

BANCA  TRANSILVANIA

BANCA TRANSILVANIA
Q3 2017 financial results

November 13th 2017

Sala
Incubării





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Agenda



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

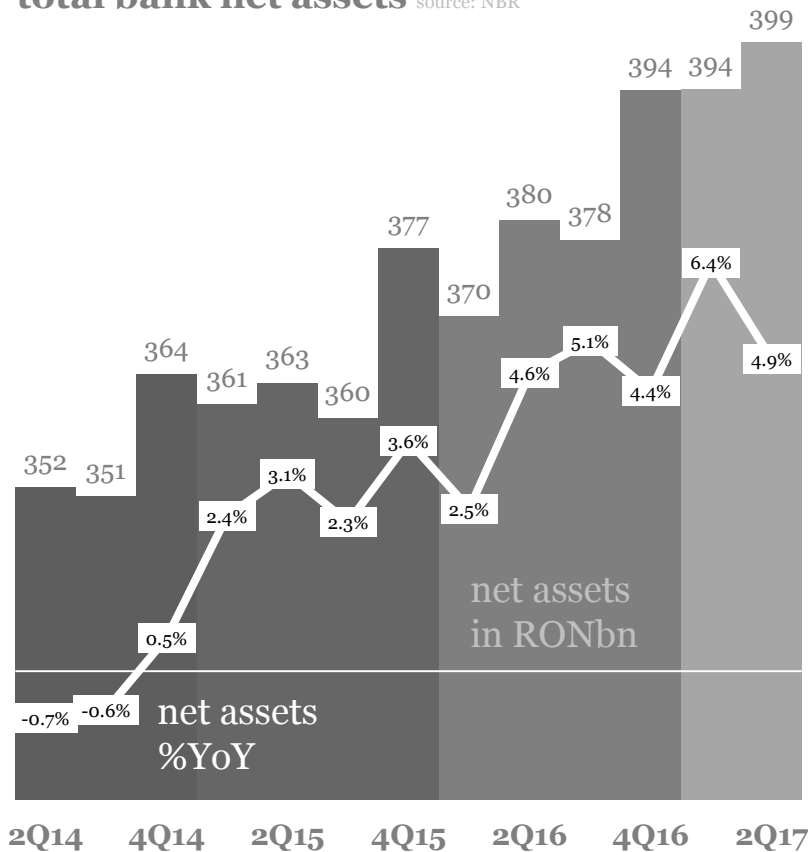
Bank assets

propelled to RON 400bn by revival in corporate loans

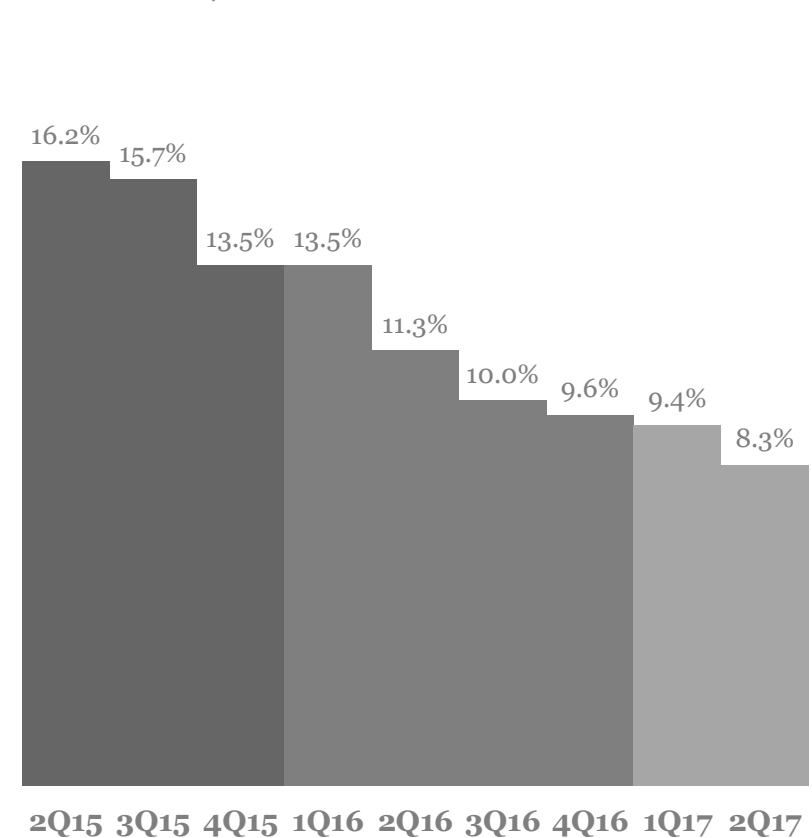
Bank assets up by 1.3% YTD as corporate loans switch to a positive dynamic

