

BANCA TRANSILVANIA

BANCA TRANSILVANIA Q1 2018 financial results

April 25th 2018



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Agenda



- 1 Banking sector dynamics
- 2 Q1 2018 Highlights
- 3 Performance in Q1 2018
- 4 Overview of business lines
- 5 BT Financial Group
- a Financial statements

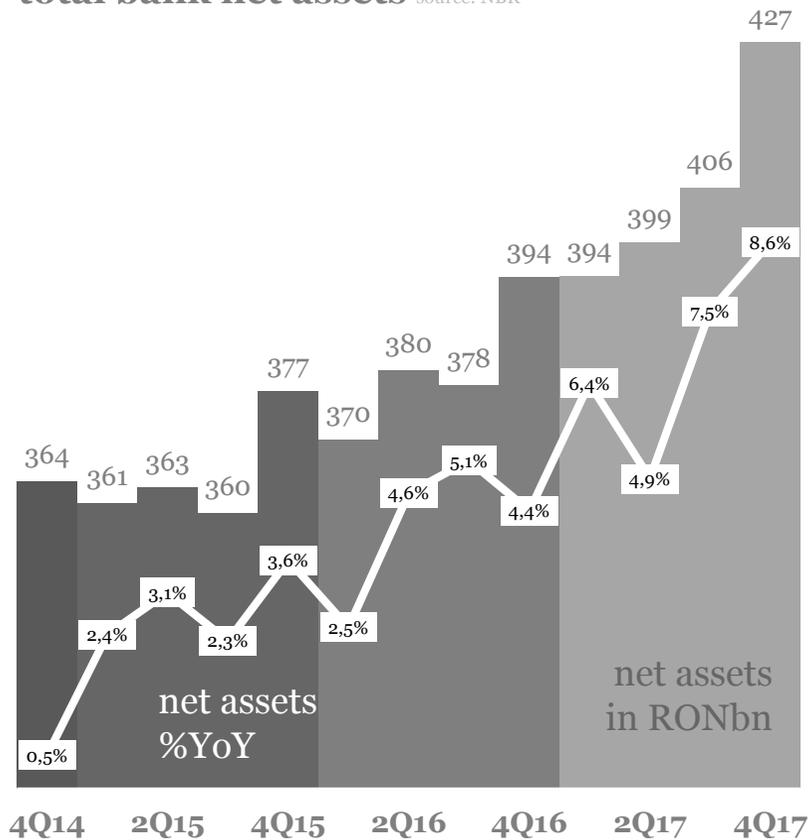


Bank assets grew by 9% in 2017

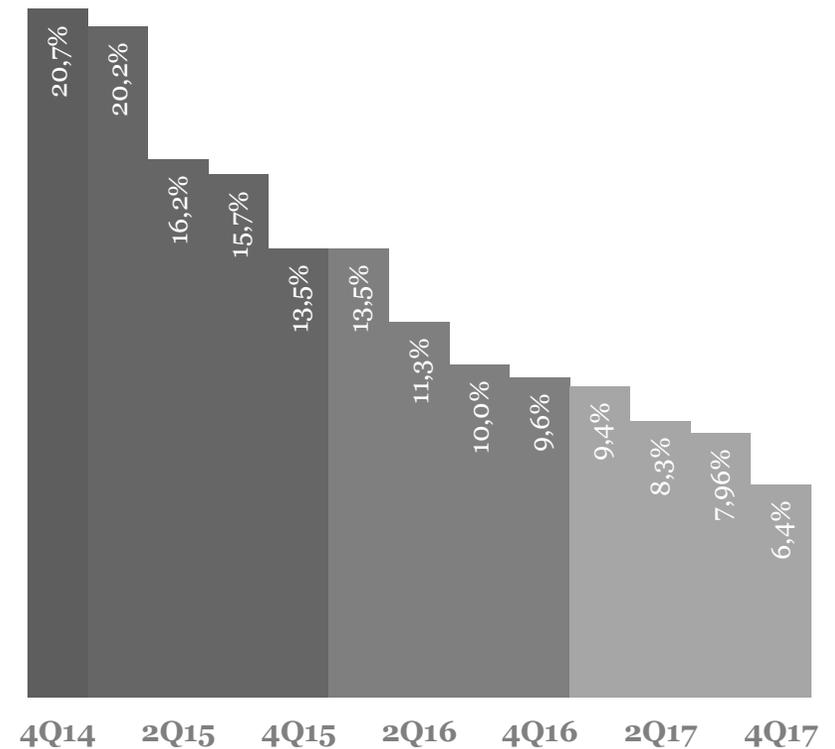
Bank assets amounted to RON 427bn at the end of 2017

