



CONSILIERI CLIEŢI

BANCA TRANSILVANIA

2019 preliminary financial results

February 27<sup>th</sup>, 2020



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## BT: 2019 by the numbers

Stand-alone	EOY 2018	EOY 2019
total assets (RONbn) ↑ 18.0%	74	87
CAR	19.56 %	21.28 %
	2018	2019
net interest income* (RONmn) ↑ 7.8%	2,478	2,670
net fee & commission Income* (RONmn) ↑ 4.8%	695	728
net profit (RONmn) ↑ 32.9%	1,219	1,621
Provisions expense (RONmn)	-231	-245
cost/income ratio	49.88 %	47.12 %

\*Difference against the preliminary financial statements released of approx. RON 15 mn. which in the financial statements as at Dec 2019 are reclassified from net fee & commission income to net interest income

**Larger Balance Sheet due to strong organic growth**

**Solid capital base, with good overall financial ratios**

**7.8% higher following current year organic growth**

**Increased number of operations and additional cross-sell**

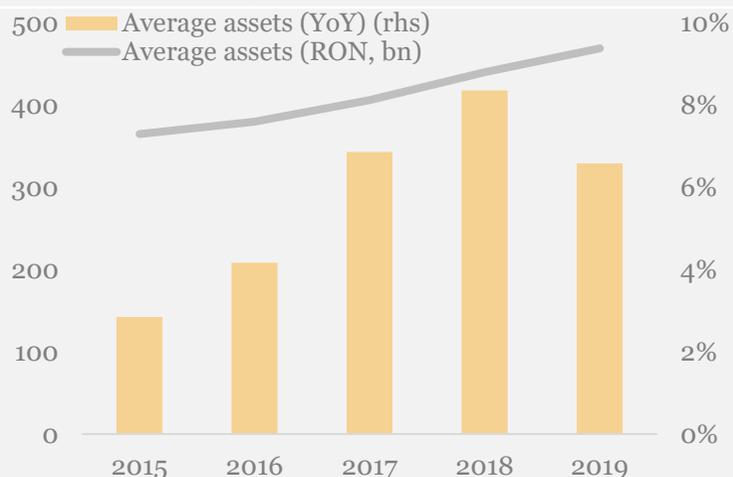
**Net profit growing in line with the balance sheet**

**CoR at 0.59%**

**Operational optimization contributes to higher efficiency**

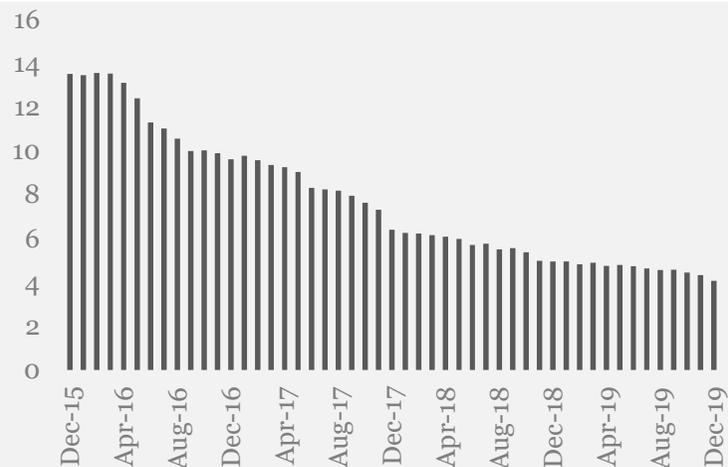
## assets

### total banking net assets



source: NBR

### NPL ratio (%)



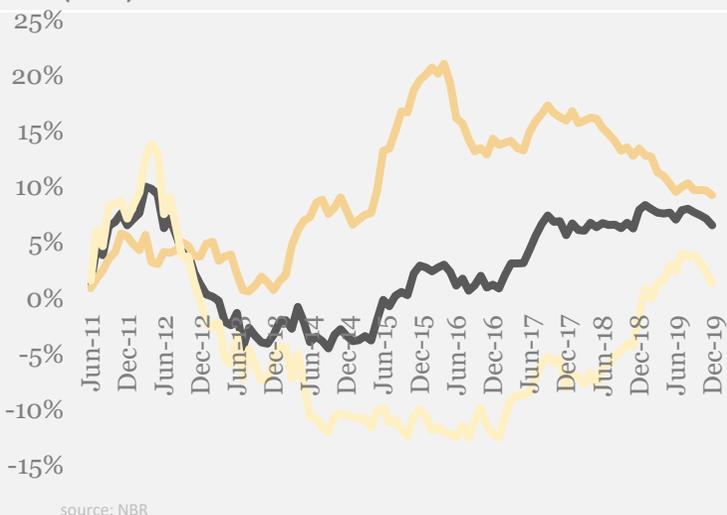
source: NBR

# Banking sector dynamics

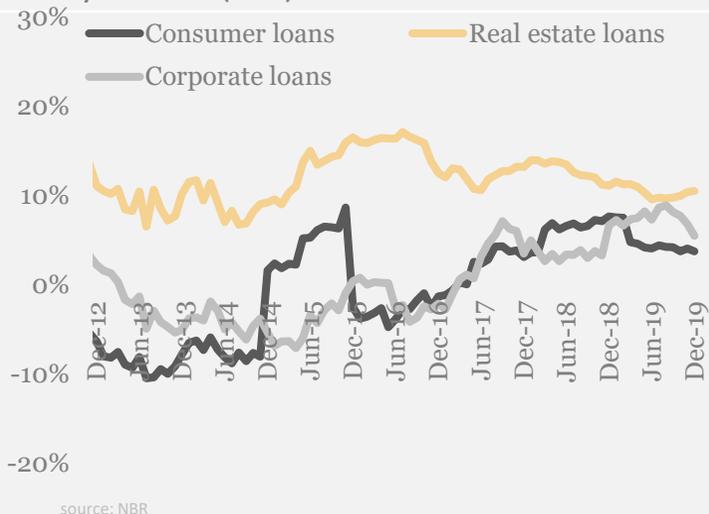
## Banking assets at record high levels in 2019

