



BANCA TRANSILVANIA

H1 2018 financial results

August 10th 2018



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Agenda



- 1 Banking sector dynamics
- 2 H1 2018 Highlights
- 3 Performance in H1 2018
- 4 Overview of business lines
- 5 BT Financial Group
- a Financial statements

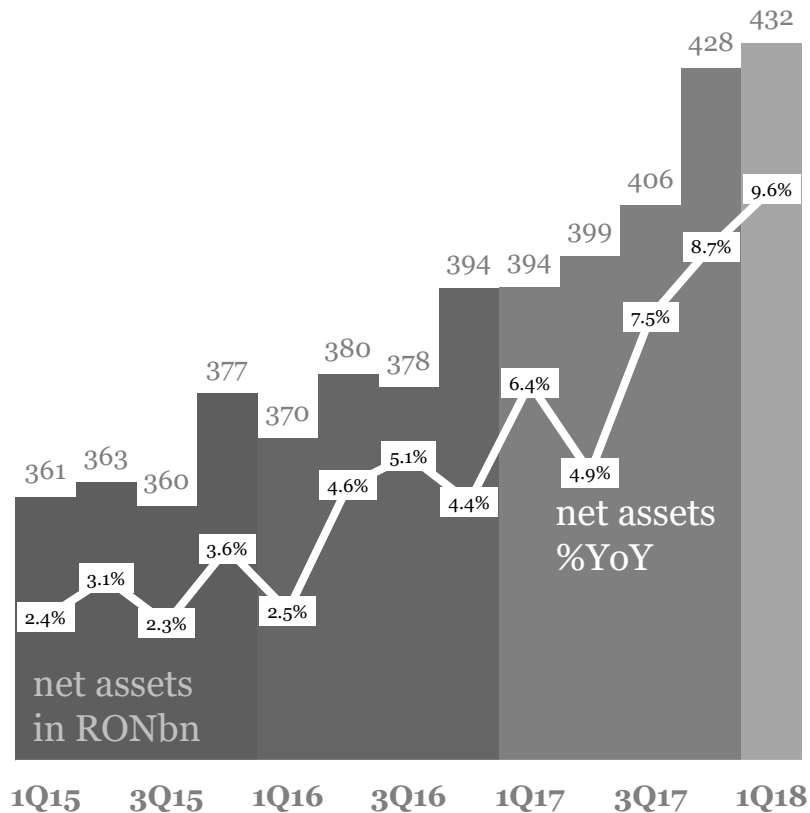
Bank assets growing at the fastest pace since 1Q12



