



CONSILIERI CLIEŢI

BANCA TRANSILVANIA

H1 2019 financial results

August 19th 2019



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BT: H1 2019 by the numbers

Stand-alone	EOY 2018	30.06.2019
total assets (RONbn) ↑ 4.9%	74.1	77.7
CAR	19.56%	20.53%
	H1 2018	H1 2019
net interest income (RONmn)	1,012	1,331
net fee & commission income (RONmn) ↑ 15.1%	302.6	348.1
net profit (RONmn)	662.7	848.0
provisions, (expense)/income (RONmn)	181.9	(3.8)
cost/income ratio	49.71%	45.87%

Larger Balance Sheet due to strong organic growth

Solid capital base, with good overall financial ratios

31% higher following the addition of Bancpost portfolio combined with current year organic growth

Increased number of operations and additional cross-sell

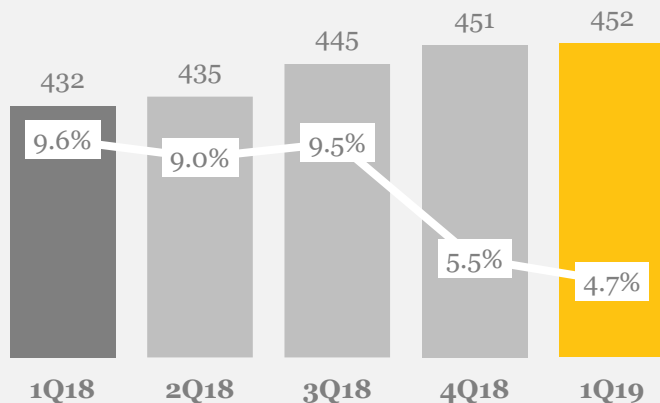
Net profit growing in line with the balance sheet

CoR at 0.02%

Operational optimization contributes to higher efficiency

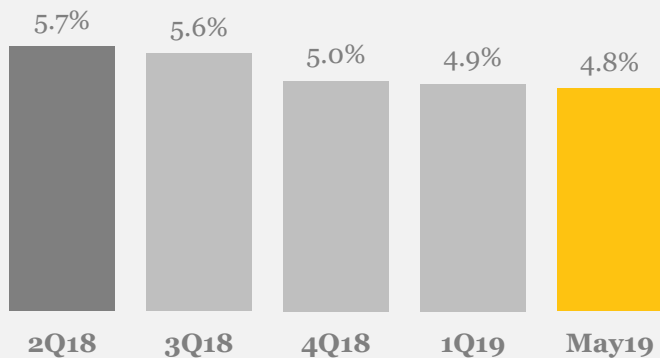
assets

total bank net assets, RONbn, %YoY



source: NBR

NPE ratio



source: NBR

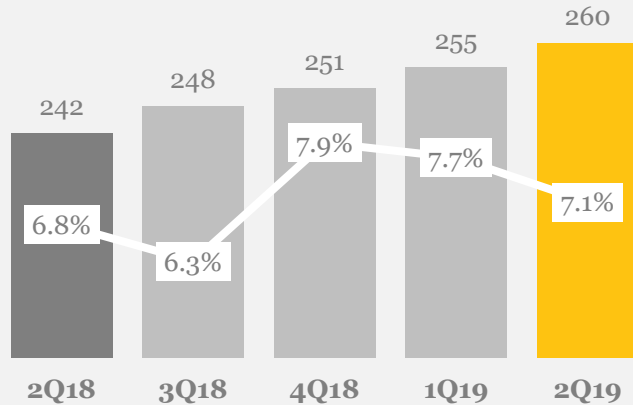
Banking sector dynamics

Bank assets continue to grow, albeit at a slower pace

- Net assets of the local banking system inched towards RON 452bn during 1Q 2019
- The quality of assets further improved during the first 5 months of the year, with NPE ratio now at 4.8%

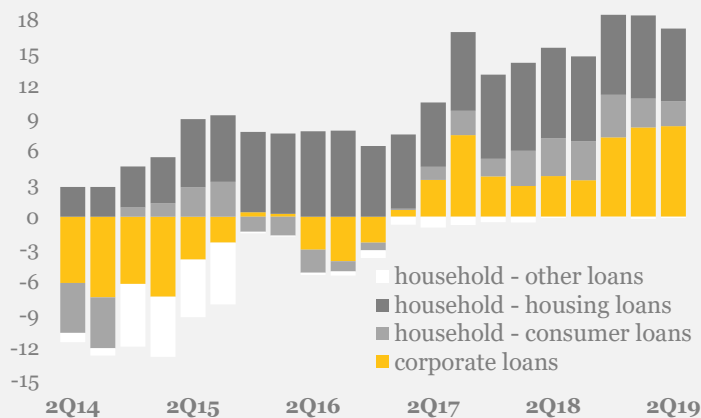
loans

RONbn, %YoY



source: NBR

YoY change in loans, RONbn



source: NBR

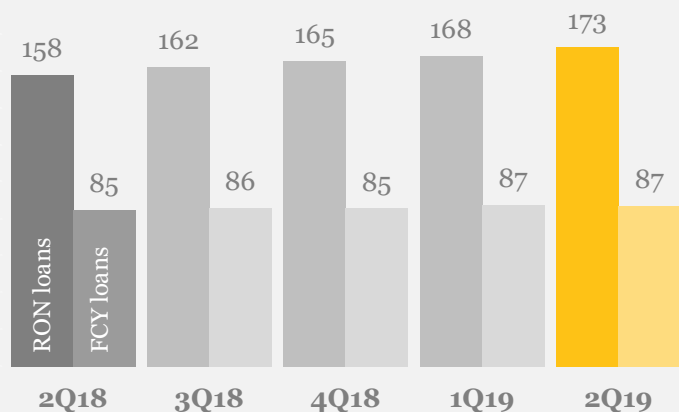
Banking sector dynamics

Corporate lending is increasingly driving the credit activity

- Loans continued to advance at a fast pace and reached RON 260bn in June
- Corporate loans have slowly emerged over the last 5Y from negative contributor to the chief driver of credit activity, outperforming housing and consumer loans
- Corporate loans currently add up to RON 8.3bn out of the RON 17.1bn YoY advance in loans

