



**BANCA TRANSILVANIA**  
**2018 preliminary financial results**

February 2019



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## BT: 2018 by the digits

	2017	2018
<b>total assets</b> (RONbn) ⬆️ 25.0% YoY	59.3	74.1
<b>net interest income</b> (RONmn) ⬆️ 37.0% YoY	1,808	2,478
<b>net fee &amp; commission income</b> (RONmn) ⬆️ 19.6% YoY	581	695
<b>net profit</b> (RONmn) ⬆️ 2.8% YoY	1,186	1,219
<b>provisions</b> (RONmn)	1	-231
<b>cost/income ratio</b> ⬆️ 1.3 pps YoY	48.53 %	49.87 %
<b>CAR</b> ⬆️ 12% YoY	19.21%	2...

Balance Sheet consolidation due to Bancpost integration & organic growth

Asset growth and loan & deposit structures triggered net interest income increase

Increased number of operations and additional cross-sell

Net profit affected by Bancpost integration costs and tax treatment

CoR at 0.59%

Operational efficiency impacted by the integration program, however, within the estimated limits

Strong capital base, solid overall financial ratios



# BT excluding Bancpost impact: 2018 by the digits

	2017	2018
<b>total assets</b> (RONbn) ⬆️ 14.0% YoY	59.3	67.6
<b>net interest income</b> (RONmn) ⬆️ 17.5% YoY	1,808	2,125
<b>net fee &amp; commission income</b> (RONmn) ⬆️ 9.1% YoY	581	634
<b>operating profit</b> (RONmn) ⬆️ 18.8% YoY	1,377	1,636
<b>net profit</b> (RONmn) ⬆️ 1% YoY	1,186	1,197
<b>provisions</b> (RONmn)	1	-53
<b>cost/income ratio</b> ⬇️ 2.3 pps YoY	48.53 %	46.18 %

Sound organic growth; assets reaching almost RON 68bn

Net interest income increases with 17.5%

Increased number of operations and additional cross-sell

Operating profit increases by almost 19% YoY

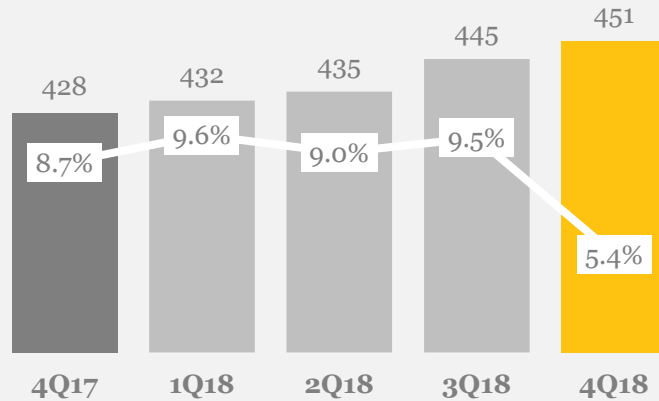
Net profit impacted by tax treatment

CoR at 0.15%

Operational efficiency remains a constant focus for BT

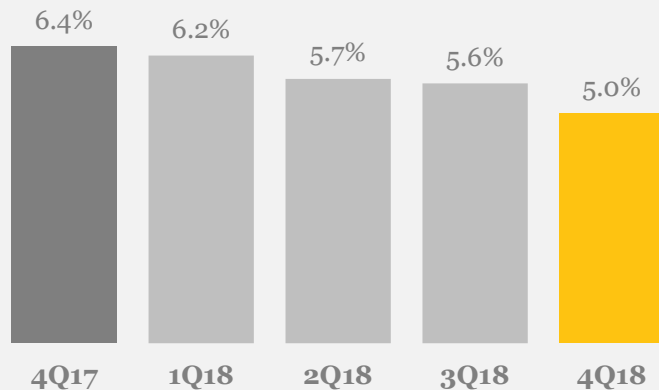
## assets

total bank net assets, RONbn, %YoY



source: NBR

## NPE ratio



source: NBR

# Banking sector dynamics

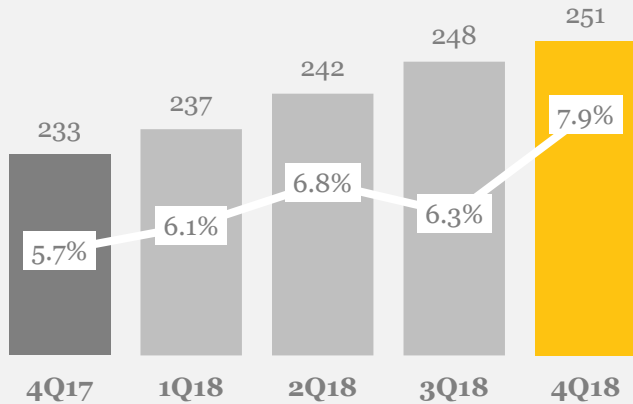
**Banks expand their assets by 5% in 2018, loan quality improves**

- **Romanian banking system net assets amounted to RON 451bn in 2018**
- **Loan quality improved for yet another year as the NPE ratio dropped from 6.4% to 5% during 2018**



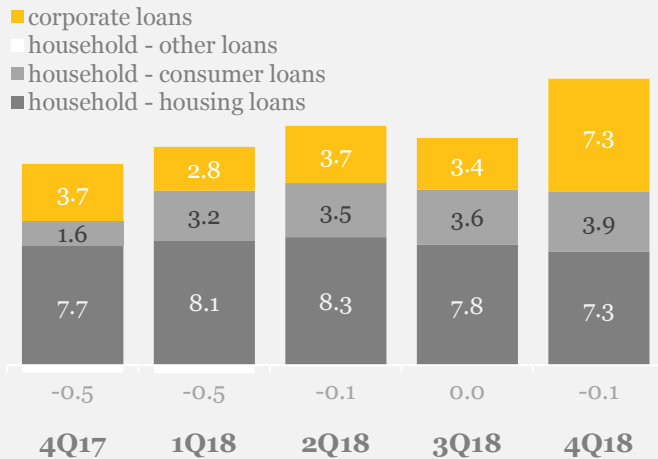
# loans

Non-gov loans, RONbn, %YoY



source: NBR

YoY change in private loans, RONbn



source: NBR

# Banking sector dynamics

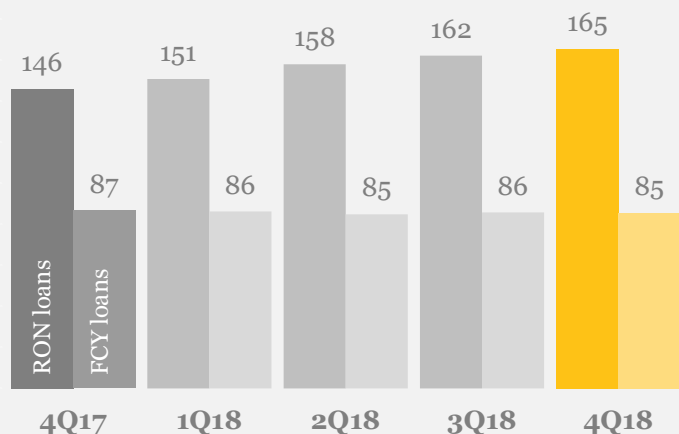
## Credit activity gathers further pace in 2018