Loan quality has improved significantly during last years

total bank net assets source: NBR



NPL ratio, % source: NBR

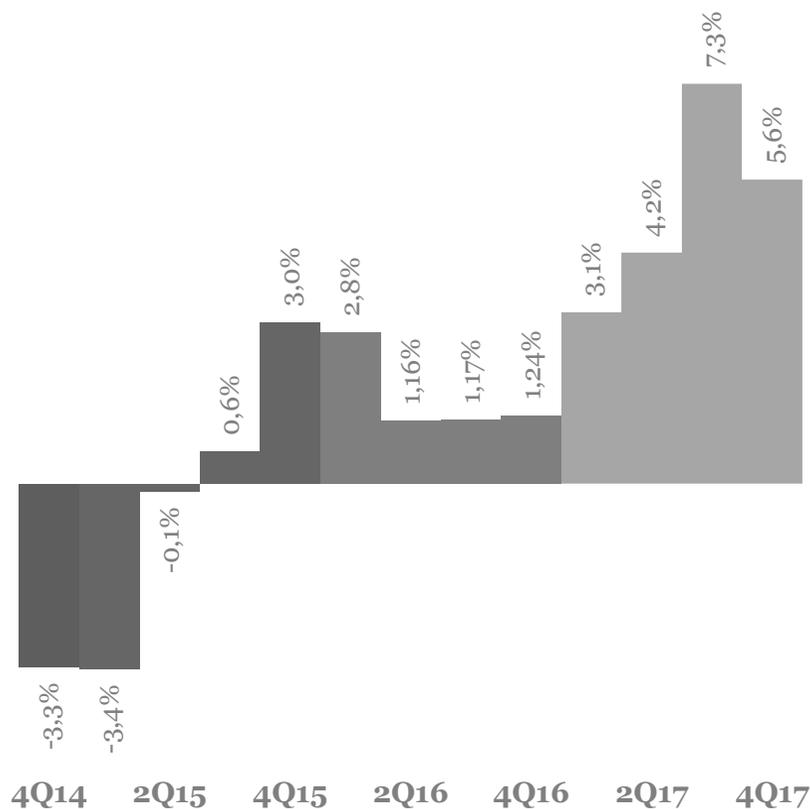


Credit activity gathered pace in 2017



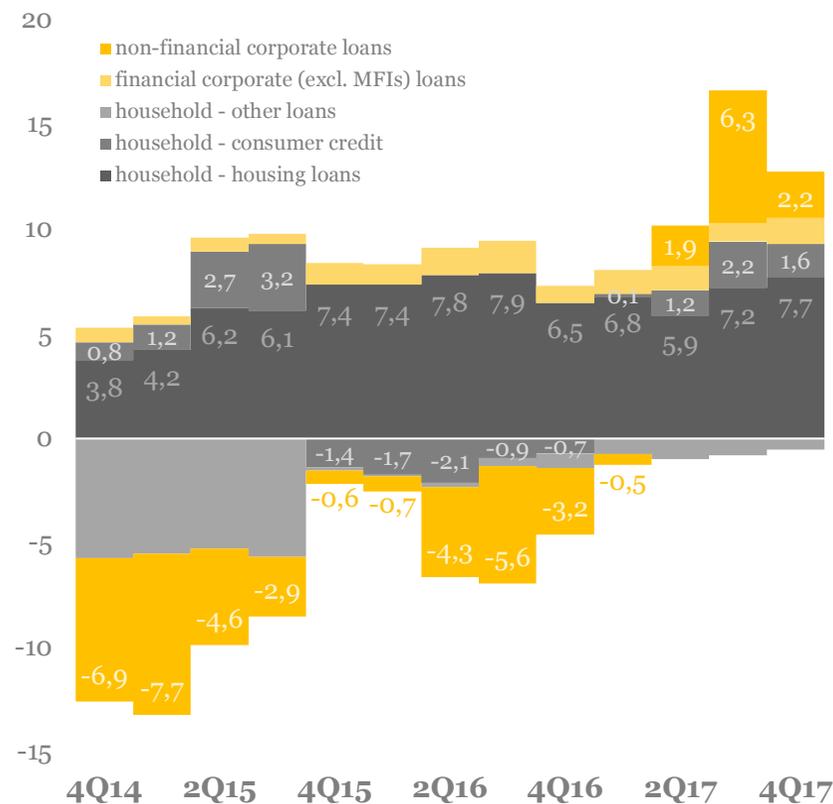
Loans advanced during 2017 at the fastest pace since 2011

%YoY source: NBR



Lending supported by both housing and corporate loans

YoY RONbn source: NBR



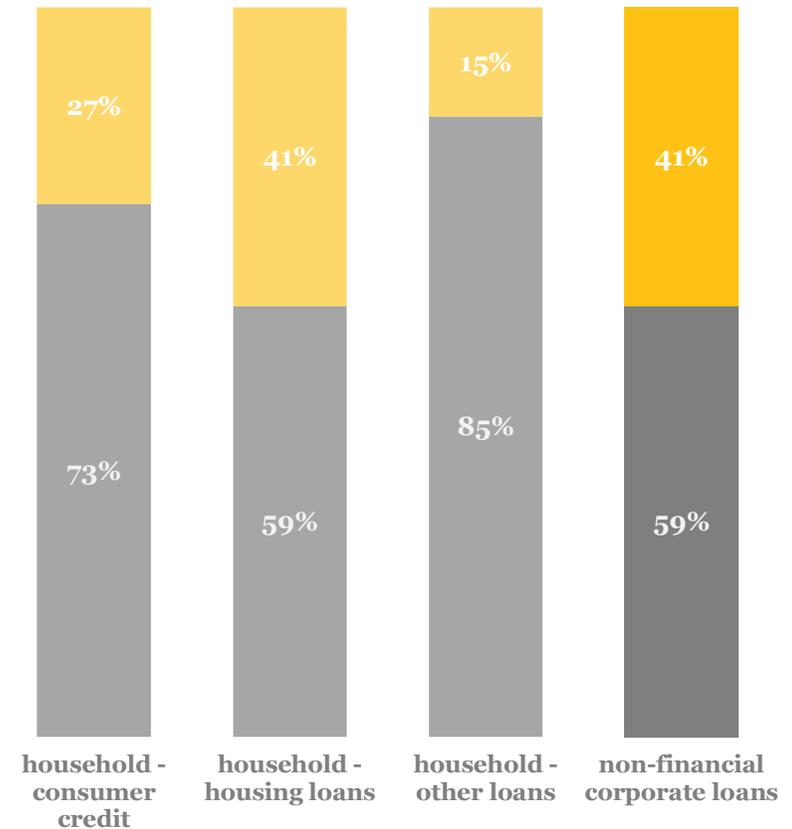
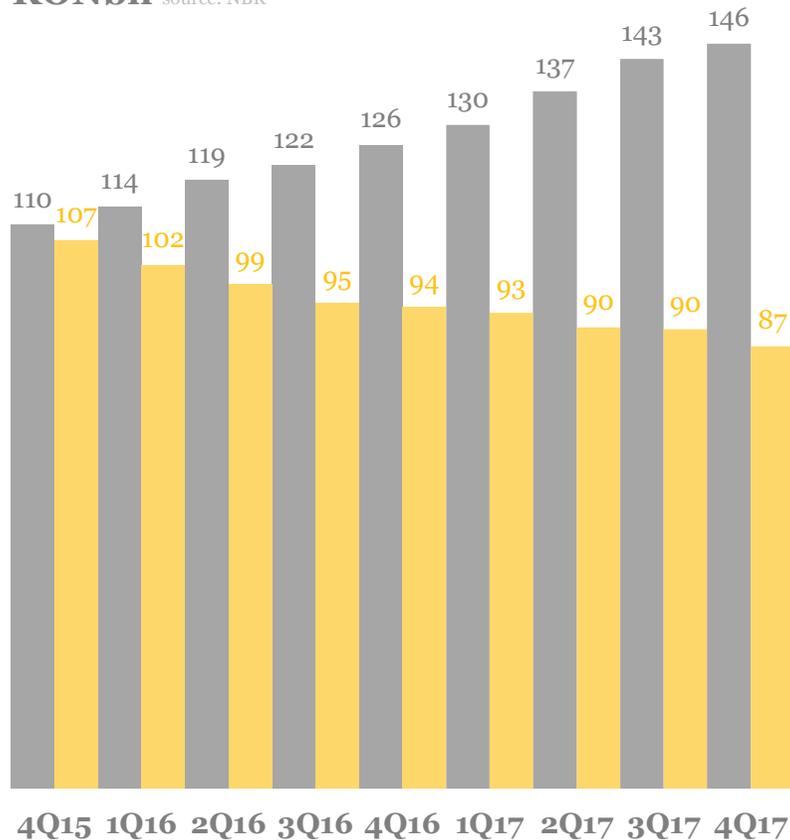
LCY loans remain the driver of lending in Romania