NPL ratios continues to drop, as loan quality improves

total bank net assets source: NBR



NPL ratio, % source: NBR

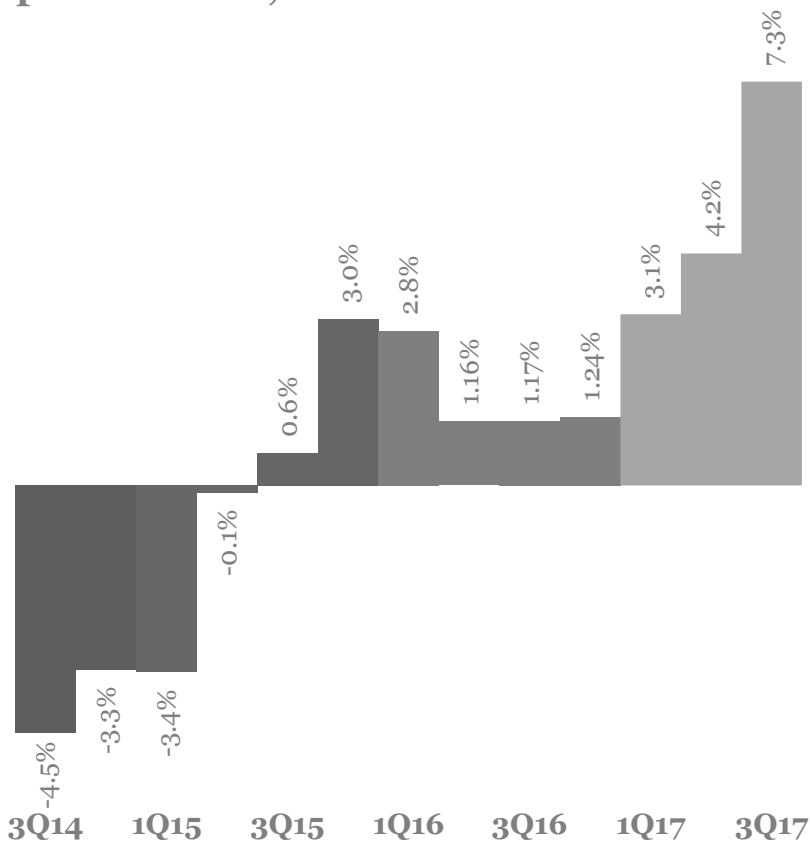


Corporate loans join housing loans as major driver of the credit activity



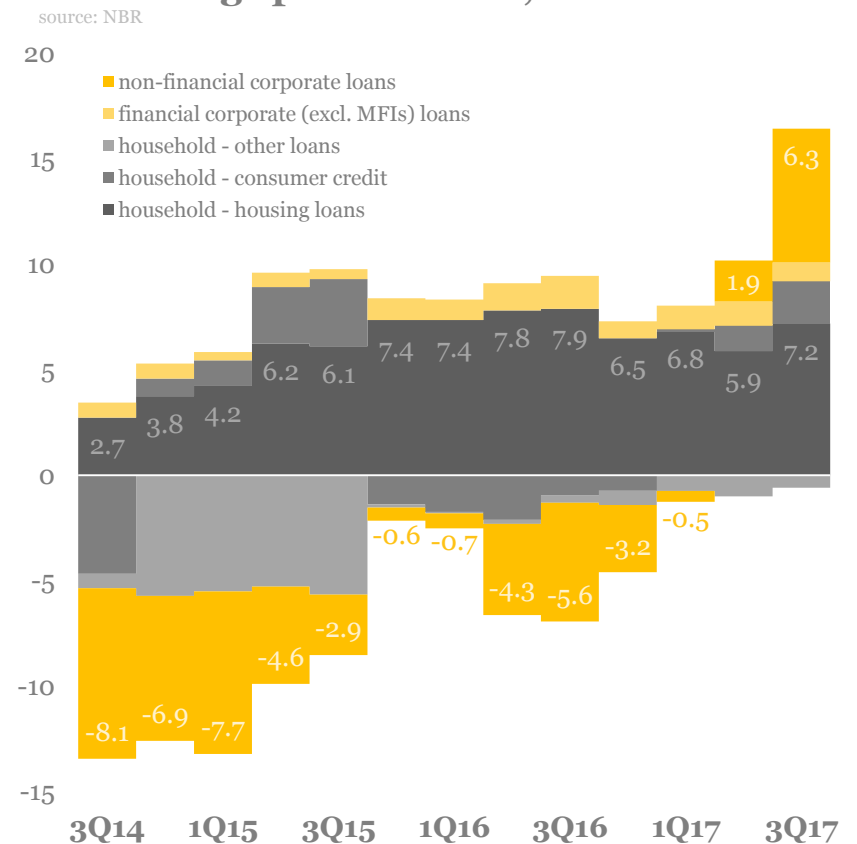
Private loans advance during 3Q17 at the fastest pace since 2012

private loans, %YoY source: NBR



Lending gathers steam on a RON 6.3bn YoY surge in corporate loans

YoY change private loans, RONbn source: NBR



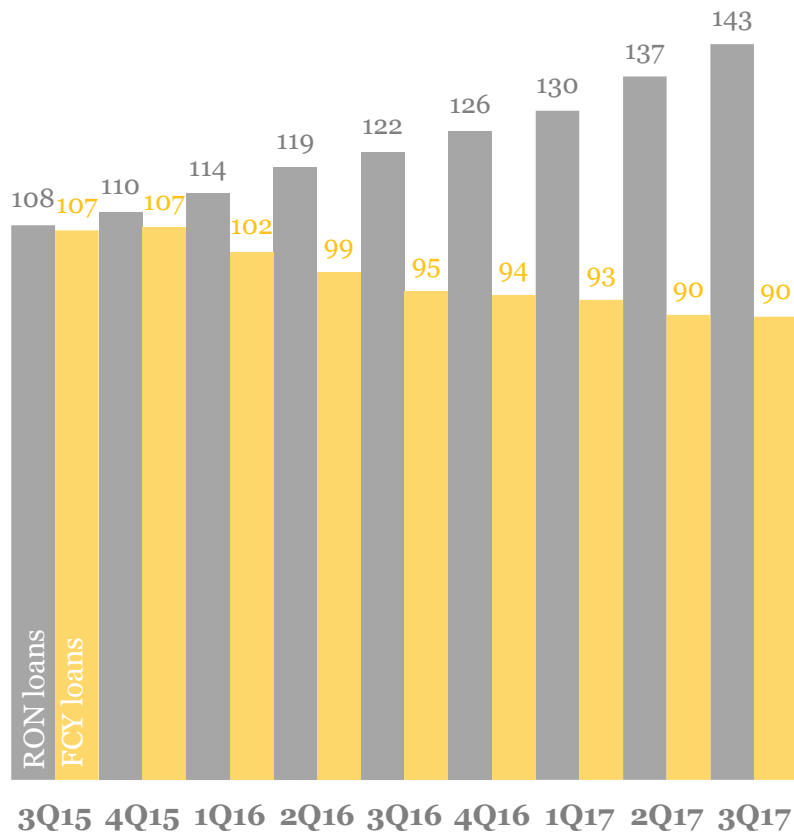
LCY loans

continue to gain weight as FCY loans stall

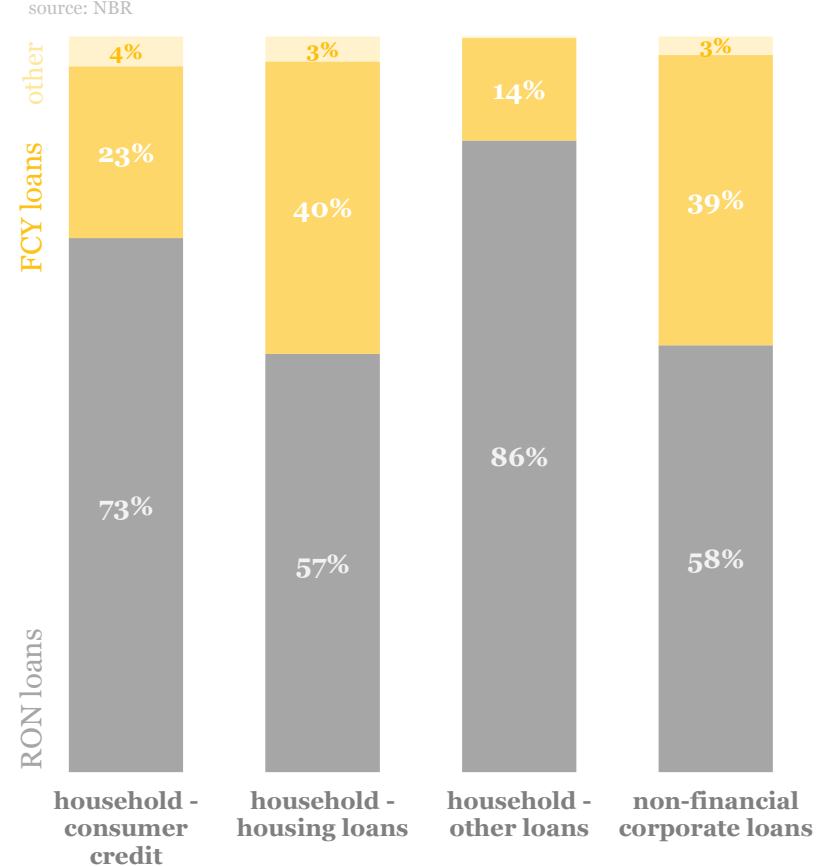
New loans tend to be in LCY, as FCY loans stalled during 3Q17