- Non-gov loans advanced last year at fastest pace since 2012 at 7.9%

- Lending supported by pick up in corporate loans, especially in 4Q18

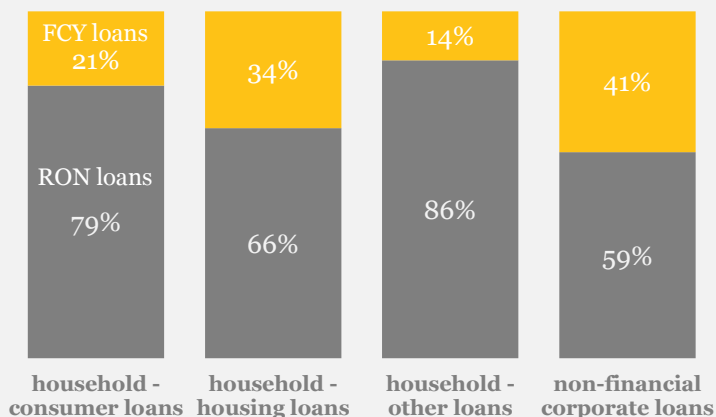
## loans

private loans by currency, RONbn



source: NBR

private loans structure - 4Q/18



source: NBR

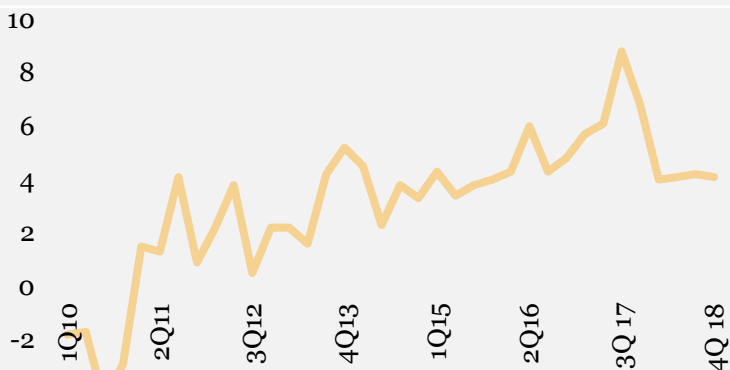
## Banking sector dynamics

Lending in local currency now accounts for 2/3 of total private loans

- LCY loans posted double-digit growth in 2018, peaking at RON 165bn
- Meanwhile, loans in FCY contracted to RON 85bn
- Loans in RON make up the greatest portion of each loan segment

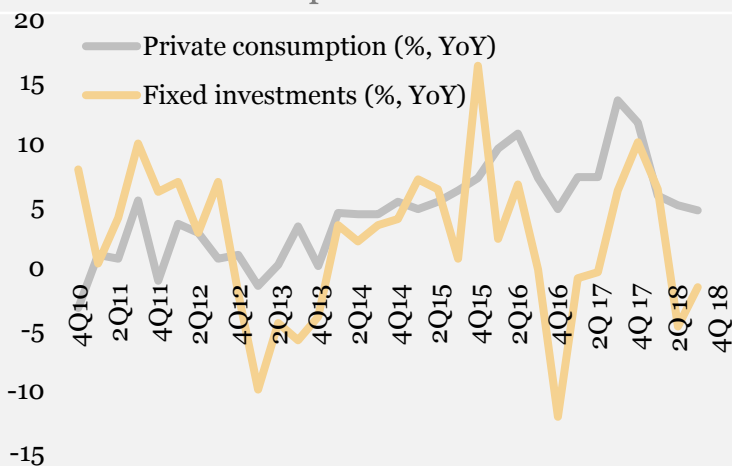
## real economy

GDP (% YoY)



source: Eurostat

## Private consumption vs. fixed investments



source: Eurostat

## Macro developments

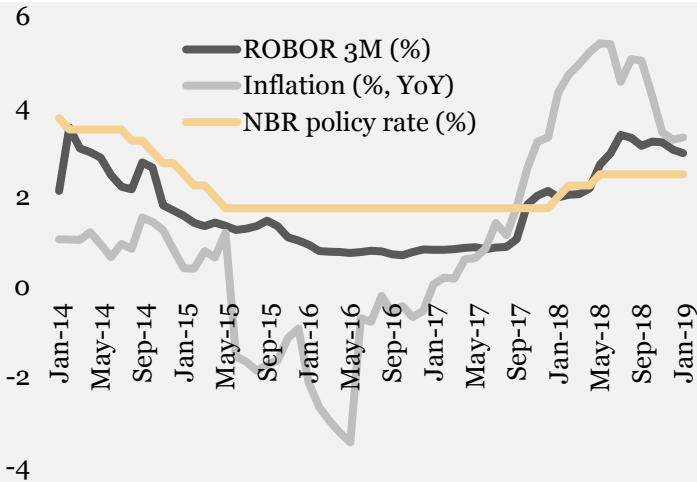
Slowing-down in convergence towards potential, given the rebalancing of the policy-mix

- The economy grew by 4.1% YoY in 2018, lower than the growth of previous years
- The normalization of the private consumption vs. the deterioration of the investment climate



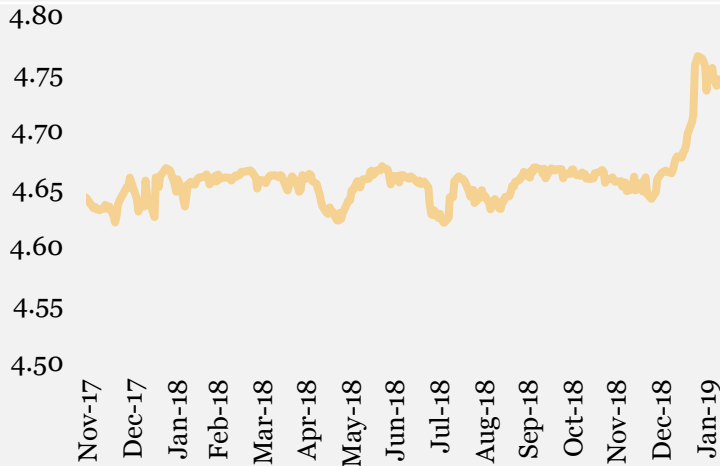
## financial economy

Inflation, NBR rate and ROBOR



source: NIS, NBR

## EUR/RON fixing



source: NBR

## Macro developments

Central bank signaled the consolidation of the monetary policy as inflation converged to the target at the end of the year

- The monetary policy continues accommodative
- Until December 2018 the EUR/RON exchange rate was on the stable path despite widening macroeconomic disequilibria.



