



BANCA TRANSILVANIA
2016 Preliminary Financial Results

February 2017

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AGENDA

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- 1** **Banking Sector Dynamics**

- 2** **Preliminary 2016 Highlights**

- 3** **Performance in 2016**

- 4** **Overview of Business Lines**

- 5** **BT Financial Group**

- A** **Financial Statements**

BANK ASSETS

hovering near RON 400bn benchmark

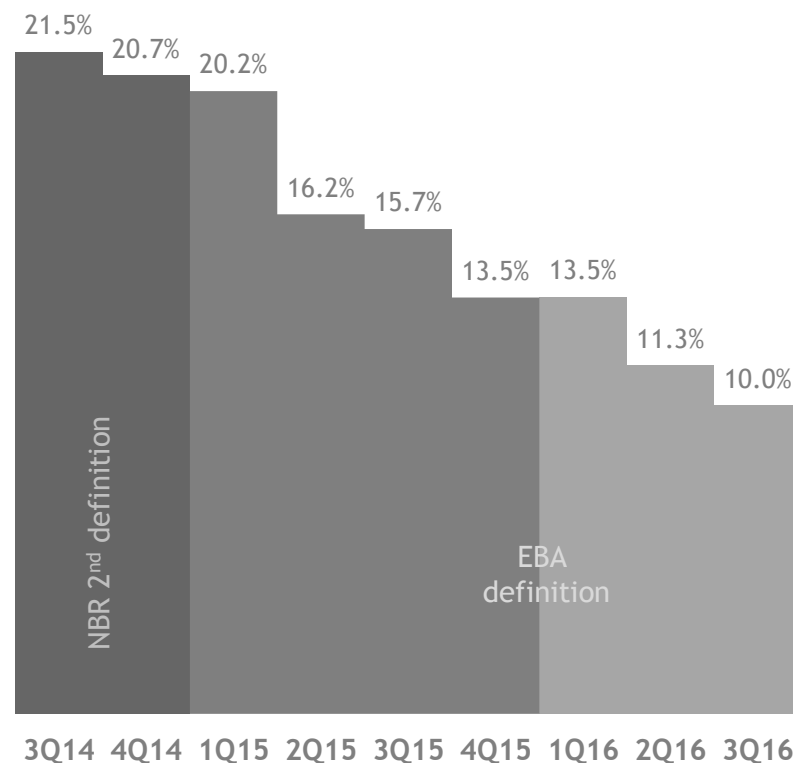
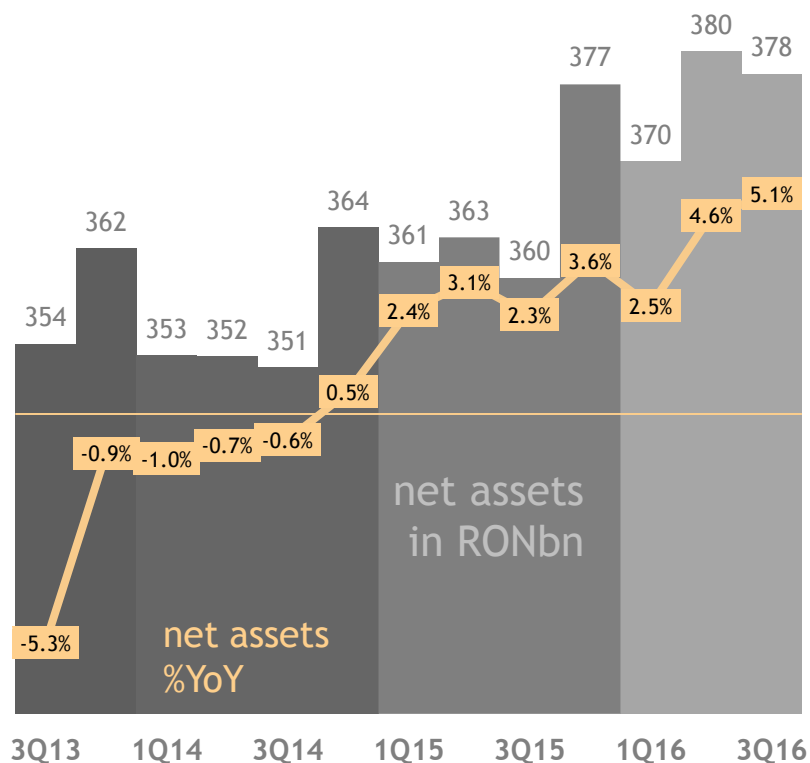