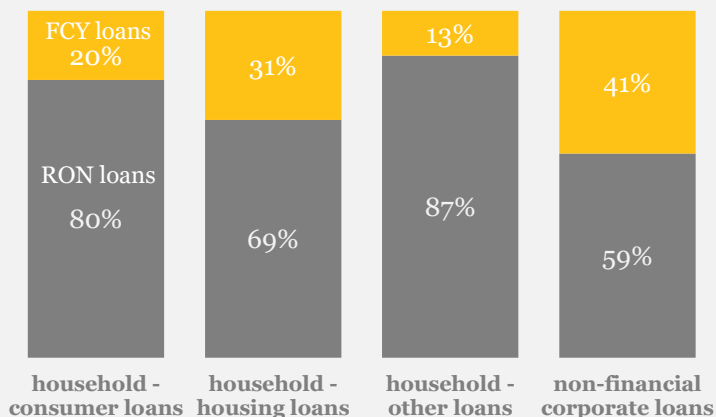
loans

by currency, RONbn



source: NBR

loans structure - 2Q19



source: NBR

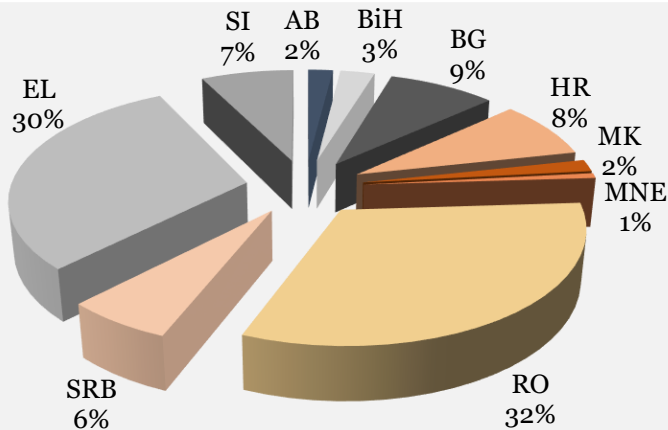
Banking sector dynamics

Share of domestic currency loans in total credit continues to grow

- Both LCY and FCY loans advanced during 2Q19, by 9.6% YoY and 2.4% YoY, respectively
- FCY loans now account for 67% of all loans to private sector
- 74% of retail loans and 59% of non-financial corporate loans are denominated in FCY

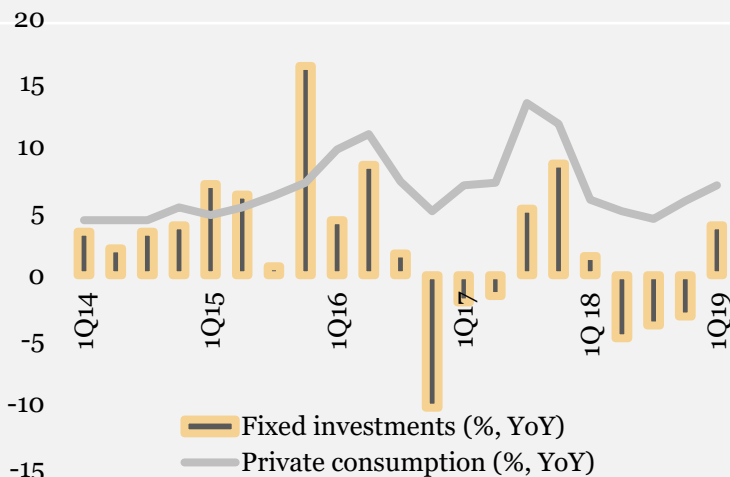
real economy

structure of nominal GDP in SEE



source: Eurostat

fixed investments vs. private consumption



source: Eurostat

Macro developments

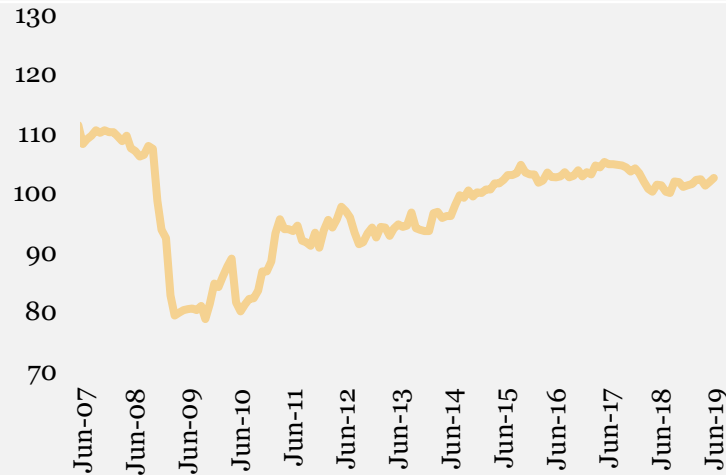
Romania has recently consolidated its leadership position of SEE in terms of GDP (both level and dynamics)

Economic growth pace accelerated to 5% YoY in 1Q2019, highly above expectations

- There can be noticed the advance of the fixed investments by 3.9% YoY in 1Q (after contracting for 3 quarters in a row), despite the intensifying risk perception
- The private consumption accelerated to 7% YoY in 1Q, an evolution supported by the positive dynamics on the labor and credit markets

