



BANCA TRANSILVANIA
September 2016 Financial Results

November 2016

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AGENDA



- 1** **Banking Sector Dynamics**

 - 2** **Q3 2016 Highlights**

 - 3** **Performance in Q3 2016**

 - 4** **Overview of Business Lines**

 - 5** **BT Financial Group**

 - A** **Financial Statements**

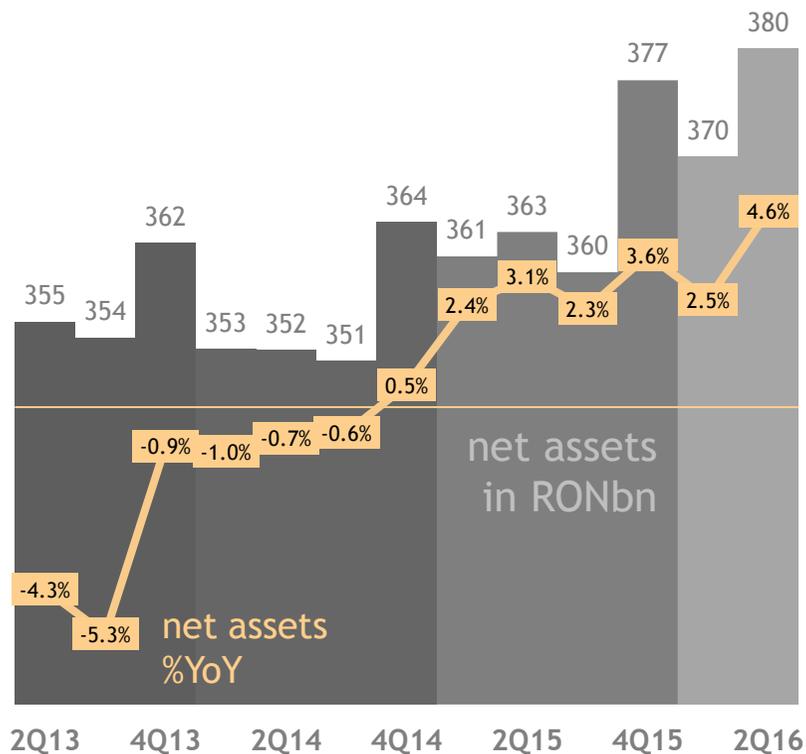
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BANK ASSETS at RON 380bn



