



BANCA TRANSILVANIA
Q2 2017 financial results

August 10th 2017

BANCA  TRANSILVANIA



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Agenda



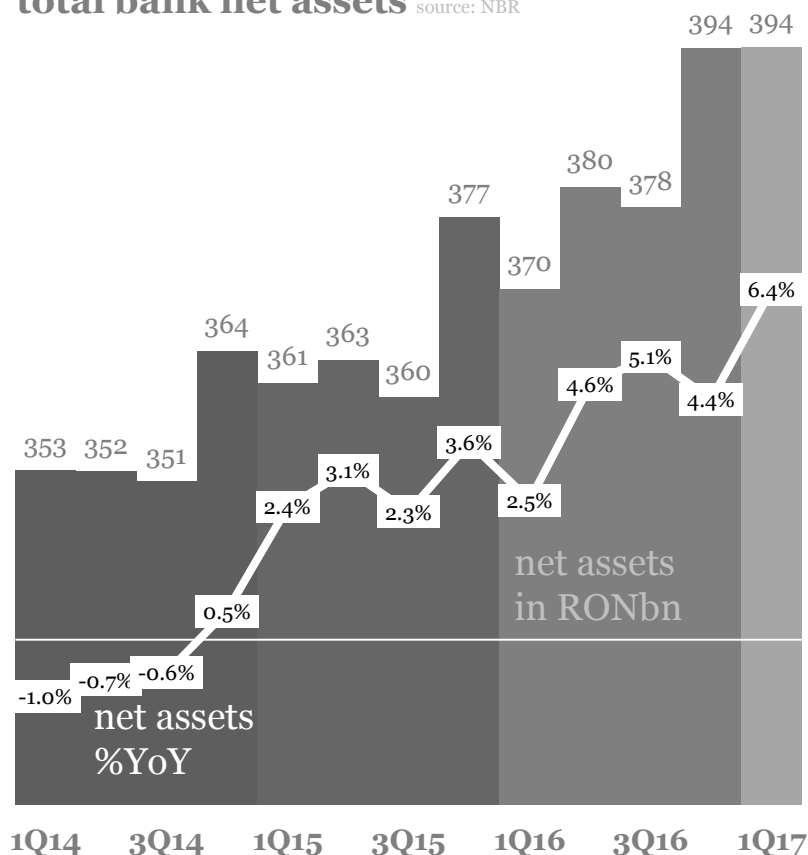
- 1 Banking Sector Dynamics
- 2 H1 2017 Highlights
- 3 Performance in H1 2017
- 4 Overview of Business Lines
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- a Financial Statements

Bank assets

drawing near the RON 400bn benchmark

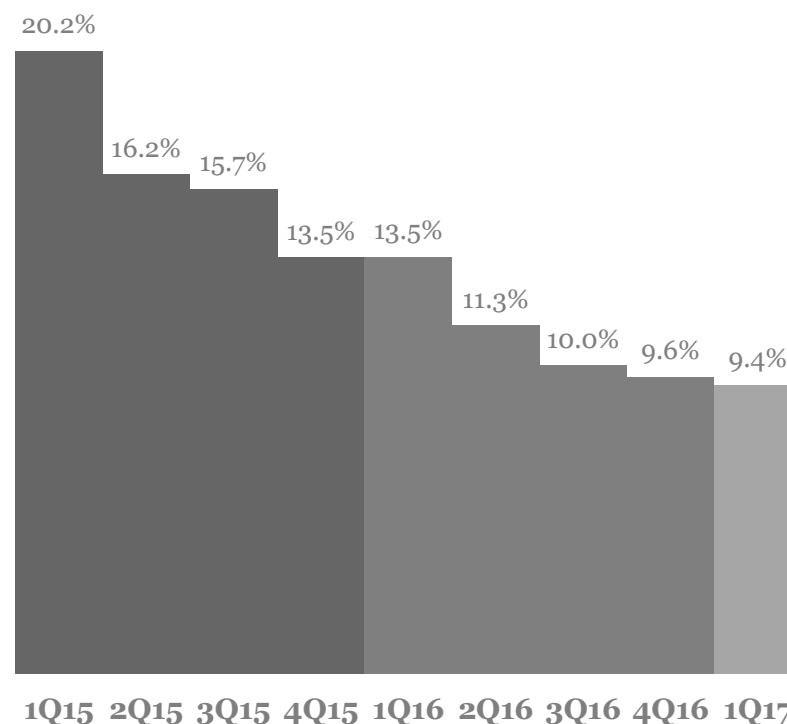
Bank assets increasing at an accelerating pace

