

HALF YEAR REPORT as at June 30, 2017

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

Report date: August 9, 2017

Name of the company: BANCA TRANSILVANIA S.A.

Registered office: Str. G. Barițiu 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 4,341,435,921

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

Main features of the securities issued by the company:

- 4,341,435,921 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 2017, compared to the same period of last year, is the following:

RATIO – Bank	Jun-17	Dec-16	Jun-16	RON THD.	
				vs.Dec-16 %	vs.Jun-16 %
Cash and cash equivalents at the Central Bank	4,546,025	5,293,635	5,096,698	-14.12	-10.80
Deposits at banks	3,943,625	2,746,582	2,503,770	43.58	57.51
Financial assets at fair value through profit or loss	77,753	59,890	59,456	29.83	30.77
Loans and advances to clients – net	28,741,718	27,209,976	25,851,184	5.63	11.18
Available-for-sale securities	14,726,846	15,120,524	13,525,778	-2.60	8.88
Investments in equity	136,671	136,671	84,928	0.00	60.93
Tangible assets and real-estate investments	404,473	370,305	348,104	9.23	16.19
Intangible assets	96,853	78,396	68,399	23.54	41.60
Current tax receivables	53,204	125,055	-	-57.46	-
Deferred tax receivables	262,067	373,940	48,273	-29.92	442.89
Other assets	247,577	254,627	304,581	-2.77	-18.72
Total assets	53,236,812	51,769,601	47,891,171	2.83	11.16

RATIO – Bank	Jun-17	Dec-16	Jun-16	vs.Dec-16 %	vs.Jun-16 %
Deposits with banks	181,001	247,268	509,462	-26.80	-64.47
Deposits from clients	43,530,459	41,851,773	39,020,732	4.01	11.56
Loans from banks and other financial institutions	1,425,146	2,246,461	1,337,930	-36.56	6.52
Subordinated liabilities	412,462	424,111	412,935	-2.75	-0.11
Provisions for other risks and loan commitments	504,400	506,955	692,041	-0.50	-27.11
Other liabilities	800,994	508,945	617,026	57.38	29.82
Total liabilities	46,854,462	45,785,513	42,590,126	2.33	10.01
Share capital	3,732,549	3,732,549	3,112,539	0.00	19.92
Own shares	-44,014	-16,546	-	166.01	-
Share premiums	28,374	28,374	28,360	0.00	0.05
Retained earnings	2,072,338	1,779,244	1,663,304	16.47	24.59
Revaluation reserve	26,112	27,188	26,436	-3.96	-1.23
Reserve from available-for-sale assets	144,502	10,790	97,872	1.239.22	47.64
Other reserves	422,489	422,489	372,533	0.00	13.41
Total shareholders' equity	6,382,350	5,984,088	5,301,045	6.66	20.40
Total liabilities and shareholders' equity	53,236,812	51,769,601	47,891,171	2.83	11.16

At the end of the first 6 months of 2017, the bank's assets totaled 53,236.81 mill. RON, an increase by 11% versus the same period of last year, which equaled an amount of 5,345.64 mill. RON.

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

- net loans in the first semester of 2017 represented 28,741.72 million RON, increasing with 11% versus net loans at 30.06.2016.
- cash and cash equivalents were 58% higher than in the same period of the previous year, reaching 3,943.63 mill. RON;
- investments in equity went up by 61% versus the same period last year, reaching 136.67 mill. RON;

From January to June 2017, at gross level, before registering off-balance sheet records, BT loans increased by 5%, across all lines of business.

The rate of non-performing exposures according to the EBA was 8.1% at June 30, 2017.

The loan to deposit ratio is 71% at the end of H1 2017.

The capital adequacy ratio of the bank computed as at June 30, 2017, taking into consideration the aggregate profit of the first semester of 2017 was 19.95% (18.35% 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.

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

Banca Transilvania's shareholder equity as at 30.06.2017 reached 6,382.35 million RON, 20% over the amount registered a year before, when 5,301.04 million RON.

The Ordinary General Meeting of Shareholders, respectively the Extraordinary General Meeting of Shareholders of 26.04.2017 approved the granting of dividends amounting to a total of RON 219,000,000, the gross dividend/share being RON 0.0600650382, as well as granting free shares by increasing the bank's share capital with RON 695,388,129, by issuing 695,388,129 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, 2017 is presented in the Annex.