- **Total banking assets up by 4.7% QoQ and 9.8% YoY to RON 495.3bn in 4Q2019 (EUR 103.6bn) (a record high level), evolution supported by the acceleration of the loans (given the expansionary policy-mix)**
- **In 2019 total assets up by 6.6% YoY on average**
- **The net aggregate profit of the banking sector down by 7.1% YoY to RON 6.3bn (EUR 1.3bn) in 2019, due to the introduction of the special tax on assets**
- **Past year ROE and ROA indicators stood at 12.32% and 1.35%, respectively**
- **The capital adequacy ratio rose from 19.73% in 3Q to 20.00% in 4Q2019**
- **NPL ratio continued the downward trend in 2019, to 4.08% in December (the lowest level since 2009)**

## loans (YoY)



## dynamics (YoY)



## Banking sector dynamics

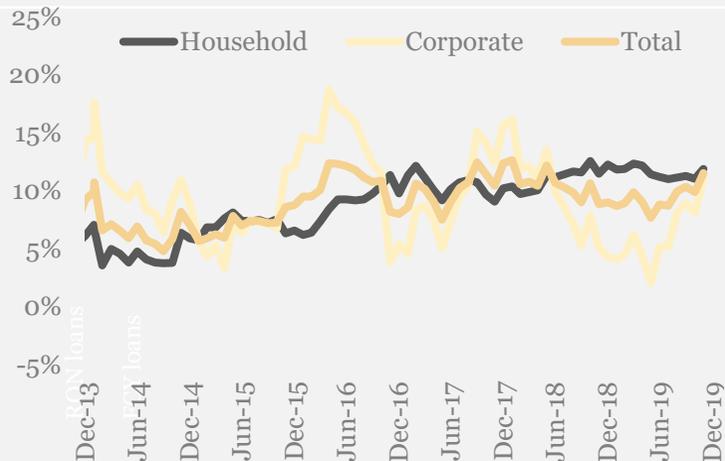
Loans up by 7.6% YoY on average in 2019, the best dynamics since 2009

- The RON denominated loans rose by 10.5% YoY in 2019, due to the expansionary policy-mix
- The FX denominated loans climbed by only 2.3% YoY
- The household loans rose by 7.7% YoY on average in 2019 (housing and consumer segments up by 10.4% and 4.7%), due to the strong labour market climate and the continuity of the First House Program
- The corporate loans increased by 7.5% YoY on average in 2019, as the FX component climbed by 11.5% YoY, given the low level of the EUR financing cost and the relaunch of the fixed investments
- At the end of 2019 the RON-denominated loans represented 67.6% of the total non-government loans (the highest level since 1996)



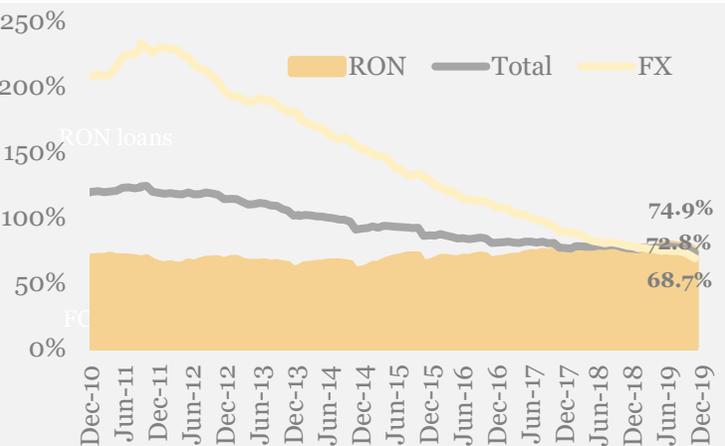
## deposits

(YoY)



source: NBR

## loans-to-deposits ratio



source: NBR

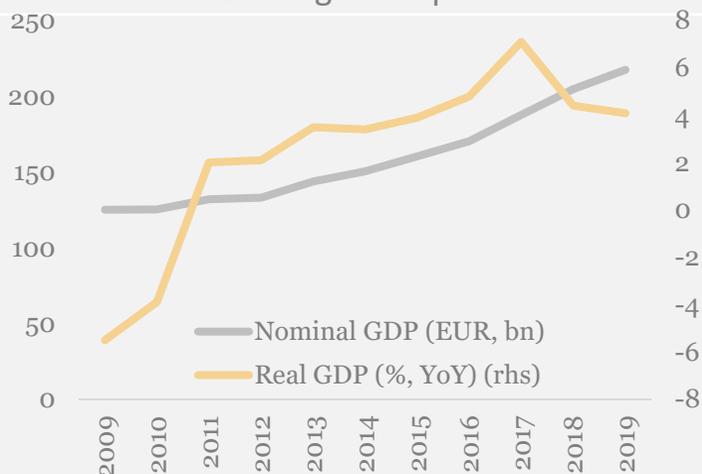
# Banking sector dynamics

Deposits up by 9.5% YoY on average in 2019, the slowest pace since 2015

- The RON and FX denominated non-government deposits rose by 7% YoY and 14.2% YoY on average past year
- The household deposits advanced by 11.6% YoY on average, an evolution determined by the upward trend for the disposable income and nominal interest rates and the high level of the household savings rate (14.8% during 9M2019)
- The corporate deposits rose by 6.3% YoY on average
- The loans-to-deposits ratio continued the downward trend to 72.8% at the end of 2019 (the difference between non-government deposits and non-government loans above RON 100bn)

