



CONSILIERI CLIEŢI

BANCA TRANSILVANIA

Q3 2019 financial results

November 18th 2019



Disclaimer

The information contained in the present document has not been independently verified and no representation or warranty expressed or implied is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of this information or opinions contained herein.

Banca Transilvania cautions readers that no forward-looking statement that may be contained in the present document is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made, and Banca Transilvania undertakes no obligation to update publicly any of them in light of new information or future events.

None of Banca Transilvania or any of its affiliates, advisors or representatives shall have any liability for any loss howsoever arising from any use of this document or its content or otherwise arising in connection with this document.

The present document does not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.



BT: YTD Sep 2019 by the numbers

Stand-alone	EOY 2018	30.09.2019
total assets (RONbn) ↑ 10.9%	74.1	82.2
CAR	19.56 %	21.10 %
	9M 2018	9M 2019
net interest income (RONmn) ↑ 26.5%	1,563	1,977
net fee & commission income (RONmn) ↑ 16.1%	466.7	542.1
net profit (RONmn) ↑ 41.5%	979	1,385
provisions, (expense)/income (RONmn)	84.3	(13.1)
cost/income ratio	46.97 %	43.95 %

Larger Balance Sheet due to strong organic growth

Solid capital base, with good overall financial ratios

26.5% higher following the addition of Bancpost portfolio combined with current year organic growth

Increased number of operations and additional cross-sell

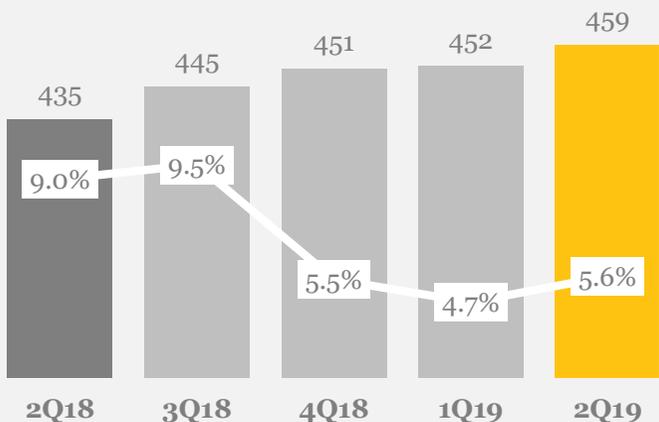
Net profit growing in line with the balance sheet and with the larger number of transactions processed by BT

CoR at 0.04%, driven by improved portfolios behavior and recoveries

Operational optimization combined with higher than anticipated trade related income contributes to an improved efficiency ratio

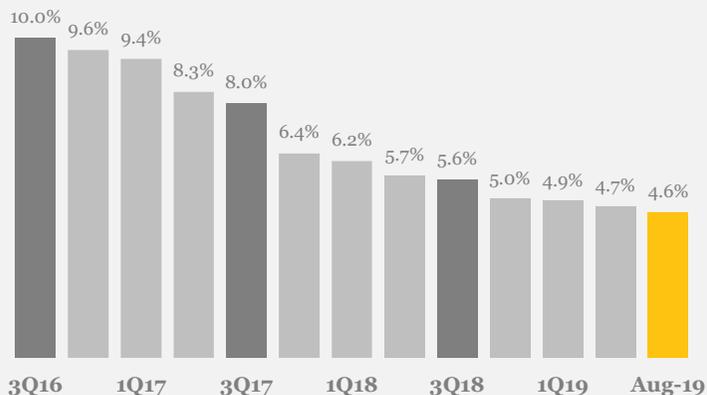
assets

total bank net assets, RONbn, %YoY



source: NBR

NPE ratio



source: NBR

Banking sector dynamics

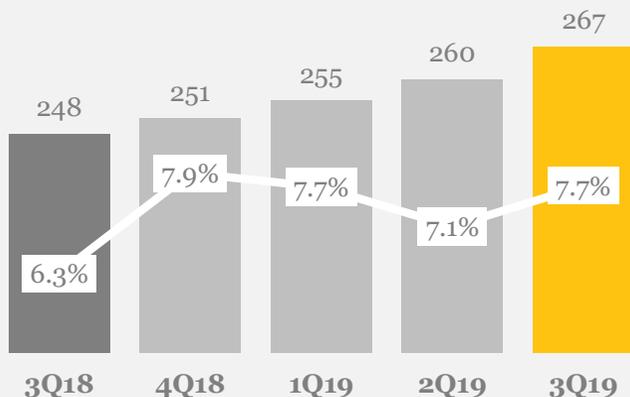
Bank assets kept expanding during the first half of the year