Most of the total FCY loans are being contracted by companies (51%)

private loans, RONbn source: NBR



private loans at 3Q17, RONbn source: NBR



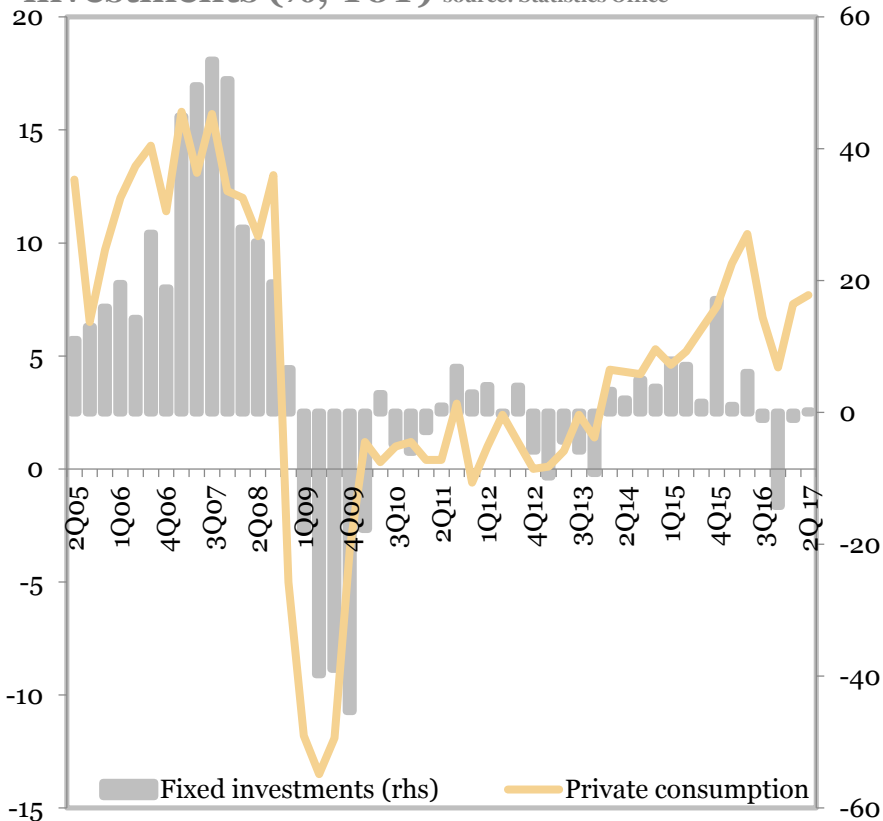
The real economy

GDP up by 5.9% YoY in 1H2017, the highest pace since 2008



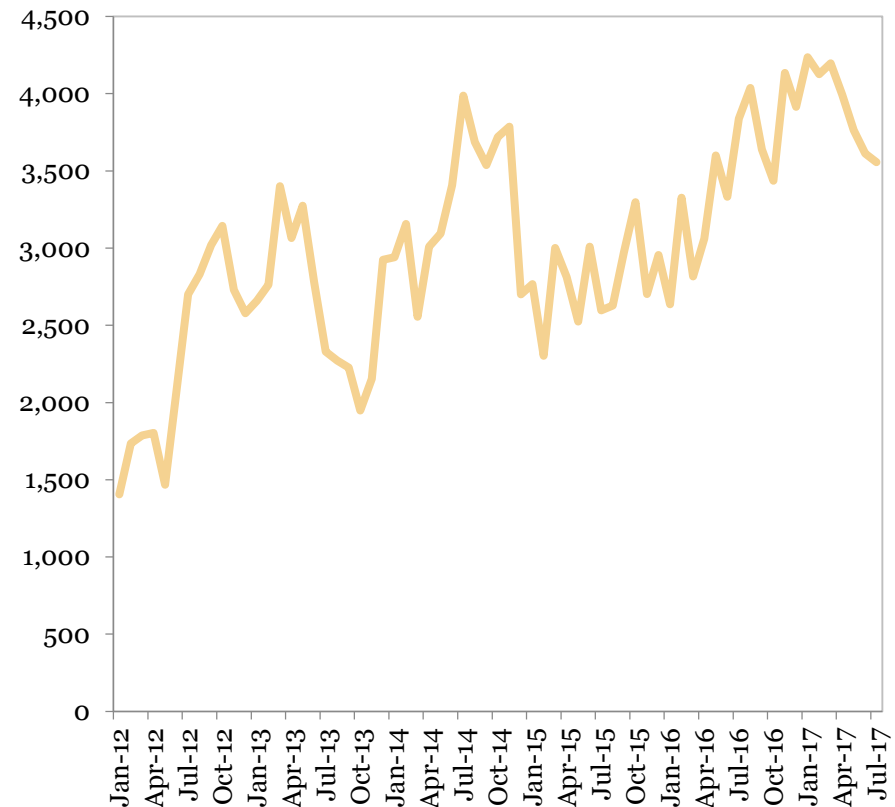
An evolution supported by the pro-cyclical policy-mix

Private consumption vs. fixed investments (% YoY) source: Statistics Office



Deterioration of the investment climate

FDIs (12M cumulative) (EUR mn) source: NBR





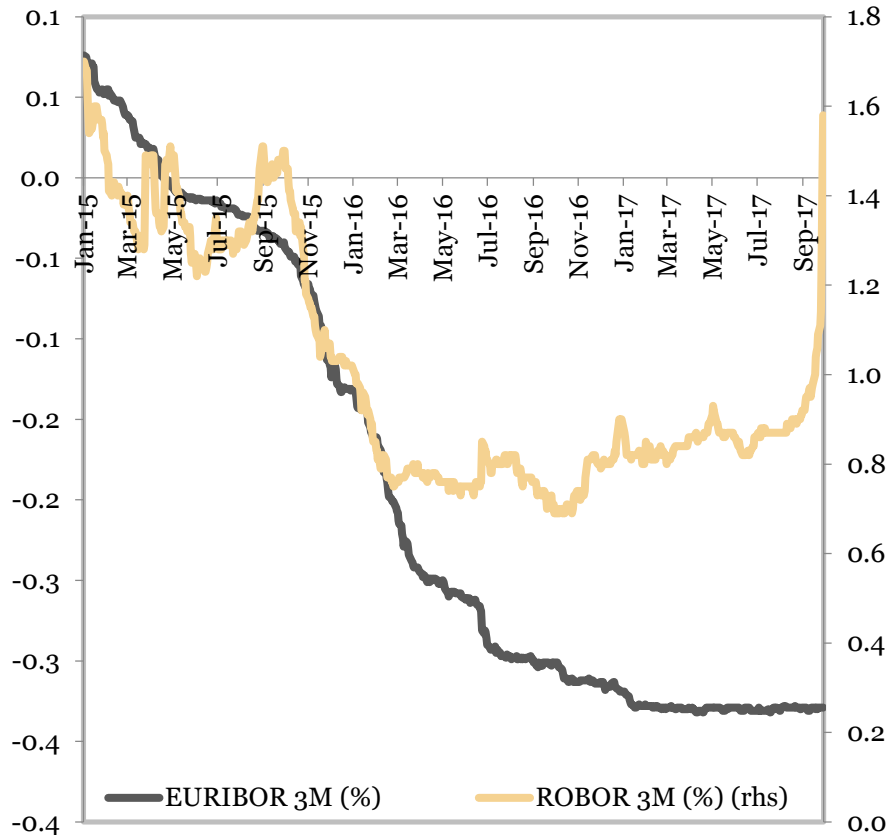
The financial economy

CPI acceleration and the intensifying risk perception determined the increase of the financing costs to the highest levels since 2014