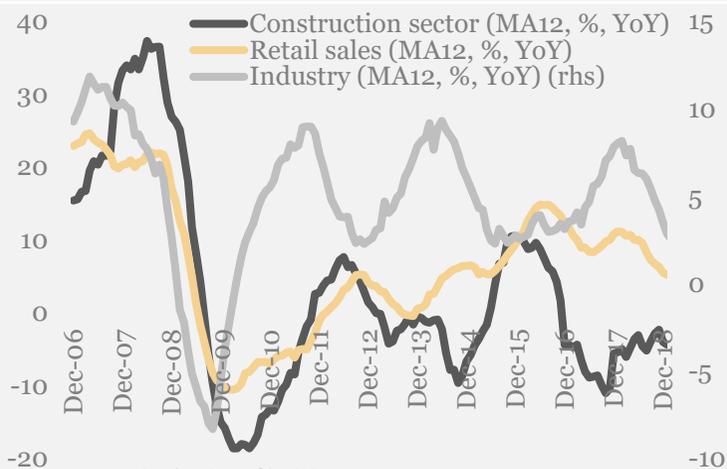
## real economy

nominal GDP vs. growth pace



sources: National Institute of Statistics, Eurostat

industrial production, constructions and retail sales



source: National Institute of Statistics

## Macro developments

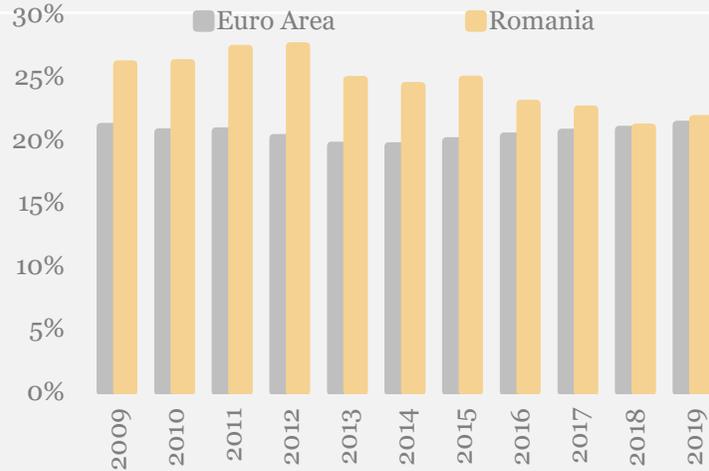
The growth pace accelerated to 4.3% YoY in 4Q 2019, due to the expansionary policy-mix

However, the Romanian GDP grew by 4.1% YoY in 2019, the slowest pace since 2015

- During the past decade the nominal GDP advanced by around EUR 100bn, due to the decline of the informal economy and the implementation of an expansionary policy-mix (mainly after 2015)
- From the supply-side perspective in 2019 there can be noticed the strong dynamics of constructions (27.6% YoY, the highest pace since 2007) and the acceleration of the retail sales (7.2% YoY)
- On the other hand, the industry declined by 2.3% YoY past year

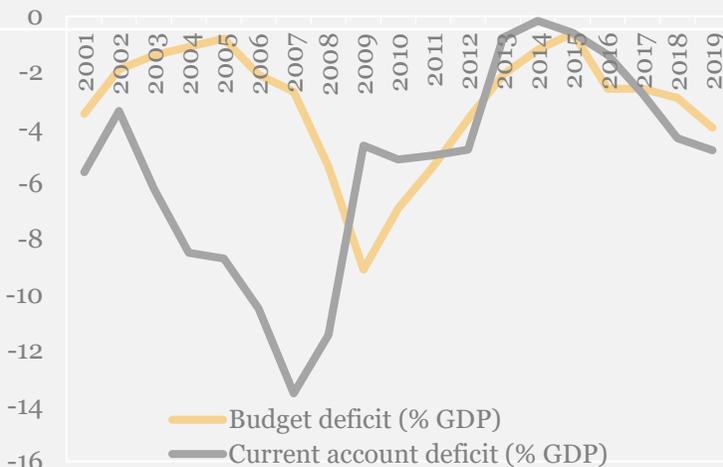
## real economy

### gross fixed capital formation/GDP ratio



source: BT estimates using Eurostat database

### twin deficits



source: BT estimates, using data from Eurostat, National Bank of Romania, Ministry of Finance

## Macro developments

The fixed investments rose in 2019 by the highest pace since 2008, but during the past decade the growth pace was sluggish

- **2019 was the year of the fixed investments - the best dynamics since 2008, an evolution supported by the improvement of the risk perception, the affordable level of the real financing costs and the fiscal impulse**
- **The private consumption decelerated in 2019, as the strong climate on labor and credit markets was counterbalanced by the high level of the savings rate**
- **However, the twin deficits continued the widening trend in 2019, towards the highest levels since 2011**
- **European Commission launched the Excessive Deficit Procedure in Feb 2020, as the budget deficit/GDP ratio breached the 3% limit in 2019**