At RON 146bn, LCY loans account for 63% of total loans in 2017

Loans in RON now make up the greatest portion of each loan segment

RONbn source: NBR

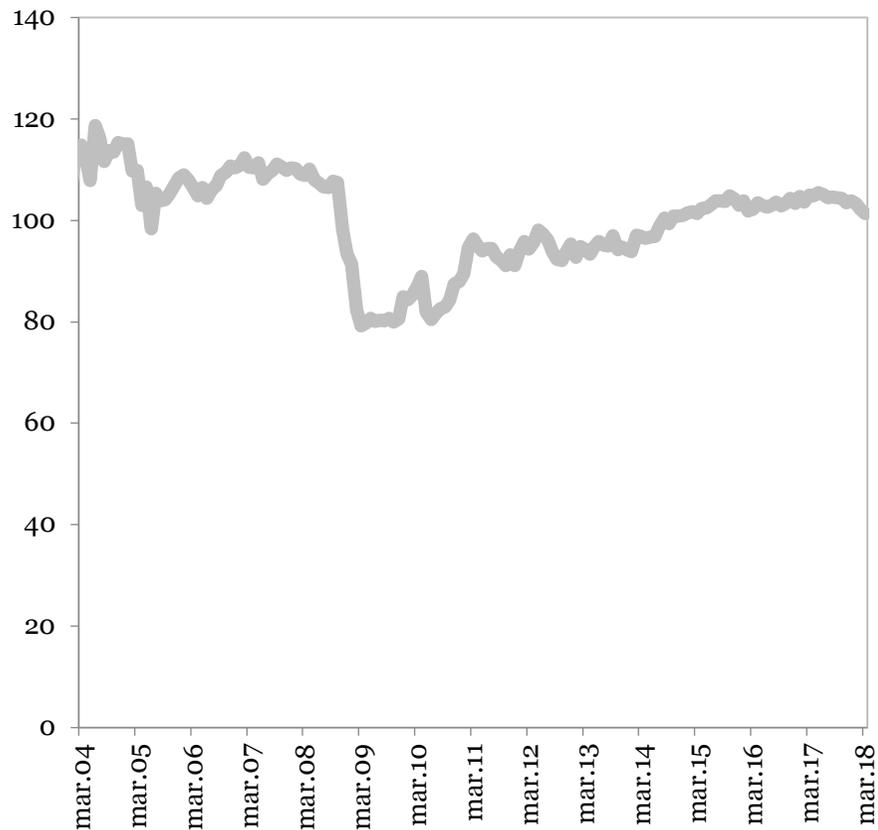


The real economy

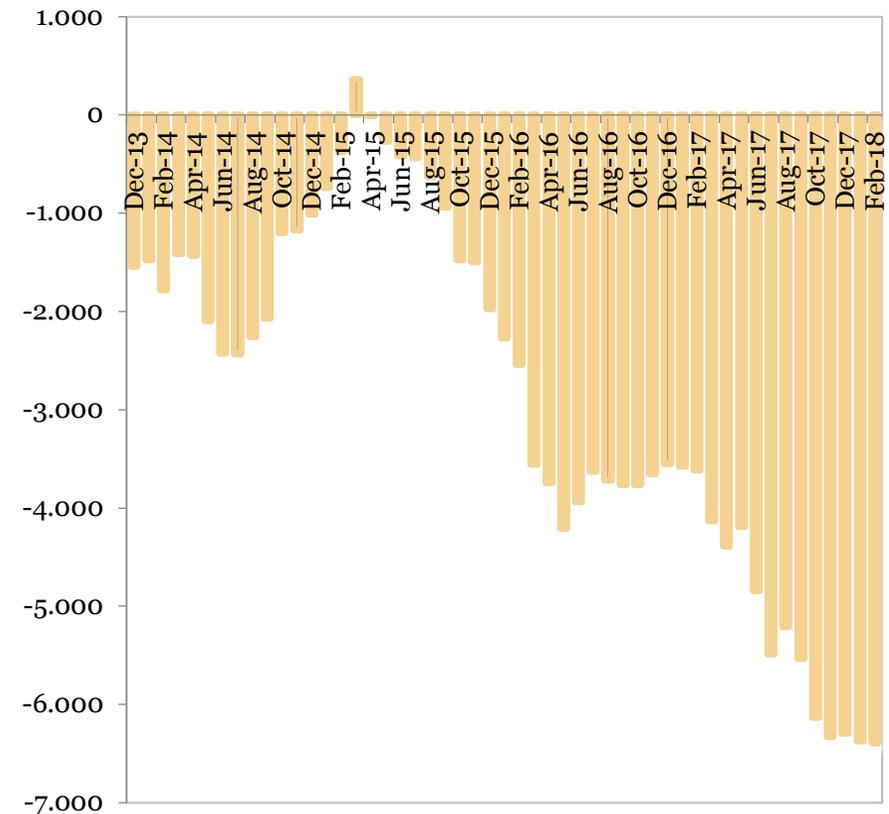
The maturity of the post-crisis cycle



The economic confidence changed the trend



Deterioration of the current account

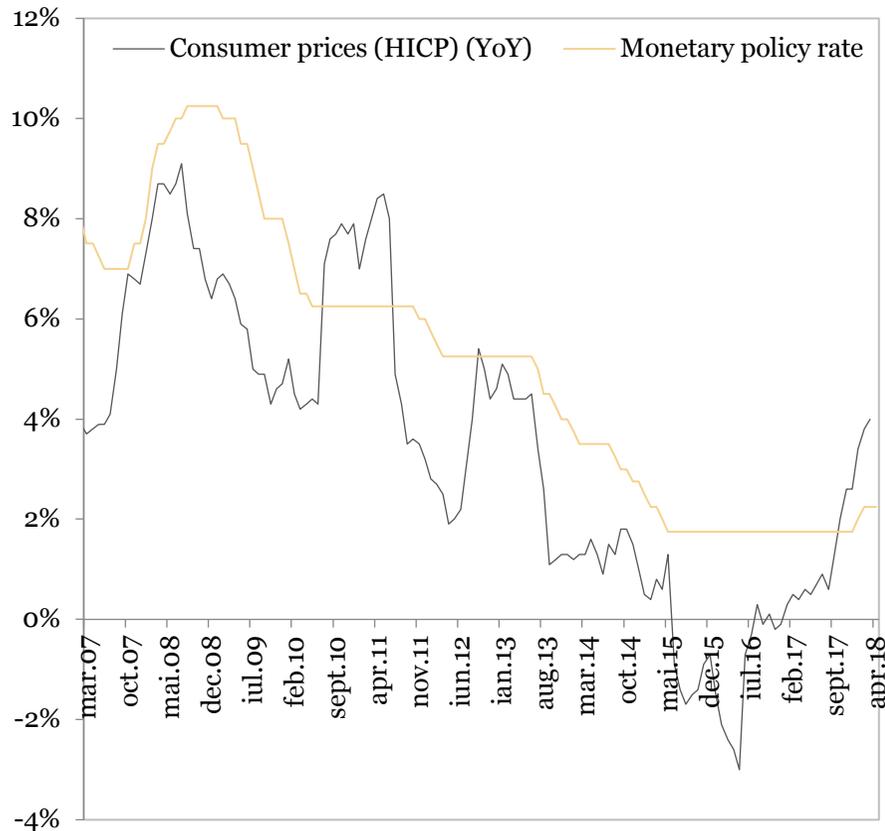


The financial economy

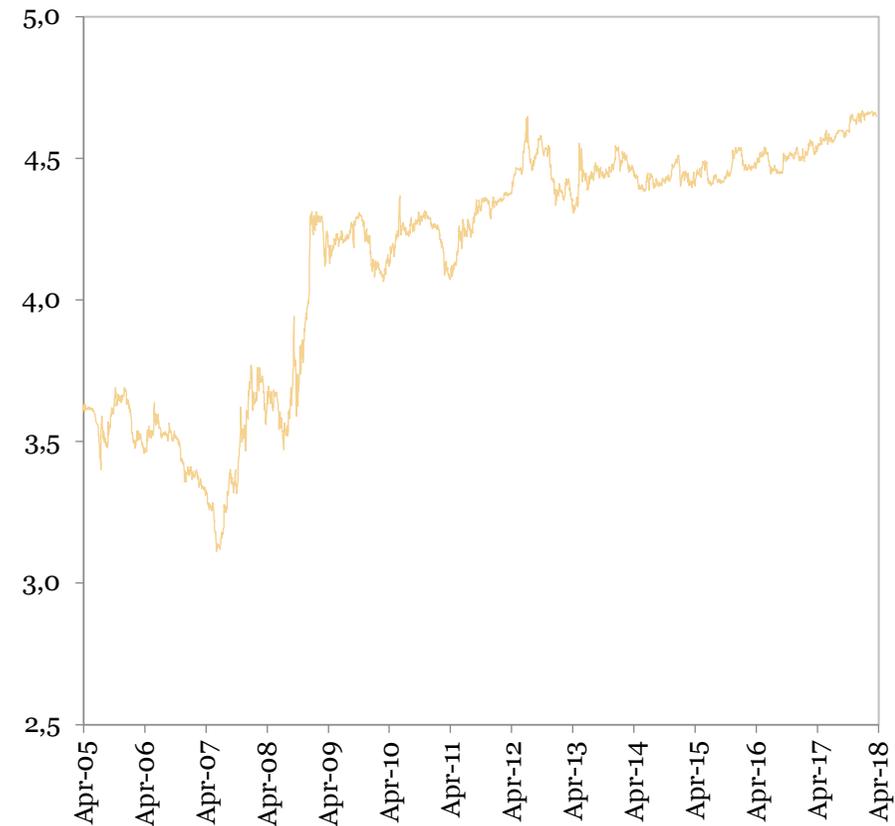
NBR hiked the policy rate twice in 1Q and signaled the continuity of the cycle to counter the risks in terms of price and financial stability



Real interest rates remain affordable



EUR/RON continued the depreciation



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 Q1 2018

Q1 2018 Highlights



	Q1 2018	Q1 2017	Δ	
profitability	Net interest income RONmn	518.2	456.3	13.6%
	Net fee and commission income RONmn	153.0	129.4	18.2%
	Operating expenses RONmn	(349.9)	(295.3)	18.5%
	Gross profit before provisions RONmn	385.8	286.7	34.6%
	Net income RONmn	366.0	246.2	48.7%
	Cost of risk, net (%)	-0.67%	-0.08%	761.9%
	NIM	3.59%	3.26%	0.3 pp
	ROE	22.37%	17.08%	5.3 pp
Cost-to-income ratio	47.56%	50.74%	-3.2 pp	
credit activity	Mar-18	Dec-17	Δ	
	Gross loans to customers RONmn	32,079.1	31,692.8	1.2%
	Deposits from customers RONmn	49,080.5	49,099.2	0.0%
	Gross loans-to-deposits ratio	65.36%	64.55%	0.8 pp
NPL ratio	2.95%	3.05%	-0.1 pp	
capital	Mar-18	Dec-17	Δ	
	Total equity RONmn	7,197.0	6,970.1	3.3%
	Tier 1 capital ratio (profit included)	18.35%	18.25%	0.6%
Total capital ratio (profit included)	19.23%	19.21%	0.1%	