- **Net assets growth rate picked up during 2Q19 to 5.6%**

- **Asset quality has been constantly improving across the banking system over the last 3Y, with NPE ratio now at 4.6%**

loans

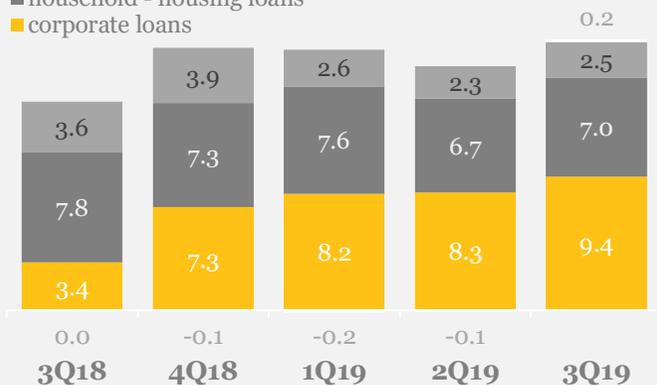
RONbn, %YoY



source: NBR

YoY change in outstanding loans, RONbn

■ household - other loans
■ household - consumer loans
■ household - housing loans
■ corporate loans



source: NBR

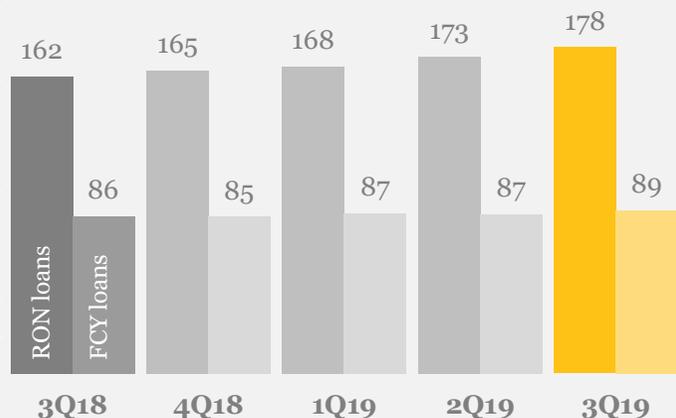
Banking sector dynamics

Corporate lending remains the chief driver of credit activity

- **Bank loans to the private economy grew accelerated during 3Q19**
- **Corporate lending is increasingly fueling the advance in loans**
- **All loan types (housing, consumer, other and corporate) had a positive contribution to credit growth during 3Q19**

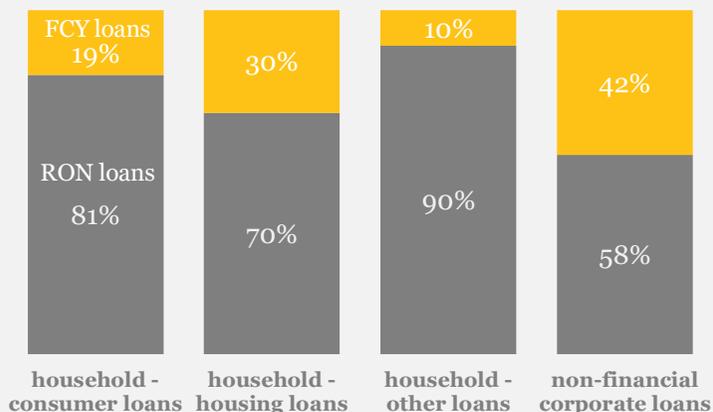
loans

by currency, RONbn



source: NBR

loans structure – 3Q19



source: NBR

Banking sector dynamics

Loans in local currency amount to RON 178bn or 67% of total

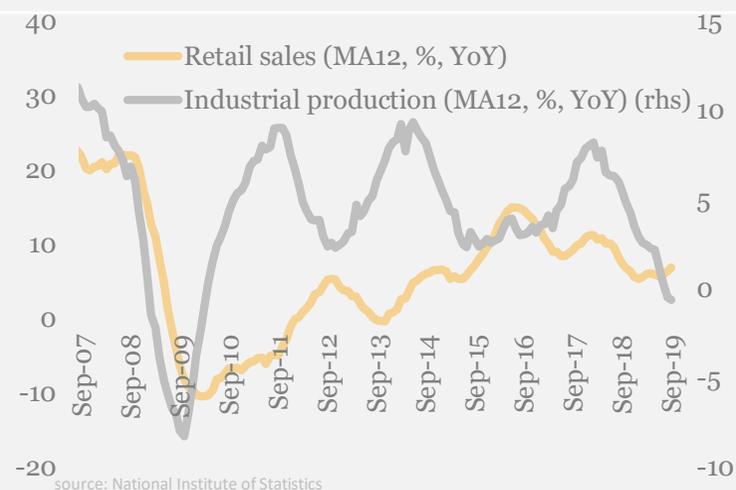
- **Both LCY and FCY loans advanced during 3Q19, by 9.7% YoY and 3.9% YoY, respectively**
- **As a percentage, LCY loans stayed flat during 3Q19 at 67% of all loans to private sector**
- **75% of all retail loans and 58% of non-financial corporate loans are denominated in LCY**

real economy

YoY dynamics of GDP (%)



retail sales vs. industrial production



Macro developments

The growth pace is slowing-down, due to the end of the post-crisis cycle in Euroland and the widening twin deficits