# BT performance in 2018

## 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

## 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		
	2018	2017		2018	2017	
	2,477.9	1,808.4	37.0%	2,749.5	1,890.8	45.4%
	694.7	581.0	19.6%	777.7	626.8	24.1%
	(1,792.4)	(1,298.3)	38.1%	(2,034.9)	(1,445.0)	40.8%
	1,801.4	1,377.1	30.8%	1,911.1	1,471.8	29.8%
	1,219.4	1,186.0	2.8%	1,257.2	1,242.5	1.2%
				0.2598	0.2870	-9.5%
	0.59%	0.00%	0.6 pp	0.91%	0.09%	0.8 pp
	4.00%	3.19%	0.8 pp	3.87%	3.22%	0.6 pp
	17.17%	18.37%	-1.2 pp	16.56%	18.42%	-1.9 pp
	49.87%	48.53%	1.3 pp	51.57%	49.54%	2.0 pp
	Dec/18	Dec/17		Dec/18	Dec/17	
	39,019.1	31,828.3	22.6%	40,678.5	32,120.7	26.6%
	62,522.4	49,099.2	27.3%	65,160.5	48,932.2	33.2%
	62.41%	64.82%	-2.4 pp	62.43%	65.64%	-3.2 pp
	3.09%	3.05%	0.0 pp			
	Dec/18	Dec/17		Dec/18	Dec/17	
	7,411.2	6,970.1	6.3%	7,572.6	7,125.4	6.3%
	17.67%	18.25%	-3.2%	16.22%	18.37%	-11.7%
	21.53%	19.21%	12.0%	19.67%	19.31%	1.9%



# BT (excluding Bancpost) in 2018

## 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

## credit activity

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

## capital

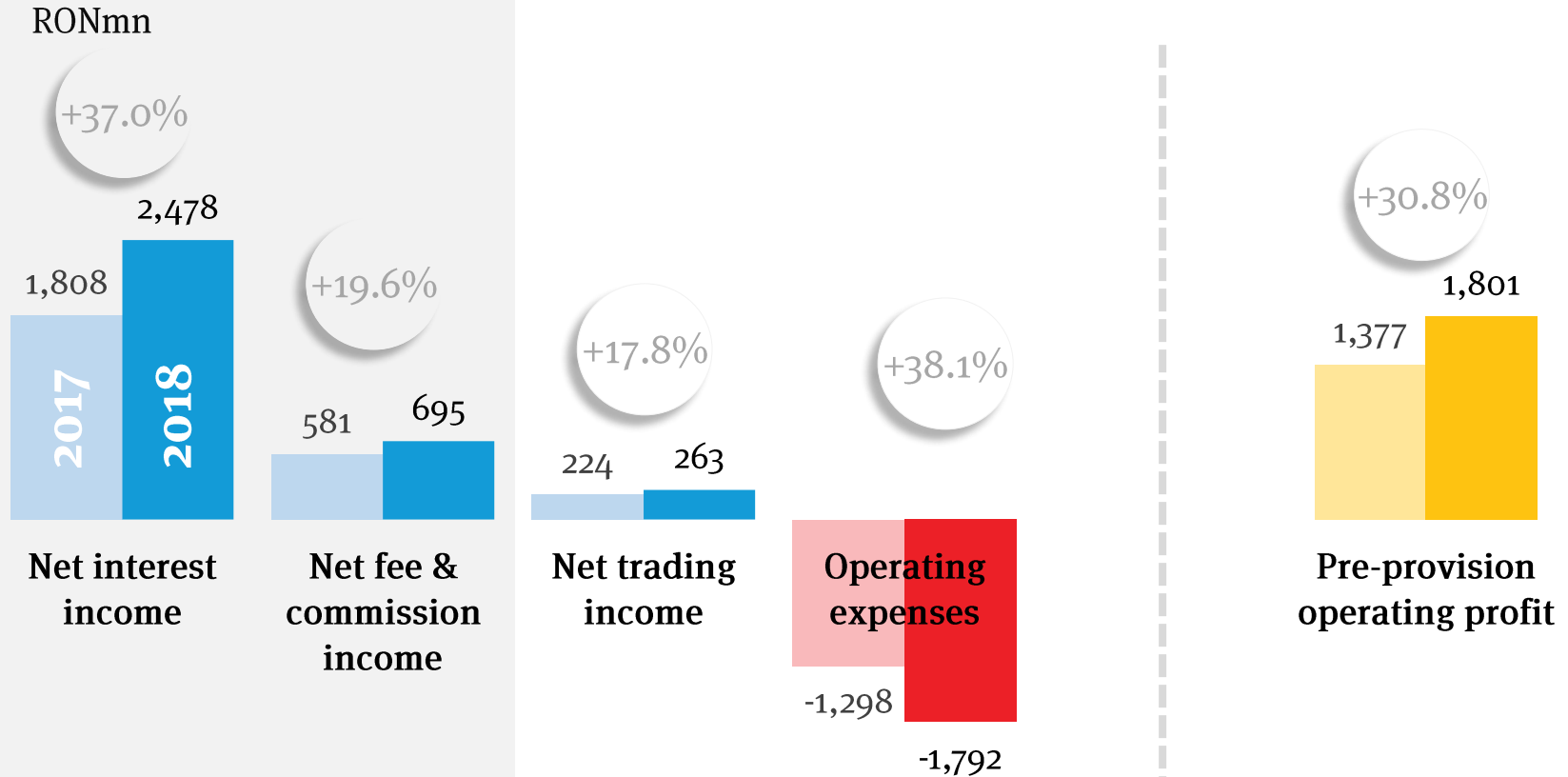
Total equity, RONmn
Tier 1 capital ratio (profit included)
Total capital ratio (profit included)

	INDIVIDUAL			CONSOLIDATED		
	2018	2017		2018	2017	
	2,124.6	1,808.4	17.5%	2,749.5	1,890.8	45.4%
	633.7	581.0	9.1%	777.7	626.8	24.1%
	(1,403.5)	(1,298.3)	8.1%	(2,034.9)	(1,445.0)	40.8%
	1,635.9	1,377.1	18.8%	1,911.1	1,471.8	29.8%
	1,197.3	1,186.0	1.0%	1,257.2	1,242.5	1.2%
				0.2598	0.2870	-9.5%
	0.15%	0.00%	0.2 pp	0.91%	0.09%	0.8 pp
	3.51%	3.19%	0.3 pp	3.87%	3.22%	0.6 pp
	16.86%	18.37%	-1.5 pp	16.56%	18.42%	-1.9 pp
	46.18%	48.53%	-2.3 pp	51.57%	49.54%	2.0 pp
	Dec/18	Dec/17		Dec/18	Dec/17	
	34,156.2*	31,828.3	7.3%	40,678.5	32,120.7	26.6%
	55,193.1	49,099.2	12.4%	65,160.5	48,932.2	33.2%
	61.88%	64.82%	-2.9 pp	62.43%	65.64%	-3.2 pp
	2.56%	3.05%	-0.5 pp			
	Dec/18	Dec/17		Dec/18	Dec/17	
	7,408.5	6,970.1	6.3%	7,572.6	7,125.4	6.3%
		18.25%		16.22%	18.37%	-11.7%
		19.21%		19.67%	19.31%	1.9%