Business performance Q1 2018

at a glance



Total assets at RON 59.6bn

Balance sheet consolidation

Capital adequacy ratio at 19.23%

Strong capital base, supporting organic and non organic growth

Net fees and commissions at RON 153mn +18% Y/Y

Increased number of operations and additional cross-sell

CoR, net

CoR at -0.67%, recoveries and releases are higher than related expenses

Net profit at RON 366mn

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

Cost/income at 47.56%

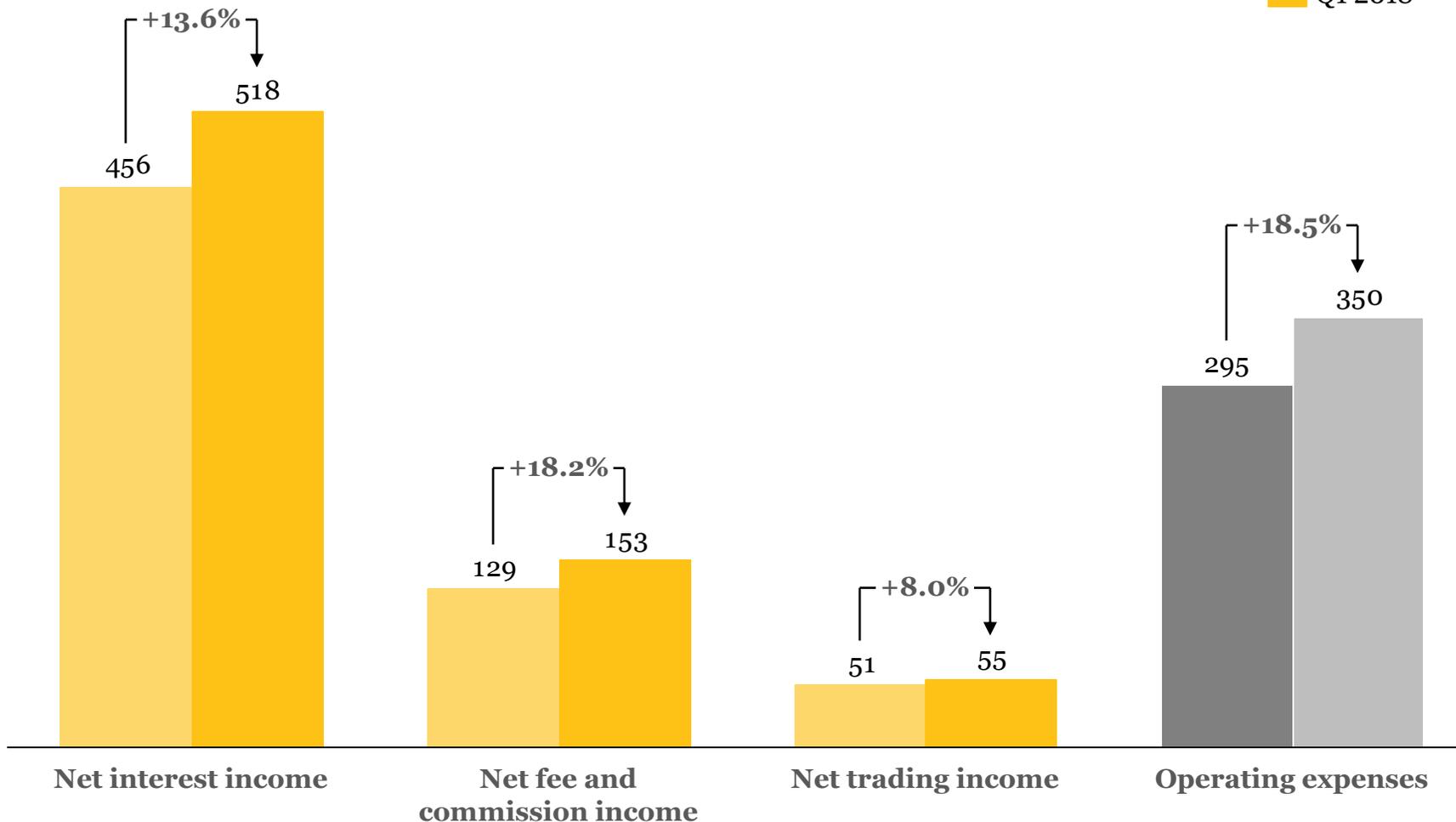
Operational efficiency increased compared to Q1 2017

Trends in income structure

RONmn



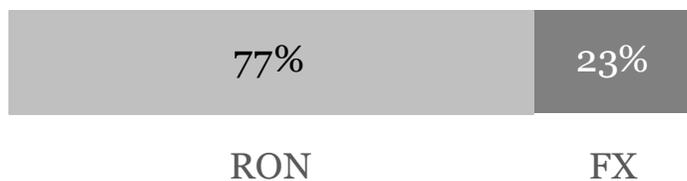
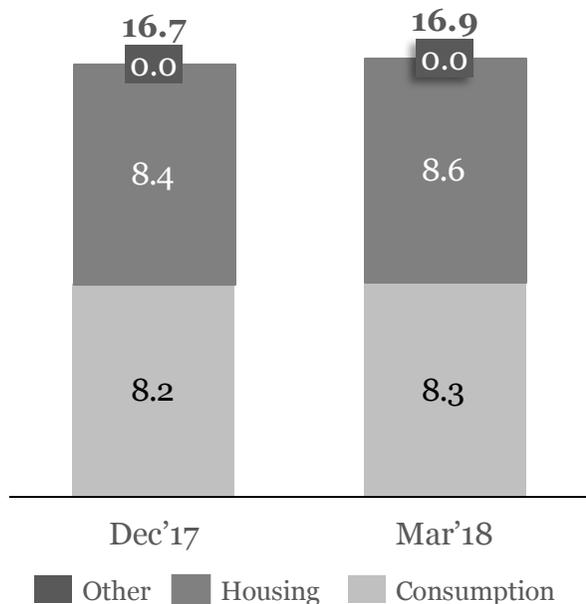
Q1 2017
Q1 2018



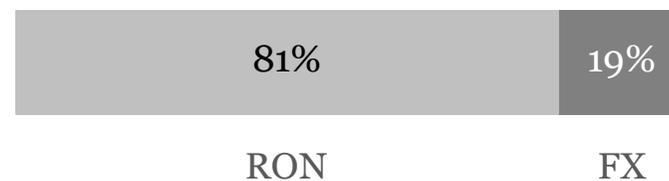
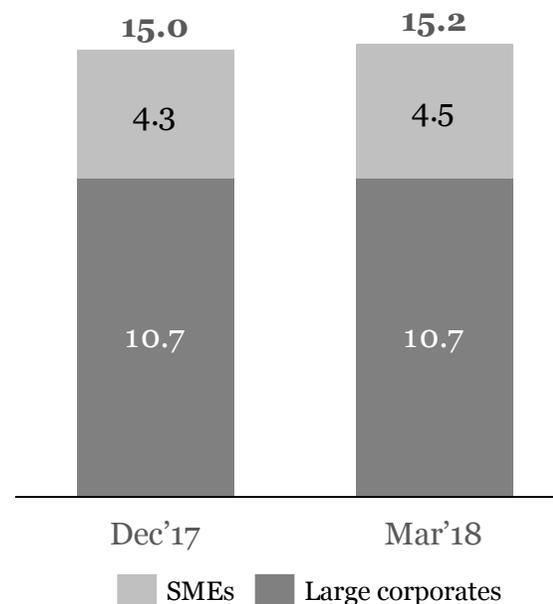
Loan structure