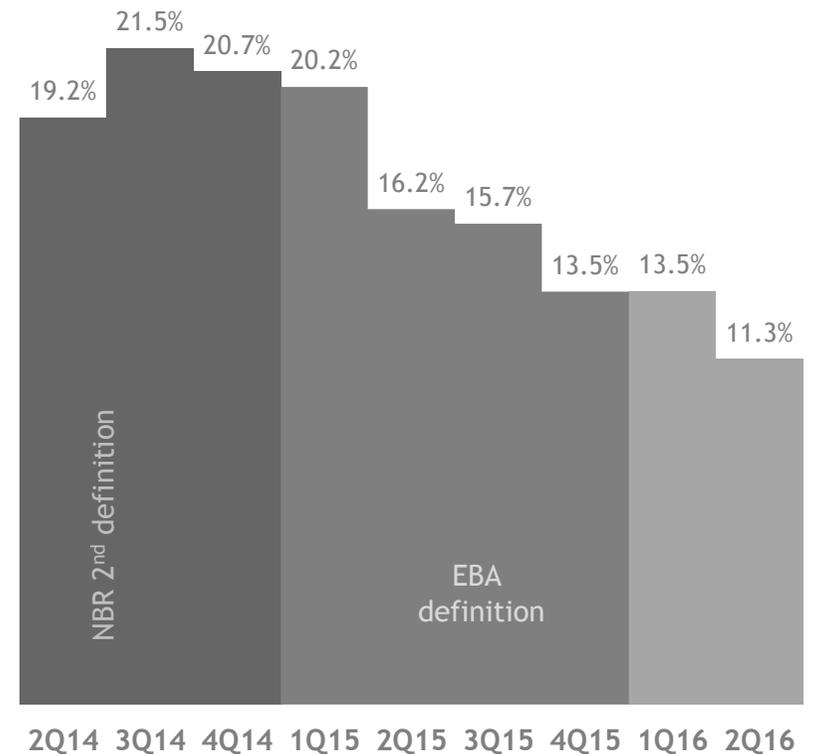
Bank assets continue to grow

total bank net assets source: NBR



NPL ratio further improving over 2nd quarter

NPL ratio, % source: NBR



LCY LOANS TO HOUSEHOLDS remain the driver of lending activity this year

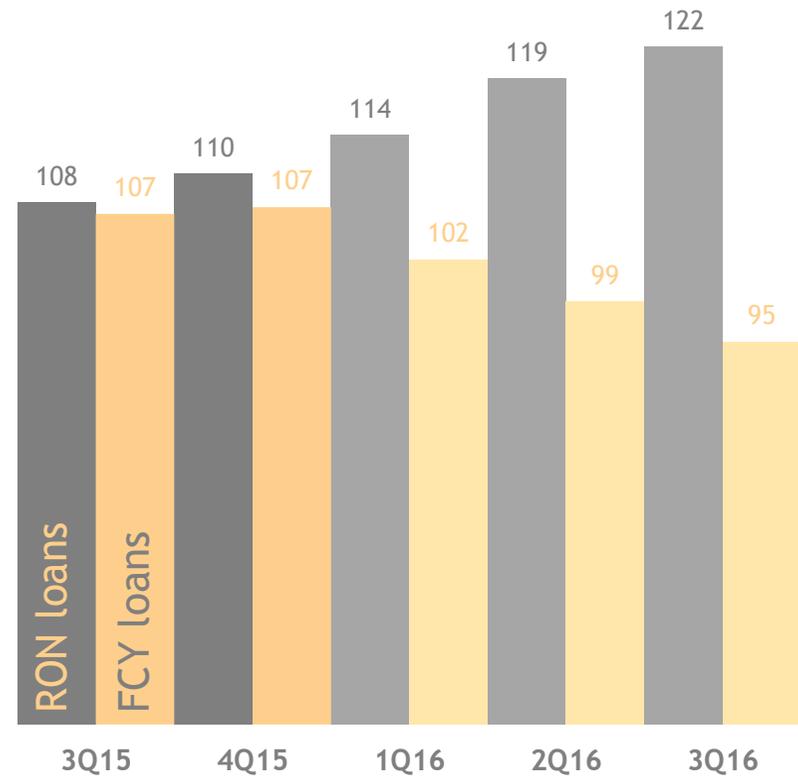
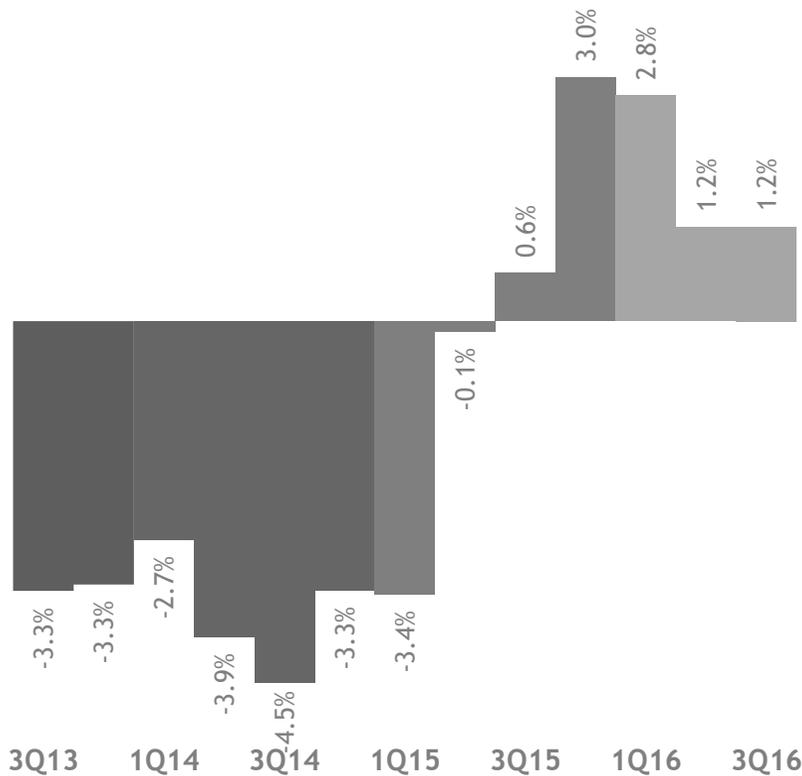


Decline in corporate lending slows
down overall credit activity

Loans in RON continue
expanding, albeit at a lower pace

loans non-government , %YoY source: NBR

loans non-government , RONbn source: NBR



ROMANIAN ECONOMY

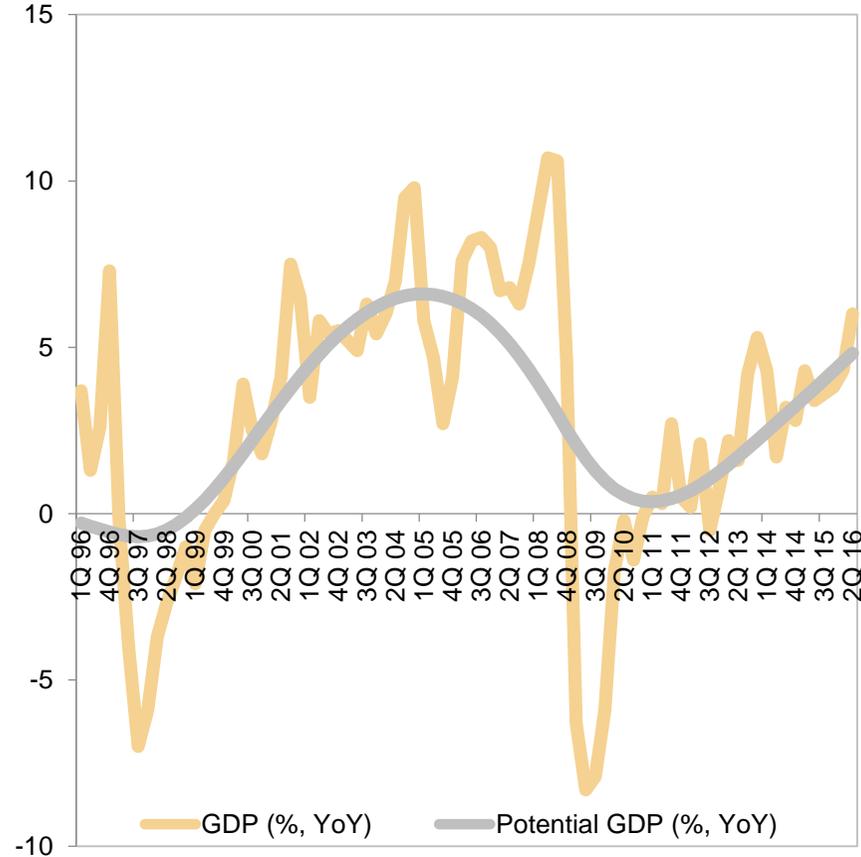
2016 – the peak of the post-crisis cycle