total bank net assets source: NBR



Overall loan quality continues to improve

NPL ratio, % source: NBR

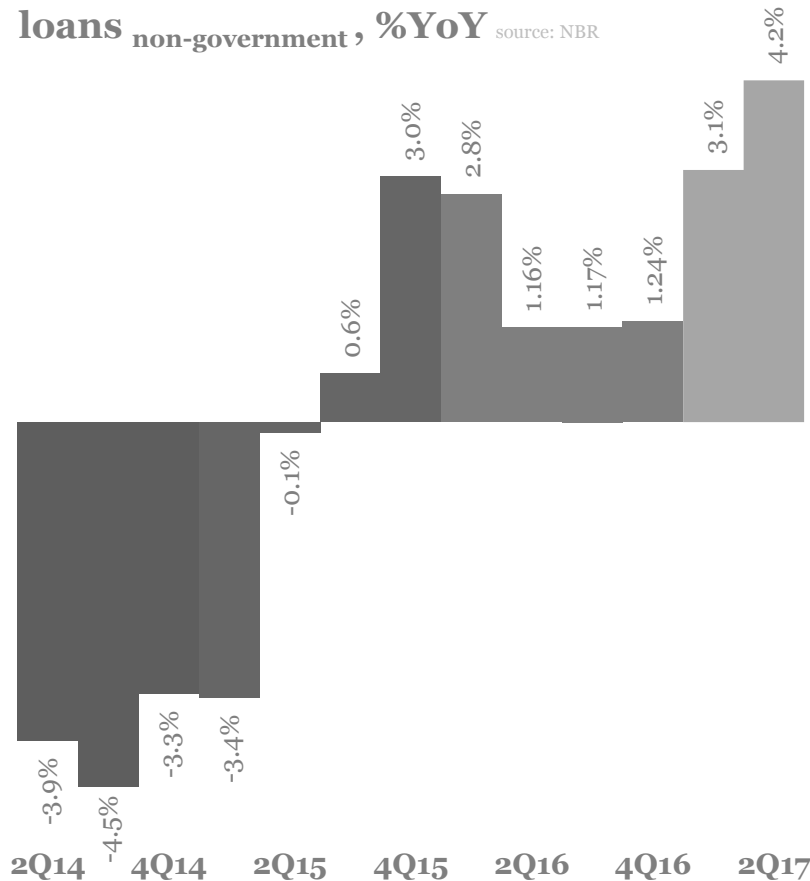


Housing loans – remain the key driver of credit activity

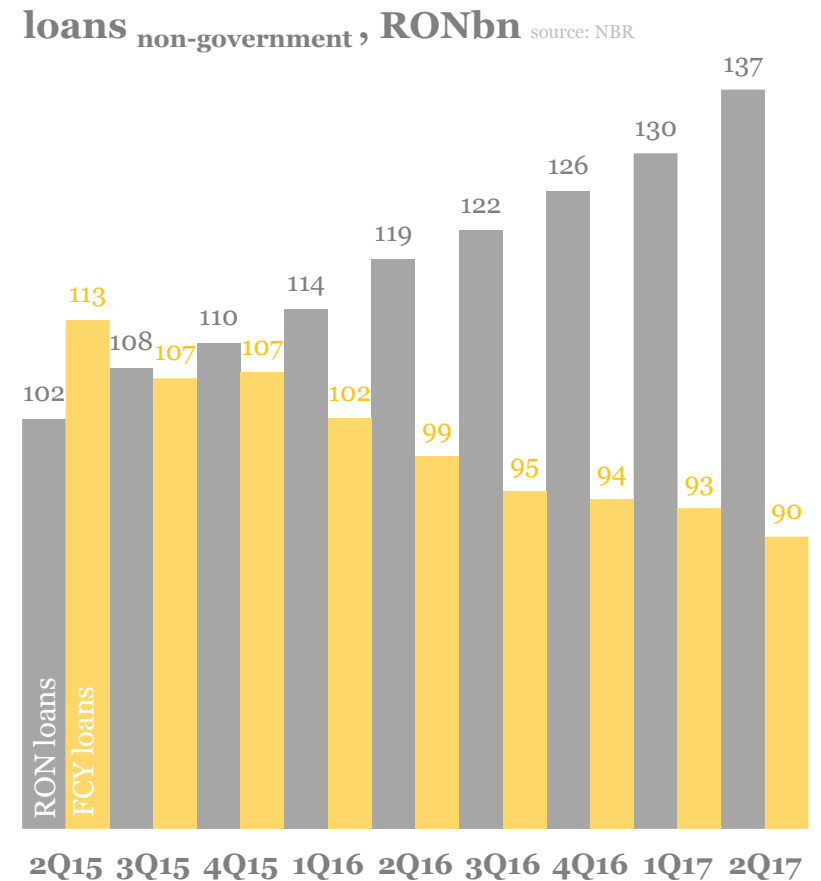
Corporate loans – move to a positive YoY dynamic



Credit activity picking up as corporate loans dynamic turns positive for the first time since 2013