\*Gross loans for BT standalone exclude loans migrated from Bancpost during 2018

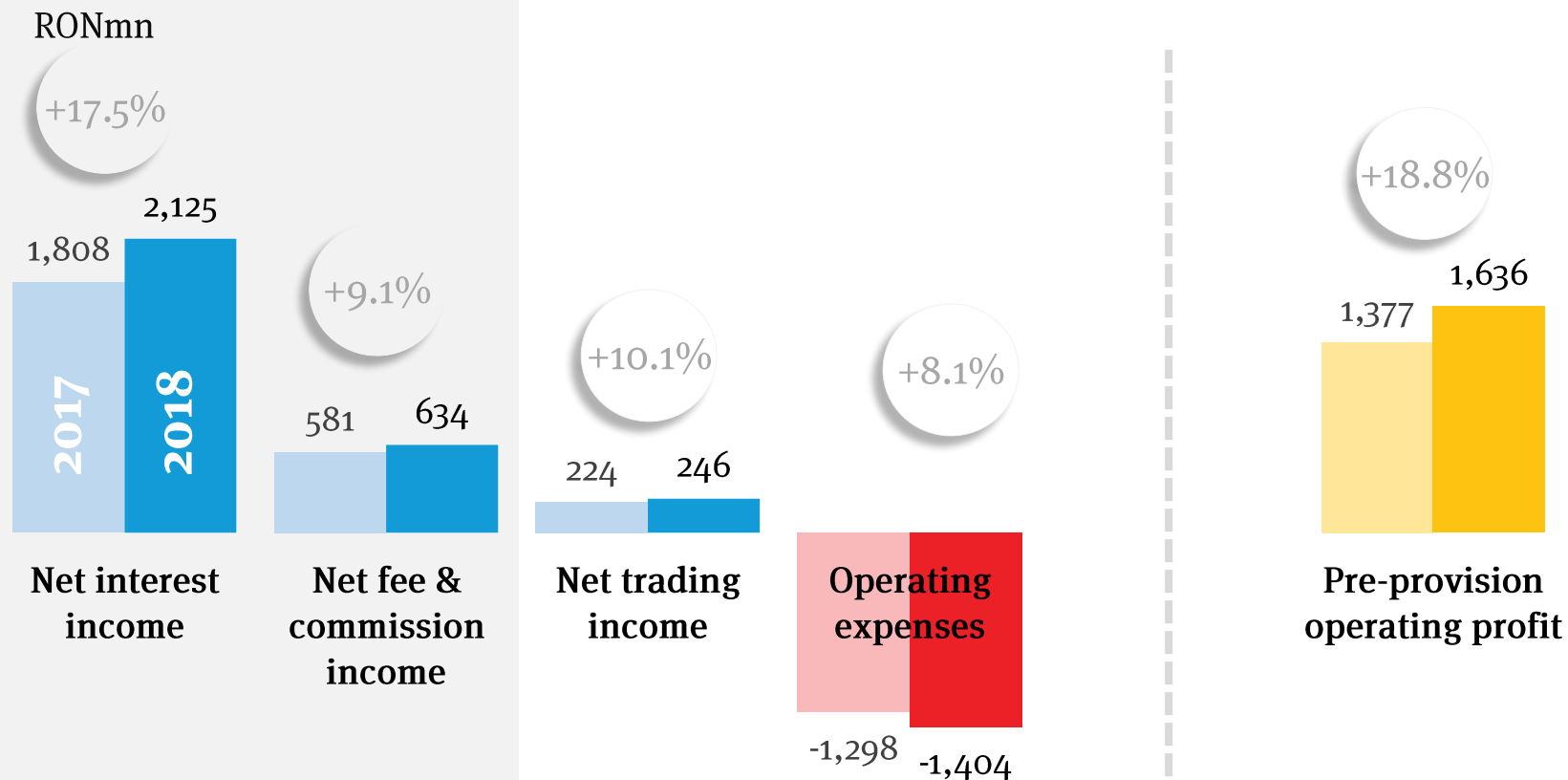


# Trends in income structure BT and Bancpost



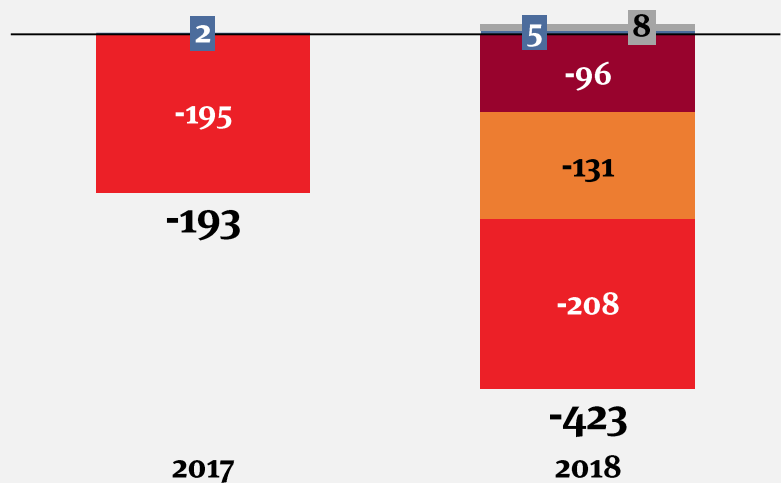


# Trends in income structure BT excluding Bancpost



# Income tax evolution

RONmn



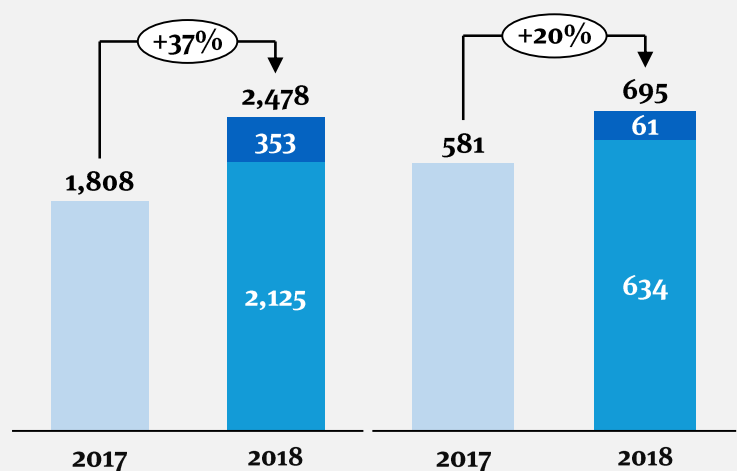
- Income tax increases in BT due to one-off events

- Corporate income tax related to sale of loans portfolio
- Corporate income tax related to Bancpost
- Deferred income tax from IFRS9 impact (mutual funds reserves)
- Corporate income tax
- Other deferred income tax