Romanian economy grew by only 3% YoY in 3Q2019 (the slowest pace since 2Q2014)

- **The investments deteriorated during 3Q, after a strong dynamic in 2Q (the best pace since 2008), as reflected by the contraction of the industry and of the FDIs (by over 40% YoY)**
- **However, the private consumption (the main component of the GDP) continued to be supported by the increase of the real disposable income of the population and the low real financing costs**
- **During 9M2019 the GDP advanced by 4% YoY, according to the flash estimates**

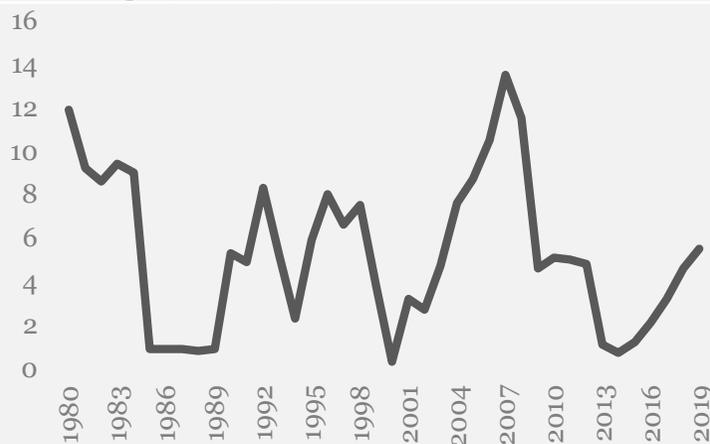
real economy

contribution of production factors to YoY dynamics of potential GDP (pp)



source: BT estimates using Eurostat database

total investment (% GDP) – gross national savings (% GDP)



source: International Monetary Fund

Macro developments

The structure of the potential GDP is improving, but the macroeconomic disequilibria has recently continued the intensifying trend

- **The YoY dynamics of the potential output has recently presented an upward trend, being noticed the improvement of the multi-factor productivity**
- **At the same time, the contribution of the production factors to the YoY dynamics of the potential GDP turned more balanced, expressing resilience prospects for the domestic economy during the following shocks**
- **On the other hand, the macroeconomic equilibria is deteriorating (for 2019 IMF forecasted the most severe disequilibria since 2008)**

Macro developments



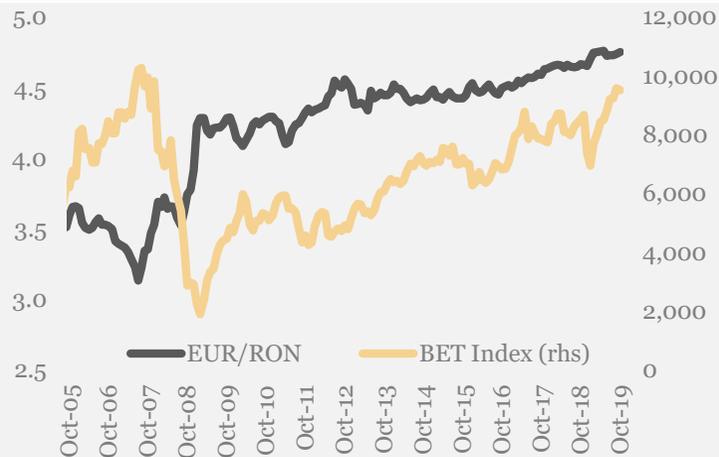
financial economy

consumer prices (% YoY)