Bank assets

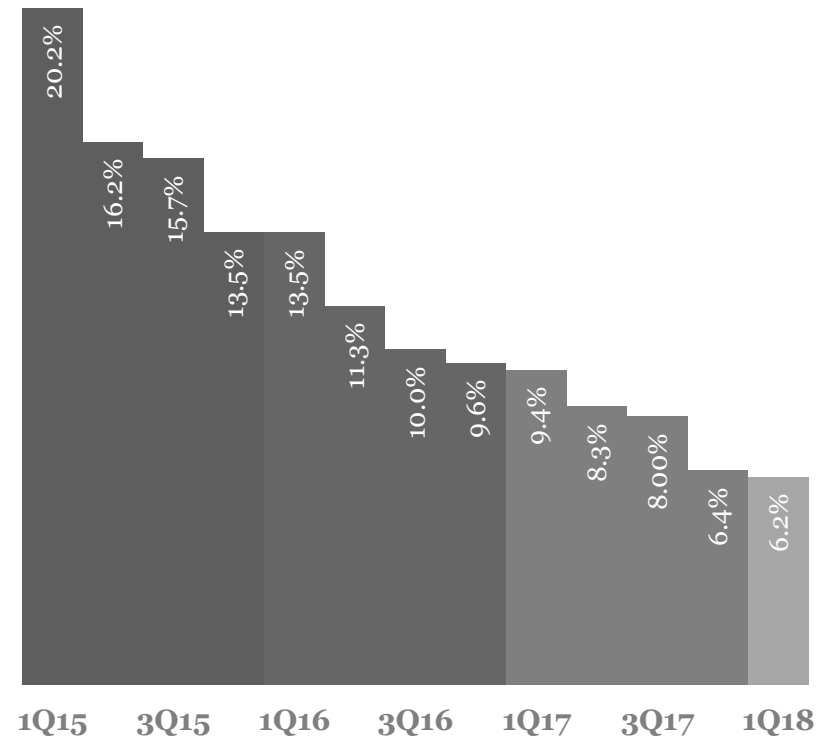
total bank net assets, RONbn, %

source: NBR



Loan quality

NPL ratio (EBA), % source: NBR

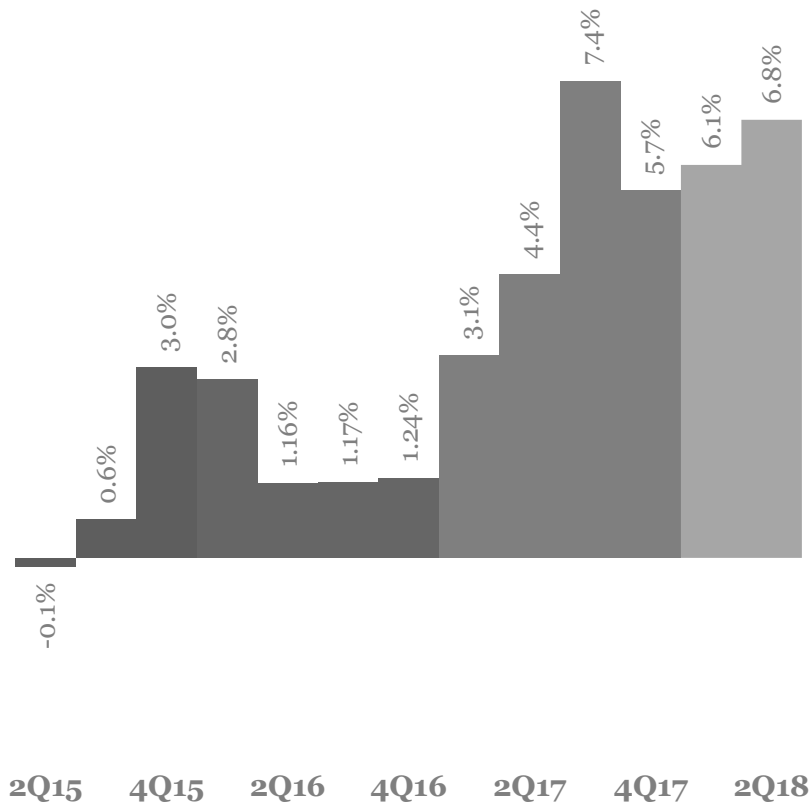


Lending reaches RON 242bn at the end of June



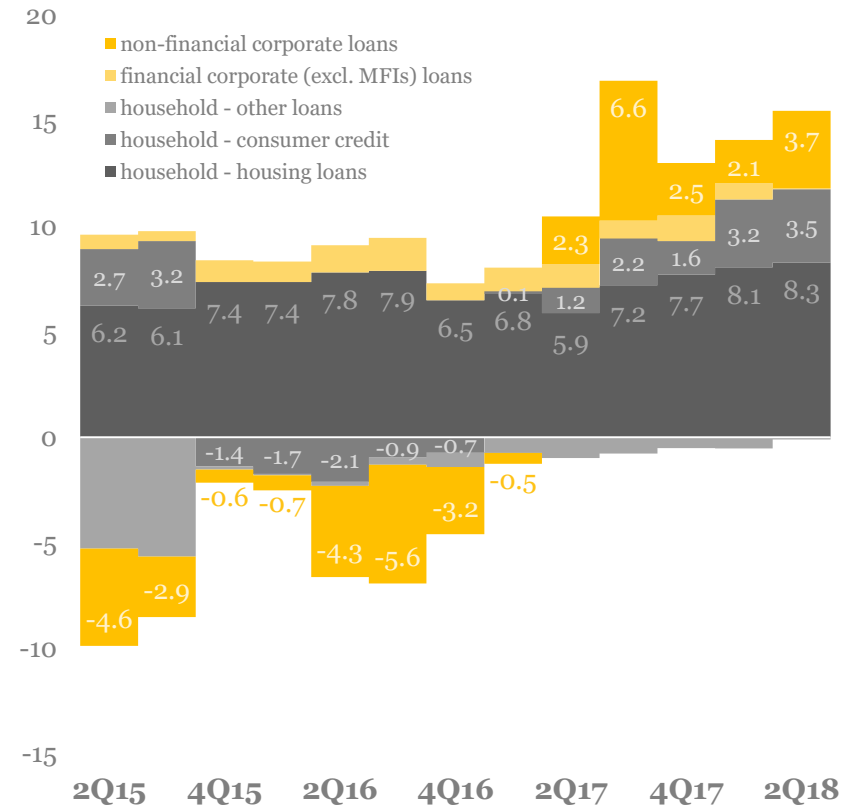
Private loans maintain their robust growth during the first semester