Loans to households, RONbn



Loans to companies, RONbn

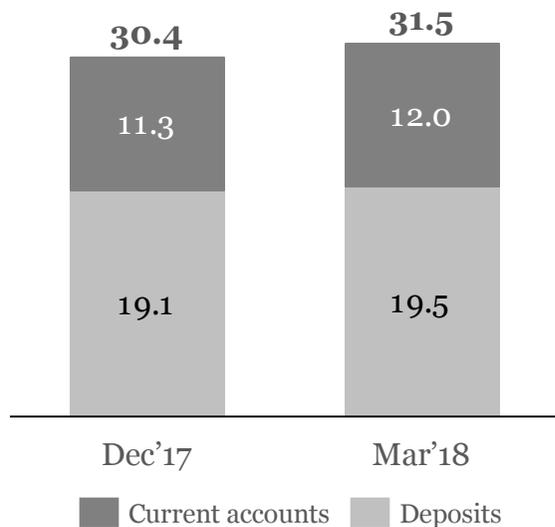


**SMEs identified according to internal classification rules*

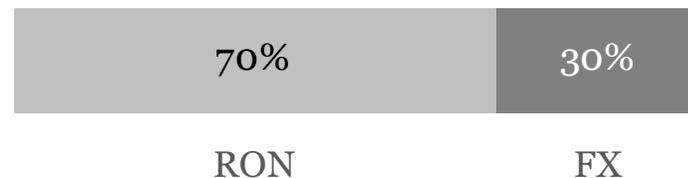
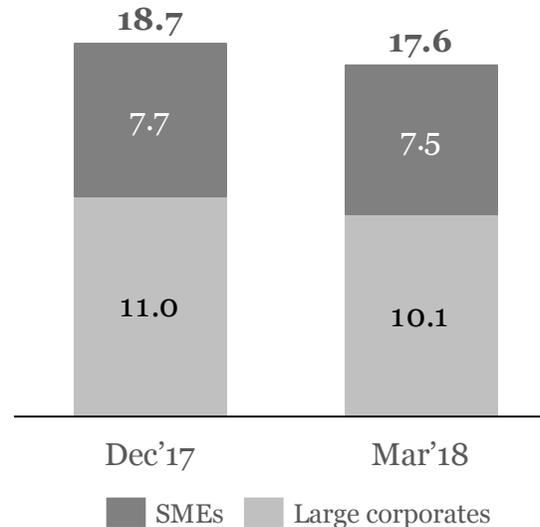
Deposit structure