source: National Institute of Statistics

EUR/RON fixing vs. BET index



sources: National Bank of Romania, Bucharest Stock Exchange

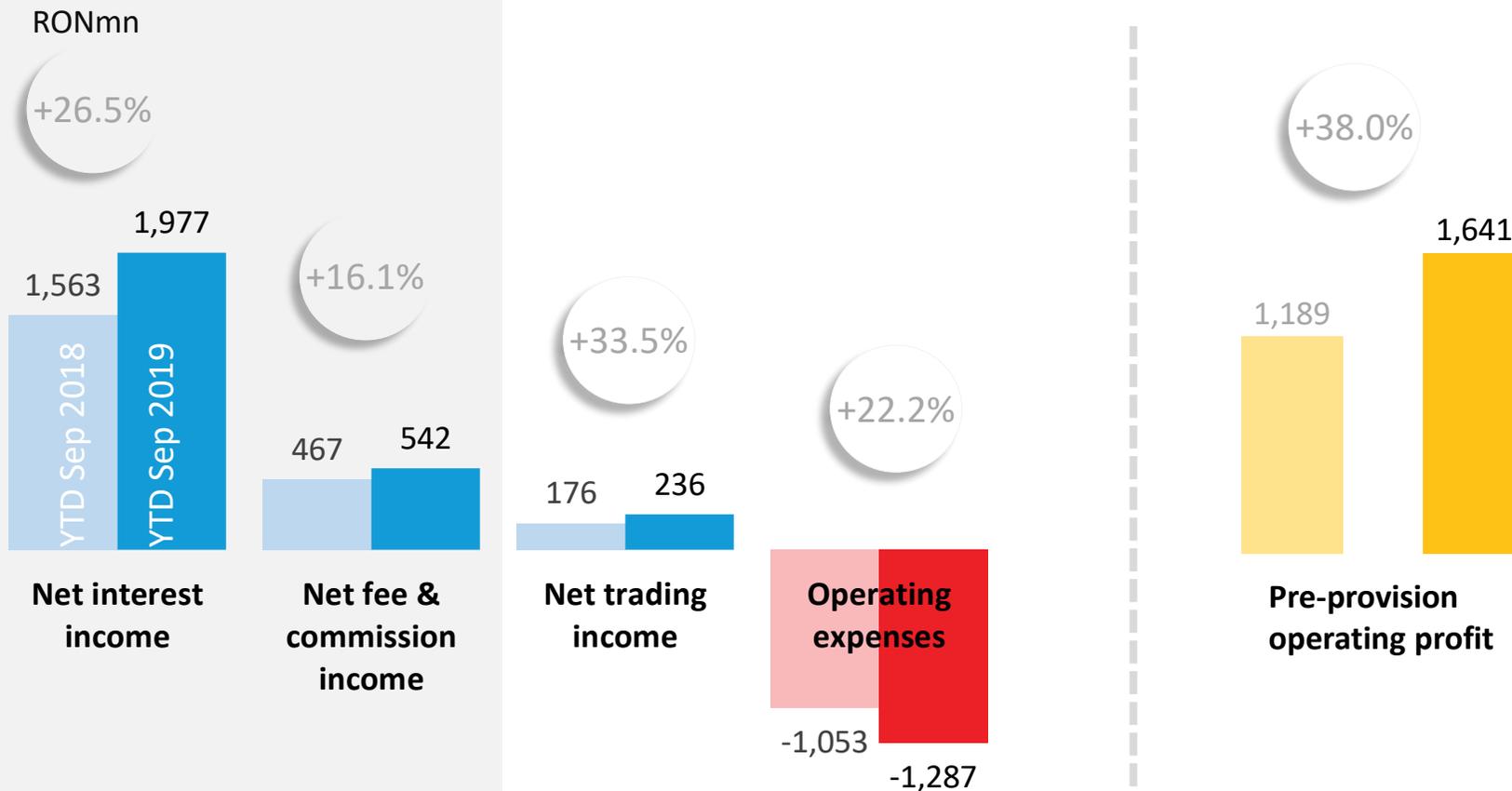
The YoY dynamics of CPI re-entered the NBR target interval at the end of 3Q2019

The widening of the twin deficits has been partially counterbalanced by the positive financial climate

- **The CPI decelerated to 3.5% YoY in September and 3.4% YoY in October, the minimum since January**
- **NBR kept the policy-rate (at 2.50%) and the MRRs (at 8%) and signaled the consolidation of the monetary policy in the short-run**
- **EUR/RON returned to the gradual appreciation trend this autumn (given the widening twin deficits, with a high probability for the budget deficit/GDP ratio to breach the 3% limit in 2019)**
- **The financial climate maintained overall positive, an evolution also influenced by the upgrade of the stock exchange to the emerging markets**



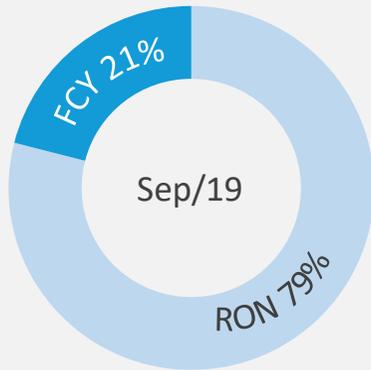
Trends in income structure



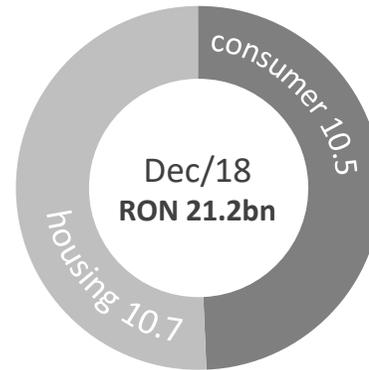
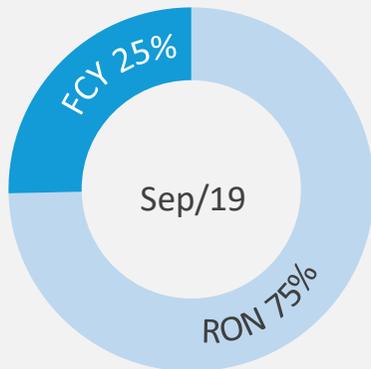