%YoY source: NBR



Positive contribution across all segments

YoY, RONbn source: NBR

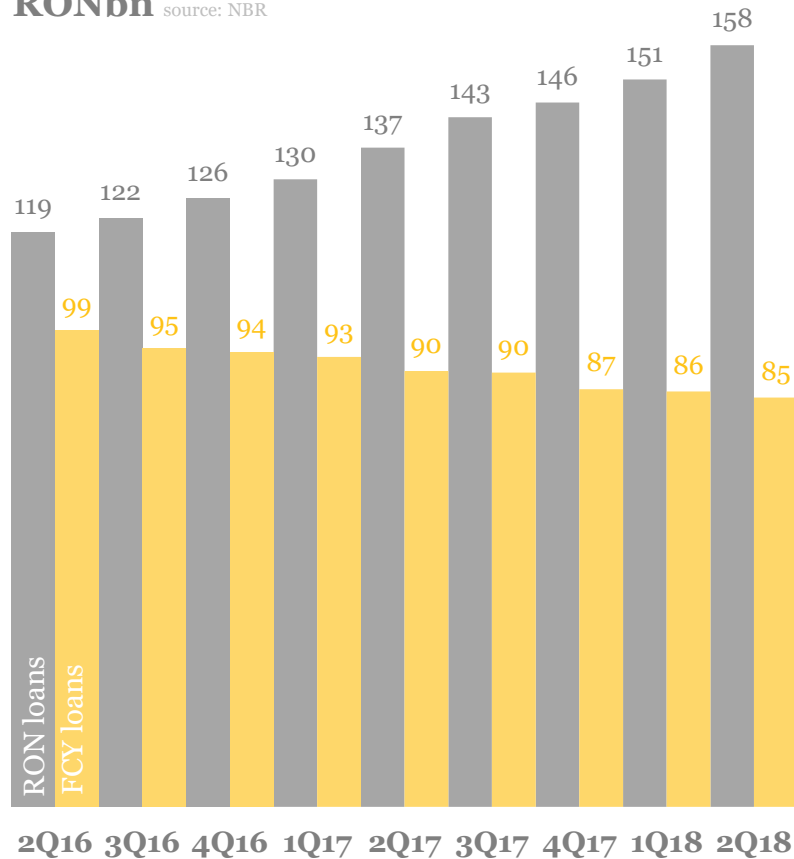


RON denominated loans make up 65% of all lending in Romania



LCY loans continue to grow at double-digit YoY rates

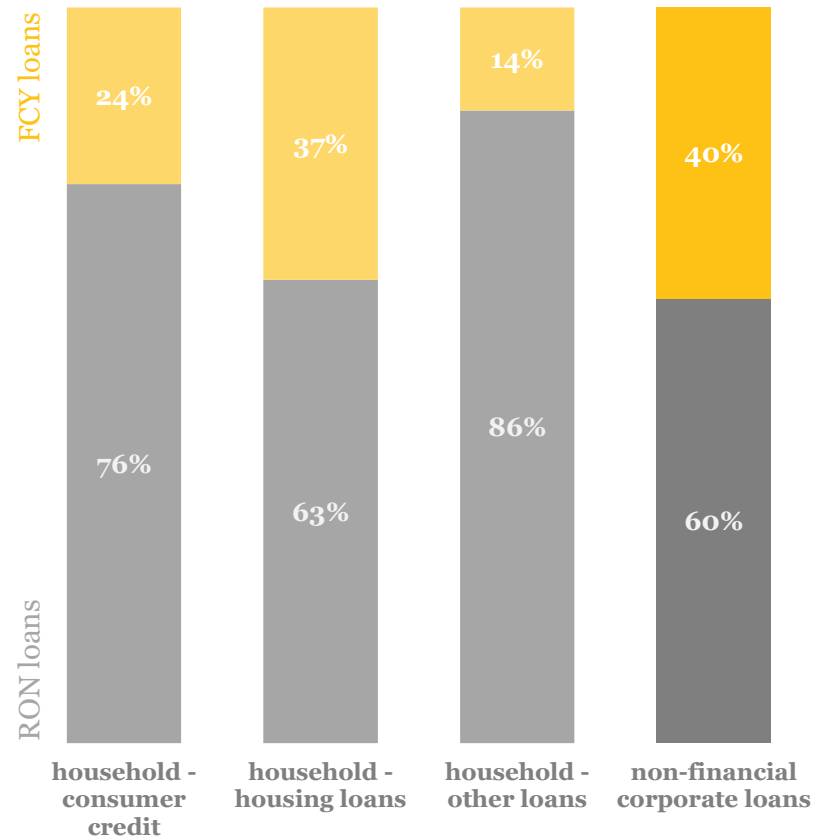
RONbn source: NBR



Companies have also been switching to LCY loans

structure by currency as of June

source: NBR

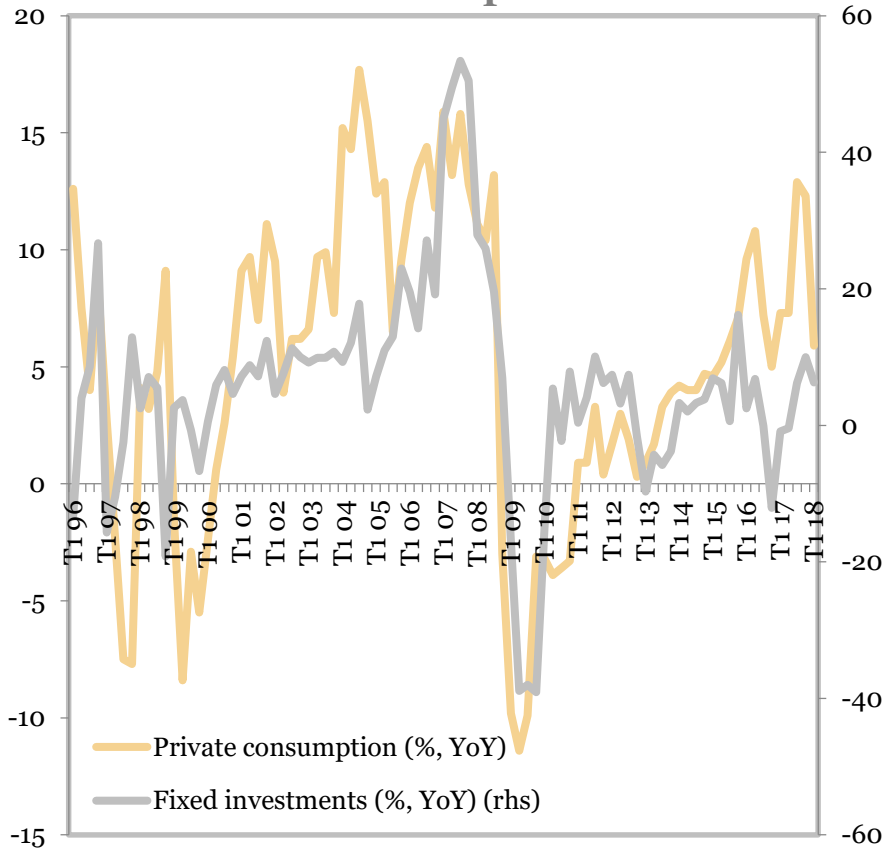


The real economy & investment cycle



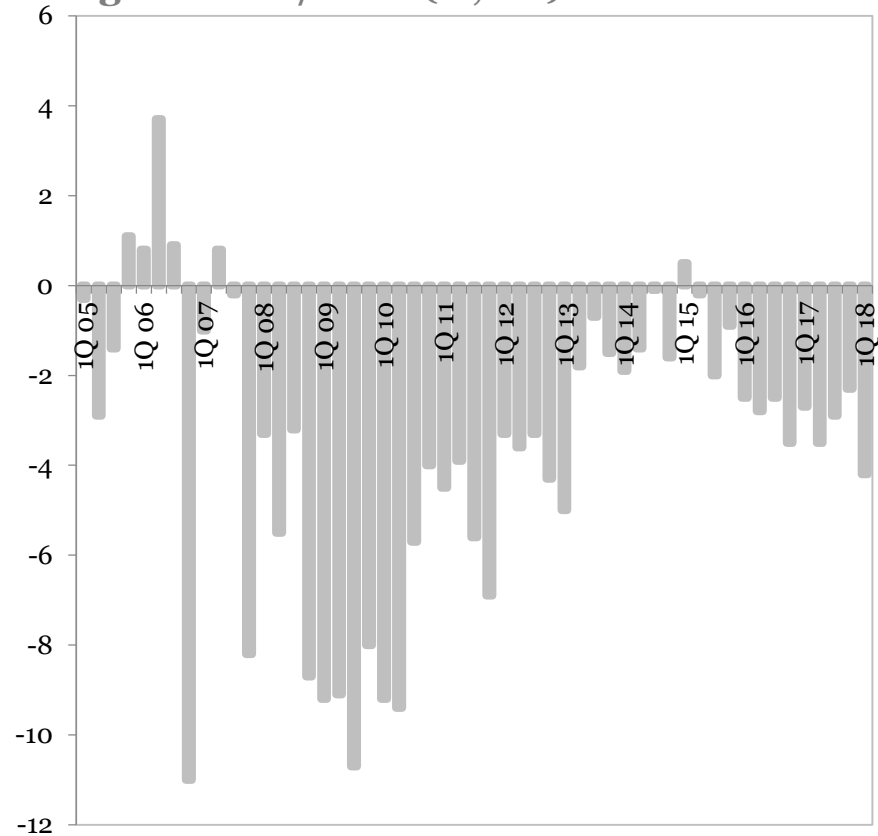
Deceleration converging towards potential