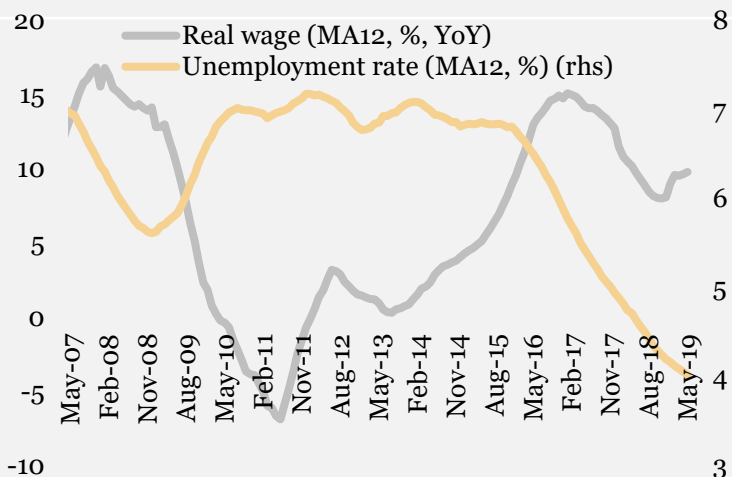
real economy

economic confidence (points)



source: European Commission

unemployment rate vs. real average wage



source: National Institute of Statistics, BT

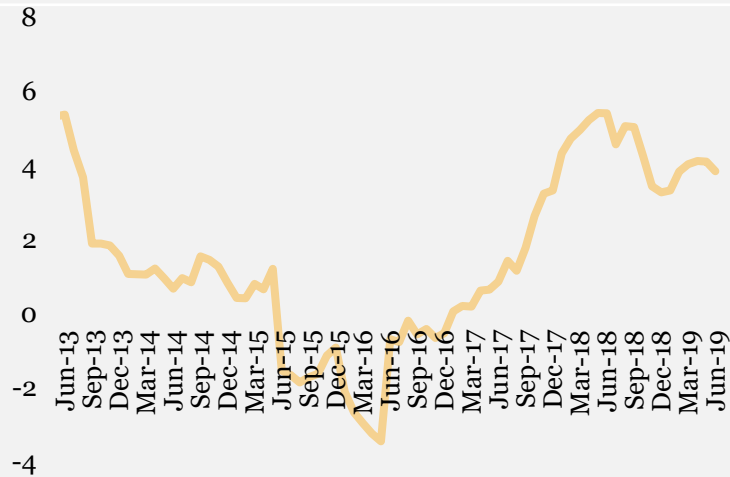
Macro developments

The economic confidence increased in June to the highest level since January 2018

- From the supply-side perspective the constructions accelerated to the highest pace since 2008, while the IT&C (the star of the post-crisis cycle) grew by a strong pace recently
- The strong labor market climate consolidated during January-May 2019
 - the average unemployment rate down to 3.9%, the lowest level since 1990s
 - the real wage up by double digit YoY pace

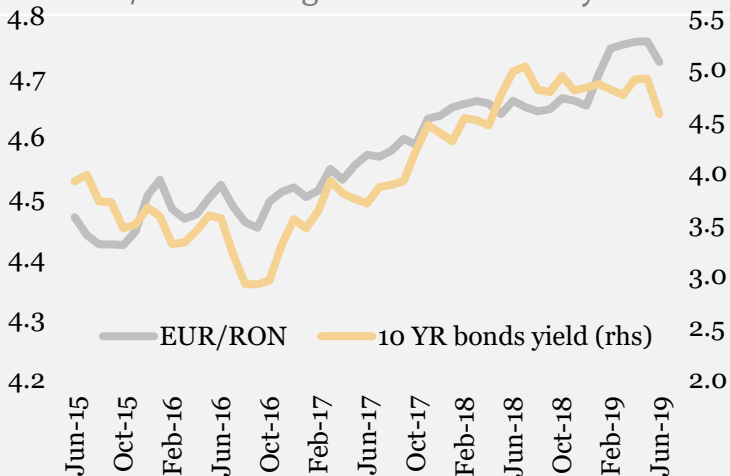
financial economy

consumer prices (% YoY)



source: National Institute of Statistics

EUR/RON fixing vs. 10YR bonds yield



source: NBR

Macro developments

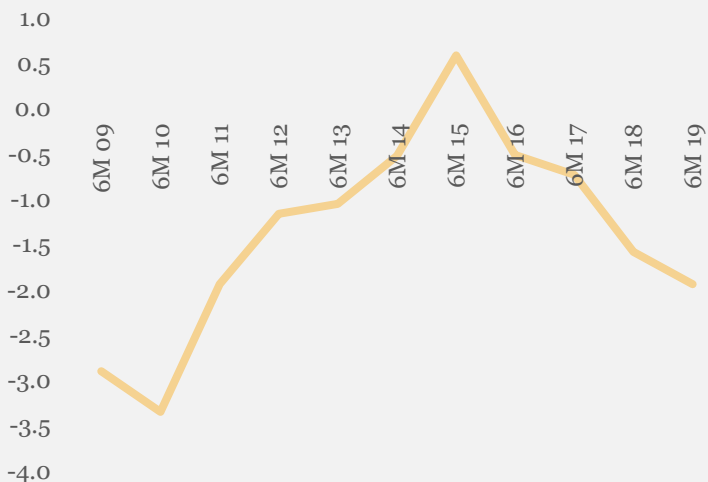
The inflationary pressures diminished at the end of 2Q2019

The investment risk perception improved after the EU Parliament elections

- The CPI decelerated to 3.8% YoY in June, the lowest level since February
- National Bank of Romania (NBR) maintained the policy-rate (at 2.50%) and the MRRs (at 8%) but reiterated the strict control over money market liquidity at the fifth meeting this year
- The above mentioned factors contributed to the decline of the sovereign borrowing costs and the decrease of the EUR/RON in June, towards the lowest levels since April 2018 and January 2019, respectively