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

RATIO – BT Group	Jun-17	Dec-16	Jun-16	RON THD.	
				vs.Dec-16 %	vs.Jun-16 %
Cash and cash equivalents at Central Bank	4,546,050	5,293,660	5,096,741	-14.12	-10.80
Deposits at banks	4,004,187	2,785,505	2,524,615	43.75	58.61
Financial assets at fair value through profit or loss	212,756	163,520	154,142	30.11	38.03
Loans and advances to clients – net	28,080,307	26,710,402	25,485,186	5.13	10.18
Leasing investments - net	643,055	523,643	428,709	22.80	50.00
Available-for-sale securities	14,573,123	14,993,828	13,430,694	-2.81	8.51
Held-to-maturity securities	-	20,691	16,775	-100.00	-100.00
Tangible assets and real-estate investments	623,316	558,734	504,857	11.56	23.46
Intangible assets	104,764	86,600	75,221	20.97	39.27
Goodwill	2,774	2,774	2,774	0.00	0.00
Current tax receivables	51,156	119,103	-	-57.05	-
Deferred tax receivables	268,734	378,716	50,031	-29.04	437.13
Other assets	287,398	307,048	372,937	-6.40	-22.94
Total assets	53,397,620	51,944,224	48,142,682	2.80	10.92
Deposits with banks	181,001	247,268	509,462	-26.80	-64.47
Deposits from clients	43,351,733	41,681,475	38,926,528	4.01	11.37
Loans from banks and other financial institutions	1,469,386	2,304,911	1,403,607	-36.25	4.69
Other subordinated liabilities	412,462	424,111	412,998	-2.75	-0.13
Provisions for other risks and loan commitments	511,055	514,582	697,046	-0.69	-26.68
Other liabilities	891,088	581,844	701,643	53.15	27.00
Total liabilities excluding net assets attributable to unitholders	46.816.725	45.754.191	42.651.284	2.32	9.77

RON THD.

RATIO - Group	Jun-17	Dec-16	Jun-16	vs.Dec-16	vs.Jun-16
				%	%
Net assets attributable to unitholders - liability	44.509	37.326	32.823	19.24	35.60
Total liabilities	46,861,234	45,791,517	42,684,107	2.34	9.79
Share capital	3,732,549	3,732,549	3,112,539	0.00	19.92
Own shares	-57,461	-29,993	-13,447	91.58	327.31
Share premiums	28,374	28,374	28,360	0.00	0.05
Retained earnings	2,257,705	1,954,073	1,817,622	15.54	24.21
Revaluation reserve	25,123	26,227	25,502	-4.21	-1.49
Reserves from available-for-sale assets	104,567	-8,791	91,281	-1.289.48	14.56
Other reserves	432,506	432,061	381,227	0.10	13.45
Total equity attributable to the Bank's shareholders	6,523,363	6,134,500	5,443,084	6.34	19.85
Non-controlling interests	13,023	18,207	15,491	-28.47	-15.93
Total shareholders' equity	6,536,386	6,152,707	5,458,575	6.24	19.75
Total liabilities and shareholders' equity	53,397,620	51,944,224	48,142,682	2.80	10.92

Banca Transilvania Group ended the first half of 2017 with 53.40 billion lei, of which 53.24 billion dollars are incurred by the Bank, while net loans (including leasing) represent 54% of the Group's assets.

At the end of the first half of 2017, Banca Transilvania's assets have a share of 99.70 % 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:

Ratio	Bank Jun-17	Bank Jun-16	vs.Jun-16 %	Group Jun-17	Group Jun-16	vs.Jun-16 %
Interest income	989,286	1,001,276	-1.20	1,026,473	1,027,789	-0.13
Interest expense	-103,005	-143,583	-28.26	-103,479	-145,949	-29.10
Net interest income	886,281	857,693	3.33	922,994	881,840	4.67
Fee and commission income	330,900	294,840	12.23	348,814	307,311	13.51
Fee and commission expenses	-57,034	-51,893	9.91	-53,852	-48,838	10.27
Net fee and commission income	273,866	242,947	12.73	294,962	258,473	14.12
Net trading income	102,756	80,675	27.37	120,345	79,743	50.92

RON THD.