Investments vs. consumption source: Statistics Office



Deterioration of the public finance

Budget deficit / GDP (% s.a) source: Eurostat

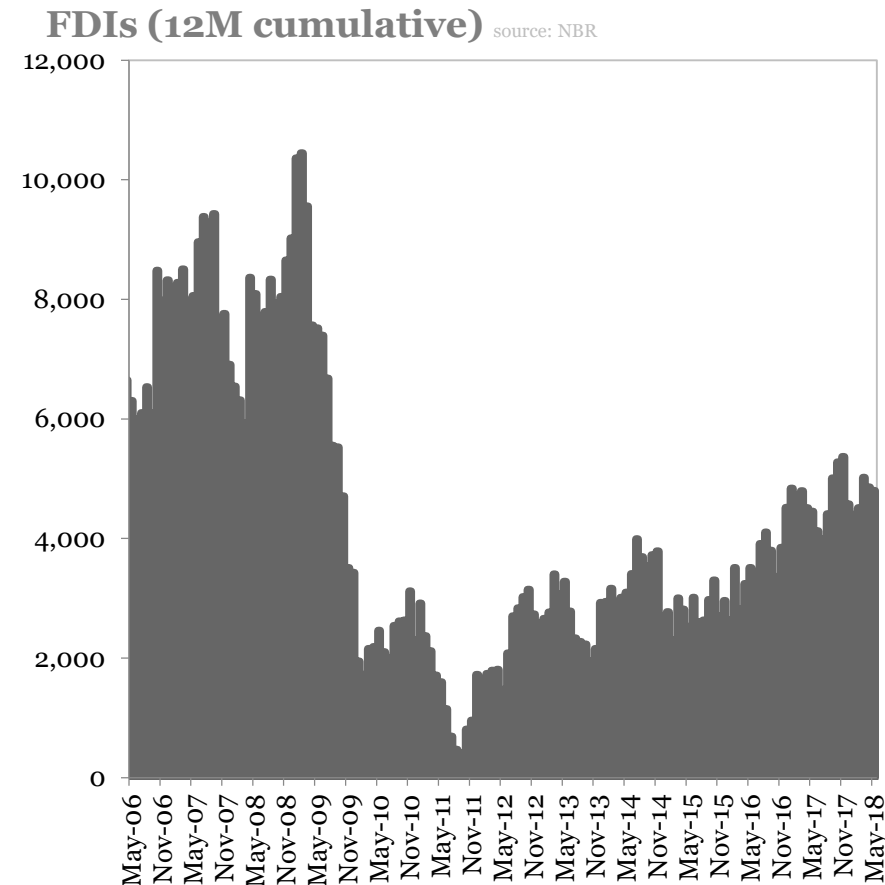




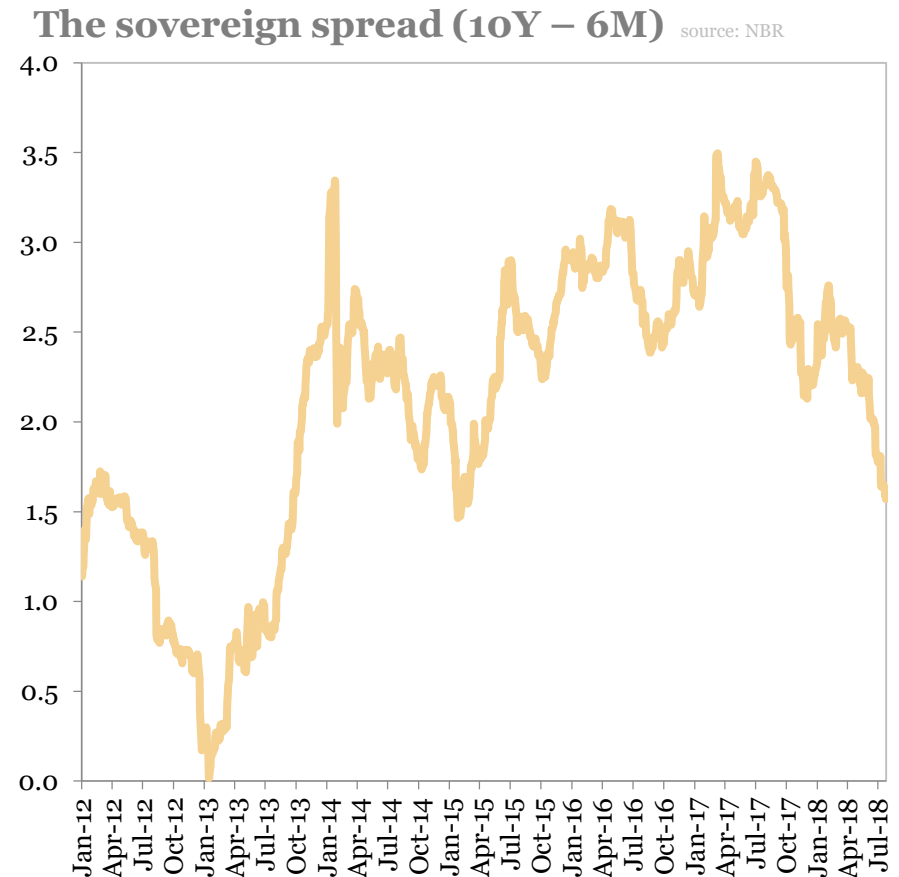
The financial economy

The normalization of the financing costs, given the post-crisis monetary cycle (FED and NBR) and the macroeconomic equilibria challenges

The resilience of the FDIs



The flattening of the yield curve



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 2018

H1 2018 Highlights



	H1 2018	H1 2017	Δ	
profitability	Net interest income RONmn	1,011.7	886.3	14.2%
	Net fee and commission income RONmn	302.6	273.9	10.5%
	Operating expenses RONmn	(707.7)	(614.2)	15.2%
	Gross profit before provisions RONmn	715.9	640.0	11.9%
	Net income RONmn	662.7	496.1	33.6%
	Cost of risk, net (%)	-1.08%	0.37%	
	NIM*	3.53%	3.22%	0.3 pp
	ROE	19.79%	16.64%	3.2 pp
Cost-to-income ratio	49.71%	48.98%	0.7 pp	
credit activity	Jun-18	Dec-17	Δ	
	Gross loans to customers RONmn	33,381.7	31,828.3	4.9%
	Deposits from customers RONmn	50,703.8	49,099.2	3.3%
	Gross loans-to-deposits ratio	65.84%	64.82%	1.0 pp
NPL ratio	2.95%	3.05%	-0.1 pp	
capital	Jun-18	Dec-17	Δ	
	Total equity RONmn	6,709.7	6,970.1	-3.7%
	Tier 1 capital ratio (profit included)	17.92%	18.25%	-1.8%
Total capital ratio (profit included)	22.41%	19.21%	16.6%	