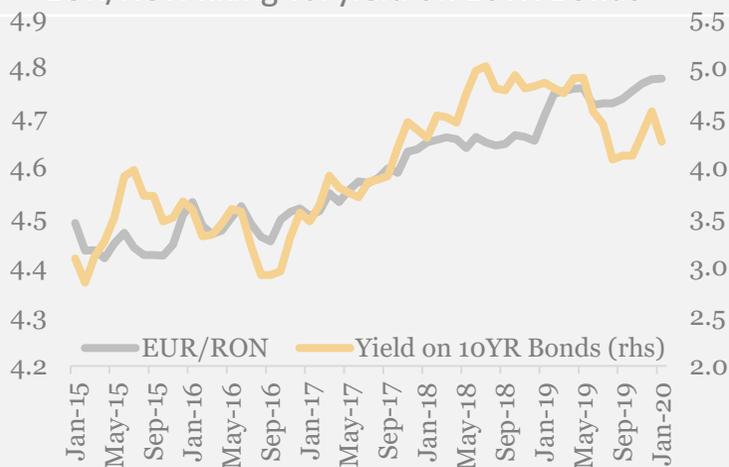
## financial economy

consumer prices (% YoY)



source: National Institute of Statistics

EUR/RON fixing vs. yield on 10YR Bonds



source: National Bank of Romania

## Macro developments

The YoY dynamics of CPI decelerated to 3.8% in 2019 and 3.6% in Jan 2020

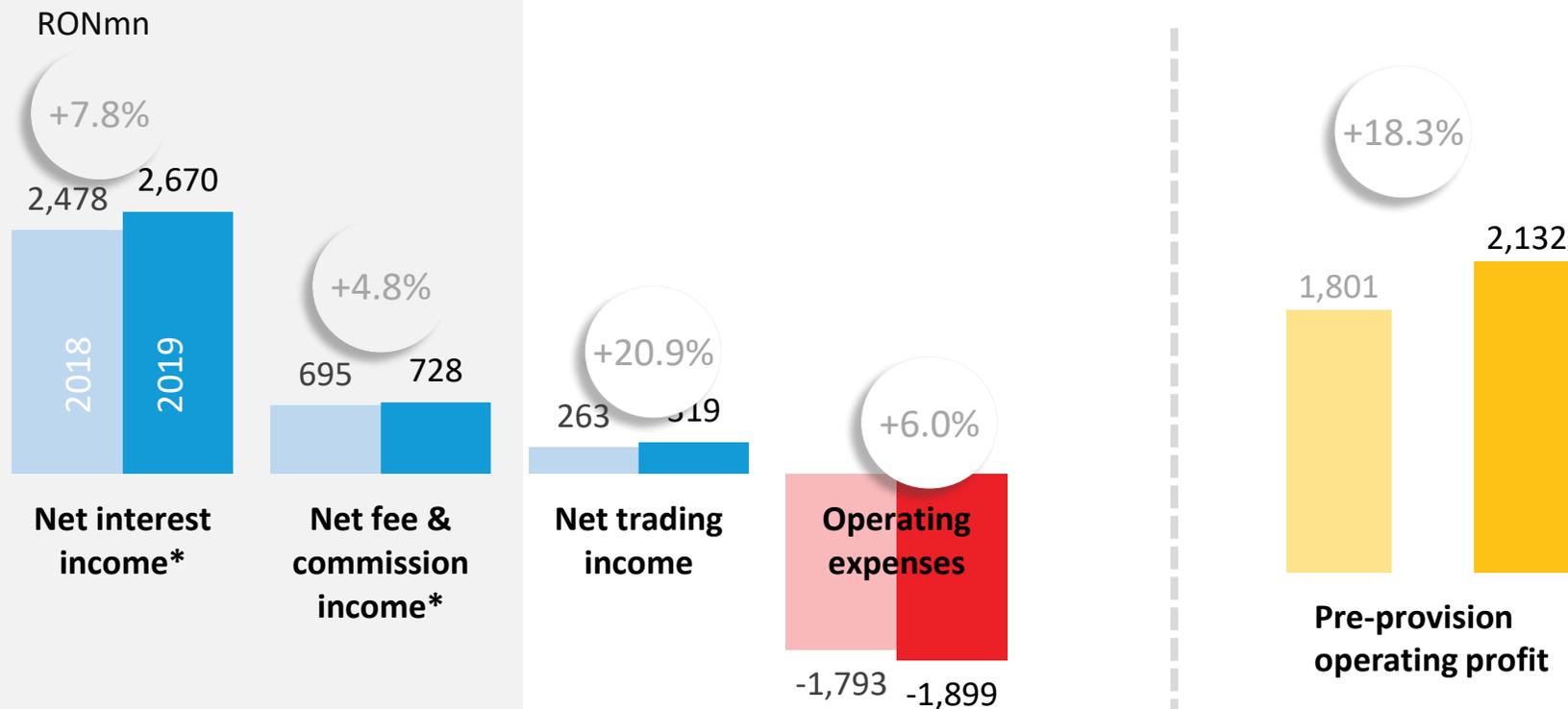
NBR signaled the consolidation of the policy rate

Overall positive climate on financial markets, in line with the international developments

- **The CPI slowing down from 4% YoY in Dec to 3.6% YoY in Jan, the lowest level since Oct**
- **In Feb NBR maintained the policy-rate (at 2.50%) and the RON MRR (at 8%), but cut the FX MRR (to 6%)**
- **Yield on 10YR Bonds declined at the beginning of 2020, an evolution also supported by the inclusion in the Bloomberg Barclays Aggregate Index**
- **EUR/RON gradually continuing the upward trend (to record levels recently), due to the challenges in terms of twin deficits**