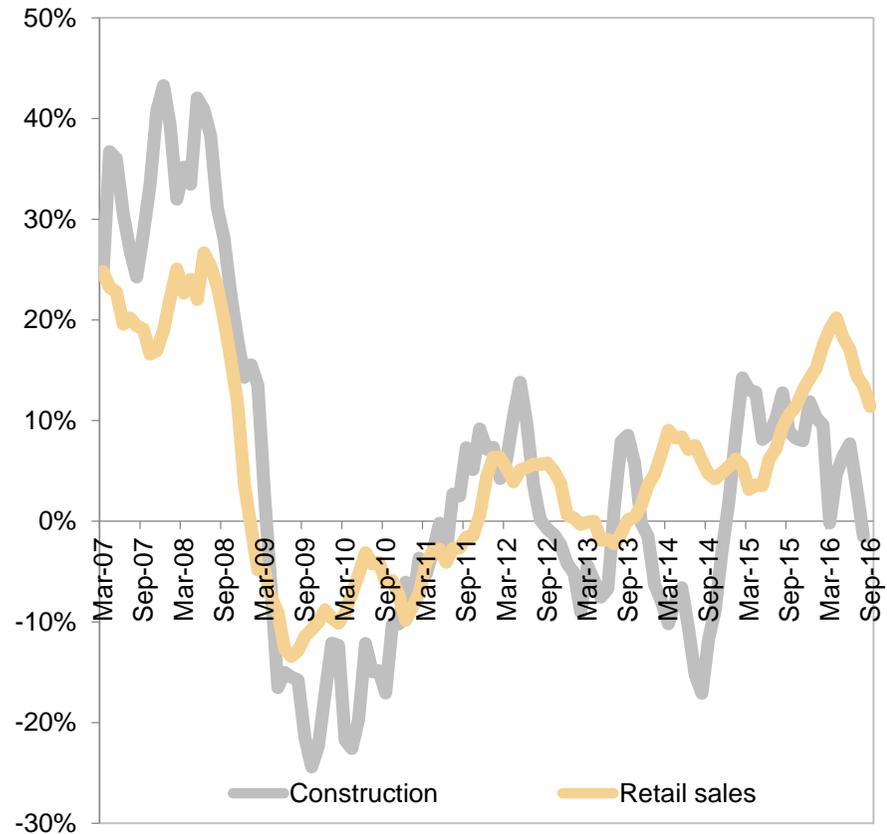
Output gap closed in 1H16, but domestic demand moderated in 3Q16

VAT cuts' impact is fading, while construction hit by Foreclosure Law

GDP vs. potential GDP source Statistics Office (NIS), BT estimates



Retail sales vs. construction, MA12, % YoY source Statistics Office (INS)

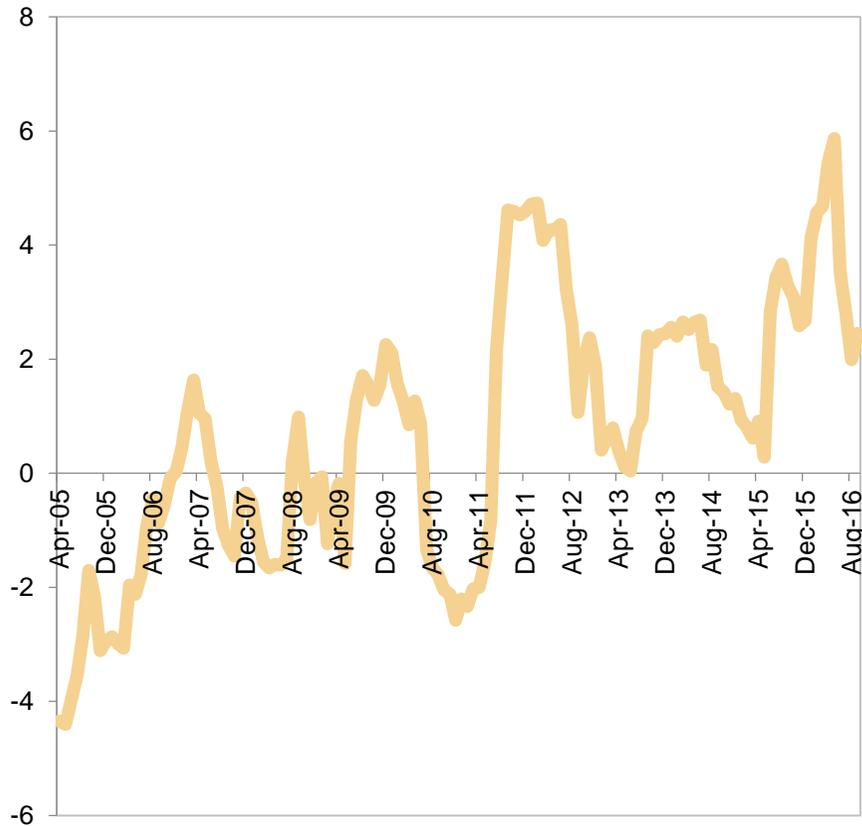


THE INCREASING INTERVENTION OF THE STATE RESULTING IN HIGHER RISK PERCEPTION



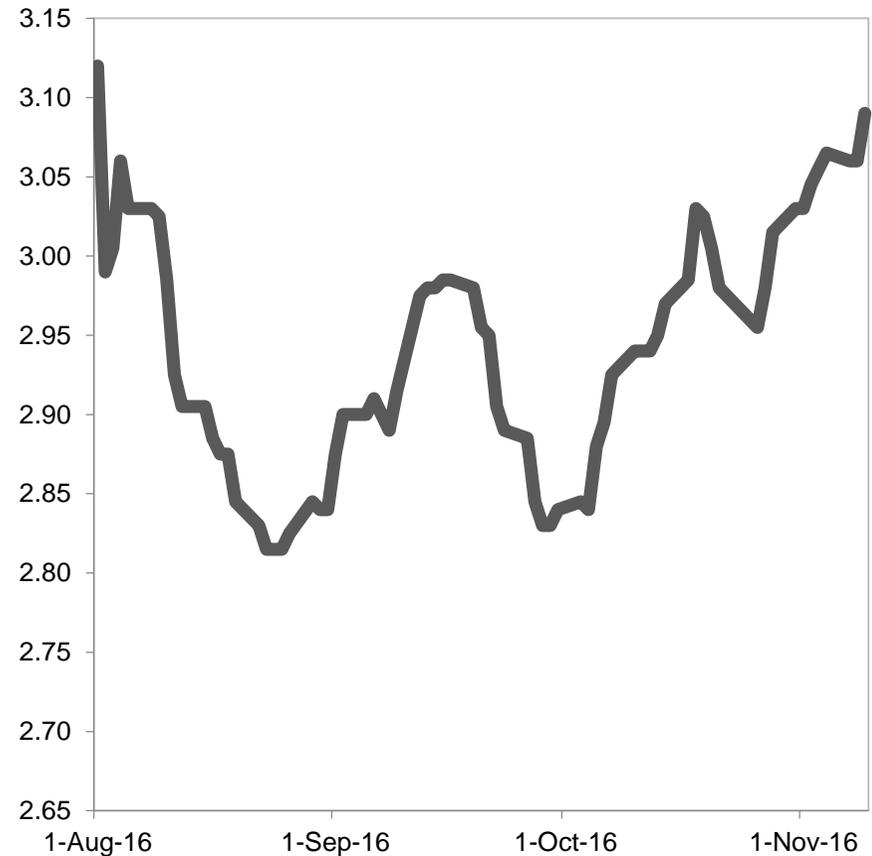
The real interest rate spread (RO vs. US) is normalizing