**without POCI adjustments*

Business performance H1 2018

at a glance



Total assets at RON 62.9bn

Balance sheet consolidation

Capital adequacy ratio at 22.41%

More efficient capital structure, supporting organic and non organic growth

Net fees and commissions at RON 303mn +10.5% Y/Y

Increased number of operations and additional cross-sell

CoR, net

CoR at -1.08%, recoveries and releases are higher than provision expenses

Net profit at RON 663mn

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

Cost/income at 49.71%

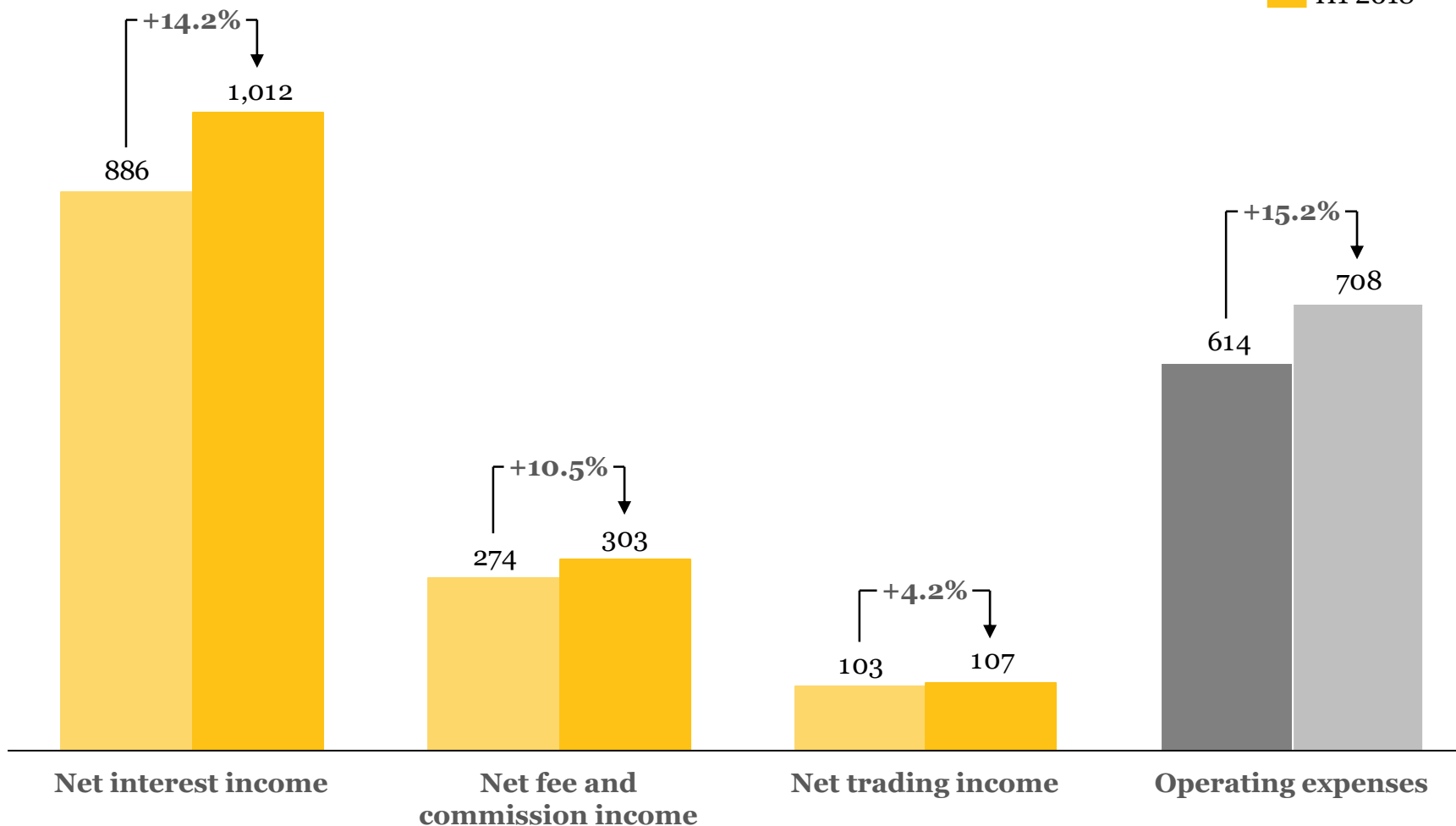
Operational efficiency closely monitored

Trends in income structure

RONmn



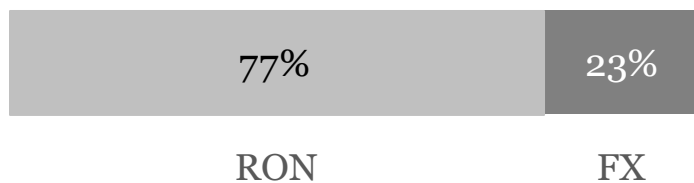
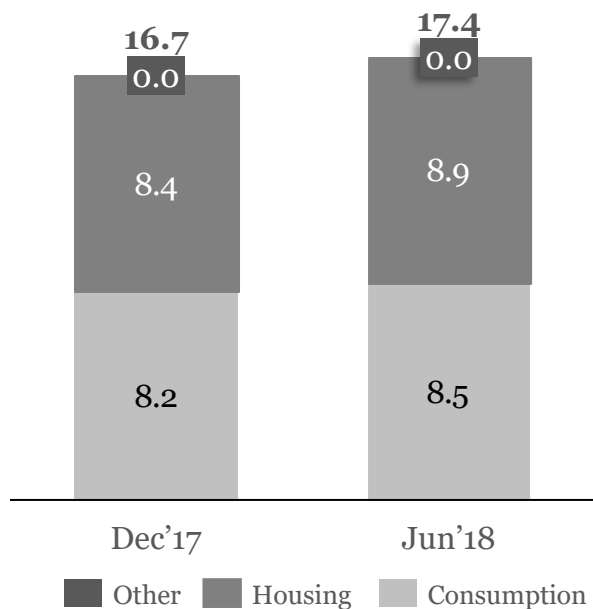
■ H1 2017
■ H1 2018



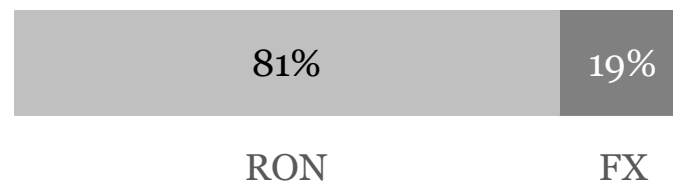
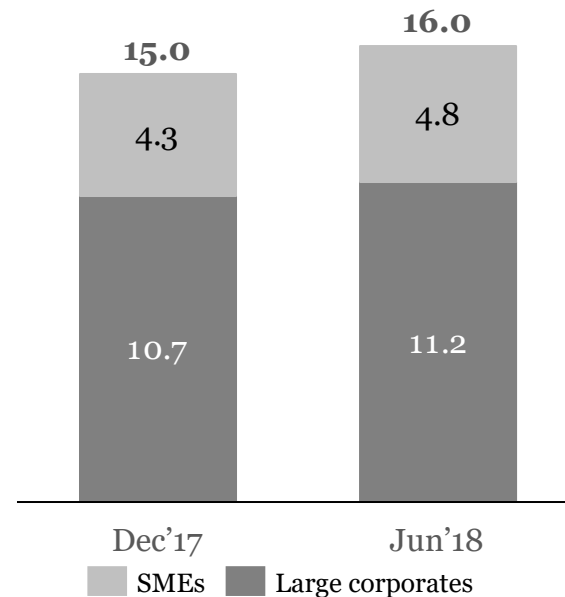
Loan portfolio structure