## Trends in income structure

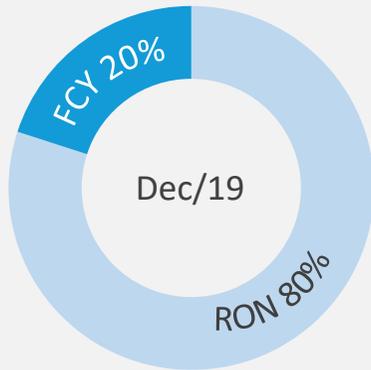


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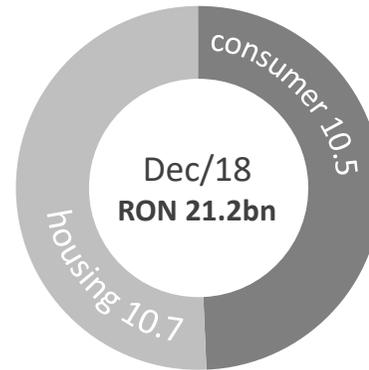
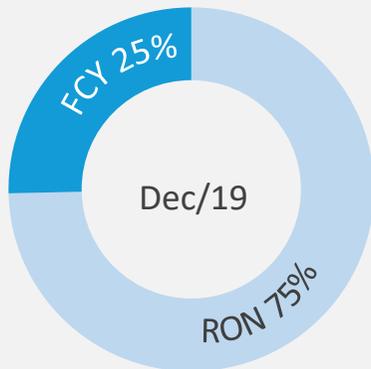


# Loan structure

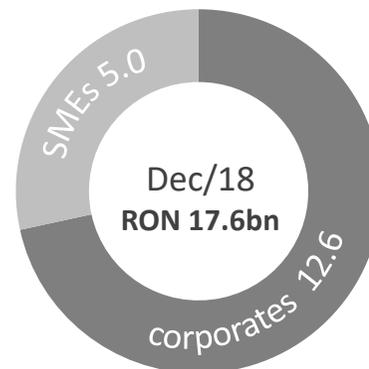
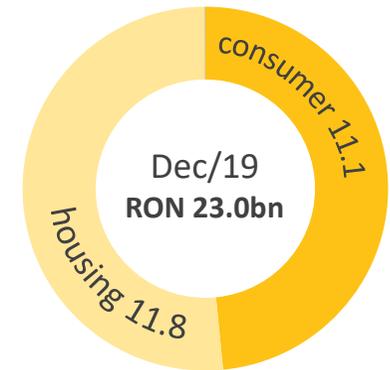
## loans to households



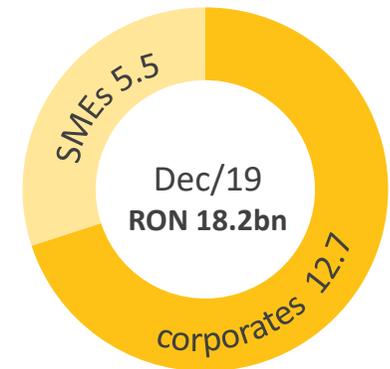
## loans to companies



↑ 8%



↑ 3%



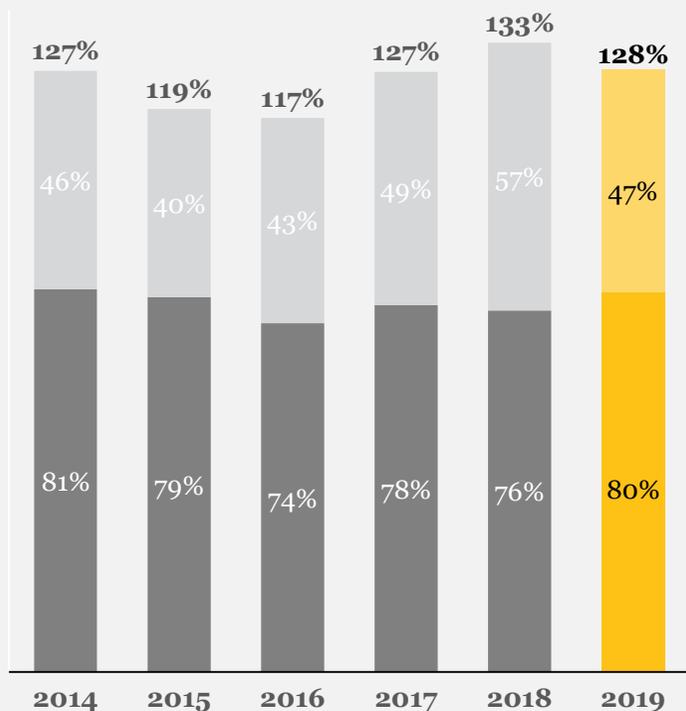
\* SMEs identified according to internal classification rules



## Loan quality

NPL (PAR90) ratio stable at 2.79%

NPL coverage ratio



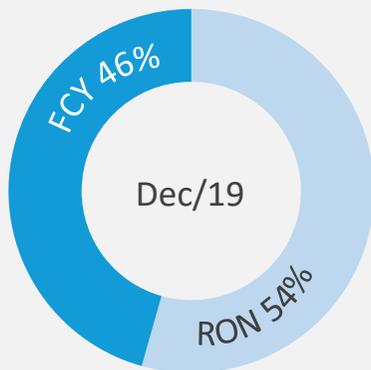
NPL coverage with mortgage collaterals  
 NPL coverage with provisions