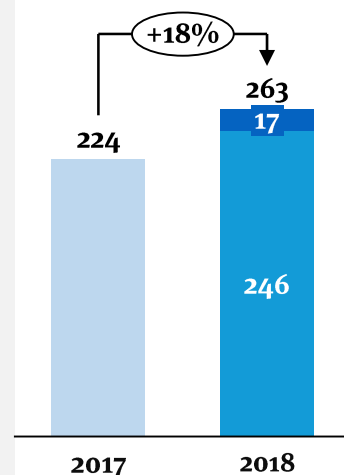


# Trends in income structure -3

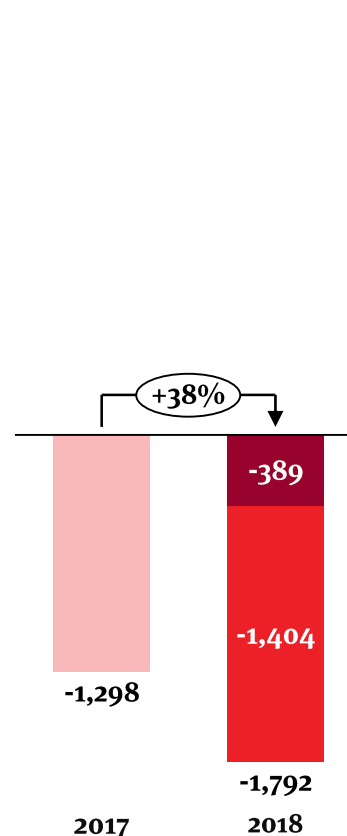
RONmn



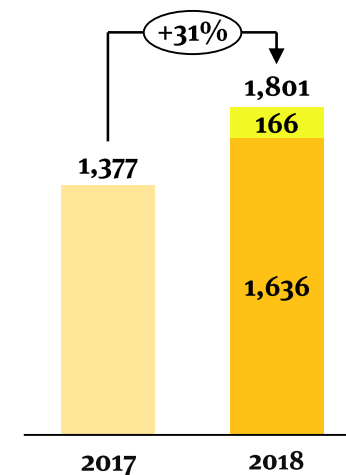
■ Net interest income Bancpost  
■ Net fee & commission income Bancpost  
■ Net interest income BT  
■ Net fee & commission income BT



■ Net trading income Bancpost  
■ Net trading income BT



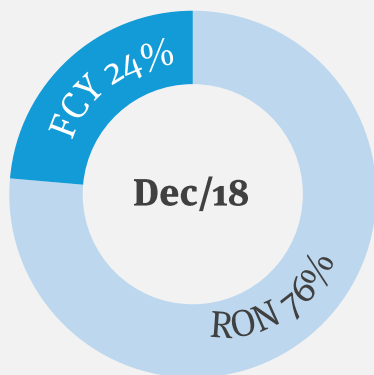
■ Operating expenses Bancpost  
■ Operating expenses BT



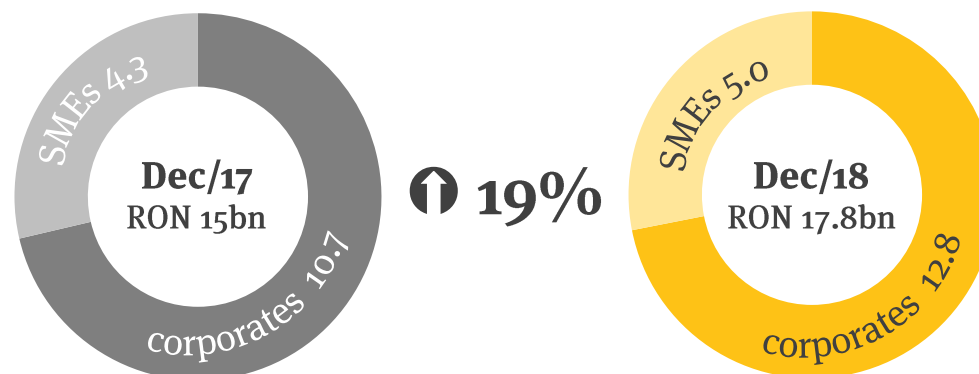
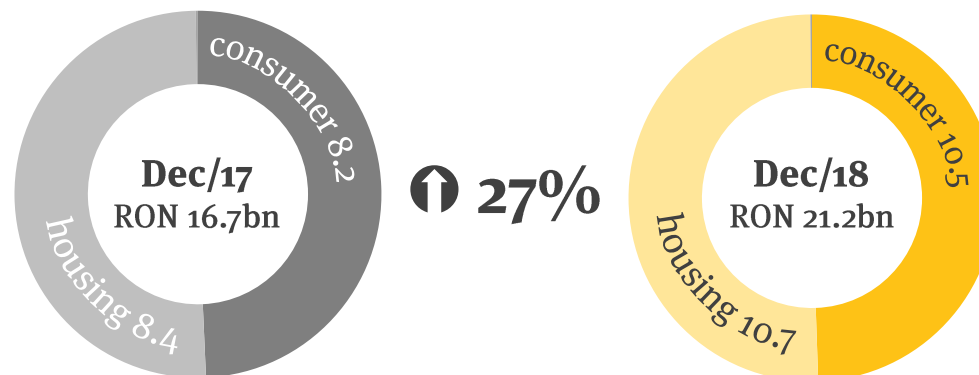
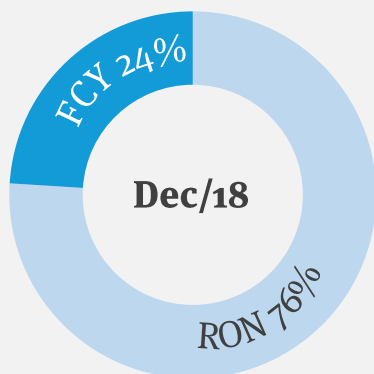
■ Pre-provisions operating profit Bancpost  
■ Pre-provisions operating profit BT