Loans to households, RONbn



Loans to companies, RONbn

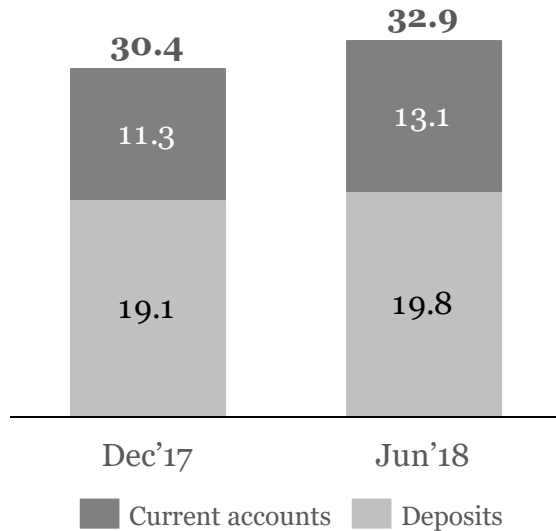


*SMEs identified according to internal classification rules

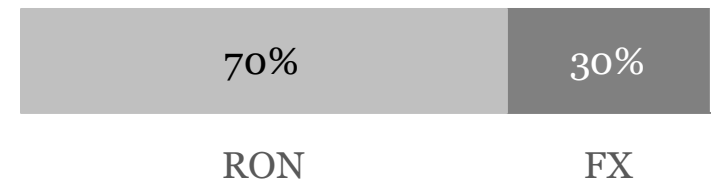
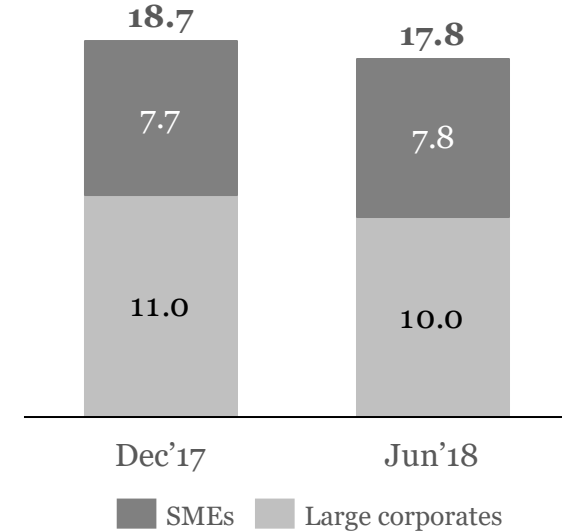
Deposit structure