Loan structure

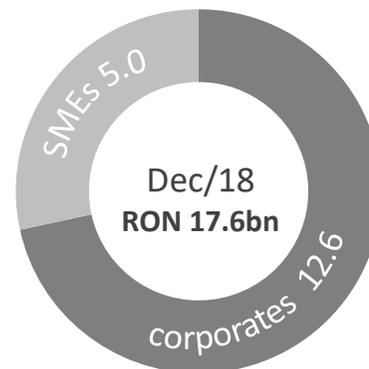
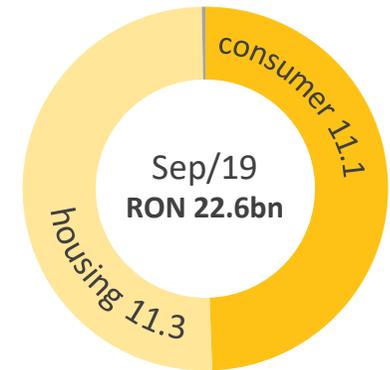
loans to households



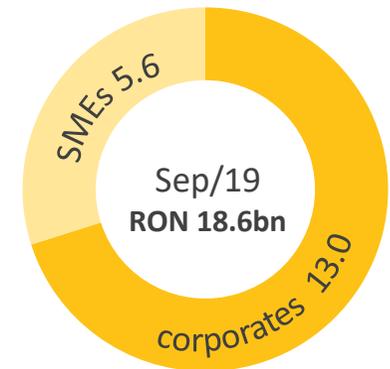
loans to companies



↑ 6%



↑ 5%



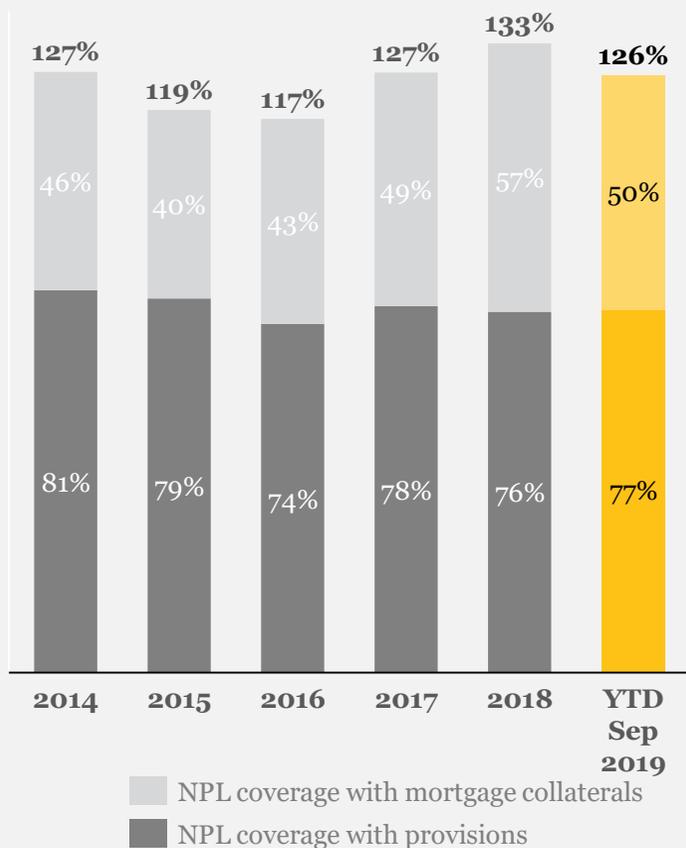
* SMEs identified according to internal classification rules



Loan quality

NPL (PAR90) ratio stable at 3.13%

NPL coverage ratio

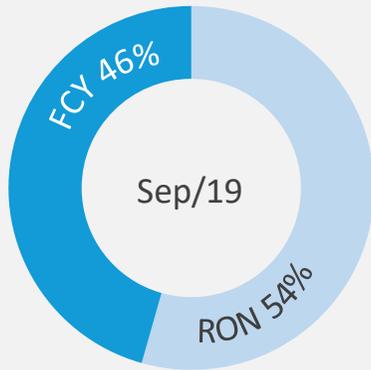


- **Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio**
- **NPL coverage, including collaterals, sits at a comfortable 126% level**

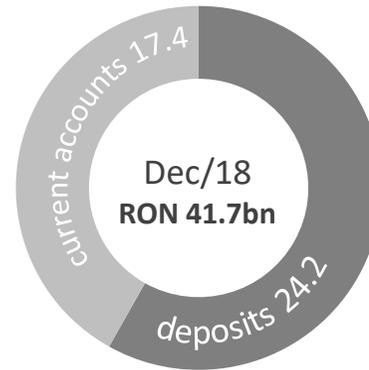
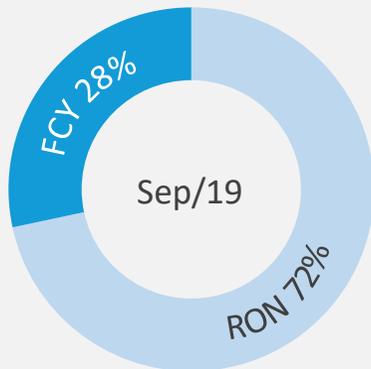