Ratio	Bank Jun-17	Bank Jun-16	vs.Jun-16 %	Group Jun-17	Group Jun-16	vs.Jun-16 %
Net earnings from the sale of financial instruments held for sale	-20,863	269,498	-107.74	-19,850	269,758	-107.36
Deposit Guarantee Fund and Resolution Fund contributions	-49,696	-72,792	-31.73	-49,696	-72,792	-31.73
Other income	70,321	37,180	89.14	82,045	61,953	32.43
Operating income	1,262,665	1,415,201	-10.78	1,350,800	1,478,975	-8.67
Net expenses with depreciation adjustments for assets, risk provisions and loan commitments	-57,487	-325,216	-82.32	-59,333	-317,923	-81.34
Staff expenses	-338,187	-304,816	10.95	-359,629	-318,079	13.06
Depreciation and amortization charges	-41,235	-35,680	15.57	-56,990	-45,153	26.22
Other operating expenses	-243,288	-211,191	15.20	-269,506	-232,730	15.80
Operating expenses	-680,197	-876,903	-22.43	-745,458	-913,885	-18.43
Profit before tax	582,468	538,298	8.21	605,342	565,090	7.12
Income tax expense	-86,411	-80,042	7.96	-92,614	-84,019	10.23
Net profit for the period	496,057	458,256	8.25	512,728	481,071	6.58
Profit attributable to the Bank's shareholders	-	-	-	511,246	479,716	6.57
Profit attributable to non-controlling interests	-	-	-	1,482	1,355	9.37
Net profit for the period	496,057	458,256	8.25	512,728	481,071	6.58

The gross profit of the first six months of 2017 was 582.47 million RON, an increase of 8% versus the same period of 2016.

The net profit for the period ended on June 30, 2017 was 496.06 million RON, exceeding by 8% the result of the same period of 2016, when 458.26 million RON.

The net interest income rose by 3% as compared to the corresponding period of last year, also due to the bank's organic growth.

The growth pace of fee and commission income during H1 2017 compared to the same period of 2016 was 13 %. Operating income registered 1,262.67 million RON in the first half of 2017, 11% less than the same period of last year, when 1.415,21 million RON.

The operational efficiency of the Bank was kept at a comfortable level.

The total coverage with provisions of NPEs according to EBA is 65%.

The net profit for the period ending 30.06.2017 was 512.73 million RON, exceeding by 7% the result of the same period of 2016, when 481.07 million RON.

At the end of the first semester of 2017, Banca Transilvania's profit has a 96.75% weight within the profit of the BT Group.

The result per share after the first 6 months of 2017, respectively after the first 6 months of 2016, restated taking into consideration BT's share capital increase from July 2017, respectively July 2016, is the following:

RON THD.						
RATIO	Bank Jun-17	Bank Jun-16	vs.Jun-16 %	Group Jun-17	Group Jun-16	vs.Jun-16 %
Net Profit for the period	496,057	458,256	8.25	512,728	481,071	6.58
Basic EPS	-	-	-	0.1187	0.1105	7.42
Diluted EPS	-	-	-	0.1185	0.1104	7.34

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

- ⇒ The automation and digitalization of processes aiming to give a better experience to customers represents one of the main areas where Banca Transilvania has invested and continues to invest;
- ⇒ At the end of the first semester of 2017, Banca Transilvania had 541 units, while at the end of H1 2016 there were 557 units; BT has picked up the pace in terms of modernizing its network of units;
- ⇒ The total number of active staff at June 30, 2017 was 7,218, compared to 6,996 at June 30, 2016;
- ⇒ The number of the Bank's active clients (individuals and companies) has increased by 7.34% versus the same period in 2016, from 2,178,956 million clients at June 30, 2016 to 2,338.901 million at June 30, 2017.
- ⇒ The number of operations processed through Banca Transilvania accounts increased by over 17% as at June 30, 2017 versus the same period of 2016;

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 30.06.2017 was between 1.96 and 17.62, 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 49.23%, significantly better than the average of the banking system.

2. OTHER ELEMENTS RELATED TO THE ACTIVITY OF THE FIRST SEMESTER OF 2017

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:

- ⇒ The domestic economy has exhibited mixed developments in the first half of 2017, a favorable climate for exports and consumption being counterbalanced by the difficult moment in the area of investments and accumulation of macroeconomic imbalances and political tensions.
- ⇒ After fiscal policy has been rethought, there are risks of excessive deficit procedures, with negative consequences on the sovereign rating.
- ⇒ On May 5, 2017, the National Bank of Romania took the decision to reduce the total level of the minimum required reserve for credit institutions, lowering the foreign currency reserve from 10% to 8%, while maintaining the national currency reserve (in Lei a.k.a. RON) at 8%.
- ⇒ The evolution of monetary indicators in June and the first half of the year from 2017 indicate the acceleration of the total non-governmental loan, driven by the low level of the real interest rate. On the other hand, the data shows a decrease in company deposits in June, due to the intensified perception of risk, on the background of political tensions. At the end of June 2017, the weight of RON loans within total non-governmental loans stood at 60.2 % (a record high).