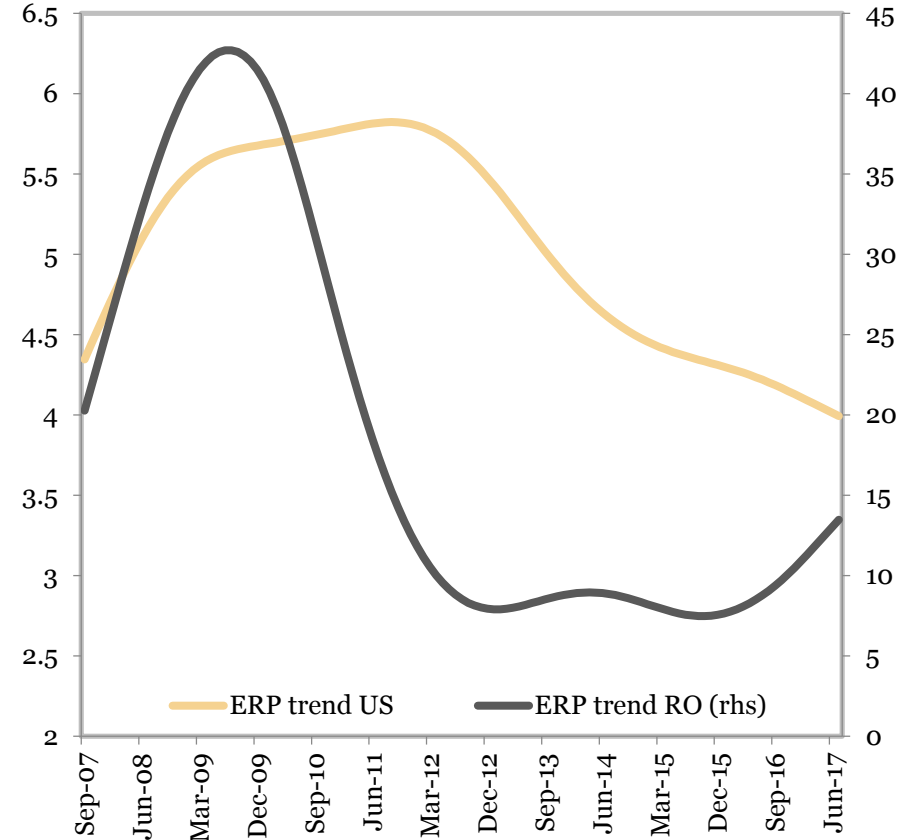
Financing costs on upward trend

ERP on an upward trend

ROBOR vs. EURIBOR (%) source: Bloomberg



ERP RO vs. ERP US (%) source: BT estimates



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Banca Transilvania's business development and financial performance in Q3 2017

Q3 2017 highlights



| | YTD Sep'17 | YTD Sep'16 | Δ | |
|---------------------------------------|--|------------|----------|---------|
| profitability | Net interest income RONmn | 1,320.3 | 1,268.7 | 4.1% |
| | Net fee and commission income RONmn | 424.3 | 374.1 | 13.4% |
| | Operating expenses RONmn | (957.6) | (826.2) | 15.9% |
| | Gross profit before provisions RONmn | 959.6 | 1,284.9 | -25.3% |
| | Net income RONmn | 779.8 | 657.0 | 18.7% |
| | Cost of risk, net (%) | 0.16% | 2.41% | -93.4% |
| | NIM | 3.19% | 3.37% | -0.2 pp |
| | NIM* | 3.10% | 3.11% | 0.0 pp |
| | ROE | 16.68% | 15.65% | 1.0 pp |
| Cost-to-income ratio | 49.95% | 39.14% | 10.8 pp | |
| credit activity | Sep-17 | Dec-16 | Δ | |
| | Gross loans to customers RONmn | 31,690.3 | 29,379.7 | 7.9% |
| | Deposits from customers RONmn | 44,980.7 | 41,851.8 | 7.5% |
| | Gross loans-to-deposits ratio | 70.45% | 70.20% | 0.3 pp |
| NPL ratio | 3.64% | 4.62% | -1.0 pp | |
| capital | Sep-17 | Dec-16 | Δ | |
| | Total equity RONmn | 6,682.0 | 5,984.1 | 11.7% |
| | Tier 1 capital ratio (profit included) | 19.40% | 17.14% | 13.2% |
| Total capital ratio (profit included) | 20.38% | 18.30% | 11.4% | |