Deposit structure

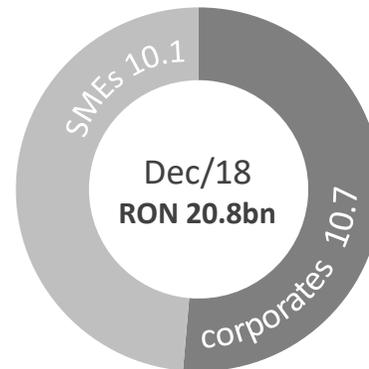
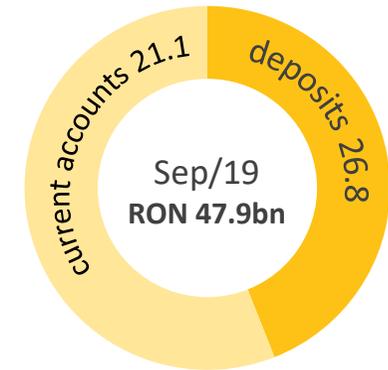
deposits from households



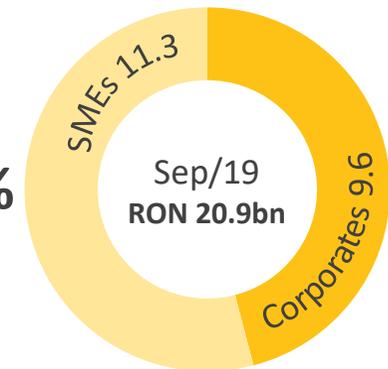
deposits from companies



↑ 15%



↑ 0.1%



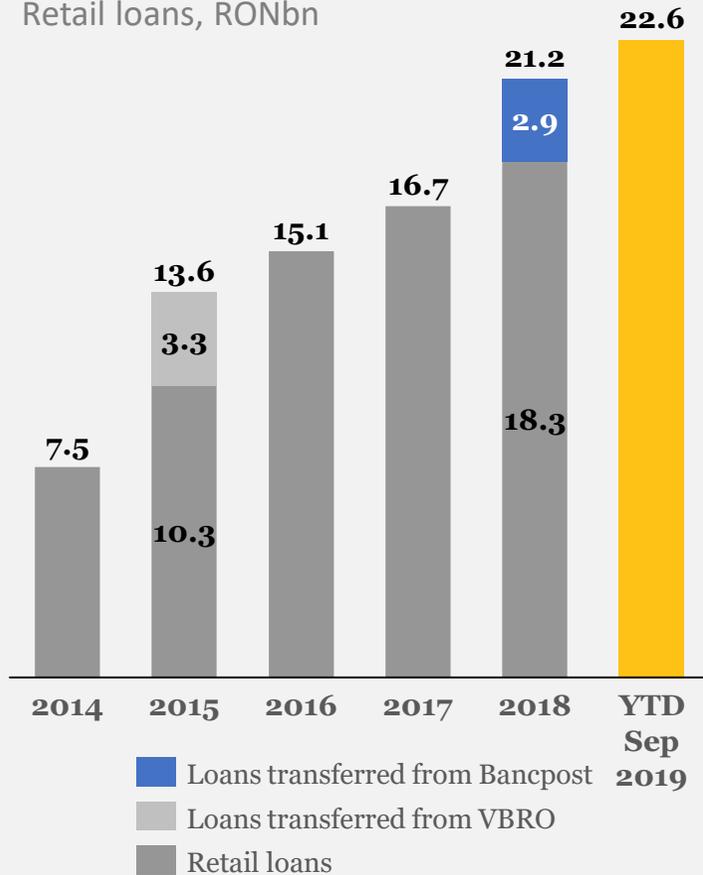
* SMEs identified according to internal classification rules