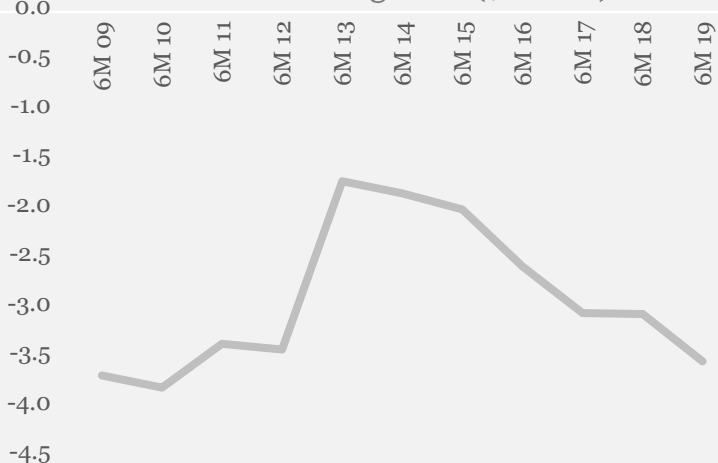
macroeconomic equilibria

budget deficit (% GDP)



source: Ministry of Finance of Romania

trade balance with goods (% GDP)



source: National Institute of Statistics, BT

Macro developments

Widening twin deficits, the main challenge for the end of the post-crisis cycle

- The budget deficit/GDP ratio intensified to 1.94% during 6M2019 (vs. 1.58% a year ago), given the expansionary fiscal and income policies
 - the public expenditure grew by 14.7% YoY
 - the public revenues advanced by 12.6% YoY
- At the same time, the deficit of the trade balance with goods continued the deterioration trend during January-June 2019, converging towards the pre-crisis levels
 - its weight in the GDP increased to the highest level since 2010 during 6M2019



BT performance in H1 2019

profitability

Net interest income, RONmn
Net fee and commission income, RONmn
Operating expenses, RONmn
Pre-provision operating profit, RONmn
Net profit, RONmn
EPS, RON
Cost of risk, net
NIM
ROE
Cost-to-income ratio

credit activity

Gross loans to customers, RONmn
Deposits from customers, RONmn
Gross loans-to-deposits ratio
NPL ratio

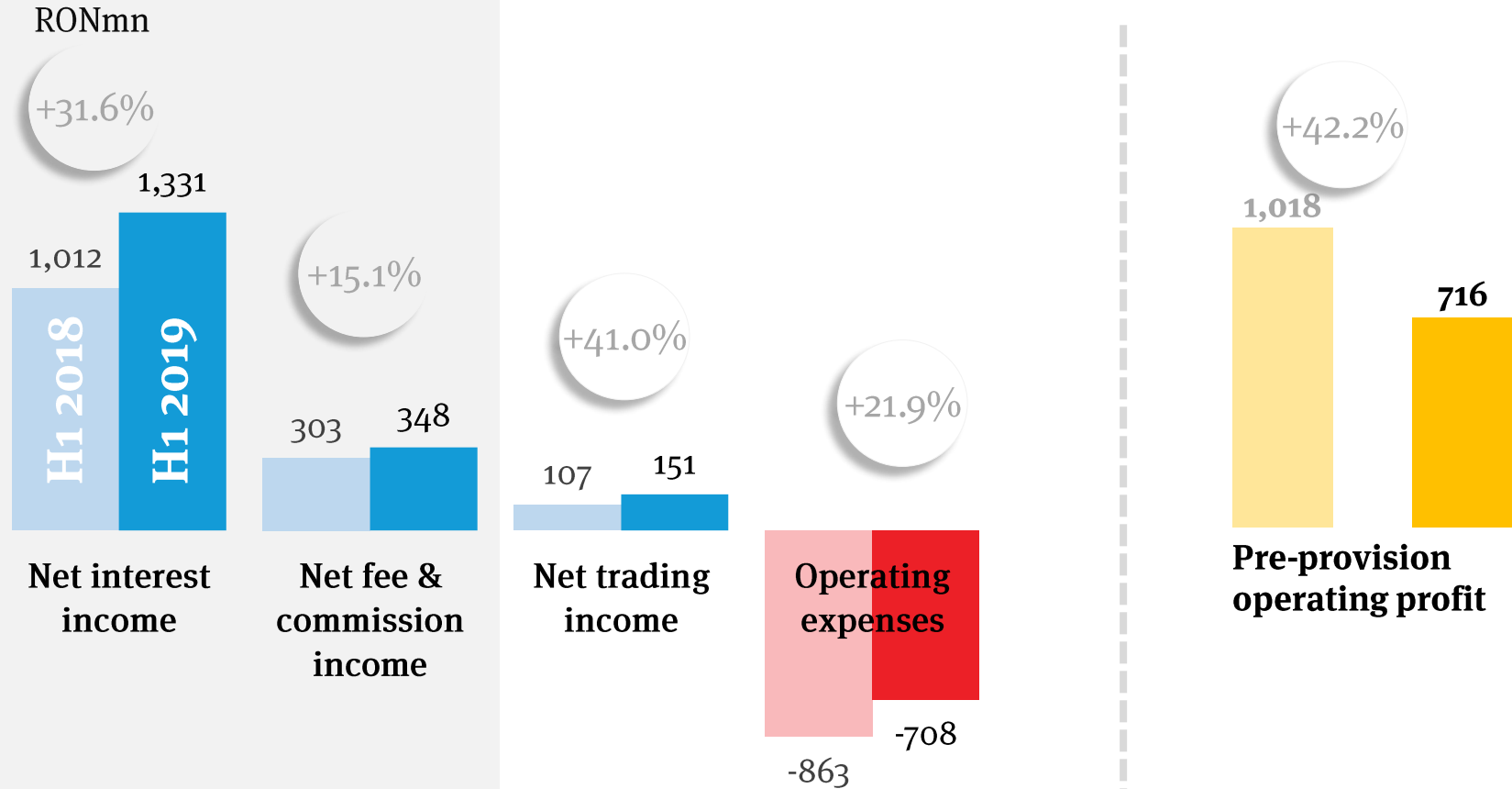
capital

Total equity, RONmn
Tier 1 capital ratio (profit included)
Total capital ratio (profit included)