Deposits from households, RONbn



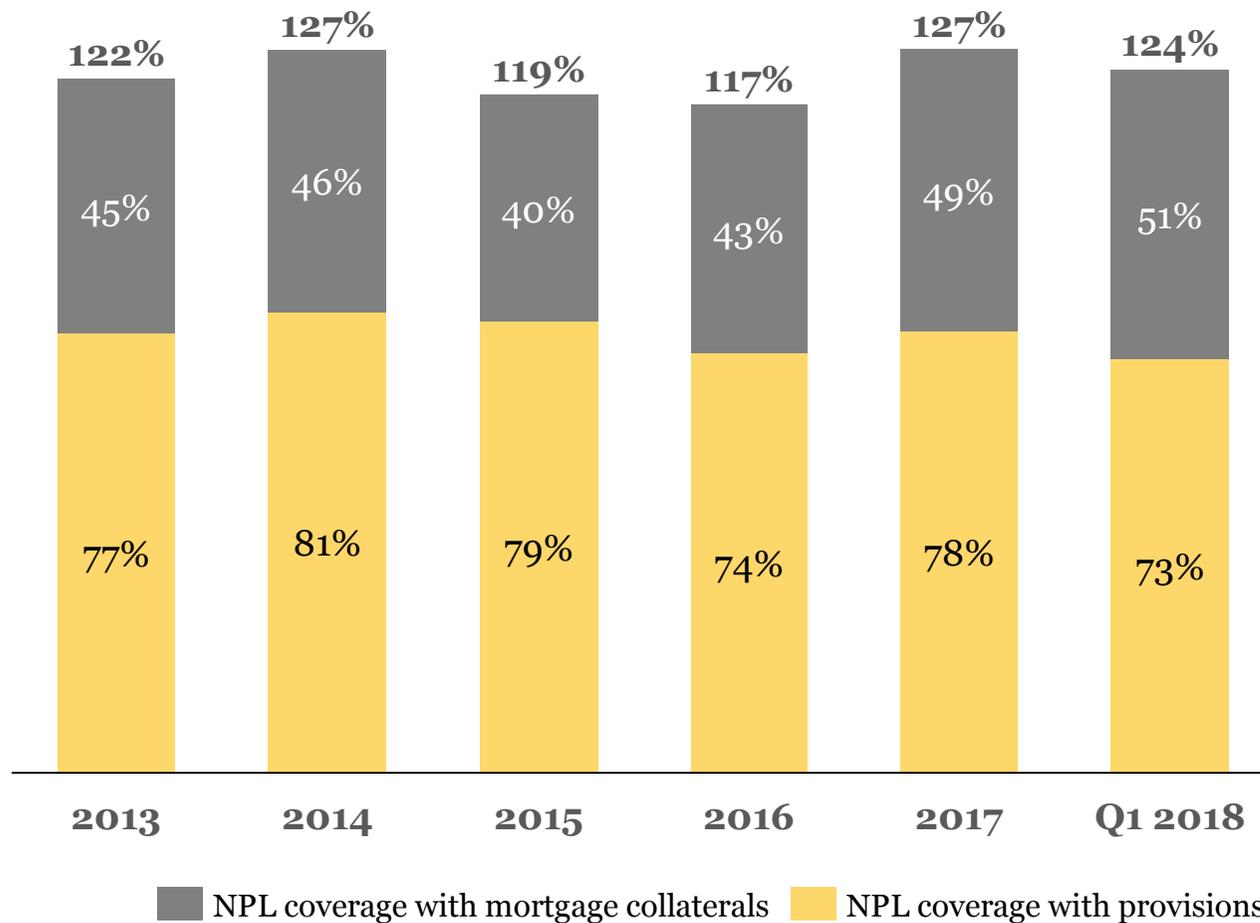
Deposits from companies, RONbn



**SMEs identified according to internal classification rules*

NPL ratio at 2.95%

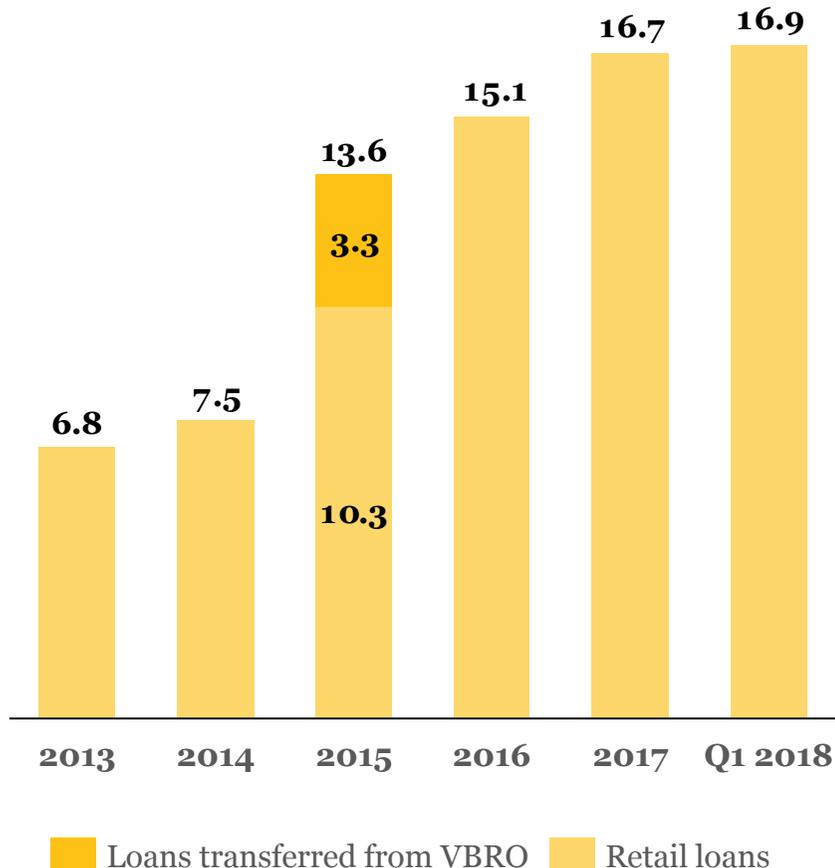
Banca Transilvania continued to provide a sound coverage ratio for its PAR 90 portfolio



**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

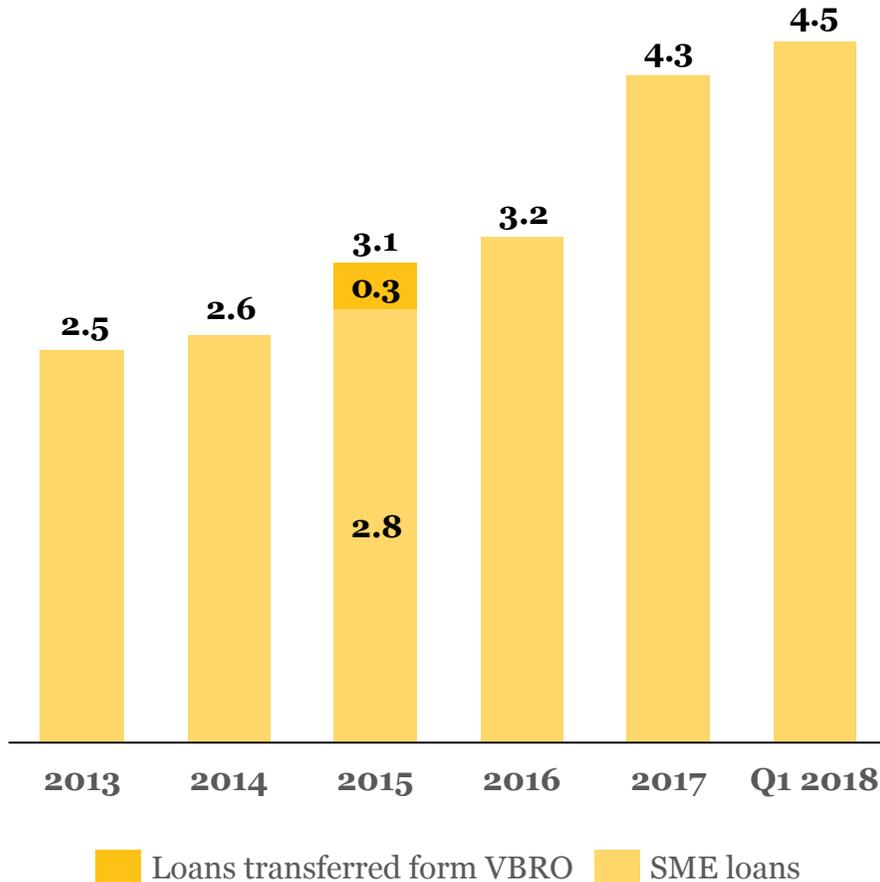