Real interest rate spread (RO-US) (10YR) (pp) source BT estimates



The 10YR financing costs up to the highest level since Aug

10 YR T-Bonds yield, % source NBR





**Banca Transilvania's
Business Development and
Financial Performance
Q3 2016**

Q3 2016 HIGHLIGHTS



	Mil. RON	YTD Sep 2016	YTD Sep 2015	Δ
PROFITABILITY	Operating income RONmn	2,125.4	1,421.5	49.5%
	Operating expenses RONmn	(840.5)	(716.6)	17.3%
	Gross profit before provisions RONmn	1,284.9	704.9	82.3%
	Net profit RONmn	657.0	313.0	109.9%
	EPS RON	0.18	0.09	109.9%
	Cost of risk (%)	2.53%	1.95%	29.9%
	NIM	3.37%	2.94%	0.4 pp
	NIM*	3.11%	2.94%	0.2 pp
	ROE	15.65%	11.23%	4.4 pp
	Cost-to-income ratio	39.55%	50.41%	-10.9 pp
CREDIT ACTIVITY		Sep-16	Dec-15	Δ
	Gross loans to customers RONmn	28,347.5	27,740.0	2.2%
	Deposits from customers RONmn	39,368.3	38,395.3	2.5%
	Gross Loans-to-deposits ratio	72.01%	72.25%	-0.2 pp
NPL ratio	5.55%	9.75%	-4.2 pp	
CAPITAL		Sep-16	Dec-15	Δ
	Total equity RONmn	5,635.6	6,117.8	-7.9%
	Tier 1 capital ratio (profit included)	17.98%	16.43%	9.4%
Total capital ratio (profit included)	19.12%	17.82%	7.3%	

*without one-off adjustments (PPA adjustments : incurred loss and expected loss)

BUSINESS PERFORMANCE Q3 2016

at a glance



Total assets at RON 48.1 bn

- Enhanced ALM for higher efficiency

Capital adequacy ratio at 19.1%

- Strong capital base, supporting organic and non organic growth, after special dividend payout

**Net fees and commissions at
RON 374.1 mn \uparrow 15.3% Y/Y**

- Driven by increased number of operations and additional cross-sell

CoR

- CoR at 2.53%, mainly driven by a very conservative approach with regard to the Foreclosure law and an aggressive asset quality improvement process

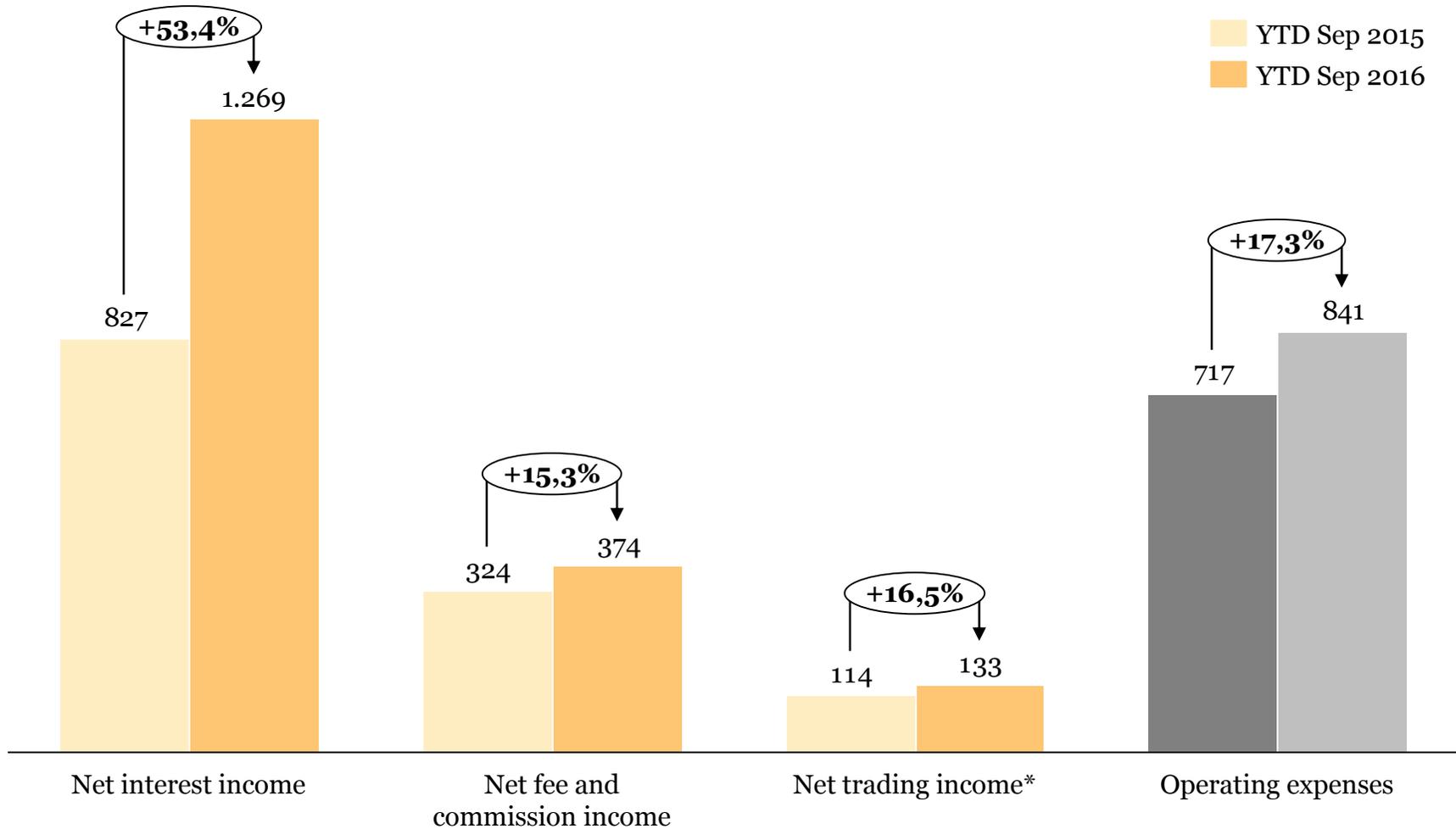
**Net profit at
RON 657 mn \uparrow 109.9% Y/Y**