	INDIVIDUAL			CONSOLIDATED		
	H1 2019	H1 2018		H1 2019	H1 2018	
	1,331.1	1,011.7	31.6%	1,512.9	1,276.5	18.5%
	348.1	302.6	15.1%	397.1	361.9	9.7%
	(862.9)	(707.7)	21.9%	(994.9)	(1,088.8)	-8.6%
	1,018.2	715.9	42.2%	1,189.0	1,027.3	15.7%
	848.0	662.7	28.0%	942.4	864.6	9.0%
				0.1744	0.1650	5.7%
	0.02%	-1.09%	1.1 pp	0.24%	-0.44%	0.7 pp
	3.58%	3.53%	0.0 pp	3.79%	3.83%	0.0 pp
	23.42%	19.79%	3.6 pp	23.73%	24.96%	-1.2 pp
	45.87%	49.71%	-3.8 pp	45.56%	51.45%	-5.9 pp
	Jun/19	Dec/18		Jun/19	Dec/18	
	40,113.4	38,815.1	3.3%	41,902.2	40,490.4	3.5%
	64,857.3	62,522.4	3.7%	67,380.6	65,160.5	3.4%
	61.85%	62.08%	-0.2 pp	62.19%	62.14%	0.0 pp
	3.01%	3.09%	-0.1 pp			
	Jun/19	Dec/18		Jun/19	Dec/18	
	7,734.6	7,411.2	4.4%	7,943.0	7,587.5	4.7%
	16.96%	15.70%	8.0%	15.91%	14.63%	8.8%
	20.53%	19.56%	4.9%	19.16%	18.11%	5.8%



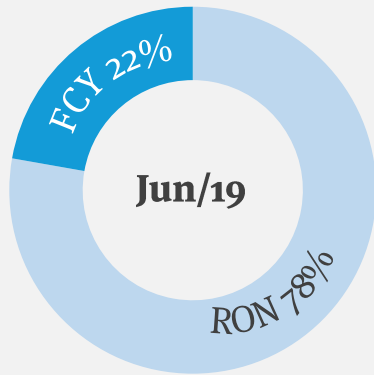
Trends in income structure



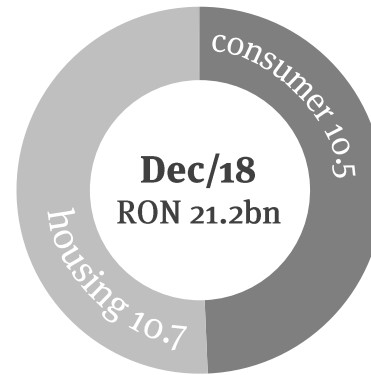
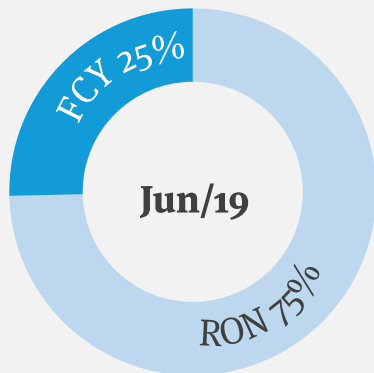


Loan structure

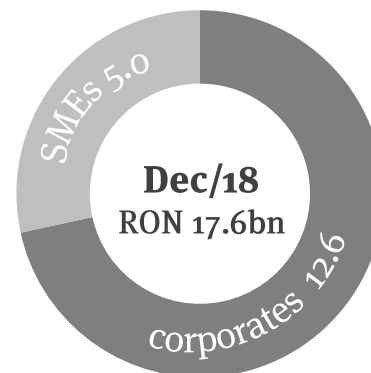
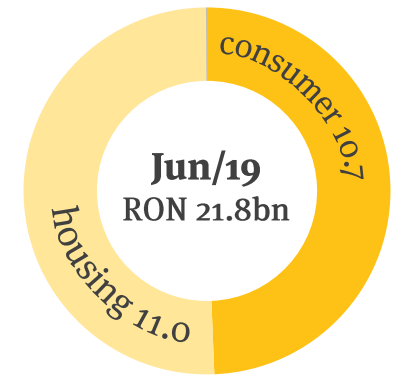
loans to households