Loans in LCY continue to expand, now amounting to over 60% of total loans



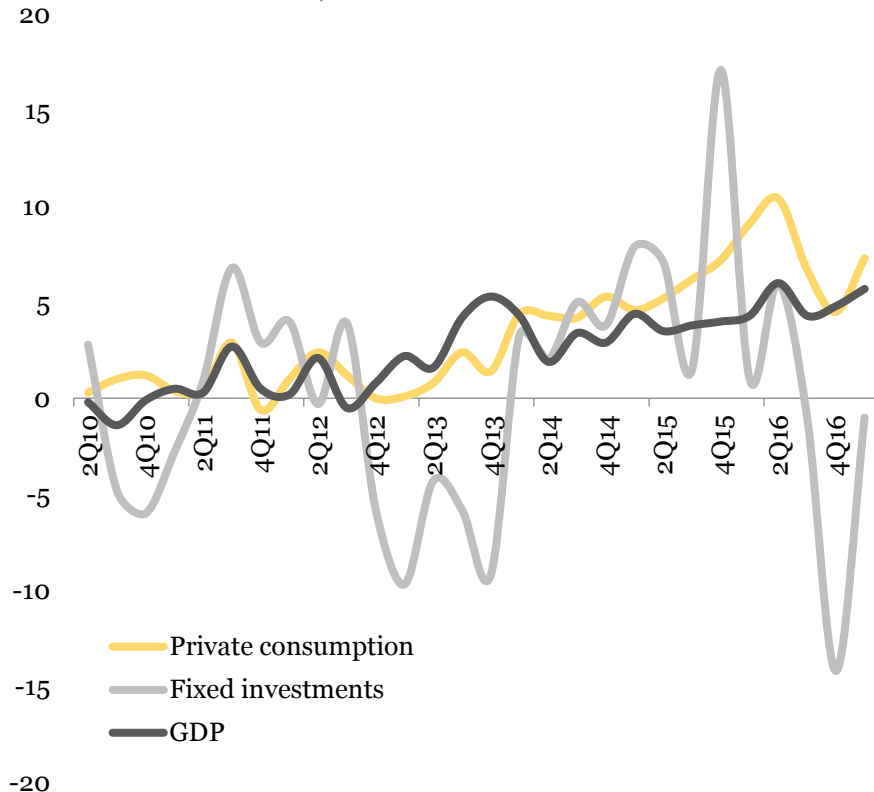
The real economy

unsustainable quantitative growth, lower quality

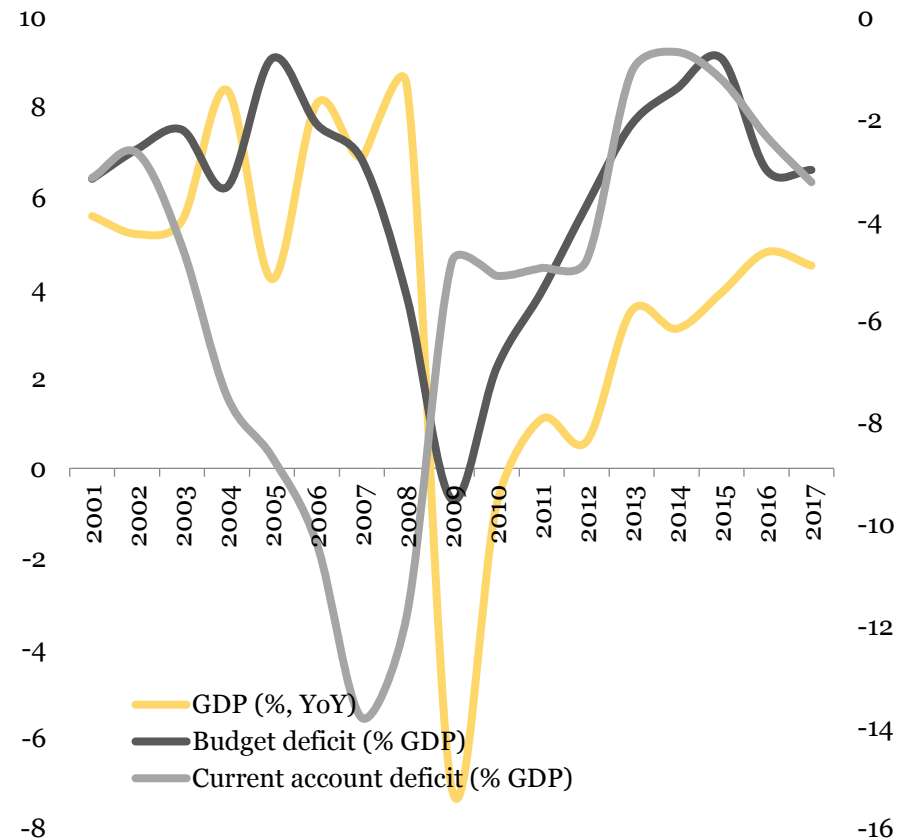
Pro-cyclical fiscal and income policies, delays in terms of structural reforms

Deterioration of the macroeconomic equilibria

GDP, private consumption and fixed investments (% YoY) source: Statistics Office (NIS)



GDP and the twin deficits source: IMF, NBR, BT forecasts

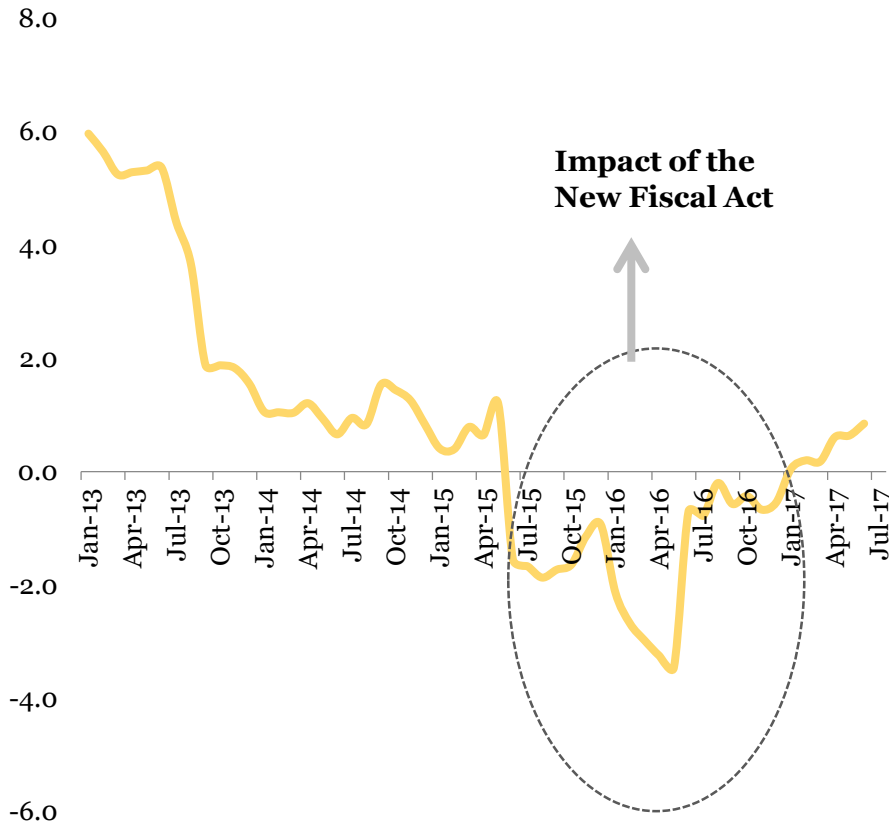


The financial economy

accelerating inflation and political tensions leading to higher financial stability risk perception