Bank assets expanding

NPL ratio dropped to 10%

total bank net assets source: NBR

NPL ratio, % source: NBR



LCY LOANS TO HOUSEHOLDS

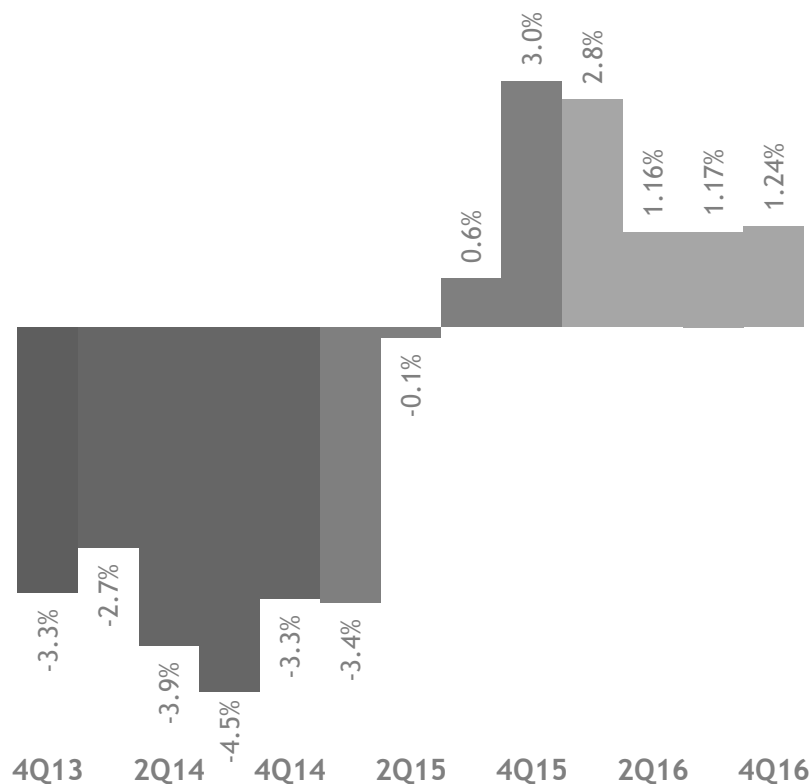
supporting the credit activity throughout the whole year



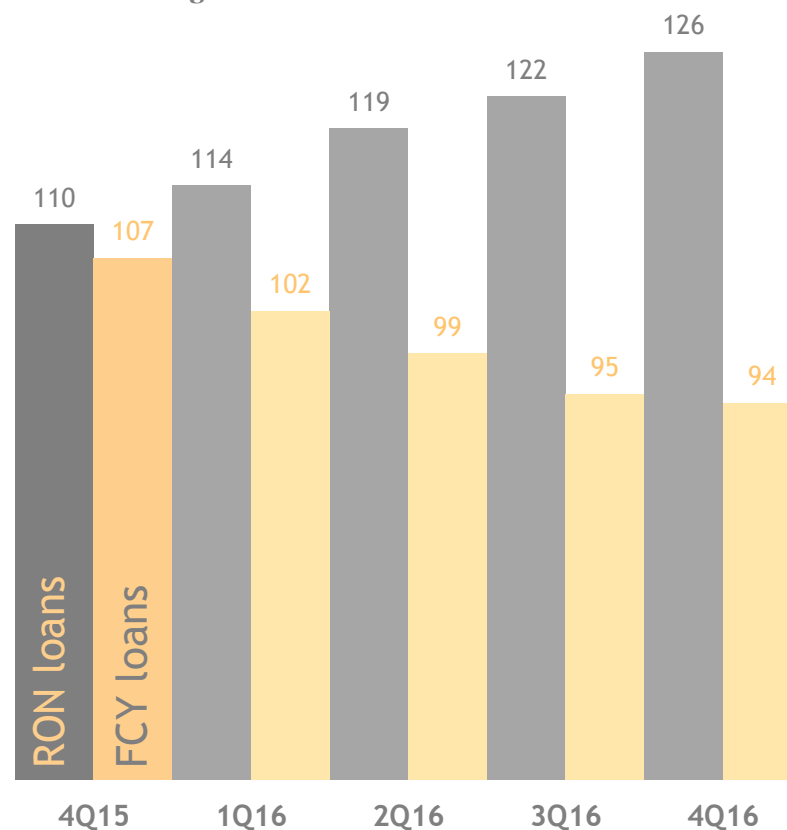
The rise in credit to households offsetting the decline in corporate loans