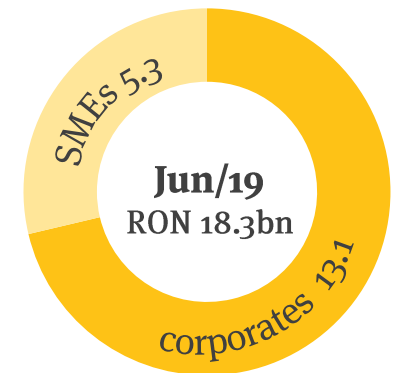
loans to companies



↑ 3%



↑ 4%



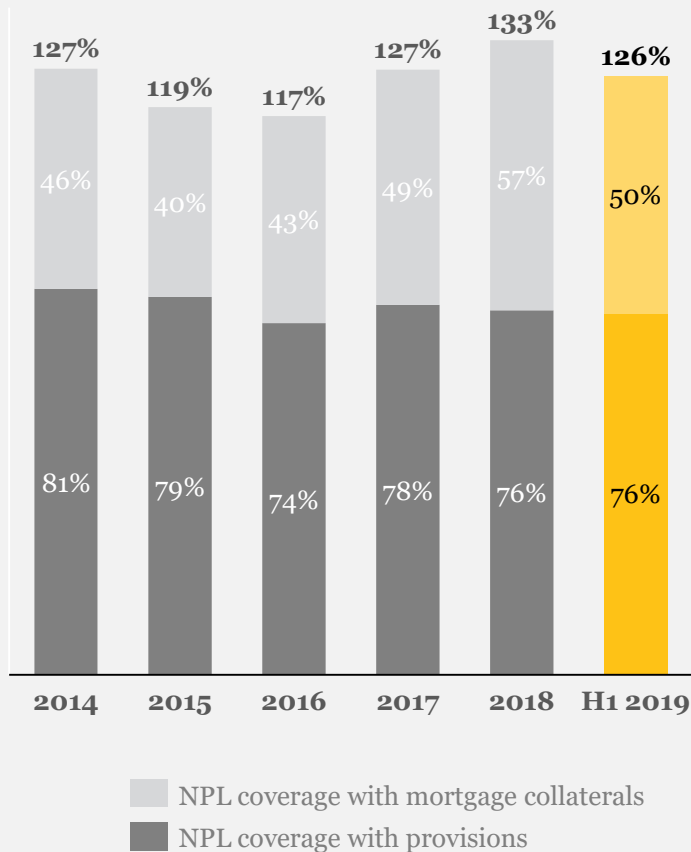
* SMEs identified according to internal classification rules



Loan quality

NPL (PAR90) ratio stable at 3.01%

NPL coverage ratio

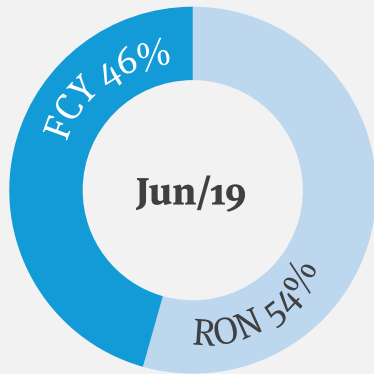


- Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio
- NPL coverage, including collaterals, sits at a comfortable 126% level

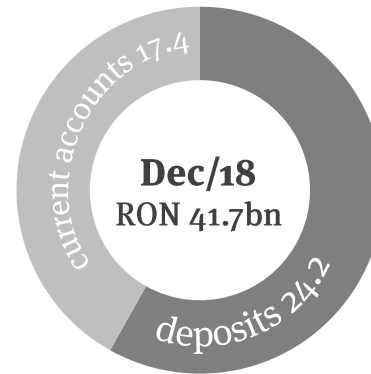
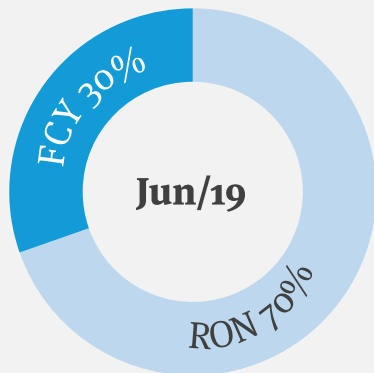


Deposit structure

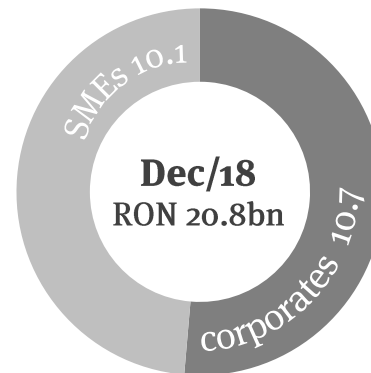
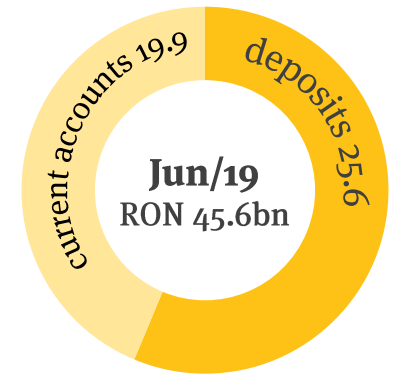
deposits from households