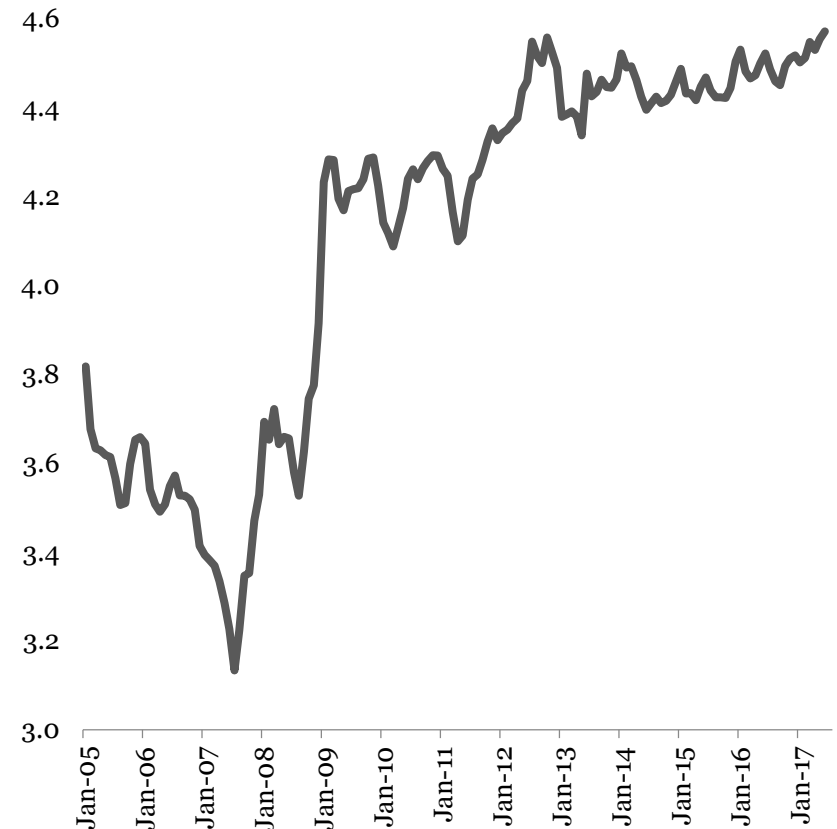
Inflation back to the levels seen before the New Fiscal Act

CPI (YoY) source: Statistics Office (NIS)



EUR/RON (monthly average) at record high level in June

EUR/RON (monthly avg.) source: NBR



A solid yellow circle is positioned on the left side of the slide, partially overlapping the text.

Banca Transilvania's business development and financial performance in H1 2017

H1 2017 highlights



	H1 2017	H1 2016	Δ	
profitability	Operating income RONmn	1,262.7	1,415.2	-10.8%
	Operating expenses RONmn	(622.7)	(551.7)	12.9%
	Gross profit before provisions RONmn	640.0	863.5	-25.9%
	Net income RONmn	496.1	458.3	8.2%
	Cost of risk, net (%)	0.37%	2.30%	-83.7%
	NIM	3.22%	3.40%	-0.2 pp
	NIM*	3.11%	3.12%	0.0 pp
	ROE	16.64%	16.49%	0.1 pp
	Cost-to-income ratio	49.32%	38.98%	10.3 pp
credit activity	Jun-17	Dec-16	Δ	
	Gross loans to customers RONmn	30,736.7	29,379.7	4.6%
	Deposits from customers RONmn	43,530.5	41,851.8	4.0%
	Gross loans-to-deposits ratio	70.61%	70.20%	0.4 pp
	NPL ratio	4.09%	4.62%	-0.5 pp
capital	Jun-17	Dec-16	Δ	
	Total equity RONmn	6,382.4	5,984.1	6.7%
	Tier 1 capital ratio (profit included)	18.91%	17.14%	10.3%
Total capital ratio (profit included)	19.95%	18.30%	9.0%	

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

Business performance H1 2017

at a glance



Total assets at RON 53.2 bn

Enhanced ALM for higher efficiency

Capital adequacy ratio at 19.95%

Strong capital base, supporting organic and non organic growth

Net fees and commissions at RON 273.9 mn +12.7% Y/Y

Driven by increased number of operations and additional cross-sell

CoR, net

CoR at 0.37%, including releases and recoveries

Net profit at RON 496.1 mn

Net profit positively influenced by increase in interest income, fees and commissions and decrease in provisions

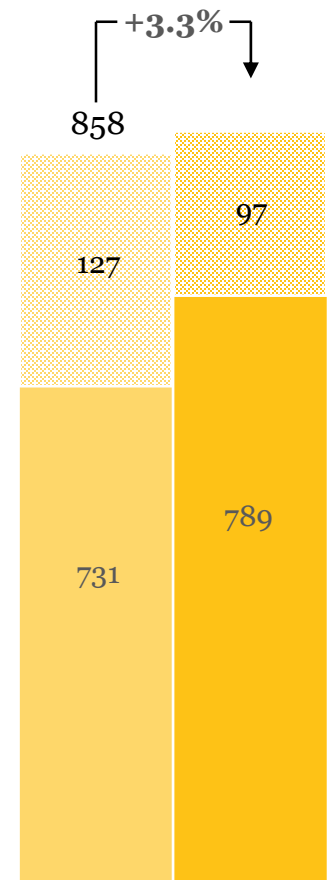
Cost/income at 49.32%

Cost to income at a comfortable level, with some expenses booked in advance for the whole year