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

Business performance Q3 2017

at a glance



Total assets at RON 54.9 bn

Enhanced ALM for higher efficiency

Capital adequacy ratio at 20.38%

Strong capital base, supporting organic and non organic growth

Net fees and commissions at RON 424.3 mn +13.4% Y/Y

Driven by increased number of operations and additional cross-sell

CoR, net

CoR at 0.16%, including releases and recoveries

Net profit at RON 779.8 mn

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

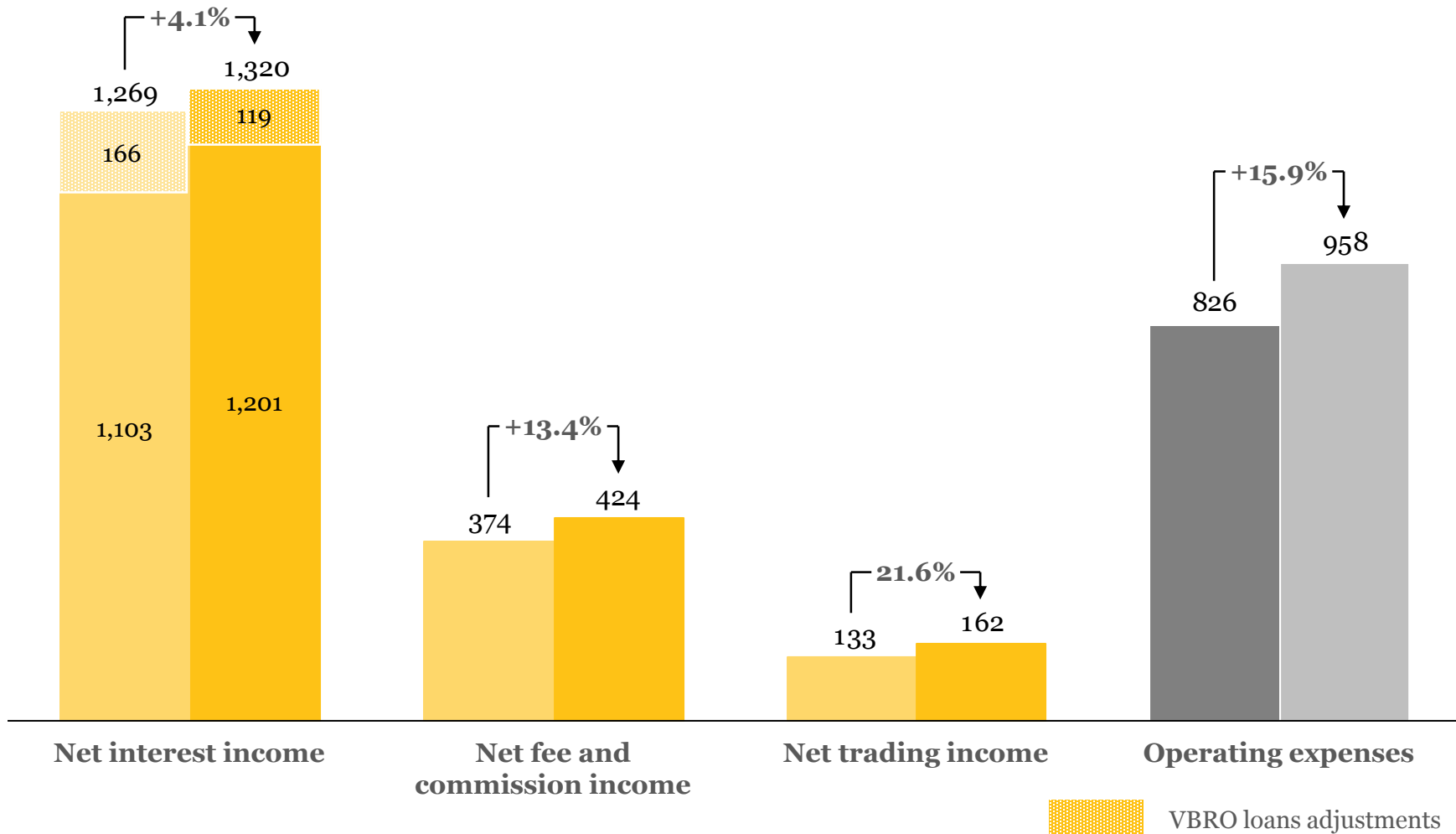
Cost/income at 49.95%

The Cost/ Income Ratio is subject to a strict management program, aiming its improvement in the near future

Trends in income structure



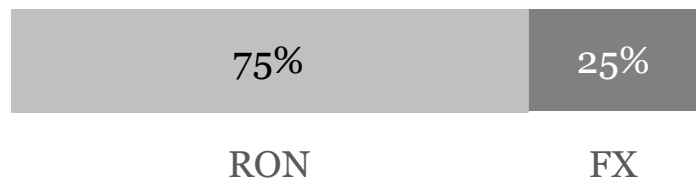
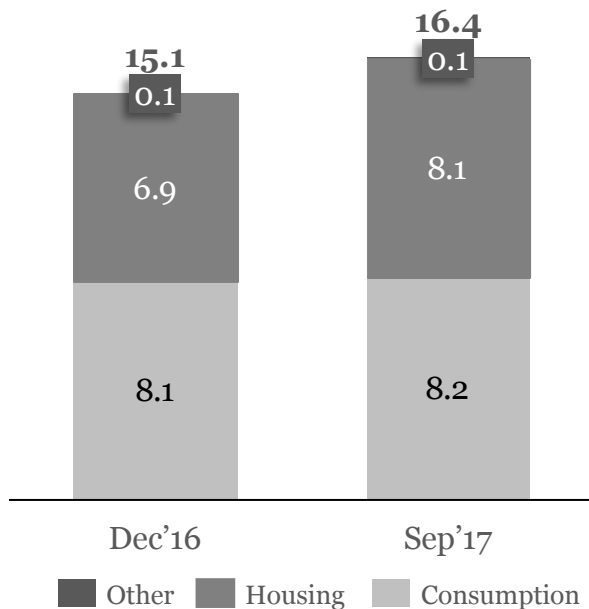
YTD Sep'16
 YTD Sep'17



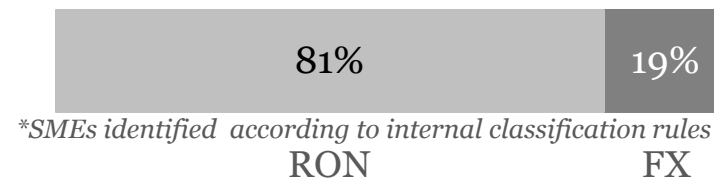
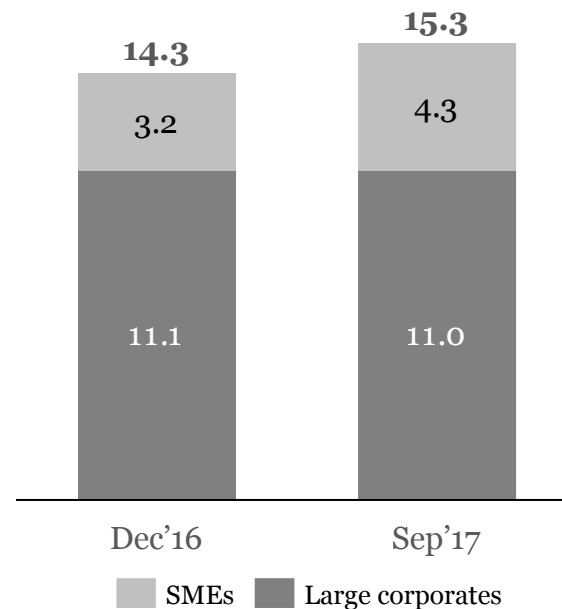
Loan structure