- **Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio**
- **NPL coverage, including collaterals, at a comfortable 128% level**

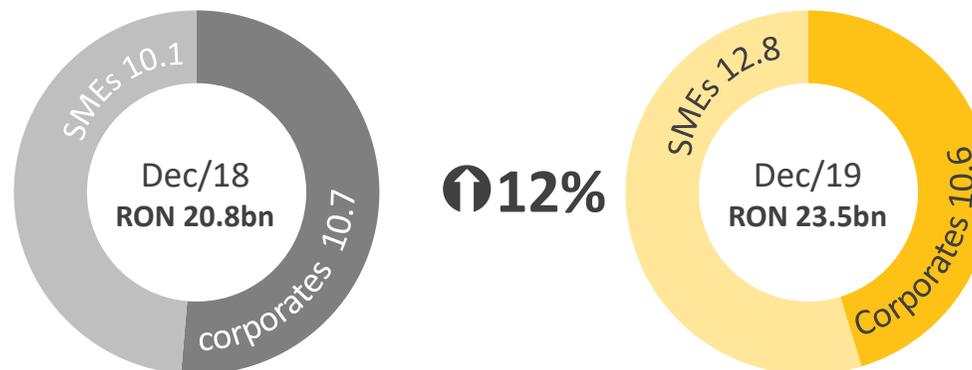
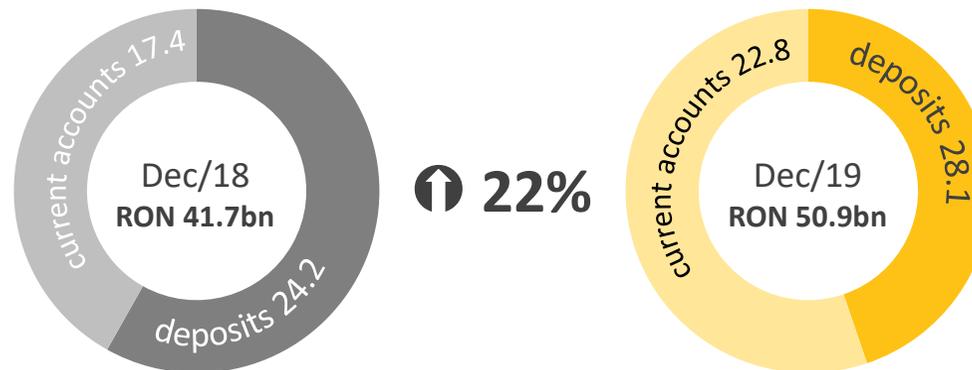
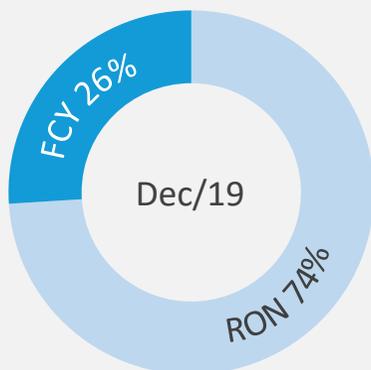


# Deposit structure

## deposits from households



## deposits from companies



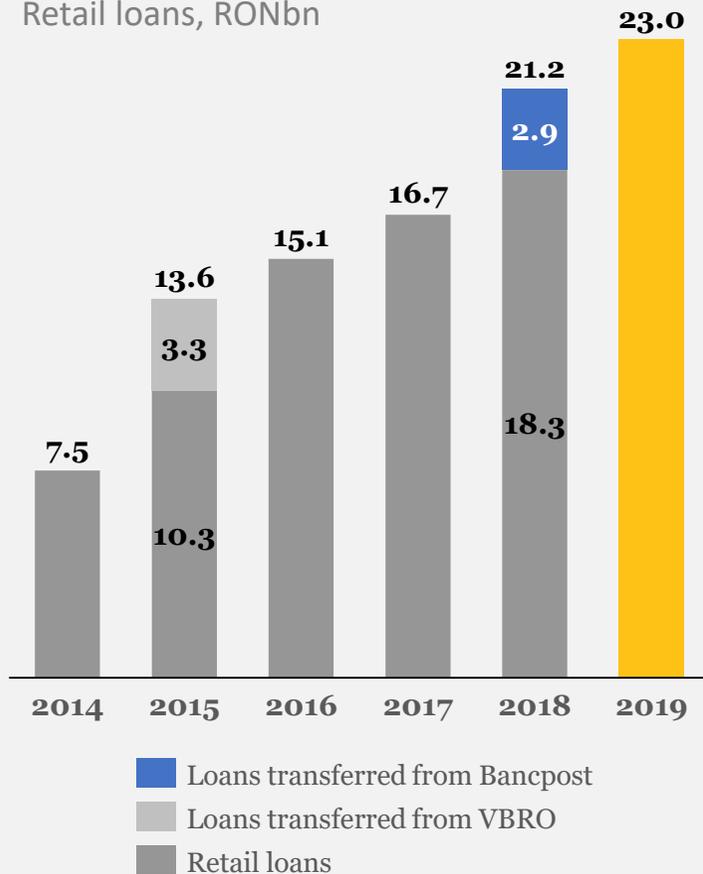
\* SMEs identified according to internal classification rules