# Loan structure

## loans to households



## loans to companies



\* SMEs identified according to internal classification rules

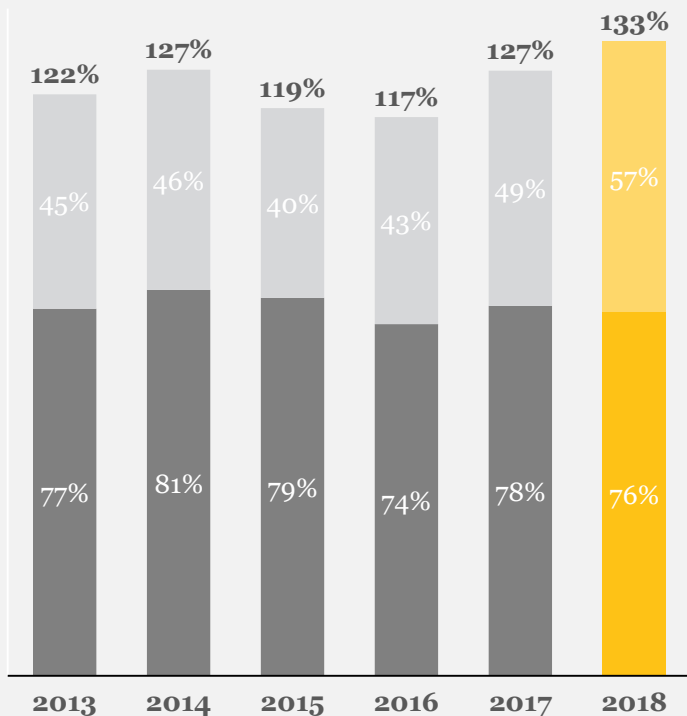




# Loan quality

NPL (PAR90) ratio stable at 3.09%

NPL coverage ratio



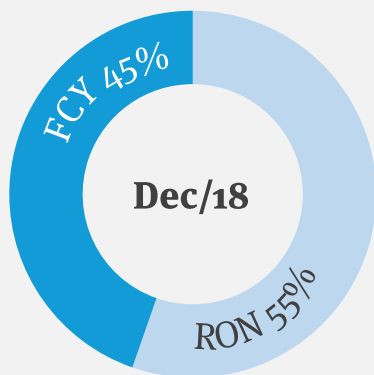
NPL coverage with mortgage collaterals  
 NPL coverage with provisions

- Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio
- NPL coverage sits at a comfortable 133% level

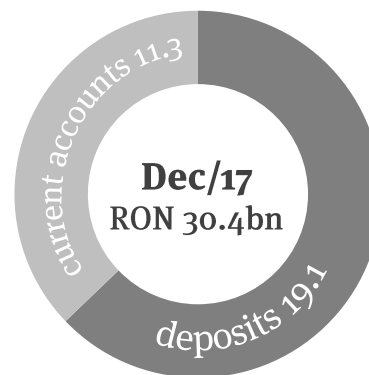
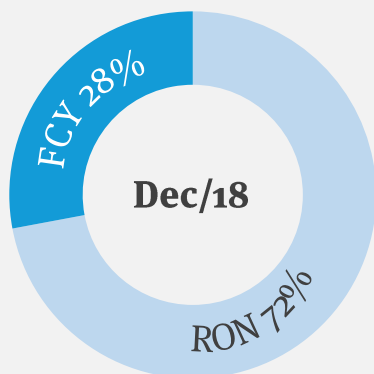


# Deposit structure

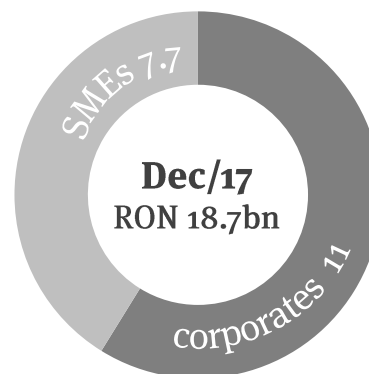
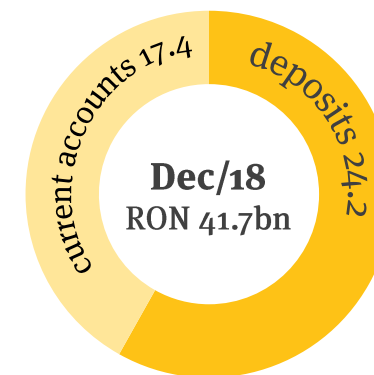
## deposits from households



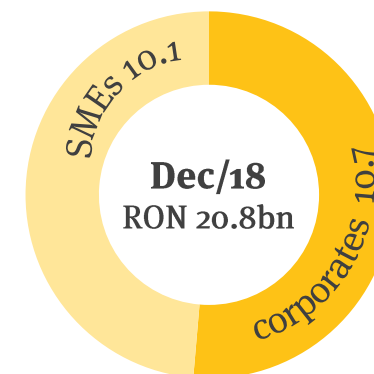
## deposits from companies



↑ 37%



↑ 12%



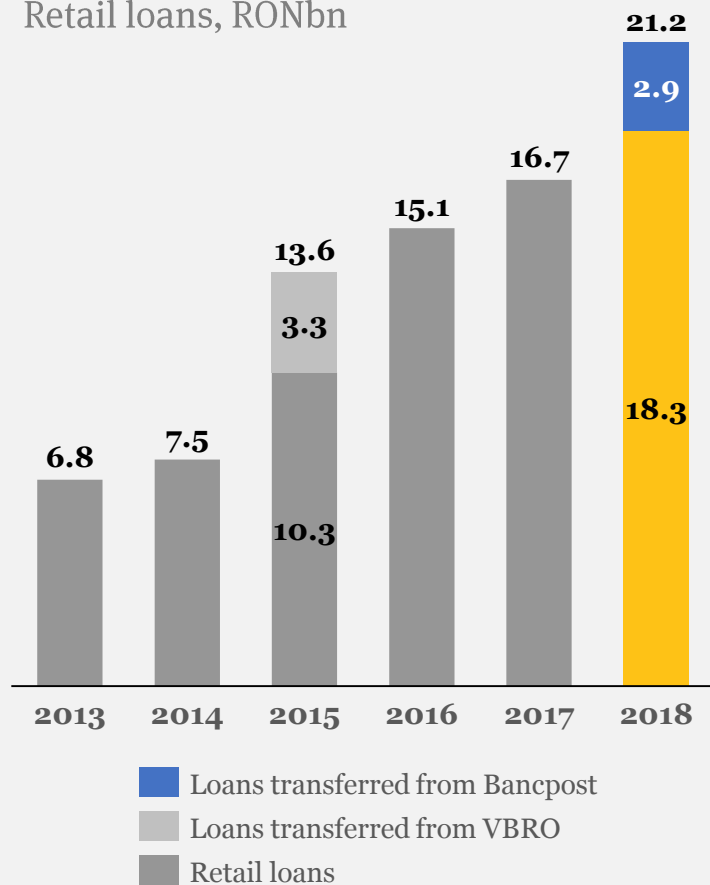
\* SMEs identified according to internal classification rules