Business lines/ Retail banking

Retail loan portfolio reached RON 22.6bn as of September 2019

Retail loans, RONbn



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

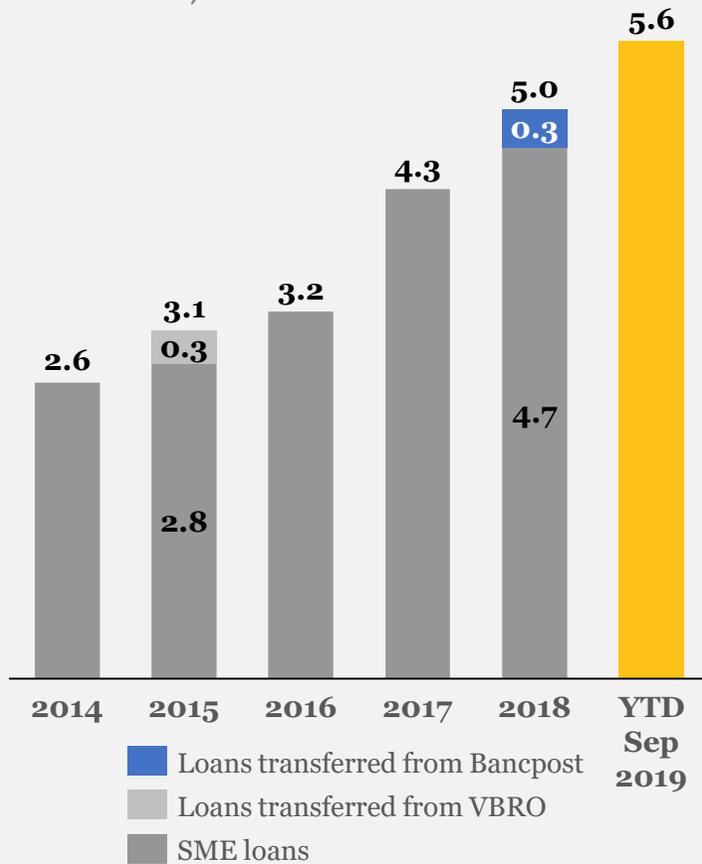
- **~2,850,000 active clients**
- **88,000 non-card retail loans disbursed in 9M 2019**
- **~4 mn active cards – with a market share of about 22%**



Business lines/ SME banking

SME (internal definition) loan portfolio at RON
5.6bn

SME loans, RONbn



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

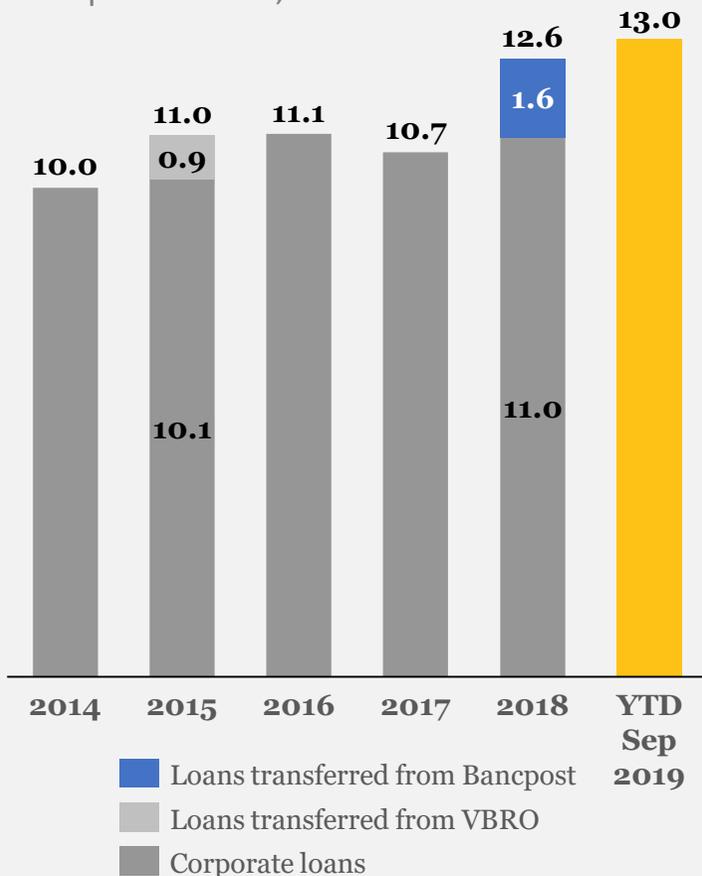
- **~300,000 active clients**
- **Banca Transilvania continued to support the SME business sector, granting ~6,800 new loans in Q3 2019 and over 15,300 in 2019 so far**



Business lines/ Corporate banking

Corporate loan portfolio remains stable around RON 13.0bn

Corporate loans, RONbn



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

- **~10,000 active clients**
- **Sectorial specialization is a major focus**
- **Banca Transilvania is present with lending facilities especially in the industrial manufacturing and agribusiness segments**

Banca Transilvania

Financial Group as of 30/Sep/2019



total assets RON 82.2bn

BANCA  TRANSILVANIA [®]

total assets RON 421mn

 **BT Direct**[®]
Grupul Financiar Banca Transilvania

total assets RON 1,120mn

 **BT Leasing**[®]
Grupul Financiar Banca Transilvania

AUM RON 3,931mn

 **BT Asset Management S.A.I.**[®]
Grupul Financiar Banca Transilvania

total assets RON 169mn

 **BT Capital Partners**[®]
Grupul Financiar Banca Transilvania

total assets RON 446mn

 **BT Mic**[®]
Grupul Financiar Banca Transilvania

total assets RON 3,531mn

 **VICTORIA BANK**
PRIMA BANCĂ DIN MOLDOVA

** Figures for subsidiaries assessed under RAS rules;*



ANNEX1

income statement, IFRS individual

RONmn

	9M 2019	9M 2018	
Net interest income	1,977.2	1,562.9	26.5%
Net fee and commission income	542.1	466.7	16.1%
Net trading income	235.7	176.5	33.5%
Other net income	173.2	36.5	375.0%
Operating income	2,928.1	2,242.5	30.6%
Personnel expenses	(674.6)	(584.2)	15.5%
D&A	(211.2)	(80.2)	163.3%
Other operating expenses	(401.1)	(388.9)	3.1%
Operating expenses	(1,286.9)	(1,053.3)	22.2%
Pre-provision operating profit	1,641.1	1,189.2	38.0%
Cost of risk	(13.1)	84.3	
Net income before taxation	1,628.1	1,273.4	27.8%
Income tax (expense)/revenue	(243.0)	(294.4)	-17.4%
Net income	1,385.0	979.1	41.5%