## Business lines/ Retail banking

Retail loan portfolio reached RON 23.0bn at the end of 2019

Retail loans, RONbn



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

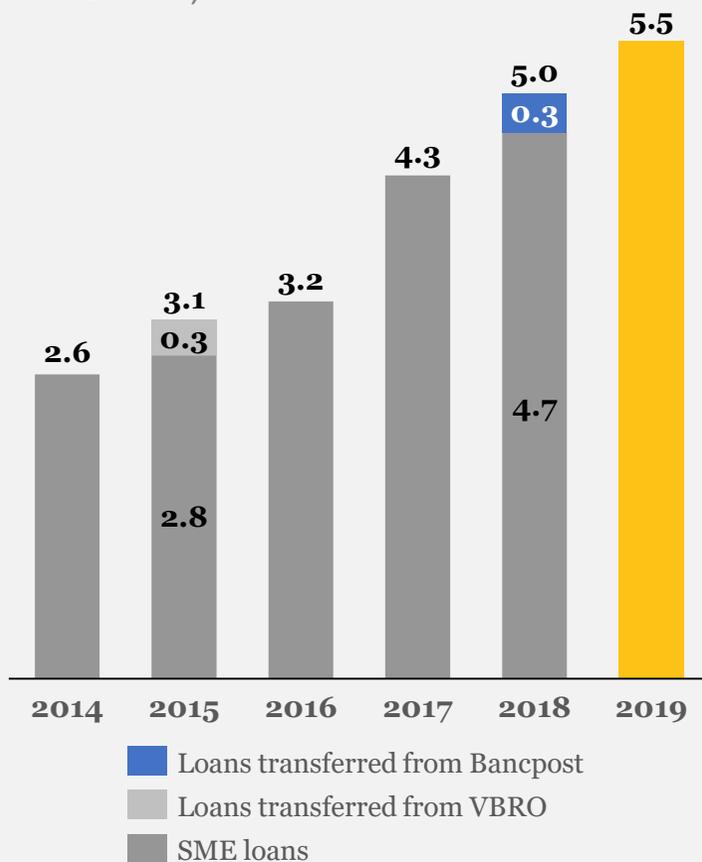
- **~2,932,000 active clients**
- **~112,000 non-card retail loans disbursed in 2019**
- **~4,1 mn active cards – with a market share of about 23%**



## Business lines/ SME banking

SME (internal definition) loan portfolio at RON  
5.5bn

SME loans, RONbn



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

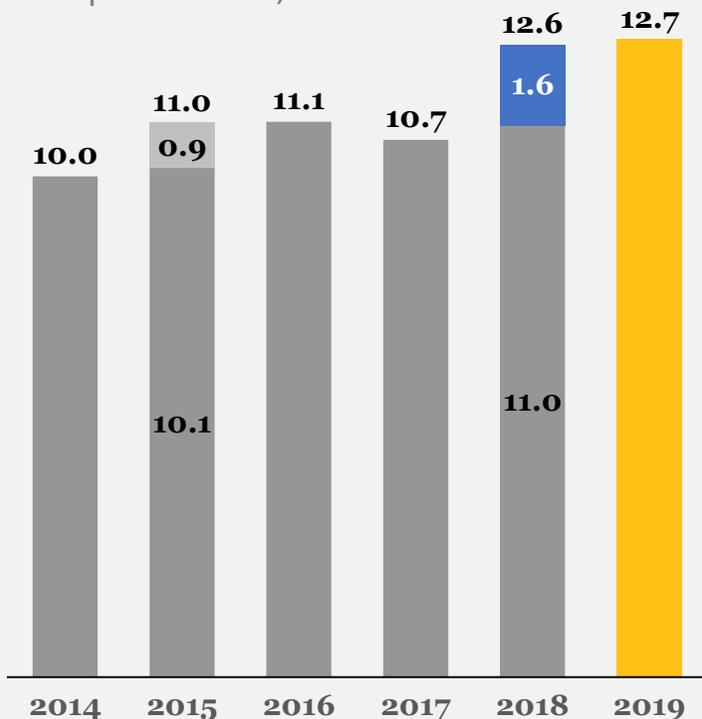
- **~317,000 active clients**
- **Banca Transilvania continued to support the SME business sector, granting ~5,800 new loans in Q4 2019 and over 21,000 throughout the whole year**



## Business lines/ Corporate banking

Corporate loan portfolio remains stable around RON 12.7bn

Corporate loans, RONbn



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

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

- **~10,500 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 31/Dec/2019



total assets RON 87.4bn

BANCA  TRANSILVANIA <sup>®</sup>

total assets RON 475mn

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

total assets RON 1,170mn

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

AUM RON 4,138mn

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

total assets RON 172mn

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

total assets RON 510mn

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

total assets RON 3,642mn

 **VICTORIA BANK**  
PRIMA BANCĂ DIN MOLDOVA

*\* Figures for subsidiaries assessed under RAS rules;*



# ANNEX1

## income statement, IFRS individual

RONmn	2019	2018	
Net interest income*	2,670.0	2,477.9	7.8%
Net fee and commission income*	727.8	694.7	4.8%
Net trading income	318.5	263.4	20.9%
Other net income	315.0	158.0	99.4%
<b>Operating income</b>	<b>4,031.3</b>	<b>3,594.0</b>	<b>12.2%</b>
Personnel expenses	(899.1)	(966.0)	-6.9%
D&A	(287.4)	(129.3)	122.4%
Other operating expenses	(712.9)	(697.4)	2.2%
<b>Operating expenses</b>	<b>(1,899.4)</b>	<b>(1,792.6)</b>	<b>6.0%</b>
<b>Pre-provision operating profit</b>	<b>2,131.9</b>	<b>1,801.4</b>	<b>18.3%</b>
Cost of risk	(244.7)	(230.8)	6.0%
<b>Bargaining Gain</b>	<b>0.0</b>	<b>71.8</b>	
<b>Net income before taxation</b>	<b>1,887.1</b>	<b>1,642.4</b>	<b>14.9%</b>
Income tax (expense)/revenue	(266.3)	(423.1)	-37.1%
<b>Net income</b>	<b>1,620.9</b>	<b>1,219.4</b>	<b>32.9%</b>