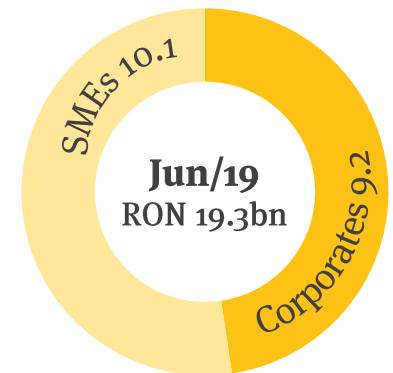
deposits from companies



↑ 9%



↓ 7%



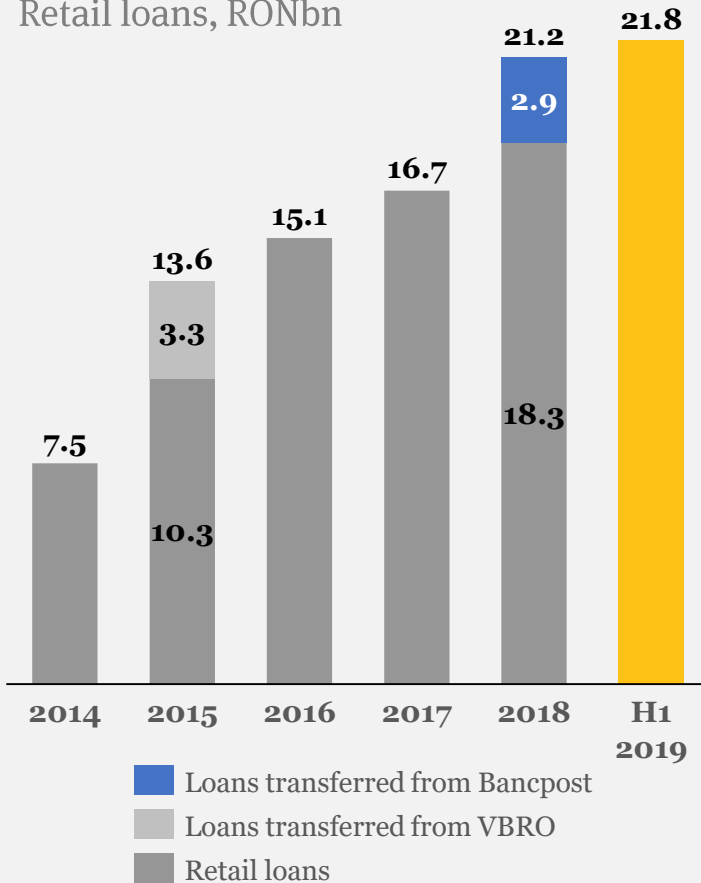
* SMEs identified according to internal classification rules



Business lines/ Retail banking

Retail loan portfolio reached RON 21.8bn as of June 2019

Retail loans, RONbn



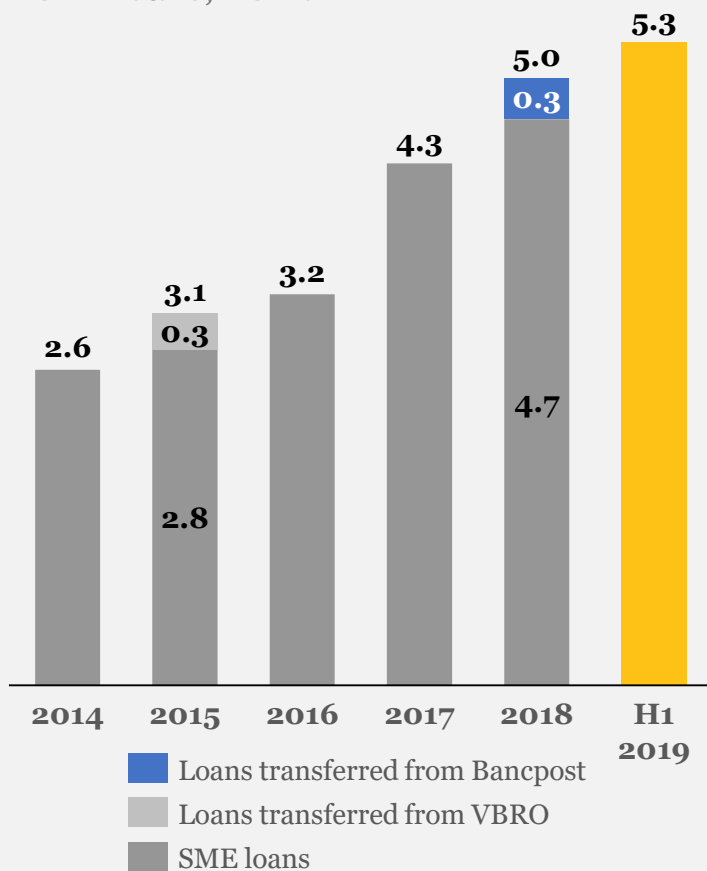
** Loans transferred from Bancpost include loans transferred during 2018, before integration*

- ~2,850,000 active clients
- 53,000 non-card retail loans disbursed in H1 2019
- 3.9 mn active cards – with a market share of about 22%

Business lines/ SME banking

SME (internal definition) loan portfolio at RON 5.3bn

SME loans, RONbn



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

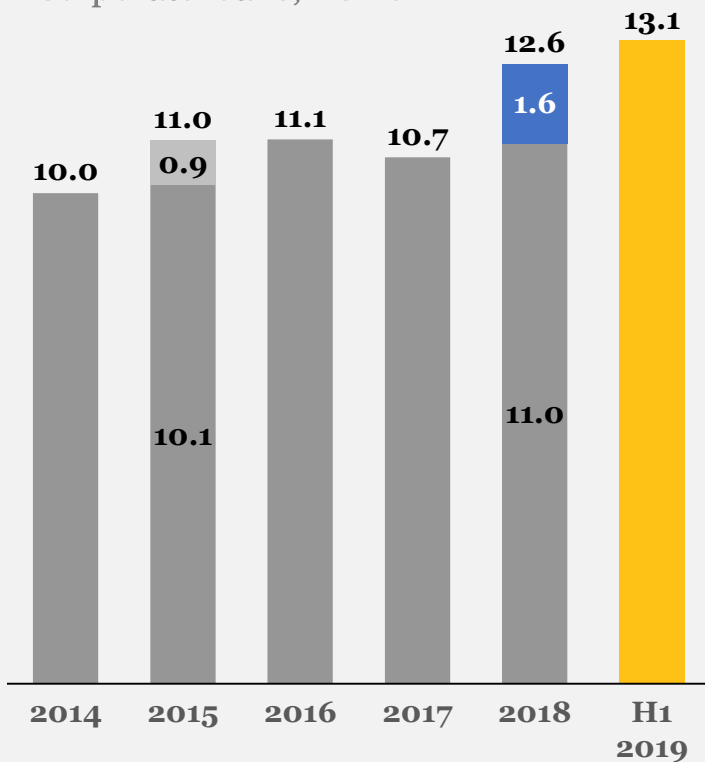
- 300,000 active clients
- Banca Transilvania continued its specific focus on the SME business sector, granting over 8,500 new loans in 2019 so far



