issuing 620,000,000 new shares, at a nominal value of 1 RON/share was carried out by capitalizing the reserves from the net profit of the year 2015 in amount of 620,000,000 RON, by issuing a number of 620,000,000 RON, with a nominal value of 1 RON/share to the benefit of the shareholders registered with the Shareholding Registry held by the Central Depository at the record date established by the GMS.

As a result, each shareholder that was registered as at the record date, namely May 31, 2016, received free of charge, for every 100 shares held, a whole number of shares resulted from the formula  $100 \times (620,000,000 / 3,026,037,641 \text{ RON})$ .

The increase of the share capital was performed to support the current activity of the company.

Specific operations for the increase of the share capital, approved by the decision of the GMS dated April 27, 2016, which needed to be carried out at the Trade Register Office and the Central Depository, were completed during the month of July 2016. The new share capital of Banca Transilvania is RON 3,646,037,641.

### 3.3 Changes in the management structure of the bank (board, executive):

-Mr. Costel (Doru) Lionachescu was elected as member of Banca Transilvania's Board of Directors, thereby filling the vacant position for the period until the end of the current Board's mandate, namely April 2018;

-Mr. Andrei Dudoiu retook his position as a Deputy CEO of Banca Transilvania starting with May 24, 2016.

### 4. SIGNIFICANT TRANSACTIONS: Not the case

**ANNEX :** The present report has copies of the following documents attached:

- Preliminary separate / consolidated financial statements as at June 30, 2016:
  - Statement of financial position;
  - Statement of profit and other comprehensive income;
  - Statement of changes in equity;
  - Statement of cash flow;
  - Notes to the financial statements.
- The statement of the CEO of Banca Transilvania on assuming responsibility for the financial statements for the period ended 30 June 2015;
- The ownership structure of Banca Transilvania as at 30 June 2016;
- Copies of the documents required in order to apply any changes to the bank's constitutive documents and the management structure (board, executive level etc.).

**Note:** The financial statements for the first semester of 2016 were audited by PricewaterhouseCoopers Audit SRL - the external auditor of Banca Transilvania.

CHAIRMAN OF THE BOARD  
HORIA CIORCILA

CEO  
OMER TETIK

DEPUTY CEO  
GEORGE CALINESCU

## ANNEX

**BT OWNERSHIP STRUCTURE AS AT  
30.06.2016**

Explanation	No. of Shareholders	No. of shares	Percentage %
<b>ROMANIAN CAPITAL</b>	<b>27,152</b>	<b>1,388,525,091</b>	<b>45.89</b>
natural persons	26,535	517,654,100	17.11
legal entities	617	870,870,991	28.78
of which FICs (Financial Investment Companies)	4	452,272,044	14.95
<b>FOREIGN CAPITAL</b>	<b>896</b>	<b>1,637,512,550</b>	<b>54.11</b>
natural persons	640	57,363,402	1.90
legal entities	256	1,580,149,148	52.22
<b>TOTAL GENERAL</b>	<b>28,048</b>	<b>3,026,037,641</b>	<b>100.00</b>