## Business lines/ Retail banking

Retail loan portfolio reached RON 21.2bn as of Dec 2018

Retail loans, RONbn



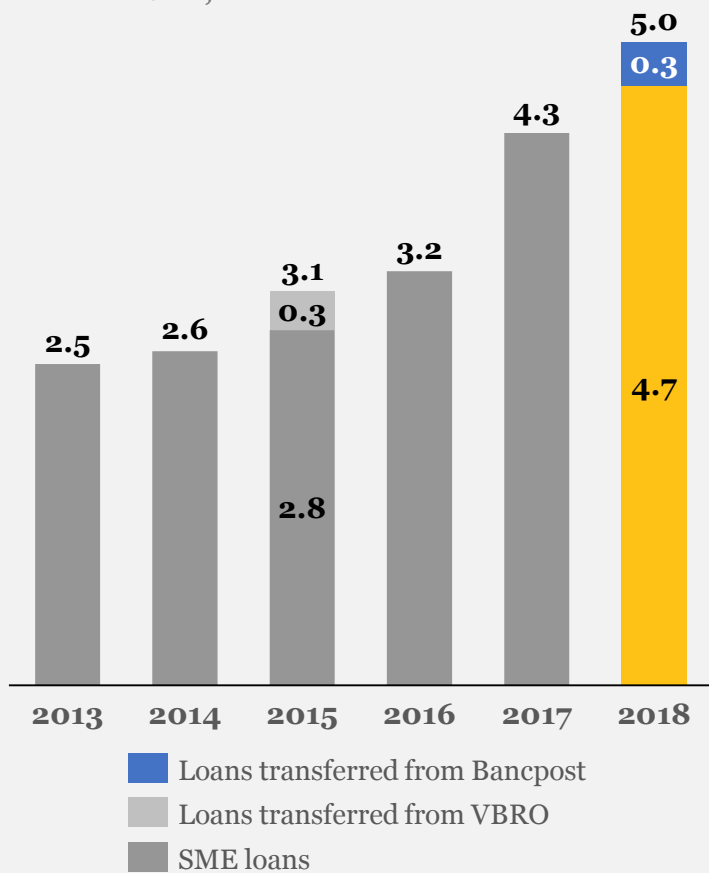
\* Loans transferred from Bancpost include loans transferred during 2018, before integration

- 2,561,000 active clients
- 78,000 non-card retail loans disbursed in 2018
- A 16.1% market share for retail loans at December 2018
- 3.7 mn active cards – with a market share of about 21%

## Business lines/ SME banking

### SME (internal definition) loan portfolio at RON 5bn

SME loans, RONbn



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

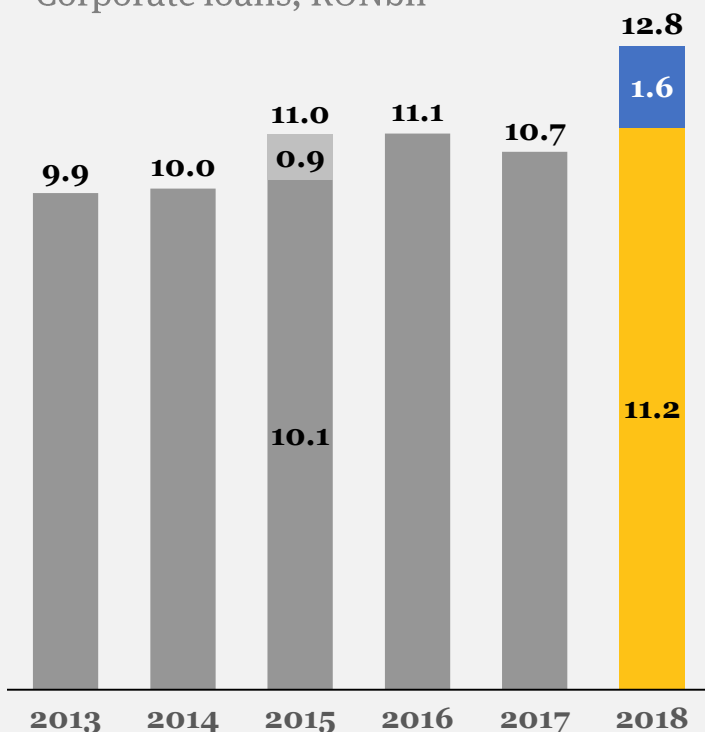
- 275,000 active clients
- Banca Transilvania continued its specific focus on the SME business sector, granting over 19,400 new loans in 2018



## Business lines/ Corporate banking

### Corporate loan portfolio at RON 12.8bn

Corporate loans, RONbn



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

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

- 9,300 active clients
- Sectorial specialization is a major focus
- Banca Transilvania is present with lending facilities especially in the industrial manufacturing and agribusiness segments



Internet & Mobile Banking



First mobile wallet in Romania

- + Garmin PAY
- + Fitbit Pay



Non-financial services for SME customers



Best shopping experience – credit cards



Educational platform for young entrepreneurs



Livia de la BT (Facebook Messenger) – chatbot for retail customers



Raul de la BT (Facebook Messenger) –  
chatbot for SME customers



The largest online platform for financial  
education





# Banca Transilvania

## Financial Group as of 31/Dec/2018

total assets **RON 74.1bn**

**BANCA**  **TRANSILVANIA**<sup>®</sup>

total assets **RON 160mn**

 **BT Direct**<sup>®</sup>  
Grupul Financiar Banca Transilvania

total assets **RON 994mn**

 **BT Leasing**<sup>®</sup>  
Grupul Financiar Banca Transilvania

AUM **RON 3,668mn**

 **BT Asset Management S.A.I.**<sup>®</sup>  
Grupul Financiar Banca Transilvania

total assets **RON 97mn**

 **BT Capital Partners**<sup>®</sup>  
Grupul Financiar Banca Transilvania

total assets **RON 345mn**

 **BT Mic**<sup>®</sup>  
Grupul Financiar Banca Transilvania

total assets **RON 3,428mn**

 **VICTORIABANK**  
PRIMA BANCĂ DIN MOLDOVA

total assets **RON 218mn**

**ERB Retail Services**

\* Figures for subsidiaries assessed under RAS rules;



# ANNEX1

## income statement, IFRS individual

RONmn	2018	<i>out of which Bancpost (Apr- Dec'18)</i>	2017	
Net interest income	2,477.9	353.3	1,808.4	37.0%
Net fee and commission income	694.7	60.9	581.0	19.6%
Net trading income	263.4	17.2	223.7	17.8%
Other net income	157.8	122.8	62.4	152.9%
<b>Operating income</b>	<b>3,593.8</b>	<b>554.3</b>	<b>2,675.5</b>	<b>34.3%</b>
Personnel expenses	(965.9)	(208.7)	(715.4)	35.0%
D&A	(129.3)	(18.3)	(90.1)	43.4%
Other operating expenses	(697.2)	(161.8)	(492.8)	41.5%
<b>Operating expenses</b>	<b>(1,792.4)</b>	<b>(388.8)</b>	<b>(1,298.3)</b>	<b>38.1%</b>
<b>Pre-provision operating profit</b>	<b>1,801.4</b>	<b>165.5</b>	<b>1,377.1</b>	<b>30.8%</b>
Cost of risk	(230.8)	(177.4)	1.4	
Gain from acquisition	71.8	71.8	0.0	
<b>Net income before taxation</b>	<b>1,642.4</b>	<b>60.0</b>	<b>1,378.5</b>	<b>19.1%</b>
Income tax (expense)/revenue	(423.1)	(37.9)	(192.5)	119.7%
<b>Net income</b>	<b>1,219.4</b>	<b>22.1</b>	<b>1,186.0</b>	<b>2.8%</b>