- Operating income positively influenced by increase in all income positions

Cost/income at 39.6%

- Cost to income was positively influenced by both recurrent and one-off items, excluding the one-off items the C/I ratio is at a comfortable 43%

TRENDS IN INCOME STRUCTURE

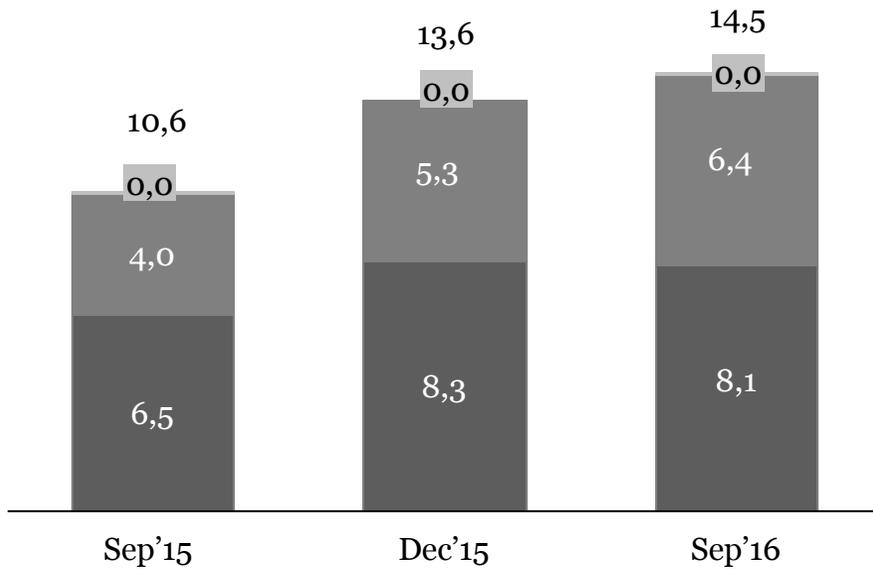


* Visa transaction related income not included

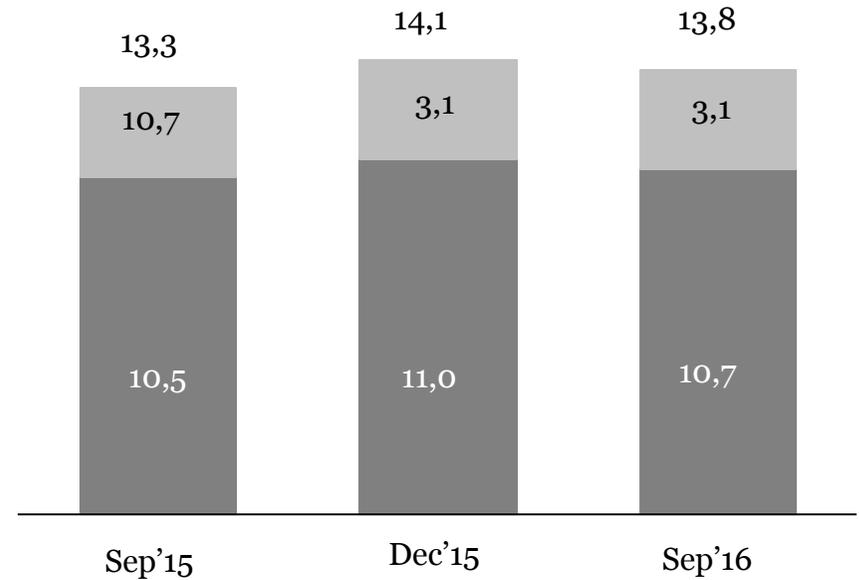
LOAN STRUCTURE



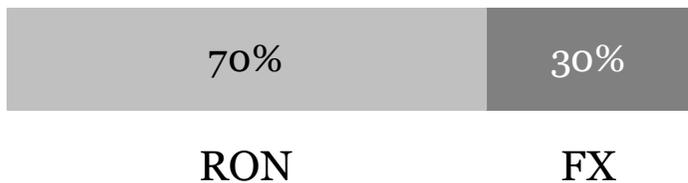
Loans to Households, RONbn



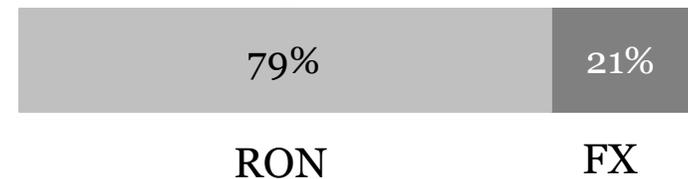
Loans to Companies, RONbn



Loans to Households, RONbn



Loans to Companies, RONbn

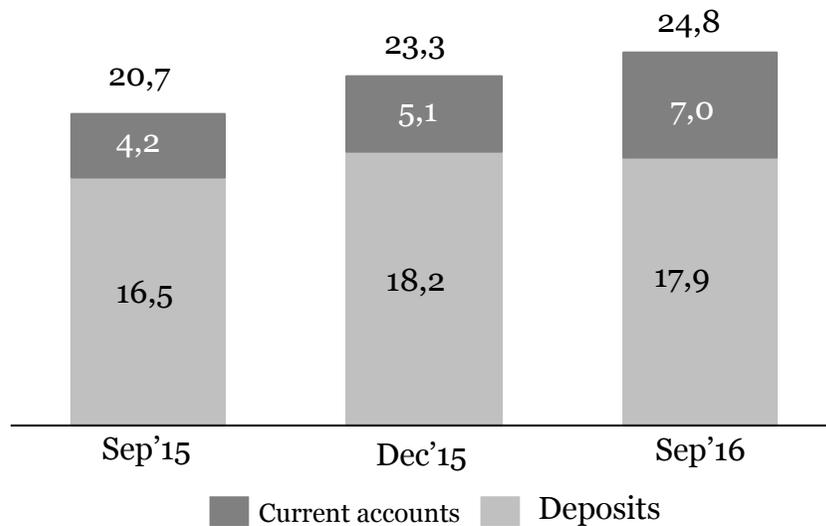


*SMEs identified according to internal classification rules