retail loan portfolio reached RON 16.9bn as of Mar 2018



- **16,500 non-card retail loans disbursed in Q1 2018**
- **Market share for retail loans at December 2017 -13.7%**
- **3.08 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

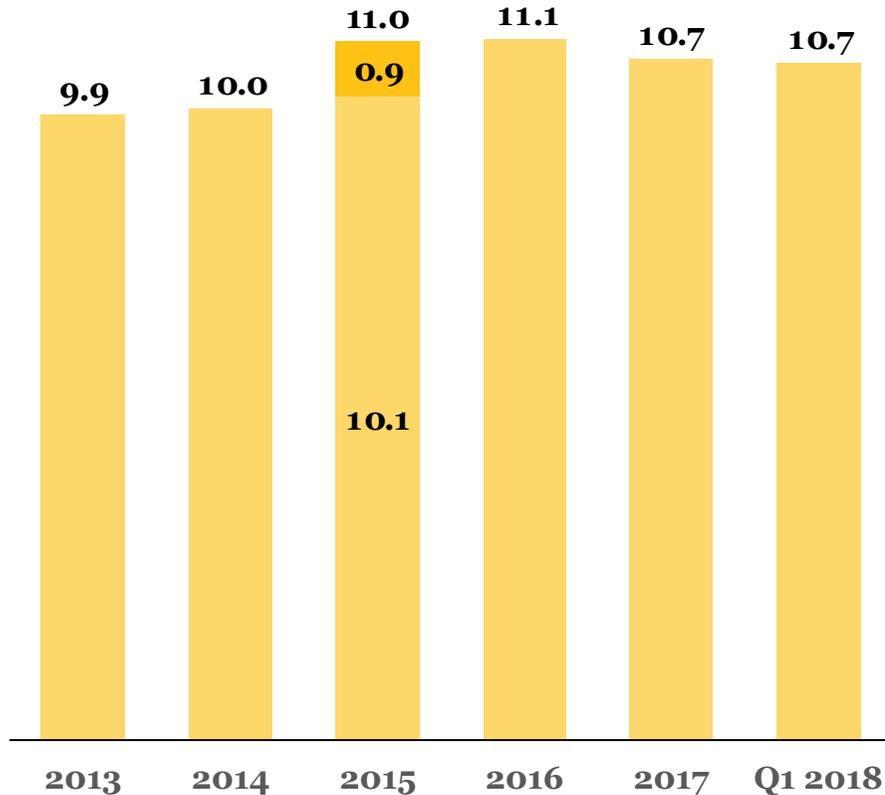
SME loan portfolio at RON 4.5bn and 249,000 active clients