# ANNEX1

## income statement, IFRS individual excluding Bancpost

### RONmn

	2018	2017	
Net interest income	2,124.6	1,808.4	17.5%
Net fee and commission income	633.7	581.0	9.1%
Net trading income	246.2	223.7	10.1%
Other net income	34.9	62.4	-44.0%
<b>Operating income</b>	<b>3,039.5</b>	<b>2,675.5</b>	<b>13.6%</b>
Personnel expenses	(757.2)	(715.4)	5.8%
D&A	(110.9)	(90.1)	23.1%
Other operating expenses	(535.4)	(492.8)	8.6%
<b>Operating expenses</b>	<b>(1,403.5)</b>	<b>(1,298.3)</b>	<b>8.1%</b>
<b>Pre-provision operating profit</b>	<b>1,635.9</b>	<b>1,377.1</b>	<b>18.8%</b>
Cost of risk	(53.4)	1.4	
Gain from acquisition	-	-	
<b>Net income before taxation</b>	<b>1,582.5</b>	<b>1,378.5</b>	<b>14.8%</b>
Income tax (expense)/revenue	(385.2)	(192.5)	100.1%
<b>Net income</b>	<b>1,197.3</b>	<b>1,186.0</b>	<b>1.0%</b>



# ANNEX1

## balance sheet, IFRS individual

RONmn	Dec/18	<i>out of which migrated from Bancpost at 31.12.2018</i>	Dec/17	
Cash & cash equivalents	9,083.5		6,637.7	36.8%
Placements with banks	4,431.5	1,432.4	5,302.3	-16.4%
Loans to customers, net	36,554.1	3,744.8	29,914.0	22.2%
T-bills & securities	21,989.2	1,623.6	16,115.7	36.4%
Fixed assets	736.2		533.4	38.0%
Participations	537.7		156.6	243.3%
Current tax assets	0.0		148.6	-100.0%
Deferred tax assets	48.7		173.2	-71.9%
Other financial assets	612.7		211.9	189.1%
Other assets	125.2		108.5	15.4%
<b>Total assets</b>	<b>74,118.8</b>		<b>59,302.1</b>	<b>25.0%</b>
Deposits from banks	207.6		127.9	62.3%
Deposits from customers	62,522.4	7,329.3	49,099.2	27.3%
Loans from banks and FIs	1,185.6		1,099.9	7.8%
Subordinated loan	1,651.5		414.6	298.4%
Current tax liabilities	43.9		0.0	
Provisions for other risks and charges	444.7		373.1	19.2%
Other financial liabilities	537.1		1,154.8	-53.5%
Other liabilities	114.9		62.4	84.0%
<b>Total liabilities</b>	<b>66,707.6</b>		<b>52,332.0</b>	<b>27.5%</b>
<b>Shareholders' equity</b>	<b>7,411.2</b>		<b>6,970.1</b>	<b>6.3%</b>

# ANNEX1

## balance sheet, IFRS individual excluding Bancpost



### RONmn

	Dec/18	Dec/17	
Cash & cash equivalents	9,070.0	6,637.7	36.6%
Placements with banks	2,999.1	5,302.3	-43.4%
Loans to customers, net	32,809.4	29,914.0	9.7%
T-bills & securities	20,365.6	16,115.7	26.4%
Fixed assets	637.3	533.4	19.5%
Participations	1,183.8	156.6	655.8%
Current tax assets	0.0	148.6	-100.0%
Deferred tax assets	45.6	173.2	-73.7%
Other financial assets	380.9	211.9	79.8%
Other assets	94.1	108.5	-13.3%
<b>Total assets</b>	<b>67,585.9</b>	<b>59,302.1</b>	<b>14.0%</b>
Deposits from banks	1,235.4	127.9	865.6%
Deposits from customers	55,193.1	49,099.2	12.4%
Loans from banks and FIs	1,185.6	1,099.9	7.8%
Subordinated loan	1,651.5	414.6	298.4%
Current tax liabilities	19.5	0.0	
Provisions for other risks and charges	358.5	373.1	-3.9%
Other financial liabilities	478.3	1,154.8	-58.6%
Other liabilities	55.5	62.4	-11.1%
<b>Total liabilities</b>	<b>60,177.4</b>	<b>52,332.0</b>	<b>15.0%</b>
Shareholders' equity	7,408.5	6,970.1	6.3%



# ANNEX2

## income statement, IFRS consolidated

### RONmn

	2018	2017	
Net interest income	2,749.5	1,890.8	45.4%
Net fee and commission income	777.7	626.8	24.1%
Net trading income	252.2	278.3	-9.4%
Other net income	166.6	120.9	37.8%
<b>Operating income</b>	<b>3,946.0</b>	<b>2,916.9</b>	<b>35.3%</b>
Personnel expenses	(1,065.1)	(763.2)	39.6%
D&A	(162.5)	(125.0)	30.0%
Other operating expenses	(807.3)	(556.8)	45.0%
<b>Operating expenses</b>	<b>(2,034.9)</b>	<b>(1,445.0)</b>	<b>40.8%</b>
<b>Pre-provision operating profit</b>	<b>1,911.1</b>	<b>1,471.8</b>	<b>29.8%</b>
Cost of risk	(367.9)	(29.2)	1159.0%
Gain from acquisition	160.1	-	
<b>Net income before taxation</b>	<b>1,703.3</b>	<b>1,442.6</b>	<b>18.1%</b>
Income tax (expense)/revenue	(446.1)	(200.2)	122.9%
<b>Net income</b>	<b>1,257.2</b>	<b>1,242.5</b>	<b>1.2%</b>



# ANNEX2

## balance sheet, IFRS consolidated

### RONmn

	Dec/18	Dec/17	
Cash & cash equivalents	10,322.1	6,637.7	55.5%
Placements with banks	5,087.1	5,348.1	-4.9%
Loans to customers, net	38,015.3	30,249.0	25.7%
T-bills & securities	22,689.8	16,096.2	41.0%
Fixed assets	871.4	766.9	13.6%
Current tax assets	0.0	146.9	-100.0%
Deferred tax assets	66.9	187.1	-64.2%
Other financial assets	644.9	234.3	175.2%
Other assets	186.4	138.8	34.3%
<b>Total assets</b>	<b>77,883.9</b>	<b>59,805.0</b>	<b>30.2%</b>
Deposits from banks	195.3	127.9	52.7%
Deposits from customers	65,160.5	48,932.2	33.2%
Loans from banks and FIs	1,703.6	1,487.0	14.6%
Subordinated loan	1,655.4	414.6	299.3%
Current tax liabilities	41.0	0.0	
Provisions for other risks and charges	472.7	382.8	23.5%
Other financial liabilities	654.7	1,216.2	-46.2%
Other liabilities	133.4	104.0	28.3%
<b>Total liabilities</b>	<b>70,016.6</b>	<b>52,664.9</b>	<b>32.9%</b>
Shareholders' equity	7,572.6	7,125.4	6.3%
Non-controlling interest	294.7	14.7	1906.3%
<b>Total liabilities and equity</b>	<b>77,883.9</b>	<b>59,805.0</b>	<b>30.2%</b>



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