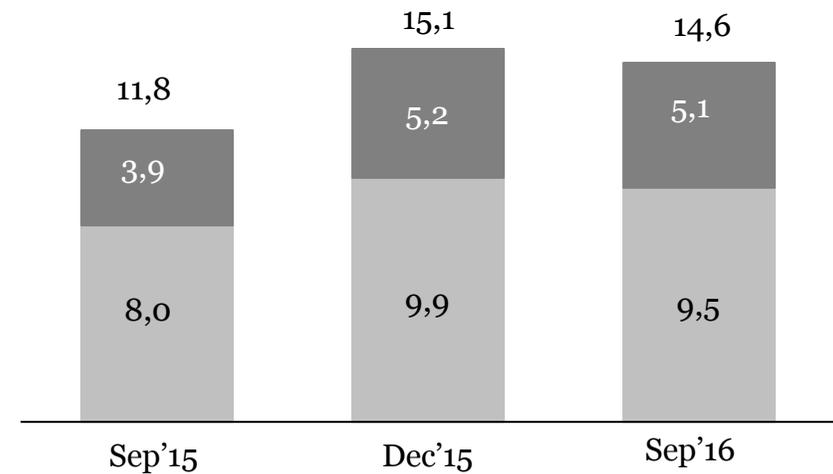
DEPOSIT STRUCTURE



Deposits from Households, RONbn



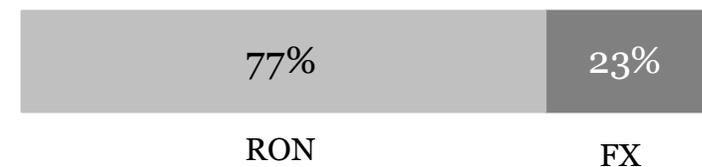
Deposits from Companies, RONbn



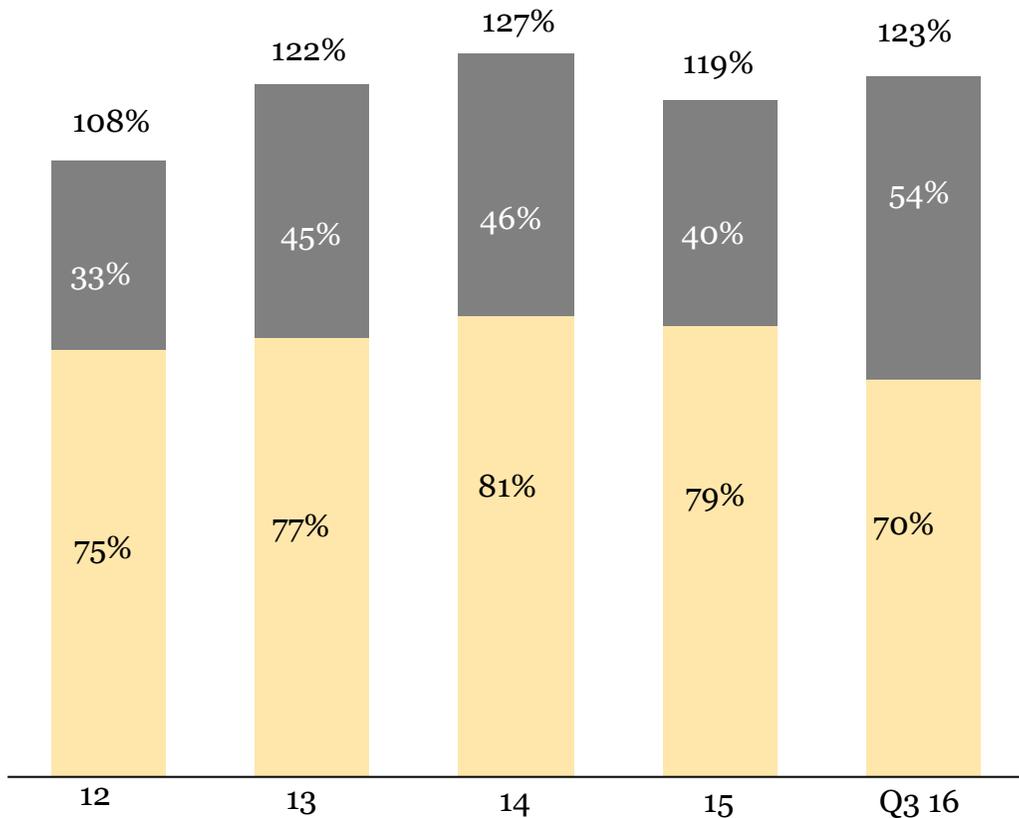
Deposits from Households, RONbn



Deposits from Companies, RONbn



NPL RATIO AT 5.55%



- Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio

■ NPL coverage with mortgage collaterals
 ■ NPL coverage with provisions

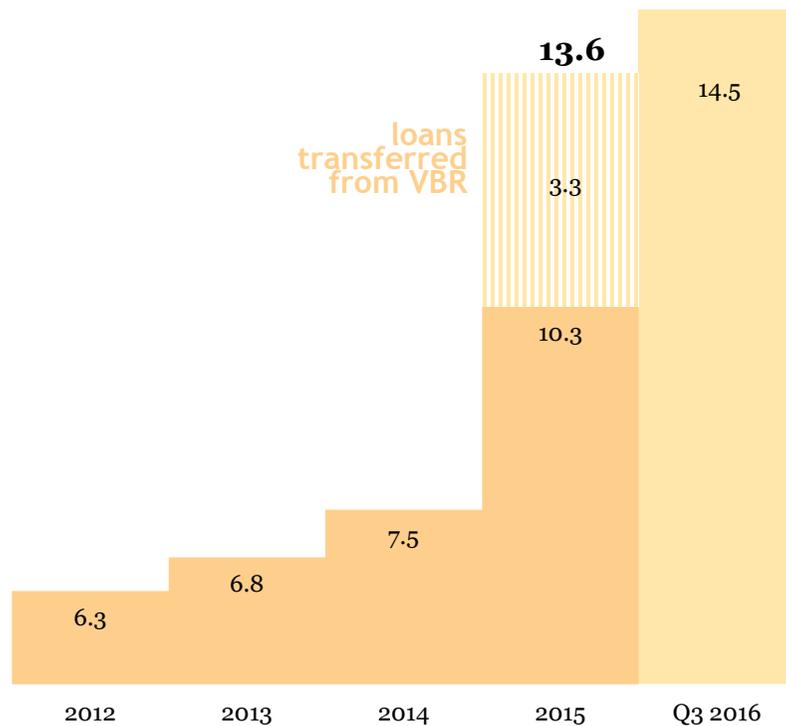
*For Financial Statements purposes the gross loans are netted by the unwinding adjustment; For coverage ratio purposes the respective adjustment is included in the total stock of provisions