# ANNEX1

## balance sheet, IFRS individual

### RONmn

	Dec/19	Dec/18	
Cash & cash equivalents	13,480.2	9,083.5	48.4%
Placements with banks	6,995.3	4,000.4	74.9%
Loans to customers, net	38,601.9	36,356.0	6.2%
T-bills & securities	25,985.6	22,420.3	15.9%
Fixed assets	777.4	736.2	5.6%
Right-of-use assets	366.2	0.0	
Investments in associates	486.4	537.7	-9.5%
Deferred tax assets	0.0	48.7	-100%
Other financial assets	638.8	811.1	-21.2%
Other non-financial assets	106.2	125.2	-15.1%
<b>Total assets</b>	<b>87,438.1</b>	<b>74,118.9</b>	<b>18.0%</b>
Deposits from banks	304.5	207.6	46.7%
Deposits from customers	74,353.7	62,522.4	18.9%
Loans from banks and FIs	895.7	1,185.6	-24.5%
Subordinated loan	1,696.6	1,651.5	2.7%
Current tax liabilities	37.8	43.9	-14.1%
Deferred tax liabilities	7.9	0.0	
Provisions for other risks and charges	498.5	444.7	12.1%
Financial liabilities from leasing contracts	365.9	0.0	
Other financial liabilities	701.9	537.2	30.7%
Other non-financial liabilities	78.9	114.9	-31.3%
<b>Total liabilities</b>	<b>78,941.3</b>	<b>66,707.7</b>	<b>18.3%</b>
<b>Shareholders' equity</b>	<b>8,496.8</b>	<b>7,411.2</b>	<b>14.6%</b>



# ANNEX2

## income statement, IFRS consolidated

RONmn

	2019	2018	
Net interest income*	3,058.6	2,749.5	11.2%
Net fee and commission income*	835.5	777.7	7.4%
Net trading income	410.6	252.2	62.8%
Other net income	310.3	166.0	86.9%
<b>Operating income</b>	<b>4,615.0</b>	<b>3,945.5</b>	<b>17.0%</b>
Personnel expenses	(1,038.3)	(1,065.2)	-2.5%
D&A	(311.2)	(162.5)	91.5%
Other operating expenses	(841.5)	(806.6)	4.3%
<b>Operating expenses</b>	<b>(2,190.9)</b>	<b>(2,034.3)</b>	<b>7.7%</b>
<b>Pre-provision operating profit</b>	<b>2,424.0</b>	<b>1,911.2</b>	<b>26.8%</b>
<b>Cost of risk</b>	<b>(292.6)</b>	<b>(364.4)</b>	<b>-19.7%</b>
<b>Bargaining gain</b>	<b>0.0</b>	<b>160.1</b>	
<b>Net income before taxation</b>	<b>2,131.4</b>	<b>1,706.8</b>	<b>24.9%</b>
Income tax (expense)/revenue	(283.3)	(446.1)	-36.5%
<b>Net income</b>	<b>1,848.1</b>	<b>1,260.7</b>	<b>46.6%</b>

\*Difference against the preliminary financial statements released of approx. RON 15 mn. which in the financial statements as at Dec 2019 are reclassified from net fee & commission income to net interest income



# ANNEX2

## balance sheet, IFRS consolidated

### RONmn

	Dec/19	Dec/18	
Cash & cash equivalents	14,583.1	10,322.1	41.3%
Placements with banks	7,774.3	4,650.1	67.2%
Loans to customers, net	40,353.8	37,817.1	6.7%
T-bills & securities	26,781.7	23,126.8	15.8%
Fixed assets	962.5	877.1	9.7%
Right-of-use assets	388.0	0.0	
Investments in associates	3.3	0.0	
Deferred tax assets	16.8	73.9	-77.3%
Other financial assets	682.8	843.2	-19.0%
Other non-financial assets	173.6	186.4	-6.8%
<b>Total assets</b>	<b>91,720.1</b>	<b>77,896.8</b>	<b>17.7%</b>
Deposits from banks	296.1	195.3	51.6%
Deposits from customers	77,037.1	65,160.5	18.2%
Loans from banks and FIs	1,283.7	1,703.6	-24.6%
Subordinated loan	1,890.5	1,655.4	14.2%
Current tax liabilities	41.8	41.0	2.1%
Provisions for other risks and charges	533.9	472.7	12.9%
Financial liabilities from leasing contracts	387.4	0.0	
Other financial liabilities	926.6	654.8	41.5%
Other non-financial liabilities	109.1	133.4	-18.3%
<b>Total liabilities</b>	<b>82,506.1</b>	<b>70,016.7</b>	<b>17.8%</b>
<b>Shareholders' equity</b>	<b>8,831.4</b>	<b>7,587.5</b>	<b>16.4%</b>
Non-controlling interest	382.6	292.5	30.8%
<b>Total liabilities and equity</b>	<b>91,720.1</b>	<b>77,896.8</b>	<b>17.7%</b>



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