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 501.33 million at June 30, 2017, compared to RON 416.50 million at June 30, 2016. The value of tangible and intangible assets increased versus H1 2016 by RON 84.83 million, due to the implementation of the investment budget for the period from January to June 2017.

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, 2017. The data presented regarding the first semester of 2017 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 subsequently amended and supplemented.

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 of the company:

Banca Transilvania's Ordinary & Extraordinary General Meeting of Shareholders held on April 26, 2017 has approved the distribution of the profit resulted in 2016, namely RON 1,228,440,318 for:

- The payment of cash dividends to shareholders amounting to RON 219,000,000 lei (gross dividend/share of RON 0.0600650382)
- Increasing the share capital with RON 695,388,129 by issuing free shares. (0.1907238107 free TLV shares are granted for each previously held share).

Increase of the share capital by capitalizing the reserves from the net profit of the year 2016 in amount of 695,388,129 RON, by issuing 695,388,129 new shares, at 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, namely August 4, 2017.

The date of transfer for the free shares, as approved by the Extraordinary General Meeting of Shareholders of Banca Transilvania dated 26.04.2017, is August 7, 2017 and the beneficiaries are investors who are registered as holding TLV shares at the record date, respectively August 4, 2017.

Following the increase, the share capital of the Bank has the value of 4,341,435,921 lei, divided into 4,341,435,921 shares with a nominal value of 1 RON.

The legal procedures for the registration of the capital increase required by the capital market authorities (the Financial Supervision Authority, the Central Depository) were completed on August 7, 2017.

3.3 Changes in the management structure of the bank (board, executive level etc.):

At the level of BT's Board of Directors, the registration procedure of Mr. Costel Lionachescu as Board Member of Banca Transilvania was finalized by the Trade Registry Office.

The Ordinary General Meeting of Shareholders dated 26.04.2017 approved the appointment of Mrs. Ileana Mirela Bordea as Member of the Bank's Board of Directors (pending NBR approval).

At executive management level, on June 15, 2017 the labor contract of Mr. Radu Hanga, Executive Manager, was terminated through the parties' mutual agreement (the position is currently vacant).

4. SIGNIFICANT TRANSACTIONS:

There were no major contracts concluded by BT in the first half of 2017 related to acquisitions, mergers, divisions, etc. There was no information concerning significant major transactions concluded by BT with the persons it cooperates with or in which such persons were involved during the first half of 2017.

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

- Condensed separate and consolidated financial statements according the International Financial Reporting Standards (IFRS) as endorsed by the European Union as at June 30, 2017:
 - Separate and consolidated statement of profit and other comprehensive income
 - Separate and consolidated statement of financial position;
 - Separate and consolidated statement of changes in equity;
 - Separate and consolidated statement of cash flow;
 - Notes to the separate and consolidated condensed financial statements.
- The statement of the CEO of Banca Transilvania on assuming responsibility for the financial statements for the period ended June 30, 2017;
- The ownership structure of Banca Transilvania as at June 30, 2017;
- 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 2017 were audited by PricewaterhouseCoopers Audit SRL – the external auditor of Banca Transilvania.

CHAIRMAN OF THE BOARD
HORIA CIORCILA

CEO
ÖMER TETIK

DEPUTY CEO
GEORGE CALINESCU

**BT OWNERSHIP STRUCTURE AS AT
30.06.2017**

Explanation	No. of Shareholders	No. of shares	Percentage %
ROMANIAN CAPITAL	27,620	1,695,041,692	46.49
natural persons	26,995	628,538,539	17.24
legal entities	625	1,066,503,153	29.25
of which FICs (Financial Investment Companies)	4	537,530,118	14.74
FOREIGN CAPITAL	972	1,951,006,100	53.51
natural persons	658	67,040,792	1.84
legal entities	314	1,883,965,308	51.67
TOTAL GENERAL	28,592	3,646,047,792	100.00