Business lines/ Corporate banking

Corporate loan portfolio at RON 13.1bn

Corporate loans, RONbn



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

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

- 9,900 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 30/Jun/2019

total assets **RON 77.7bn**

BANCA  **TRANSILVANIA**[®]

total assets **RON 160mn**

 **BT Direct**[®]
Grupul Financiar Banca Transilvania

total assets **RON 1,095mn**

 **BT Leasing**[®]
Grupul Financiar Banca Transilvania

AUM **RON 3,704mn**

 **BT Asset Management S.A.I.**[®]
Grupul Financiar Banca Transilvania

total assets **RON 172mn**

 **BT Capital Partners**[®]
Grupul Financiar Banca Transilvania

total assets **RON 426mn**

 **BT Mic**[®]
Grupul Financiar Banca Transilvania

total assets **RON 3,328mn**

 **VICTORIABANK**
PRIMA BANCĂ DIN MOLDOVA

total assets **RON 223mn**

ERB Retail Services

* Figures for subsidiaries assessed under RAS rules;



ANNEX1

income statement, IFRS individual

RONmn	H1 2019	H1 2018	
Net interest income	1,331.1	1,011.7	31.6%
Net fee and commission income	348.1	302.6	15.1%
Net trading income	151.0	107.1	41.0%
Other net income	50.9	2.2	2194.7%
Operating income	1,881.1	1,423.6	32.1%
Personnel expenses	(458.4)	(397.2)	15.4%
D&A	(137.8)	(51.7)	166.4%
Other operating expenses	(266.6)	(258.8)	3.0%
Operating expenses	(862.9)	(707.7)	21.9%
Pre-provision operating profit	1,018.2	715.9	42.2%
Cost of risk	(3.8)	181.9	-102.1%
Net income before taxation	1,014.5	897.8	13.0%
Income tax (expense)/revenue	(166.5)	(235.1)	-29.2%
Net income	848.0	662.7	28.0%



ANNEX1

balance sheet, IFRS individual

RONmn

	Jun/19	Dec/18	
Cash & cash equivalents	10,641.7	9,083.5	17.2%
Placements with banks	4,732.2	4,000.4	18.3%
Loans to customers, net	37,709.5	36,356.0	3.7%
T-bills & securities	21,895.4	22,420.3	-2.3%
Fixed assets	765.4	736.2	4.0%
Right-of-use assets	433.2	0.0	
Investments in associates	537.7	537.7	0.0%
Deferred tax assets	0.0	48.7	-100.0%
Other financial assets	923.8	811.1	13.9%
Other non-financial assets	99.4	125.2	-20.6%
Total assets	77,738.3	74,118.9	4.9%
Deposits from banks	260.4	207.6	25.4%
Deposits from customers	64,857.3	62,522.4	3.7%
Loans from banks and FIs	1,043.6	1,185.6	-12.0%
Subordinated loan	1,677.9	1,651.5	1.6%
Current tax liabilities	106.8	43.9	143.0%
Deferred tax liabilities	9.0	0.0	
Provisions for other risks and charges	442.0	444.7	-0.6%
Financial liabilities from leasing contracts	431.0	0.0	
Other financial liabilities	1,070.1	537.2	99.2%
Other non-financial liabilities	105.5	114.9	-8.1%
Total liabilities	70,003.7	66,707.7	4.9%
Shareholders' equity	7,734.6	7,411.2	4.4%



ANNEX2

income statement, IFRS consolidated

RONmn

	H1 2019	H1 2018	
Net interest income	1,512.9	1,276.5	18.5%
Net fee and commission income	397.1	361.9	9.7%
Net trading income	191.2	96.4	98.5%
Other net income	82.5	381.3	-78.4%
Operating income	2,183.8	2,116.1	3.2%
Personnel expenses	(522.9)	(477.2)	9.6%
D&A	(149.8)	(83.1)	80.4%
Other operating expenses	(322.2)	(528.5)	-39.0%
Operating expenses	(994.9)	(1,088.8)	-8.6%
Pre-provision operating profit	1,189.0	1,027.3	15.7%
Cost of risk	(50.7)	87.9	-157.6%
Bargaining gain		111.6	
Net income before taxation	1,138.3	1,226.7	-7.2%
Income tax (expense)/revenue	(195.9)	(362.1)	-45.9%
Net income	942.4	864.6	9.0%



ANNEX2

balance sheet, IFRS consolidated

RONmn

	Jun/19	Dec/18	
Cash & cash equivalents	11,648.3	10,322.1	12.8%
Placements with banks	5,464.5	4,650.1	17.5%
Loans to customers, net	39,265.8	37,817.1	3.8%
T-bills & securities	22,664.4	23,126.8	-2.0%
Fixed assets	934.8	881.4	6.1%
Right-of-use assets	456.3	0.0	
Deferred tax assets	0.0	73.9	-100.0%
Other financial assets	965.1	843.2	14.5%
Other non-financial assets	166.0	182.1	-8.8%
Total assets	81,565.3	77,896.8	4.7%
Deposits from banks	249.3	195.3	27.6%
Deposits from customers	67,380.6	65,160.5	3.4%
Loans from banks and FIs	1,544.1	1,703.6	-9.4%
Subordinated loan	1,681.6	1,655.4	1.6%
Current tax liabilities	109.1	41.0	166.4%
Deferred tax liabilities	0.7	0.0	
Provisions for other risks and charges	463.7	472.7	-1.9%
Financial liabilities from leasing contracts	454.7	0.0	
Other financial liabilities	1,276.7	654.8	95.0%
Other non-financial liabilities	130.3	133.4	-2.3%
Total liabilities	73,290.7	70,016.7	4.7%
Shareholders' equity	7,943.0	7,587.5	4.7%
Non-controlling interest	331.6	292.5	13.4%
Total liabilities and equity	81,565.3	77,896.8	4.7%



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