Loans to households, RONbn



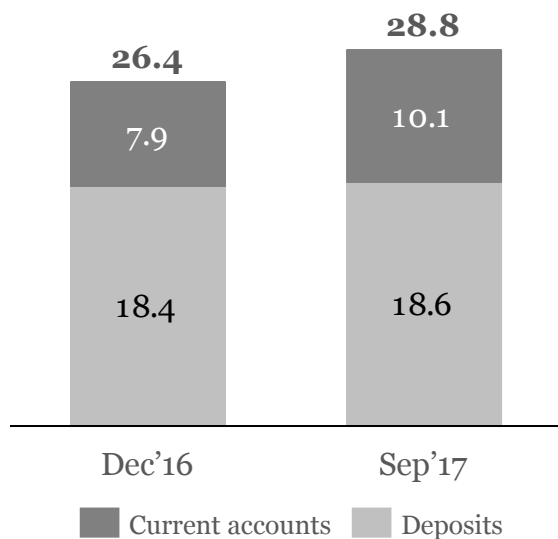
Loans to companies, RONbn



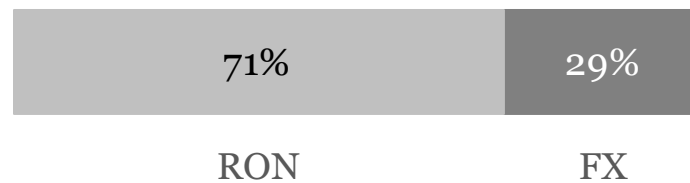
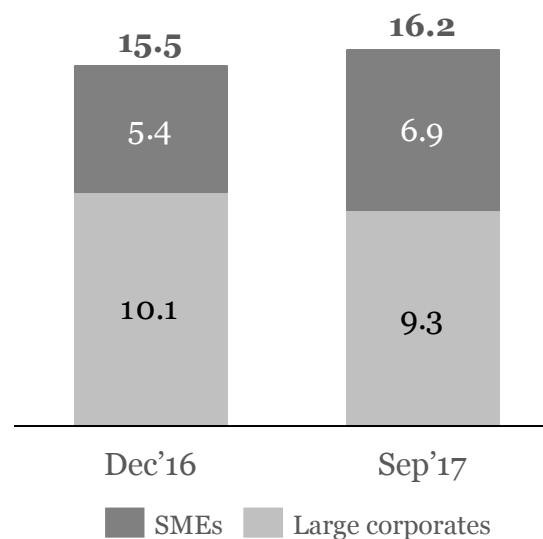
Deposit structure



Deposits from households, RONbn



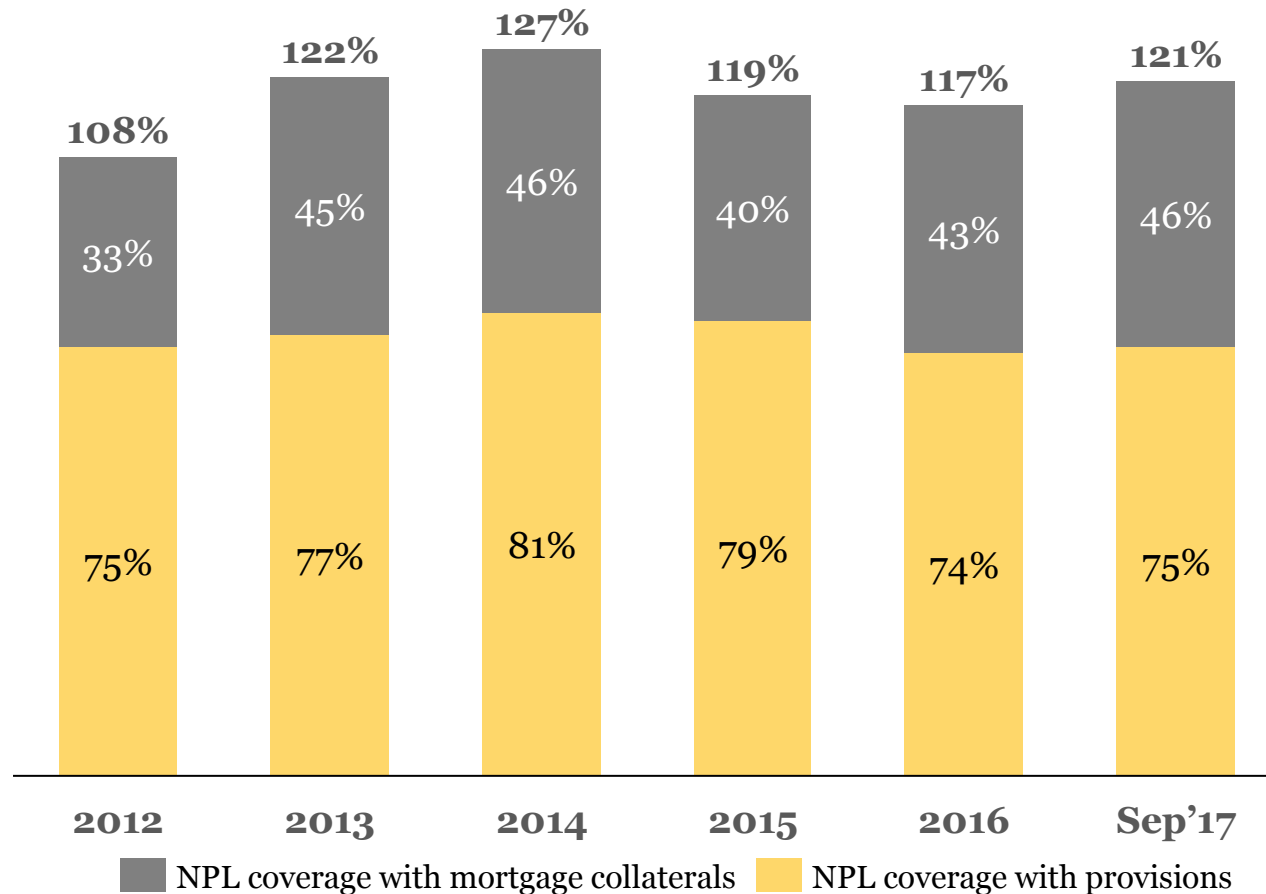
Deposits from companies, RONbn



**SMEs identified according to internal classification rules*

NPL ratio at 3.64%

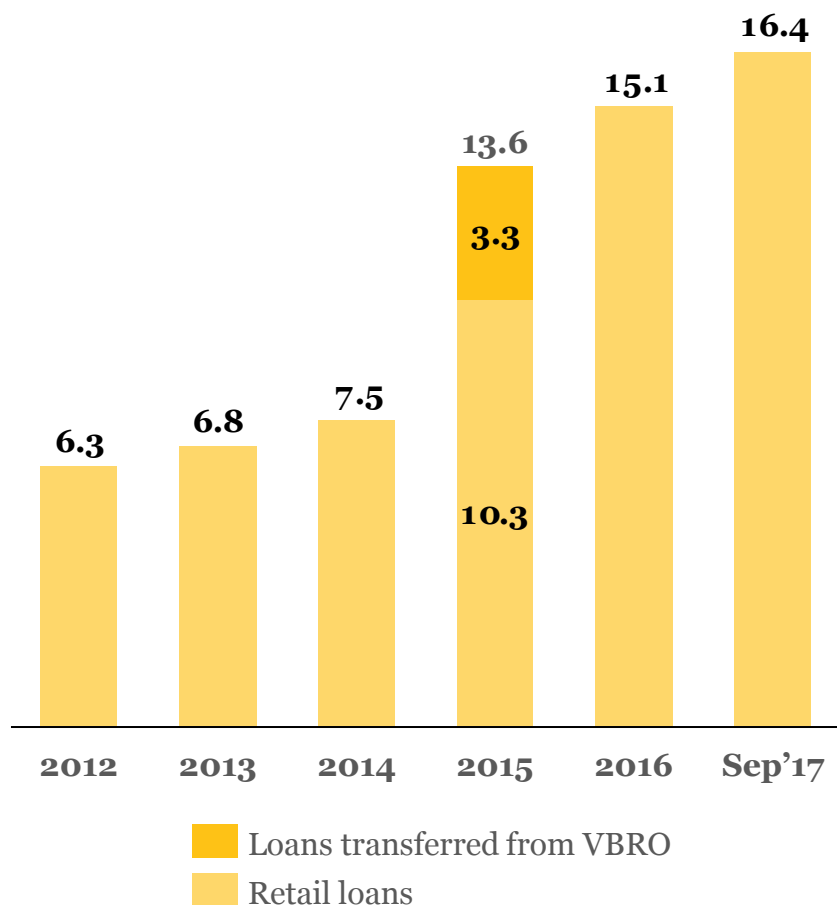
Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio



**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

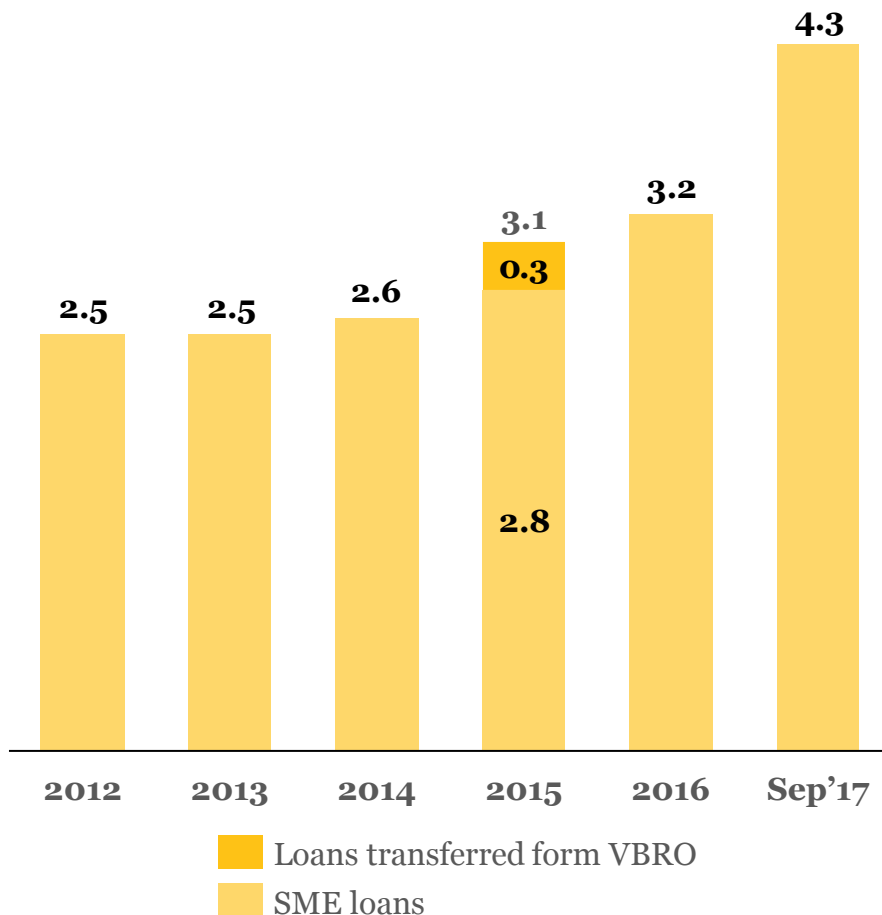
retail loan portfolio reached RON 16.4 bn as of Sep'17



- **57,000 non-card retail loans disbursed in first 9 months of 2017**
- **Market share for retail loans at December 2016 -14.25%**
- **Mobile banking users: over 350,000**
- **3 mn active 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

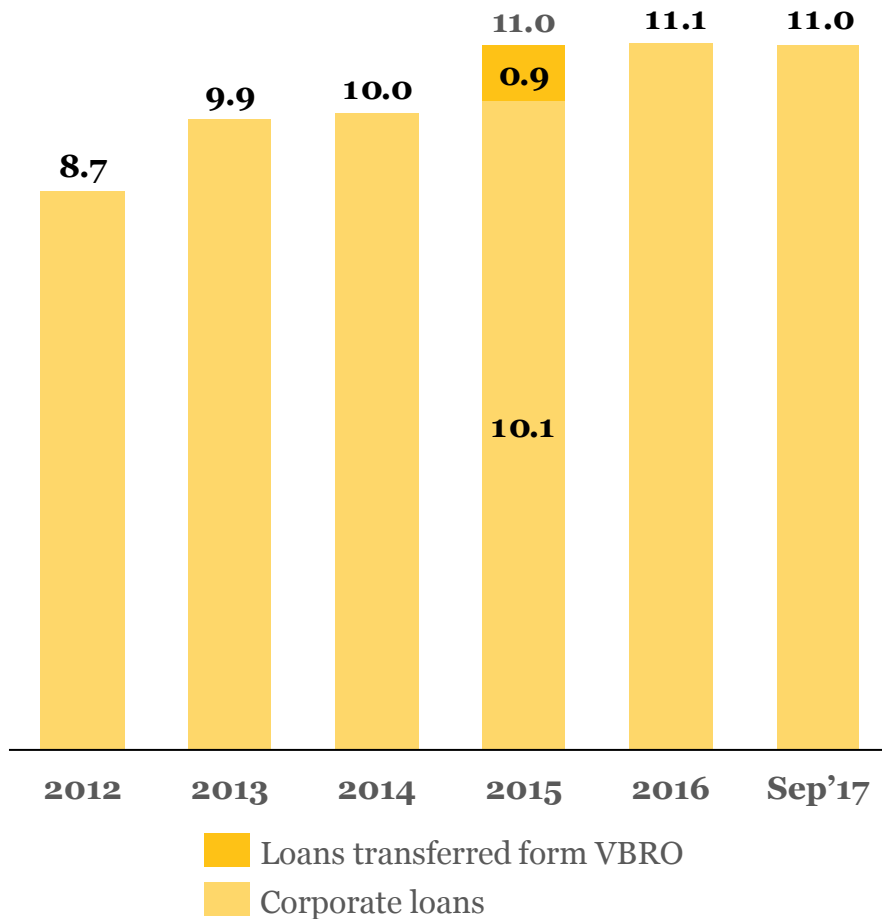
SME loan portfolio at RON 4.3 bn and 240,000 active clients



- **Banca Transilvania continued its specific focus on the SME business sector, offering almost 12,700 new loans in the first 9 months of 2017**
- **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 11 bn



- **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 30.09.2017*



BANCA TRANSILVANIA[®]