Retail Banking



Retail loan portfolio reached RON 14.5 bn as at Sep'16

Retail Loan Portfolio, RONbn source: BT



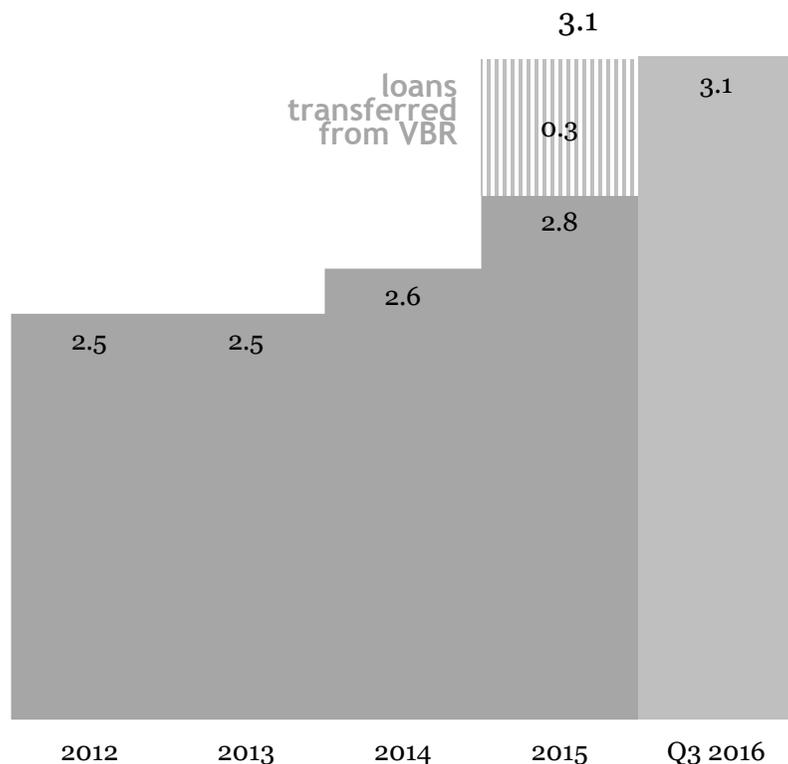
- 54,000 non-card retail loans disbursed in 9 months of 2016
- Market share for retail loans at September 2016 - 14%
- Internet banking users +19% vs yearend
- Mobile banking users +50% vs yearend
- 2.74 active cards, of which about 310,000 credit cards; BT is the market leader, both in terms of number of cards, as well as volume of transactions generated by its cards, with a market share of over 20%.

SME Banking



SME loan portfolio at RON 3.1 bn and 205,000 active clients

SME Loan Portfolio, RONbn source: BT



- Banca Transilvania continued its specific focus on the SME business sector, offering almost 13,000 new loans in the first 9 months of 2016
- BT continued its partnership with DFIs, offering special loan and guarantee products to its SME clients
- Agriculture, Healthcare and European Structural Funds are on BT radar as specialized sectorial approaches

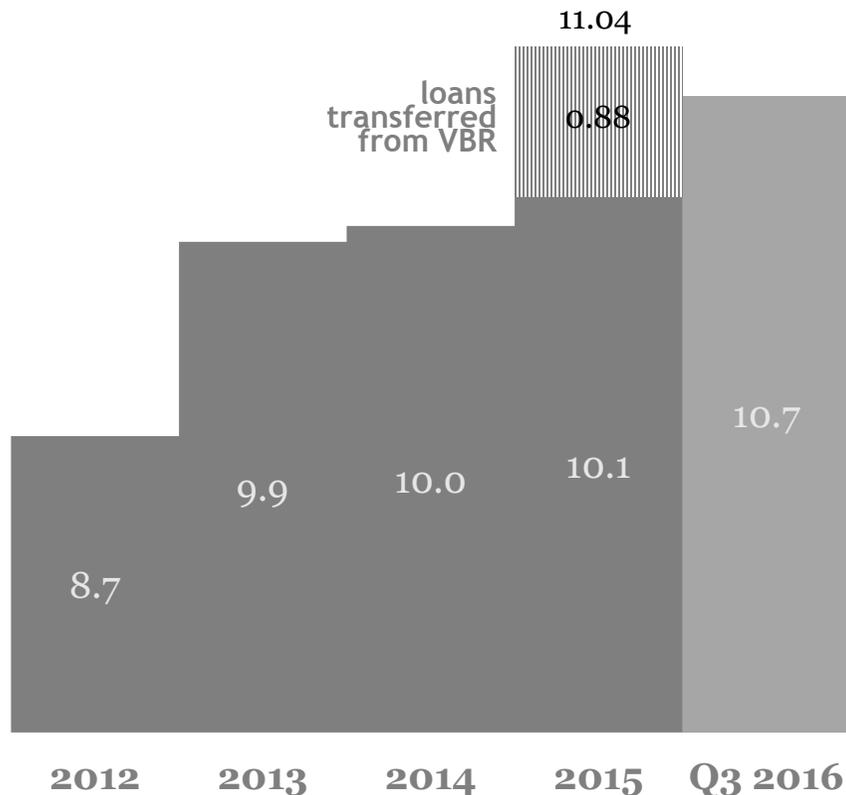
Corporate Banking



Corporate loan portfolio above RON 10.7 bn

Corporate Loan Portfolio, RONbn

source: BT



- An important reorganizational process was started in the Corporate business line, including new client segmentation & deeper sectorial specialization
- BT was present with lending facilities especially in the industrial manufacturing and agribusiness segments
- BT continued to play an important role as co-lender of EU structural funds eligible projects

Banca Transilvania Financial Group



As of 30.09.2016:

BANCA TRANSILVANIA[®]

Total assets: 48.1 RON bn



Total assets: 79 RON mn.