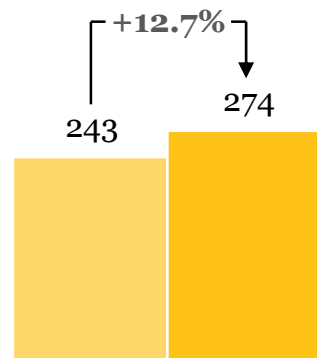
Trends in income structure



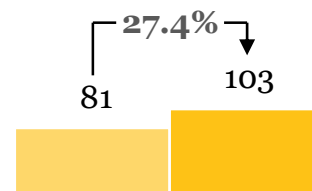
■ H1 2016
■ H1 2017



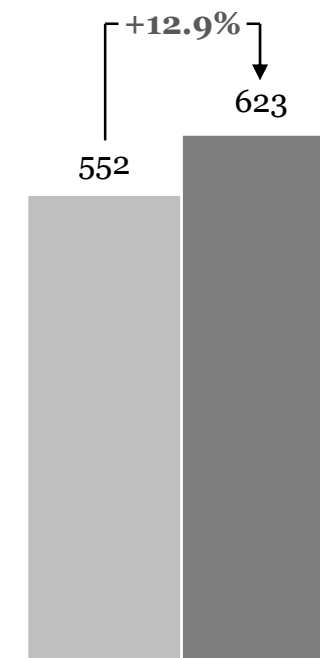
Net interest income



Net fee and commission income



Net trading income



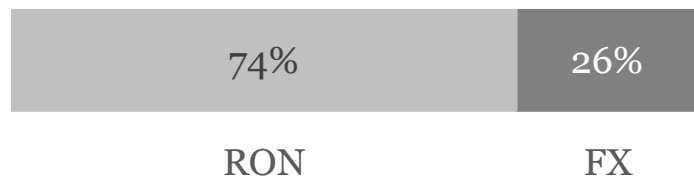
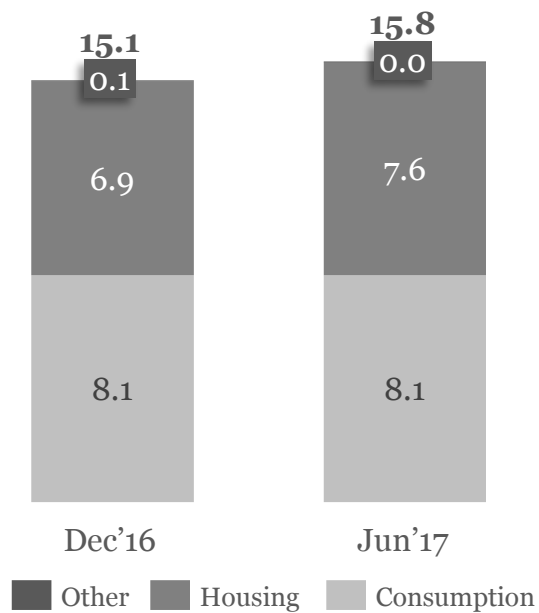
Operating expenses

■ VBRO loans adjustments

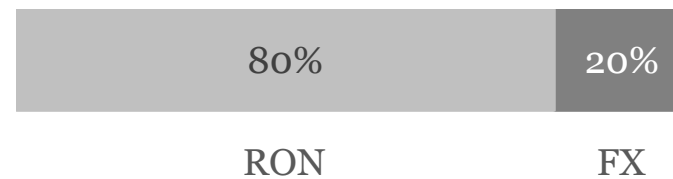
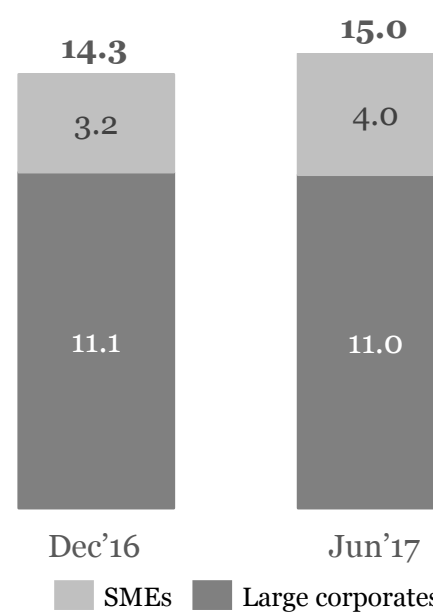
Loan structure



Loans to households, RONbn



Loans to companies, RONbn

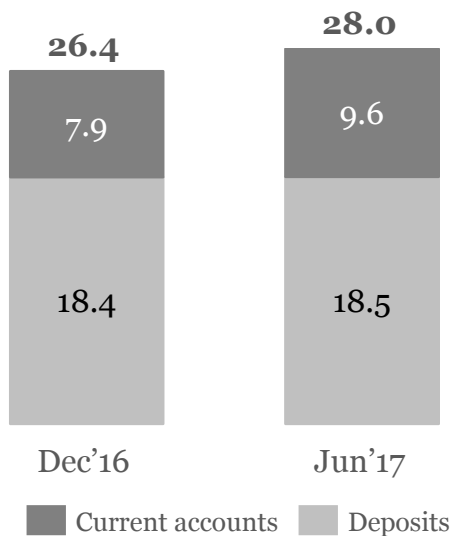


**SMEs identified according to internal classification rules*

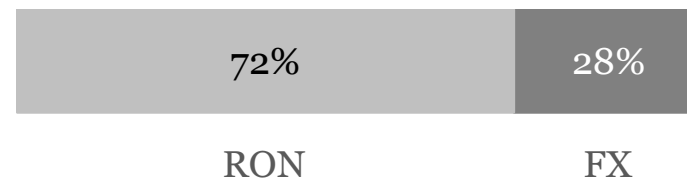
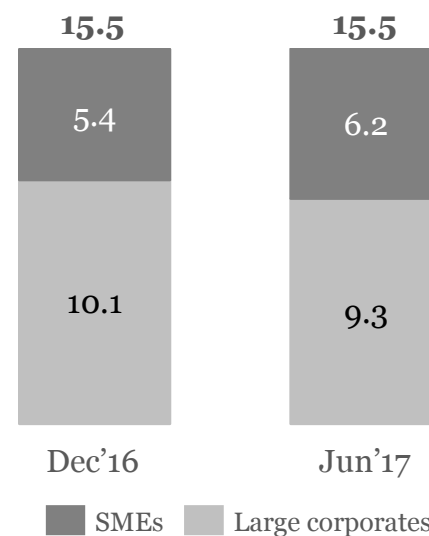
Deposit structure