Deposits from households, RONbn



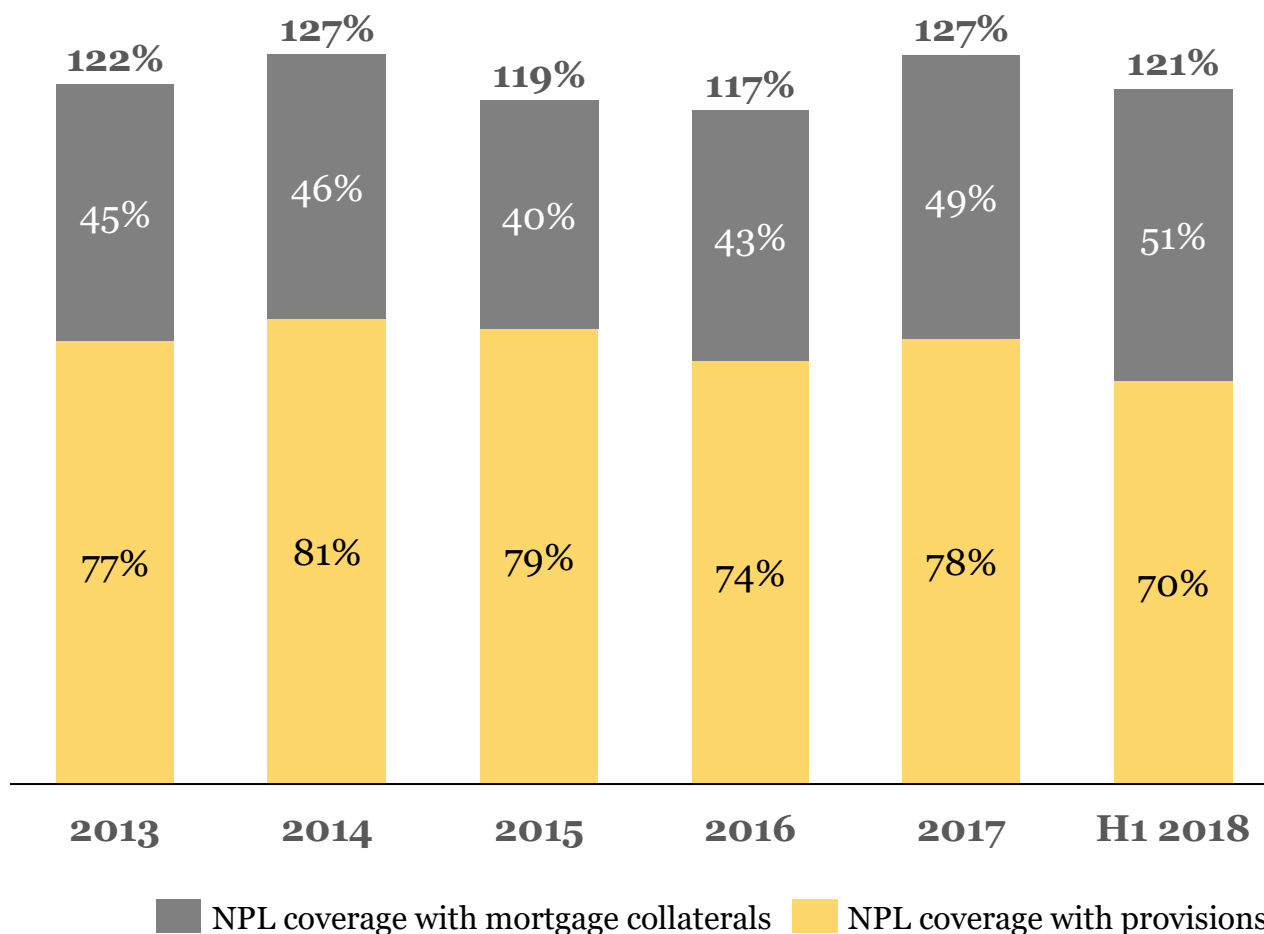
Deposits from companies, RONbn



**SMEs identified according to internal classification rules*

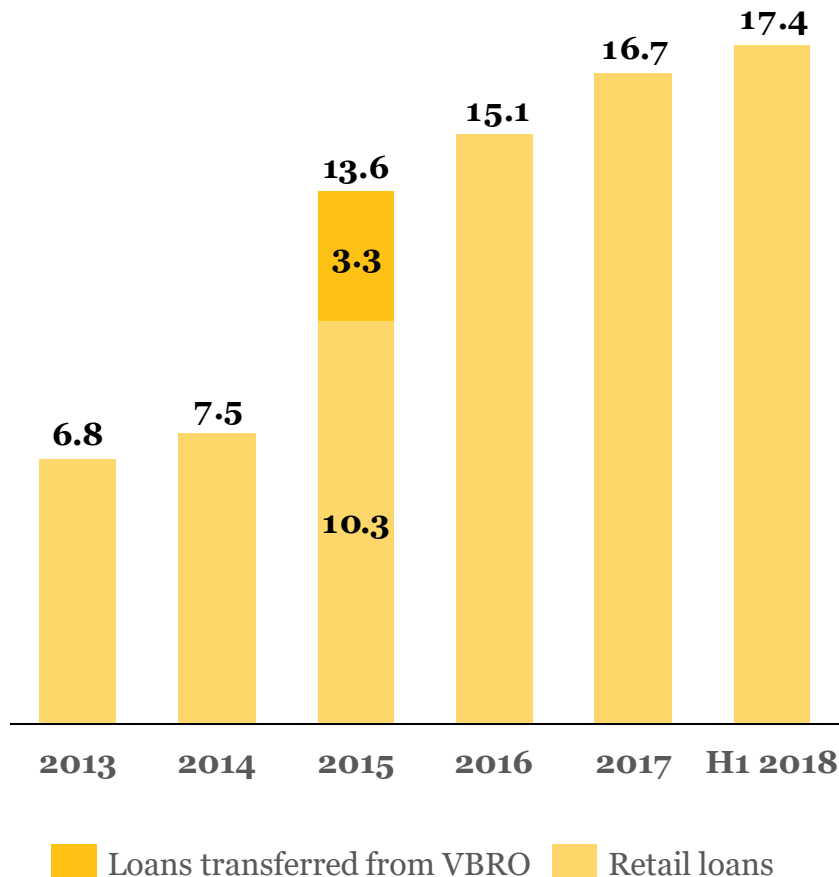
NPL ratio at 2.95%

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



Retail banking

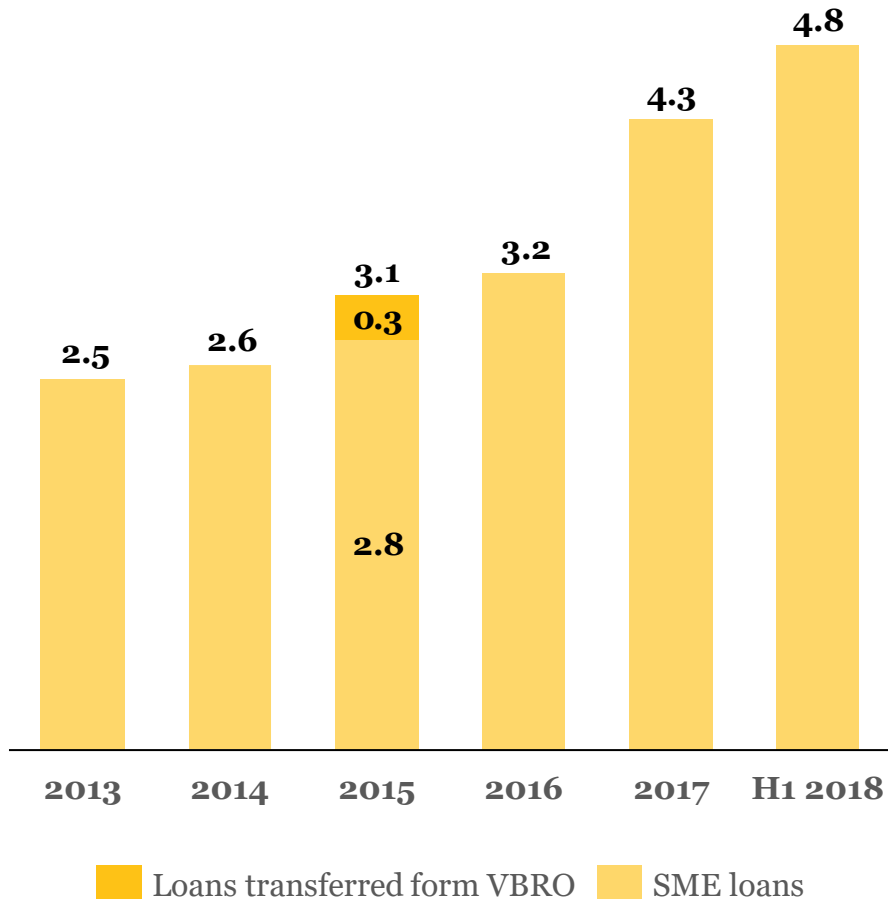
retail loan portfolio reached RON 17.4bn as of Jun 2018



- **38,000 non-card retail loans disbursed in H1 2018**
- **Market share for retail loans at June 2018 - 14.11%**
- **3.20 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 more than 20%**

SME banking

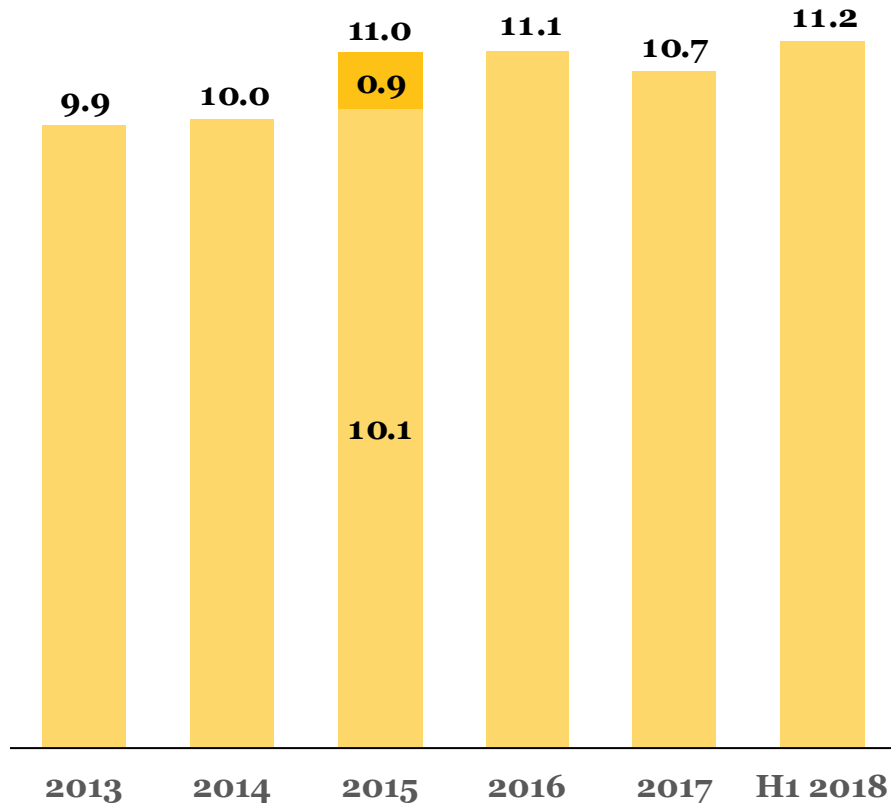
SME loan portfolio at RON 4.8bn and 254,000 active clients