ANNEX1

balance sheet, IFRS individual

RONmn

	Sep/19	Dec/18	
Cash & cash equivalents	11,685.1	9,083.5	28.6%
Placements with banks	5,717.7	4,000.4	42.9%
Loans to customers, net	38,706.8	36,356.0	6.5%
T-bills & securities	23,455.9	22,420.3	4.6%
Fixed assets	776.8	736.2	5.5%
Right-of-use assets	403.2	0.0	
Investments in associates	486.4	537.7	-9.5%
Deferred tax assets	0.0	48.7	-100.0%
Other financial assets	771.6	811.1	-4.9%
Other non-financial assets	212.8	125.2	70.0%
Total assets	82,216.3	74,118.9	10.9%
Deposits from banks	399.6	207.6	92.5%
Deposits from customers	68,758.5	62,522.4	10.0%
Loans from banks and FIs	944.3	1,185.6	-20.3%
Subordinated loan	1,708.7	1,651.5	3.5%
Current tax liabilities	126.6	43.9	188.2%
Deferred tax liabilities	26.6	0.0	
Provisions for other risks and charges	464.9	444.7	4.5%
Financial liabilities from leasing contracts	401.8	0.0	
Other financial liabilities	956.2	537.2	78.0%
Other non-financial liabilities	57.9	114.9	-49.6%
Total liabilities	73,845.2	66,707.7	10.7%
Shareholders' equity	8,371.2	7,411.2	13.0%



ANNEX2

income statement, IFRS consolidated

RONmn

	9M 2019	9M 2018	
Net interest income	2,267.5	2,089.6	8.5%
Net fee and commission income	620.3	569.2	9.0%
Net trading income	286.6	169.9	68.7%
Other net income	196.7	427.2	-54.0%
Operating income	3,371.0	3,255.9	3.5%
Personnel expenses	(772.0)	(732.7)	5.4%
D&A	(229.2)	(121.4)	88.9%
Other operating expenses	(484.3)	(733.2)	-33.9%
Operating expenses	(1,485.5)	(1,587.3)	-6.4%
Pre-provision operating profit	1,885.5	1,668.6	13.0%
Cost of risk	(40.3)	(103.3)	-60.9%
Bargaining gain		110.8	-100%
Net income before taxation	1,845.2	1,676.1	10.1%
Income tax (expense)/revenue	(276.4)	(435.0)	-36.5%
Net income	1,568.7	1,241.1	26.4%



ANNEX2

balance sheet, IFRS consolidated

RONmn

	Sep/19	Dec/18	
Cash & cash equivalents	12,718.9	10,322.1	23.2%
Placements with banks	6,575.8	4,650.1	41.4%
Loans to customers, net	40,291.6	37,817.1	6.5%
T-bills & securities	24,303.2	23,126.8	5.1%
Fixed assets	960.1	877.1	9.5%
Right-of-use assets	428.2	0.0	
Deferred tax assets	0.0	73.9	-100.0%
Other financial assets	830.2	843.2	-1.6%
Other non-financial assets	283.4	186.4	52.1%
Total assets	86,391.2	77,896.8	10.9%
Deposits from banks	396.8	195.3	103.1%
Deposits from customers	71,423.1	65,160.5	9.6%
Loans from banks and FIs	1,416.9	1,703.6	-16.8%
Subordinated loan	1,712.4	1,655.4	3.4%
Current tax liabilities	133.1	41.0	225.0%
Deferred tax liabilities	15.1	0.0	
Provisions for other risks and charges	493.0	472.7	4.3%
Financial liabilities from leasing contracts	426.6	0.0	
Other financial liabilities	1,237.1	654.8	88.9%
Other non-financial liabilities	92.8	133.4	-30.4%
Total liabilities	77,347.1	70,016.7	10.5%
Shareholders' equity	8,689.2	7,587.5	14.5%
Non-controlling interest	355.0	292.5	21.3%
Total liabilities and equity	86,391.2	77,896.8	10.9%



Banca Transilvania HQ

8, G. Baritiu Street, Cluj-Napoca
400027, Romania



+ 40 264 407 150
+ 40 264 407 179 /FAX



investor.relations@btrl.ro



www.bancatransilvania.ro/en/investor-relations
www.bancatransilvania.ro
www.bt24.ro



facebook.com/BancaTransilvania
twitter.com/b_Transilvania
linkedin.com/company/banca-transilvania