Deposits from households, RONbn



Deposits from companies, RONbn

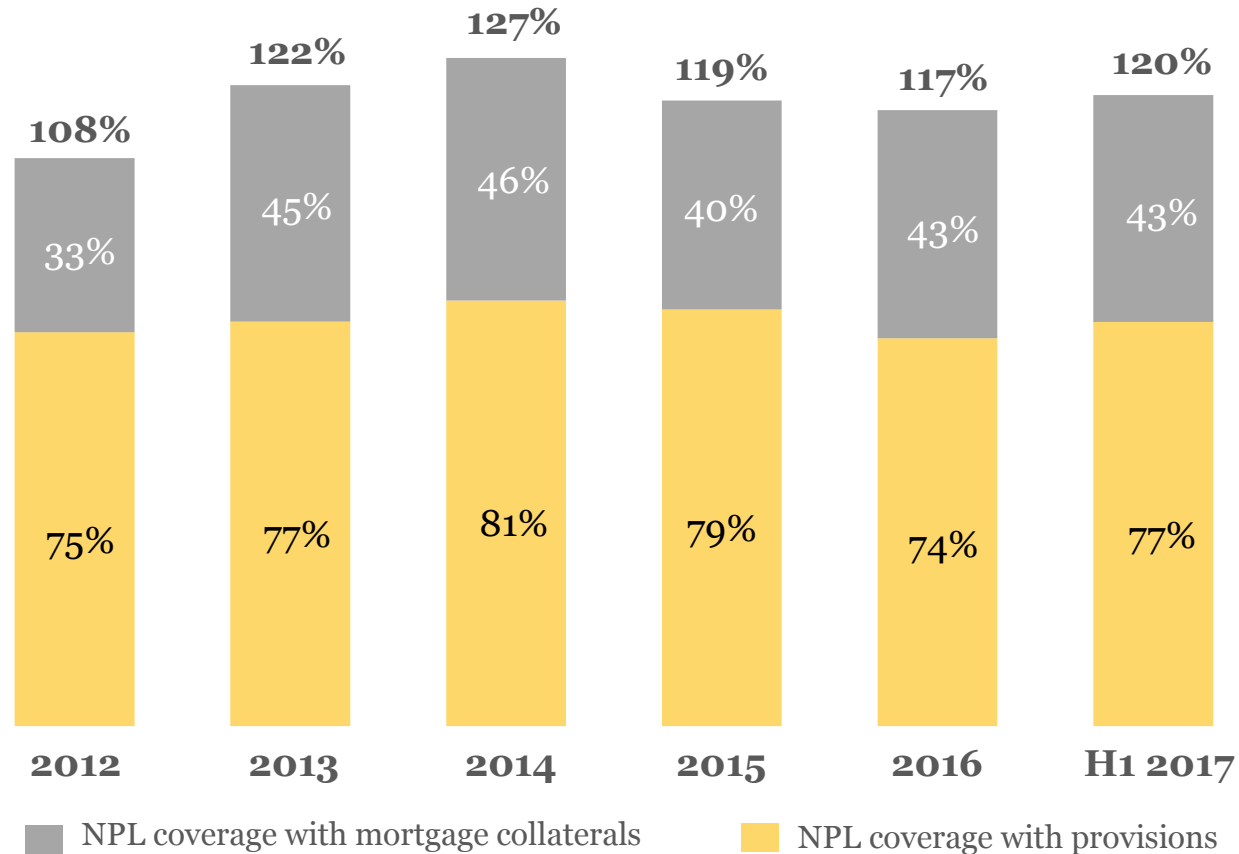


**SMEs identified according to internal classification rules*



NPL ratio at 4.09%

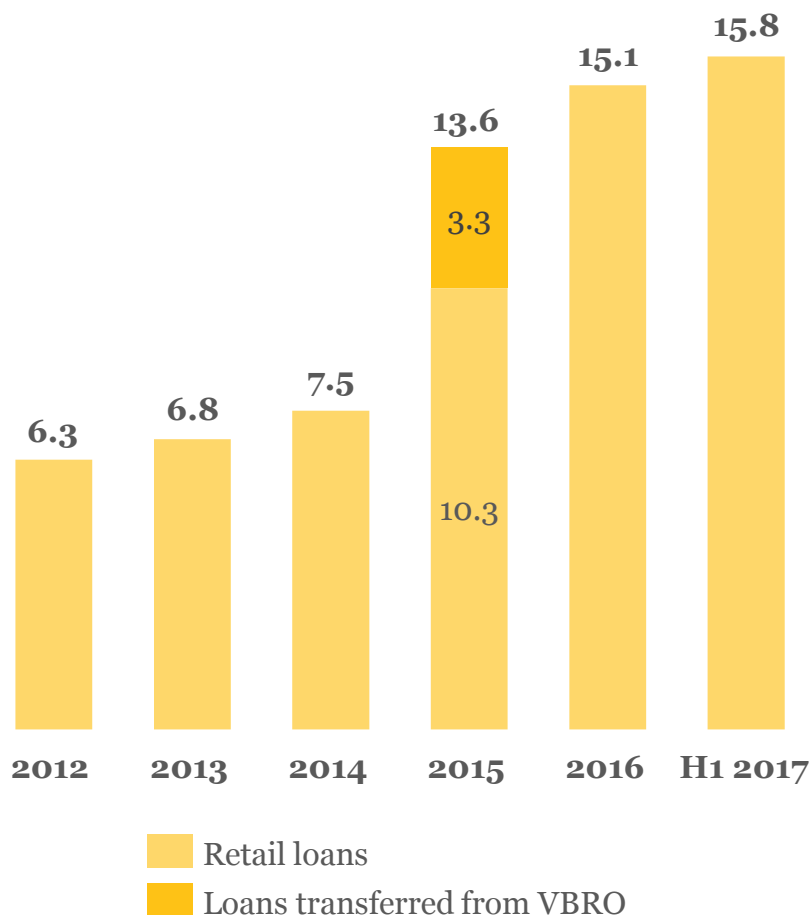
Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio



**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

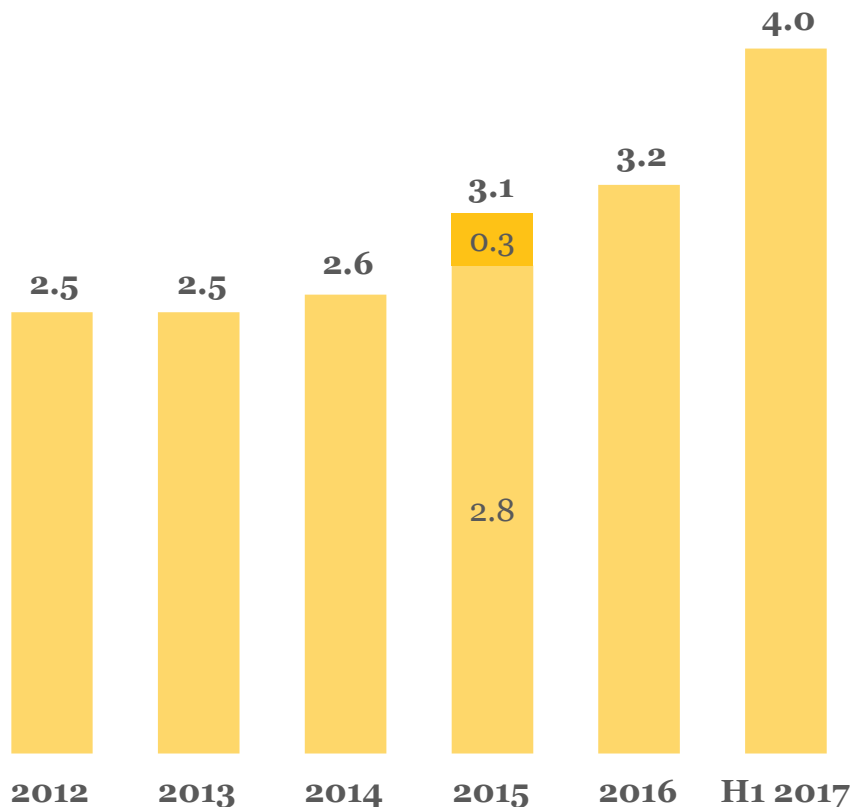
retail loan portfolio reached RON 15.77bn as of Jun'17



- **34,000 non-card retail loans disbursed in H1 2017**
- **Market share for retail loans at December 2016 -14.25%**
- **Internet banking users: over 900,000**
- **Mobile banking users: over 300,000**
- **Nearly 3 mn active cards, of which more than 330,000 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 about 20%**

SME banking

SME loan portfolio at RON 4bn and 229,100 active clients

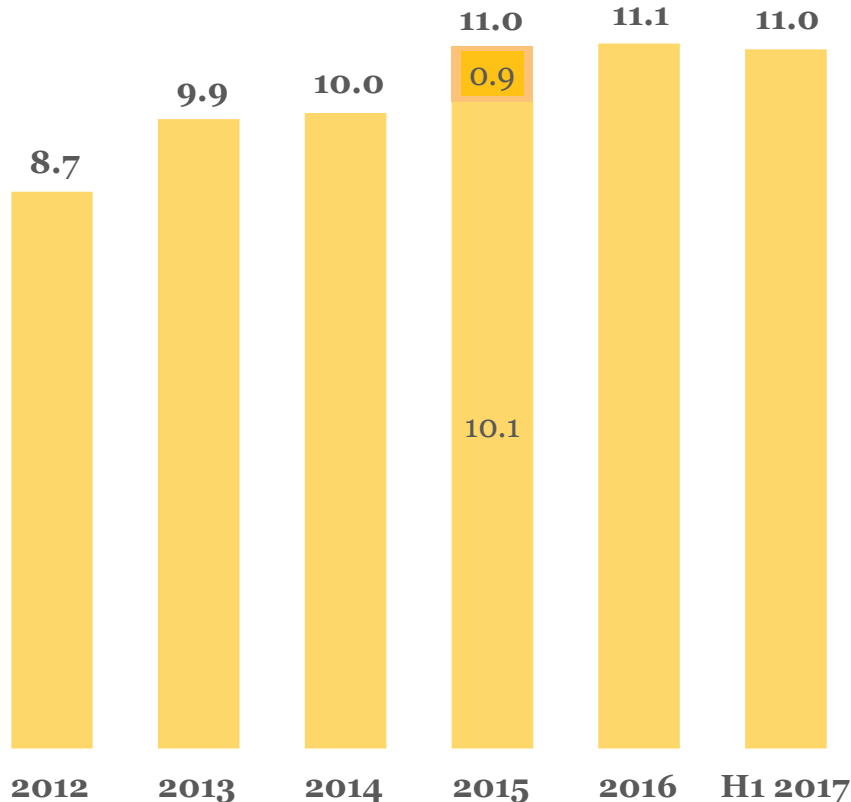


■ SME loans
■ Loans transferred from VBRO

- **Banca Transilvania continued its specific focus on the SME business sector, offering almost 7,900 new loans in H1 2017**
- **BT launched a new platform to support the small and micro companies**
- **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 11bn



■ Corporate loans
■ Loans transferred from VBRO

- **The reorganizational process was concluded, including client new 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 30.06.2017*



BANCA TRANSILVANIA[®]