Total assets: RON 54.9 bn

 **BT Capital Partners[®]**
Grupul Financiar Banca Transilvania
Total assets: RON 70 mn

 **BT Direct[®]**
Grupul Financiar Banca Transilvania
Total assets: RON 153 mn

 **BT Operational Leasing[®]**
Grupul Financiar Banca Transilvania
Total assets: RON 181 mn

 **BT Asset Management S.A.I.[®]**
Grupul Financiar Banca Transilvania
AuM: RON 3,950 mn

 **BT Leasing[®]**
Grupul Financiar Banca Transilvania
Total assets: RON 701 mn

 **BT Mic[®]**
Grupul Financiar Banca Transilvania
Total assets: RON 134 mn

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

Q3 2017 highlights – consolidated figures



| | YTD Sep'17 | YTD Sep'16 | Δ | |
|---------------------------------------|--|------------|----------|--------|
| profitability | Net interest income RONmn | 1,379.0 | 1,307.3 | 5.5% |
| | Net fee and commission income RONmn | 458.8 | 399.6 | 14.8% |
| | Operating expenses RONmn | (1,056.2) | (897.0) | 17.7% |
| | Gross profit before provisions RONmn | 1,033.5 | 1,329.0 | -22.2% |
| | Net income RONmn | 829.5 | 697.9 | 18.9% |
| | EPS RON | 0.1918 | 0.1908 | 0.5% |
| | Cost of risk, net (%) | 0.23% | 2.39% | -90.3% |
| | NIM | 3.27% | 3.39% | -3.5% |
| | NIM* | 3.18% | 3.15% | 1.1% |
| | ROE | 17.07% | 16.02% | 6.5% |
| Cost-to-income ratio | 50.54% | 40.30% | 25.4% | |
| credit activity | Sep-17 | Dec-16 | Δ | |
| | Gross loans to customers RONmn | 31,843.4 | 29,477.9 | 8.0% |
| | Deposits from customers RONmn | 44,812.0 | 41,681.5 | 7.5% |
| Gross loans-to-deposits ratio | 71.06% | 70.72% | 0.5% | |
| capital | Sep-17 | Dec-16 | Δ | |
| | Total equity RONmn | 6,860.8 | 6,152.7 | 11.5% |
| | Tier 1 capital ratio (profit included) | 19.60% | 17.36% | 12.9% |
| Total capital ratio (profit included) | 20.56% | 18.50% | 11.1% | |

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

annex I

income statement YTD Sep'17 – individual figures



| IFRS individual, RONmn | YTD Sep'17 | YTD Sep'16 | Δ |
|-----------------------------------|----------------|----------------|---------------|
| Net interest income | 1,320.3 | 1,268.7 | 4.1% |
| Net fee and commission income | 424.3 | 374.1 | 13.4% |
| Net trading income | 162.0 | 133.2 | 21.6% |
| Other net income | 10.7 | 335.1 | -96.8% |
| Operating income | 1,917.2 | 2,111.1 | -9.2% |
| Personnel expenses | (528.3) | (463.3) | 14.0% |
| D&A | (64.8) | (53.5) | 21.0% |
| Other operating expenses | (364.5) | (309.4) | 17.8% |
| Operating expenses | (957.6) | (826.2) | 15.9% |
| Cost of risk | (37.8) | (510.1) | -92.6% |
| Net income before taxation | 921.9 | 774.7 | 19.0% |
| Income tax expense | (142.0) | (117.8) | 20.6% |
| Net income after taxation | 779.8 | 657.0 | 18.7% |

annex II

balance sheet September 2017 – individual figures



| IFRS individual, RONmn | Sep 2017 | Dec 2016 | Δ |
|--|-----------------|-----------------|--------------|
| Cash & cash equivalents | 4,259.8 | 5,293.6 | -19.5% |
| Placements with banks | 4,051.7 | 2,524.9 | 60.5% |
| Loans to customers, net | 29,852.6 | 27,210.0 | 9.7% |
| T-bills & securities | 15,437.0 | 15,402.1 | 0.2% |
| Fixed assets | 530.0 | 448.7 | 18.1% |
| Participations | 156.6 | 136.7 | 14.6% |
| Current tax assets | 94.3 | 125.1 | -24.6% |
| Deferred tax assets | 205.8 | 373.9 | -45.0% |
| Other financial assets | 172.0 | 170.2 | 1.1% |
| Other assets | 91.7 | 84.5 | 8.6% |
| Total assets | 54,851.7 | 51,769.6 | 6.0% |
| Deposits from banks | 257.3 | 247.3 | 4.0% |
| Deposits from customers | 44,980.7 | 41,851.8 | 7.5% |
| Loans from banks and FIs | 1,350.0 | 2,246.5 | -39.9% |
| Subordinated loan | 413.8 | 424.1 | -2.4% |
| Provisions for other risks and charges | 493.1 | 507.0 | -2.7% |
| Other financial liabilities | 615.6 | 441.2 | 39.5% |
| Other liabilities | 59.2 | 67.8 | -12.7% |
| Total liabilities | 48,169.7 | 45,785.5 | 5.2% |
| Shareholders' equity | 6,682.0 | 5,984.1 | 11.7% |

annex III

income statement YTD Sep'17 – consolidated figures



| IFRS consolidated, RONmn | YTD Sep'17 | YTD Sep'16 | Δ |
|-----------------------------------|------------------|----------------|---------------|
| Net interest income | 1,379.0 | 1,307.3 | 5.5% |
| Net fee and commission income | 458.8 | 399.6 | 14.8% |
| Net trading income | 204.9 | 142.5 | 43.8% |
| Other net income | 47.0 | 376.8 | -87.5% |
| Operating income | 2,089.7 | 2,226.1 | -6.1% |
| Personnel expenses | (560.8) | (485.5) | 15.5% |
| D&A | (89.9) | (69.2) | 29.9% |
| Other operating expenses | (405.5) | (342.4) | 18.5% |
| Operating expenses | (1,056.2) | (897.0) | 17.7% |
| Cost of risk | (53.9) | (507.1) | -89.4% |
| Net income before taxation | 979.6 | 821.9 | 19.2% |
| Income tax expense | (150.1) | (124.0) | 21.0% |
| Net income after taxation | 829.5 | 697.9 | 18.9% |

annex IV

balance sheet September 2017 – consolidated figures



| IFRS consolidated, RONmn | Sep 2017 | Dec 2016 | Δ |
|--|-----------------|-----------------|--------------|
| Cash & cash equivalents | 4,259.8 | 5,293.7 | -19.5% |
| Placements with banks | 4,111.3 | 2,563.8 | 60.4% |
| Loans to customers, net | 29,916.5 | 27,234.0 | 9.8% |
| T-bills & securities | 15,433.2 | 15,399.7 | 0.2% |
| Fixed assets | 768.7 | 645.3 | 19.1% |
| Current tax assets | 91.2 | 119.1 | -23.4% |
| Deferred tax assets | 215.1 | 378.7 | -43.2% |
| Other financial assets | 195.4 | 194.2 | 0.6% |
| Other assets | 123.0 | 115.7 | 6.4% |
| Total assets | 55,114.2 | 51,944.2 | 6.1% |
| Deposits from banks | 257.3 | 247.3 | 4.0% |
| Deposits from customers | 44,812.0 | 41,681.5 | 7.5% |
| Loans from banks and FIs | 1,478.2 | 2,304.9 | -35.9% |
| Subordinated loan | 413.8 | 424.1 | -2.4% |
| Provisions for other risks and charges | 498.5 | 514.6 | -3.1% |
| Other financial liabilities | 648.2 | 470.0 | 37.9% |
| Other liabilities | 145.4 | 149.2 | -2.5% |
| Total liabilities | 48,253.4 | 45,791.5 | 5.4% |
| Shareholders' equity | 6,860.8 | 6,152.7 | 11.5% |



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