- Banca Transilvania continued its specific focus on the SME business sector, offering close to 9,500 new loans in H1 2018

Corporate banking

corporate loan portfolio reached RON 11.2bn



- Sectorial specialization is a main focus
- BT is present with lending facilities especially in the industrial manufacturing and agribusiness segments

Loans transferred form VBRO Corporate loans

Banca Transilvania Financial Group

as of 30.06.2018*



BANCA TRANSILVANIA[®]

Total assets: RON 62.9bn



Total assets: RON 9.7bn



Total assets: RON 3.7bn



Total assets: RON 114mn



Total assets: RON 146mn



Total assets: RON 892mn



Total assets: RON 264mn



AuM: RON 3,945mn

**Total assets for Bancpost are computed under IFRS;
Total assets for Victoriabank are computed under local FINREP standards, at official MDL/RON exchange rate as at 30.06.2018;
Total assets for subsidiaries other than banks are presented under RAS rules.*

H1 2018 Highlights – consolidated figures



	H1 2018	H1 2017	Δ	
profitability	Net interest income RONmn	1,276.5	923.0	38.3%
	Net fee and commission income RONmn	361.9	295.0	22.7%
	Operating expenses RONmn	(1,088.8)	(677.3)	60.8%
	Gross profit before provisions RONmn	1,027.3	664.7	54.6%
	Net profit RONmn	864.6	512.7	68.6%
	EPS RON	0.1789	0.1070	67.2%
	Cost of risk, net (%)	-0.44%	0.39%	-212.8%
	NIM*	3.83%	3.31%	15.9%
	ROE	23.21%	16.43%	41.3%
	Cost-to-income ratio	51.45%	50.47%	2.0%
credit activity		Jun-18	Dec-17	Δ
	Gross loans to customers RONmn	40,185.0	32,120.7	25.1%
	Deposits from customers RONmn	61,482.7	48,932.2	25.6%
	Gross loans-to-deposits ratio	65.36%	65.64%	-0.4%
capital		Jun-18	Dec-17	Δ
	Total equity RONmn	7,005.0	7,125.4	-1.7%
	Tier 1 capital ratio (profit included)	15.22%	18.37%	-17.1%
	Total capital ratio (profit included)	18.88%	19.31%	-2.2%

*without POCI adjustments

annex I

income statement H1 2018 – individual figures



IFRS individual, RONmn	H1 2018	H1 2017	Δ
Net interest income	1,011.7	886.3	14.2%
Net fee and commission income	302.6	273.9	10.5%
Net trading income	107.1	102.8	4.2%
Other net income	2.2	(8.7)	
Operating income	1,423.6	1,254.2	13.5%
Personnel expenses	(397.2)	(338.2)	17.4%
D&A	(51.7)	(41.2)	25.4%
Other operating expenses	(258.8)	(234.8)	10.2%
Operating expenses	(707.7)	(614.2)	15.2%
Cost of risk	181.9	(57.5)	
Net income before taxation	897.8	582.5	54.1%
Income tax (expense) / revenue	(235.1)	(86.4)	172.0%
Net income after taxation	662.7	496.1	33.6%

annex II

balance sheet H1 2018 – individual figures



IFRS individual, RONmn	Jun 2018	Dec 2017	Δ
Cash & cash equivalents	6,318.0	6,637.7	-4.8%
Placements with banks	4,545.3	5,302.3	-14.3%
Loans to customers, net	31,352.2	29,914.0	4.8%
T-bills & securities	18,454.0	16,115.7	14.5%
Fixed assets	561.5	533.4	5.3%
Participations	1,183.0	156.6	655.3%
Current tax assets	-	148.6	-100.0%
Deferred tax assets	79.1	173.2	-54.3%
Other financial assets	280.4	211.9	32.3%
Other assets	97.4	108.5	-10.3%
Total assets	62,870.8	59,302.1	6.0%
Deposits from banks	562.3	127.9	339.5%
Deposits customers	50,703.8	49,099.2	3.3%
Loans from banks and FIs	1,596.8	1,099.9	45.2%
Subordinated loan	1,743.9	414.6	320.6%
Current tax liabilities	11.0	-	
Provisions for other risks and charges	306.3	373.1	-17.9%
Other financial liabilities	1,145.1	1,154.8	-0.8%
Other liabilities	92.0	62.4	47.4%
Total liabilities	56,161.1	52,332.0	7.3%
Shareholders' equity	6,709.7	6,970.1	-3.7%

annex III

income statement H1 2018 – consolidated figures



IFRS consolidated, RONmn	H1 2018	H1 2017	Δ
Net interest income	1,276.5	923.0	38.3%
Net fee and commission income	361.9	295.0	22.7%
Net trading income	96.4	120.3	-19.9%
Other net income	381.3	3.6	10393.8%
Operating income	2,116.1	1,341.9	57.7%
Personnel expenses	(477.2)	(359.6)	32.7%
D&A	(83.1)	(57.0)	45.7%
Other operating expenses	(528.5)	(260.6)	102.8%
Operating expenses	(1,088.8)	(677.3)	60.8%
Cost of risk	87.9	(59.3)	
Bargaining gain	111.6	-	
Net income before taxation	1,226.7	605.3	102.6%
Income tax (expense) / revenue	(362.1)	(92.6)	291.0%
Net income after taxation	864.6	512.7	68.6%

annex IV

balance sheet H1 2018 – consolidated figures



IFRS consolidated, RONmn	Jun 2018	Dec 2017	Δ
Cash & cash equivalents	8,937.6	6,637.7	34.6%
Placements with banks	5,210.6	5,348.1	-2.6%
Loans to customers, net	37,889.6	30,249.0	25.3%
T-bills & securities	21,321.4	16,096.2	32.5%
Fixed assets	812.5	766.9	5.9%
Current tax assets	0.0	146.9	-100.0%
Deferred tax assets	126.3	187.1	-32.5%
Other financial assets	786.4	234.3	235.6%
Other assets	220.6	138.8	58.9%
Total assets	75,305.0	59,805.0	25.9%
Deposits from banks	659.6	127.9	415.6%
Deposits from customers	61,482.7	48,932.2	25.6%
Loans from banks and FIs	1,939.6	1,487.0	30.4%
Subordinated loan	1,747.9	414.6	321.6%
Current tax liabilities	96.3	0.0	
Provisions for other risks and charges	386.9	382.8	1.1%
Other financial liabilities	1,313.3	1,216.2	8.0%
Other liabilities	391.8	104.0	276.6%
Total liabilities	68,018.1	52,664.9	29.2%
Shareholders' equity	7,005.0	7,125.4	-1.7%
Non-controlling interest	281.8	14.7	1818.5%
Total liabilities and equity	75,305.0	59,805.0	25.9%



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