Total assets: RON 53.2 bn

 **BT Capital Partners[®]**
Grupul Financiar Banca Transilvania
Total assets: RON 83 mn

 **BT Direct[®]**
Grupul Financiar Banca Transilvania
Total assets: RON 145 mn

 **BT Operational Leasing[®]**
Grupul Financiar Banca Transilvania
Total assets: RON 170 mn

 **BT Asset Management S.A.I.[®]**
Grupul Financiar Banca Transilvania
AuM: RON 3,772 mn

 **BT Leasing[®]**
Grupul Financiar Banca Transilvania
Total assets: RON 661 mn

 **BT Mic[®]**
Grupul Financiar Banca Transilvania
Total assets: RON 106 mn

**Total assets for subsidiaries are presented under RAS rules*

H1 2017 highlights – consolidated figures



	H1 2017	H1 2016	Δ	
profitability	Operating income RONmn	1,350.8	1,479.0	-8.7%
	Operating expenses RONmn	(686.1)	(596.0)	15.1%
	Gross profit before provisions RONmn	664.7	883.0	-24.7%
	Net income RONmn	512.7	481.1	6.6%
	EPS RON	0.1187	0.1316	-9.8%
	Cost of risk, net (%)	0.40%	2.24%	-82.3%
	NIM	3.28%	3.42%	-4.1%
	NIM*	3.18%	3.15%	1.0%
	ROE	16.43%	16.74%	-1.9%
Cost-to-income ratio	50.79%	40.30%	26.1%	
credit activity	Jun-17	Dec-16	Δ	
	Gross loans to customers RONmn	30,792.9	29,477.9	4.5%
	Deposits from customers RONmn	43,351.7	41,681.5	4.0%
Gross loans-to-deposits ratio	71.03%	70.72%	0.4%	
capital	Jun-17	Dec-16	Δ	
	Total equity RONmn	6,536.4	6,152.7	6.2%
	Tier 1 capital ratio (profit included)	19.13%	17.36%	10.2%
Total capital ratio (profit included)	20.15%	18.50%	8.9%	

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

annex I

income statement H1 2017 – individual figures



IFRS individual, RONmn	H1 2017	H1 2016	Δ
Net interest income	886.3	857.7	3.3%
Net fee and commission income	273.9	242.9	12.7%
Net trading income	102.8	80.7	27.4%
Other net income	(0.2)	233.9	-100.1%
Operating income	1,262.7	1,415.2	-10.8%
Personnel expenses	(338.2)	(304.8)	10.9%
D&A	(41.2)	(35.7)	15.6%
Other operating expenses	(243.3)	(211.2)	15.2%
Operating expenses	(622.7)	(551.7)	12.9%
Cost of risk	(57.5)	(325.2)	-82.3%
Net income before taxation	582.5	538.3	8.2%
Income tax expense	(86.4)	(80.0)	8.0%
Net income after taxation	496.1	458.3	8.2%

annex II

balance sheet June 2017 – individual figures



IFRS individual, RONmn	Jun 2017	Dec 2016	Δ
Cash & cash equivalents	4,546.0	5,293.6	-14.1%
Placements with banks	3,723.9	2,524.9	47.5%
Loans to customers, net	28,741.7	27,210.0	5.6%
T-bills & securities	15,024.3	15,402.1	-2.5%
Fixed assets	501.3	448.7	11.7%
Participations	136.7	136.7	0.0%
Current tax assets	53.2	125.1	-57.5%
Deferred tax assets	262.1	373.9	-29.9%
Other financial assets	159.6	170.2	-6.2%
Other assets	88.0	84.5	4.1%
Total assets	53,236.8	51,769.6	2.8%
Deposits from banks	181.0	247.3	-26.8%
Deposits from customers	43,530.5	41,851.8	4.0%
Loans from banks and FIs	1,425.1	2,246.5	-36.6%
Subordinated loan	412.5	424.1	-2.7%
Provisions for other risks and charges	504.4	507.0	-0.5%
Other financial liabilities	735.6	441.2	66.7%
Other liabilities	65.4	67.8	-3.5%
Total liabilities	46,854.5	45,785.5	2.3%
Shareholders' equity	6,382.4	5,984.1	6.7%

annex III

income statement H1 2017 – consolidated figures



IFRS consolidated, RONmn	H1 2017	H1 2016	Δ
Net interest income	923.0	881.8	4.7%
Net fee and commission income	295.0	258.5	14.1%
Net trading income	120.3	79.7	50.9%
Other net income	12.5	258.9	-95.2%
Operating income	1,350.8	1,479.0	-8.7%
Personnel expenses	(359.6)	(318.1)	13.1%
D&A	(57.0)	(45.2)	26.2%
Other operating expenses	(269.5)	(232.7)	15.8%
Operating expenses	(686.1)	(596.0)	15.1%
Cost of risk	(59.3)	(317.9)	-81.3%
Bargaining gain	0.0	0.0	
Net income before taxation	605.3	565.1	7.1%
Income tax expense	(92.6)	(84.0)	10.2%
Net income after taxation	512.7	481.1	6.6%

annex IV

balance sheet June 2017 – consolidated figures



IFRS consolidated, RONmn	Jun 2017	Dec 2016	Δ
Cash & cash equivalents	4,546.1	5,293.7	-14.1%
Placements with banks	3,784.5	2,563.8	47.6%
Loans to customers, net	28,723.4	27,234.0	5.5%
T-bills & securities	15,005.6	15,399.7	-2.6%
Fixed assets	728.1	645.3	12.8%
Current tax assets	51.2	119.1	-57.0%
Deferred tax assets	268.7	378.7	-29.0%
Other financial assets	161.6	194.2	-16.8%
Other assets	128.6	115.7	11.2%
Total assets	53,397.6	51,944.2	2.8%
Deposits from banks	181.0	247.3	-26.8%
Deposits from customers	43,351.7	41,681.5	4.0%
Loans from banks and FIs	1,469.4	2,304.9	-36.2%
Subordinated loan	412.5	424.1	-2.7%
Provisions for other risks and charges	511.1	514.6	-0.7%
Other financial liabilities	768.7	470.0	63.6%
Other liabilities	166.9	149.2	11.8%
Total liabilities	46,861.2	45,791.5	2.3%
Shareholders' equity	6,536.4	6,152.7	6.2%



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