- **Banca Transilvania continued its specific focus on the SME business sector, offering over 4,400 new loans in Q1 2018**

Corporate banking

corporate loan portfolio close to RON 11bn



- **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 31.03.2018*



BANCA TRANSILVANIA[®]

Total assets: RON 59.6bn

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

Total assets: RON 95mn

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

Total assets: RON 135mn

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

Total assets: RON 194mn

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

AuM: RON 4,073mn

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

Total assets: RON 826mn

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

Total assets: RON 219mn



VICTORIABANK
PRIMA BANCĂ DIN MOLDOVA

Total assets: RON 3.4bn

*Total assets for subsidiaries are presented under RAS rules;

*Total assets for Victoriabank are computed under local FINREP standards, at official MDL/RON exchange rate as at 31.03.2018.

Q1 2018 Highlights – consolidated figures



	Q1 2018	Q1 2017	Δ	
profitability	Net interest income RONmn	543.3	473.1	14.8%
	Net fee and commission income RONmn	163.2	138.7	17.7%
	Operating expenses RONmn	(386.0)	(327.7)	17.8%
	Gross profit before provisions RONmn	414.1	315.1	31.4%
	Net profit RONmn	389.0	266.9	45.7%
	EPS RON	0.0812	0.0615	32.2%
	Cost of risk, net (%)	-0.62%	0.00%	
	NIM	3.67%	3.25%	12.8%
	ROE	23.21%	18.07%	28.5%
Cost-to-income ratio	48.24%	50.98%	-5.4%	
credit activity	Mar-18	Dec-17	Δ	
	Gross loans to customers RONmn	32,959.6	32,120.7	2.6%
	Deposits from customers RONmn	48,905.2	48,932.2	-0.1%
Gross loans-to-deposits ratio	67.39%	65.64%	2.7%	
Total equity RONmn	Mar-18	Dec-17	Δ	
Total equity RONmn	7,367.0	7,125.4	3.4%	

annex I

income statement Q1 2018 – individual figures



IFRS individual, RONmn	Q1 2018	Q1 2017	Δ
Net interest income	518.2	456.3	13.6%
Net fee and commission income	153.0	129.4	18.2%
Net trading income	54.6	50.5	8.0%
Other net income	10.0	(54.3)	-118.4%
Operating income	735.8	582.0	26.4%
Personnel expenses	(192.5)	(165.0)	16.7%
D&A	(24.4)	(19.6)	24.6%
Other operating expenses	(133.1)	(110.7)	20.2%
Operating expenses	(349.9)	(295.3)	18.5%
Cost of risk	54.3	5.9	817.5%
Net income before taxation	440.1	292.6	50.4%
Income tax (expense) / revenue	(74.1)	(46.4)	59.7%
Net income after taxation	366.0	246.2	48.7%

annex II

balance sheet Q1 2018 – individual figures



IFRS individual, RONmn	Mar 2018	Dec 2017	Δ
Cash & cash equivalents	5,554.1	6,637.7	-16.3%
Placements with banks	3,446.4	5,302.3	-35.0%
Loans to customers, net	30,282.3	29,914.0	1.2%
T-bills & securities	18,837.2	16,115.7	16.9%
Fixed assets	547.5	533.4	2.6%
Participations	326.6	156.6	108.5%
Current tax assets	127.9	148.6	-14.0%
Deferred tax assets	119.6	173.2	-31.0%
Other financial assets	232.8	211.9	9.8%
Other assets	101.1	108.5	-6.8%
Total assets	59,575.5	59,302.1	0.5%
Deposits from banks	116.6	127.9	-8.9%
Deposits from customers	49,080.5	49,099.2	0.0%
Loans from banks and FIs	1,342.4	1,099.9	22.0%
Subordinated loan	412.3	414.6	-0.6%
Provisions for other risks and charges	401.8	373.1	7.7%
Other financial liabilities	957.5	1,154.8	-17.1%
Other liabilities	67.4	62.4	8.0%
Total liabilities	52,378.5	52,332.0	0.1%
Shareholders' equity	7,197.0	6,970.1	3.3%

annex III

income statement Q1 2018 – consolidated figures



IFRS consolidated, RONmn	Q1 2018	Q1 2017	Δ
Net interest income	543.3	473.1	14.8%
Net fee and commission income	163.2	138.7	17.7%
Net trading income	57.1	61.0	-6.5%
Other net income	36.6	(30.0)	-221.9%
Operating income	800.2	642.8	24.5%
Personnel expenses	(203.6)	(175.3)	16.1%
D&A	(35.4)	(27.2)	30.4%
Other operating expenses	(147.0)	(125.2)	17.4%
Operating expenses	(386.0)	(327.7)	17.8%
Cost of risk	50.9	0.3	
Net income before taxation	465.1	315.4	47.4%
Income tax (expense) / revenue	(76.1)	(48.5)	56.9%
Net income after taxation	389.0	266.9	45.7%

annex IV

balance sheet Q1 2018 – consolidated figures



IFRS consolidated, RONmn	Mar 2018	Dec 2017	Δ
Cash & cash equivalents	5,554.1	6,637.7	-16.3%
Placements with banks	3,484.9	5,348.1	-34.8%
Loans to customers, net	30,654.3	30,249.0	1.3%
T-bills & securities	18,819.8	16,096.2	16.9%
Fixed assets	788.1	766.9	2.8%
Investments in associates	182.8	0.0	
Current tax assets	124.5	146.9	-15.2%
Deferred tax assets	137.7	187.1	-26.4%
Other financial assets	256.4	234.3	9.4%
Other assets	125.3	138.8	-9.7%
Total assets	60,128.0	59,805.0	0.5%
Deposits from banks	116.6	127.9	-8.9%
Deposits from customers	48,905.2	48,932.2	-0.1%
Loans from banks and FIs	1,749.9	1,487.0	17.7%
Subordinated loan	412.3	414.6	-0.6%
Provisions for other risks and charges	411.3	382.8	7.4%
Other financial liabilities	1,010.1	1,216.2	-17.0%
Other liabilities	138.4	104.0	33.1%
Total liabilities	52,743.7	52,664.9	0.1%
Shareholders' equity	7,367.0	7,125.4	3.4%
Non-controlling interest	17.2	14.7	17.3%
Total liabilities and equity	60,128.0	59,805.0	0.5%



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