Total assets: 126 RON mn.



Total assets: 121 RON mn.



AuM: 3,043 RON mn.



Total assets: 482RON mn.

Q3 2016 HIGHLIGHTS – Consolidated Figures



	Mil. RON	YTD Sep 2016	YTD Sep 2015	Δ
PROFITABILITY	Operating income	2,240.4	2,074.3	8.0%
	Operating expenses	(911.4)	(919.5)	-0.9%
	Gross profit before provisions	1,329.0	1,154.8	15.1%
	Net income	697.9	2,280.7	-69.4%
	EPS RON	0.19	0.63	-69.4%
	Cost of risk (%)	2.21%	2.47%	-10.5%
	Cost of risk (%)*	2.57%	3.34%	-23.1%
	NIM	3.39%	2.67%	27.2%
	NIM*	3.15%	2.52%	24.6%
	ROE (%)	16.0%	23.82%	-32.7%
Cost-to-income ratio (%)	40.68%	44.33%	-8.2%	
CREDIT ACTIVITY		Sep-16	Dec-15	
	Gross loans to customers RONmn	28,460.6	28,012.3	1.6%
	Deposits from customers RONmn	39,207.4	38,301.7	2.4%
Loans-to-deposits ratio	72.6%	73.1%	-0.7%	
CAPITAL		Sep-16	Dec-15	
	Total equity RONmn	5,798.2	6,240.8	-7.1%
	Tier 1 capital ratio (Profit included)	18.26%	16.70%	9.3%
Total capital ratio (Profit included)	19.39%	18.07%	7.3%	

ANNEX I INCOME STATEMENT YTD

September 2016 - Individual



IFRS, individual, RONmn	YTD Sep 2016	YTD Sep 2015	Δ
Net interest income	1,268.7	826.8	53.4%
Net fee and commission income	374.1	324.4	15.3%
Net trading income	133.2	114.3	16.5%
Other net income*	349.5	156.0	124.0%
Operating income	2,125.4	1,421.5	49.5%
Personnel expenses	(463.3)	(371.9)	24.6%
D&A	(53.5)	(40.6)	31.9%
Other operating expenses	(323.8)	(304.2)	6.4%
Operating expenses	(840.5)	(716.6)	17.3%
Cost of risk	(510.1)	(331.4)	53.9%
Net income before taxation	774.7	373.5	107.4%
Income tax expense	(117.8)	(60.5)	94.7%
Net income after taxation	657.0	313.0	109.9%

* Including Visa transaction

ANNEX II BALANCE SHEET Q3 2016 - Individual



IFRS, individual, RONmn	Sep-16	Dec-15	Δ
Cash & cash equivalents	4,486.8	4,997.9	-10.2%
Placements with banks	3,229.22	3,676.8	-12.2%
Loans to customers, net	26,440.3	25,107.5	5.3%
T-bills & securities	13,103.3	12,602.1	4.0%
Fixed assets	432.0	409.5	5.5%
Participations	86.7	84.9	2.1%
Other assets	361.7	464.0	-22.0%
Total assets	48,140.0	47,342.7	1.7%
Deposits from banks	577.3	388.4	48.6%
Deposits customers	39,368.3	38,395.3	2.5%
Loans from banks and FIs	939.3	985.1	-4.6%
Subordinated loan	408.4	416.4	-1.9%
Deferred tax liabilities	13.9	0.0	
Other liabilities	1,197.2	1,039.7	15.1%
Total liabilities	42,504.4	41,224.9	3.1%
Shareholders' equity	5,635.6	6,117.8	-7.9%

ANNEX III INCOME STATEMENT

September 2016 - Consolidated



IFRS, consolidated, RONmn	YTD Sep 2016	YTD Sep 2015	Δ
Net interest income	1,307.3	1,439.3	-9.2%
Net fee and commission income	399.6	355.0	12.5%
Net trading income	142.5	103.5	37.6%
Other net income*	391.1	176.4	121.7%
Operating income	2,240.4	2,074.3	8.0%
Personnel expenses	(485.5)	(450.6)	7.7%
D&A	(69.2)	(66.0)	4.8%
Other operating expenses	(356.7)	(402.8)	-11.5%
Operating expenses	(911.4)	(919.5)	-0.9%
Cost of risk	(507.1)	(461.1)	10.0%
Bargaining gain	0.0	1,650.6	
Net income before taxation	821.9	2,344.3	
Income tax expense	(124.0)	(63.7)	
Net income after taxation	697.9	2,280.7	

* Including Visa transaction

ANNEX IV BALANCE SHEET Q3 2016 - Consolidated



IFRS, consolidated, RONmn	Sep-16	Dec-15	Δ
Cash & cash equivalents	4,486.9	4,997.9	-10.2%
Placements with banks	3,458.2	3,908.9	-11.5%
Loans to customers, net	26,474.8	25,225.6	5.0%
T-bills & securities	12,905.2	12,416.9	3.9%
Fixed assets	611.2	526.7	16.0%
Participations	0.0	0.0	
Other assets	384.8	503.0	-23.5%
Total assets	48,321.0	47,579.1	1.6%
Deposits from banks	577.3	388.4	48.6%
Deposits customers	39,207.4	38,301.7	2.4%
Loans from banks and FIs	998.4	1,129.7	-11.6%
Subordinated loan	408.5	416.4	-1.9%
Deferred tax liabilities	10.0	0.0	
Other liabilities	1,321.2	1,102.0	19.9%
Total liabilities	42,522.8	41,338.3	2.9%
Total equity	5,798.2	6,240.8	-7.1%
Total liabilities and equity	48,321.0	47,579.1	1.6%



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
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