Loans in LCY amounting to 57% of total loans at 2016-end

loans non-government , %YoY source: NBR



loans non-government , RONbn source: NBR



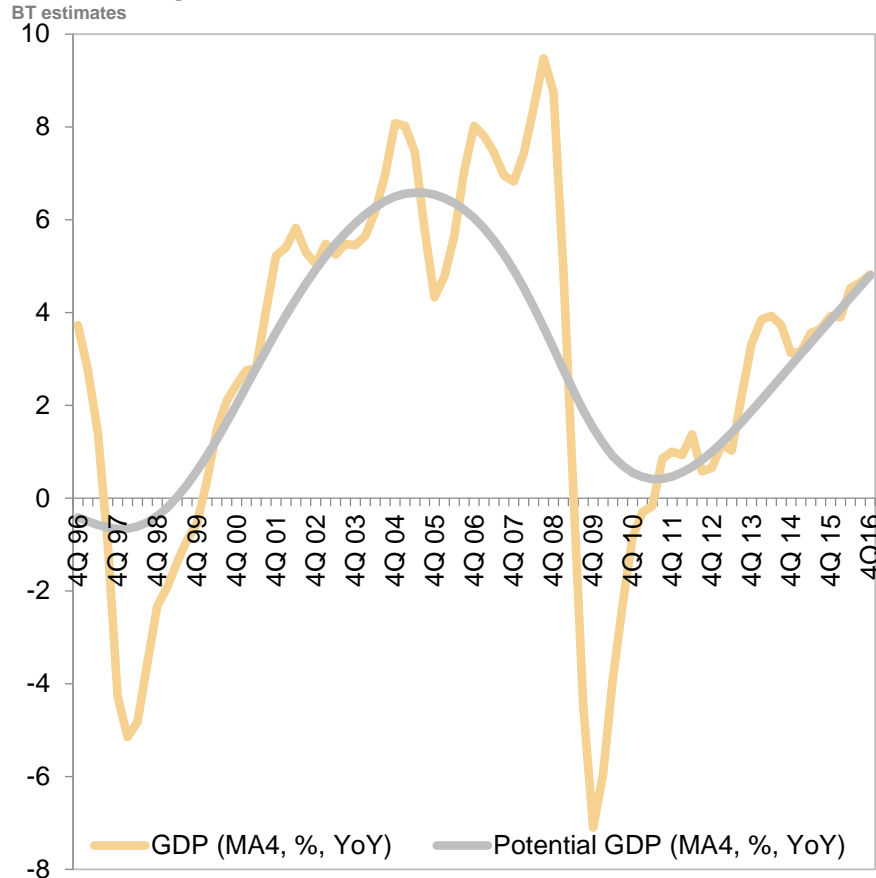
ROMANIAN ECONOMY

Acceleration to 4.8% YoY in 2016



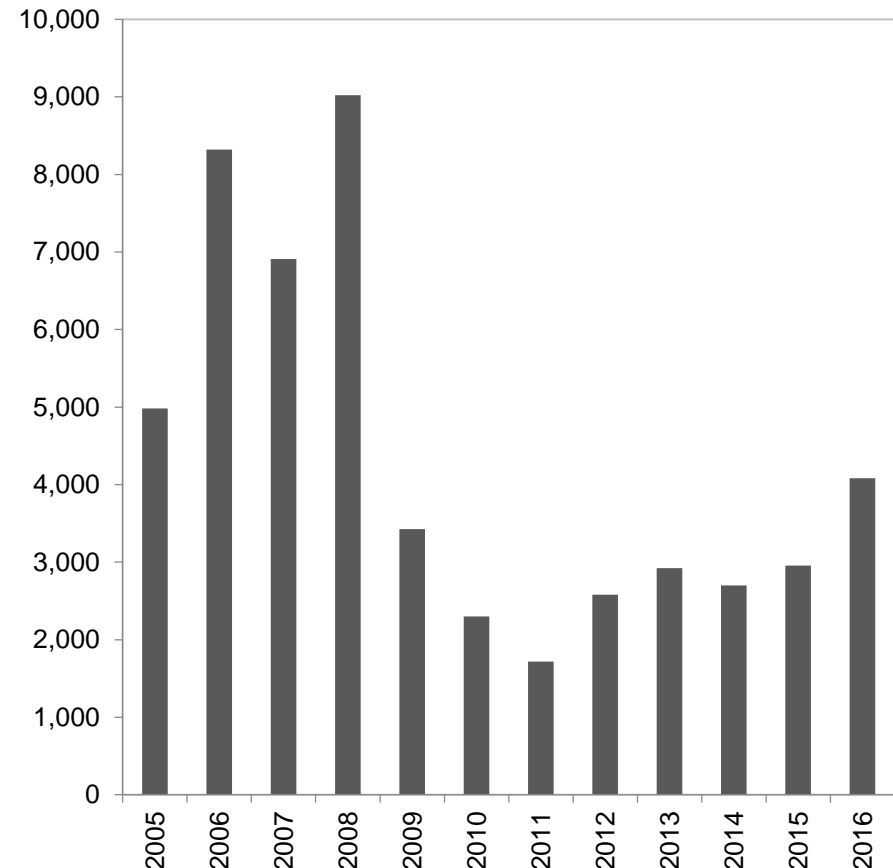
GDP and Potential GDP YoY dynamics hit the pre-crisis levels in 2016

GDP vs. potential GDP source: Statistics Office (NIS), BT estimates



Strong increase of FDI > EUR 4bn

FDIs (EUR, mn) source: National Bank of Romania (NBR)

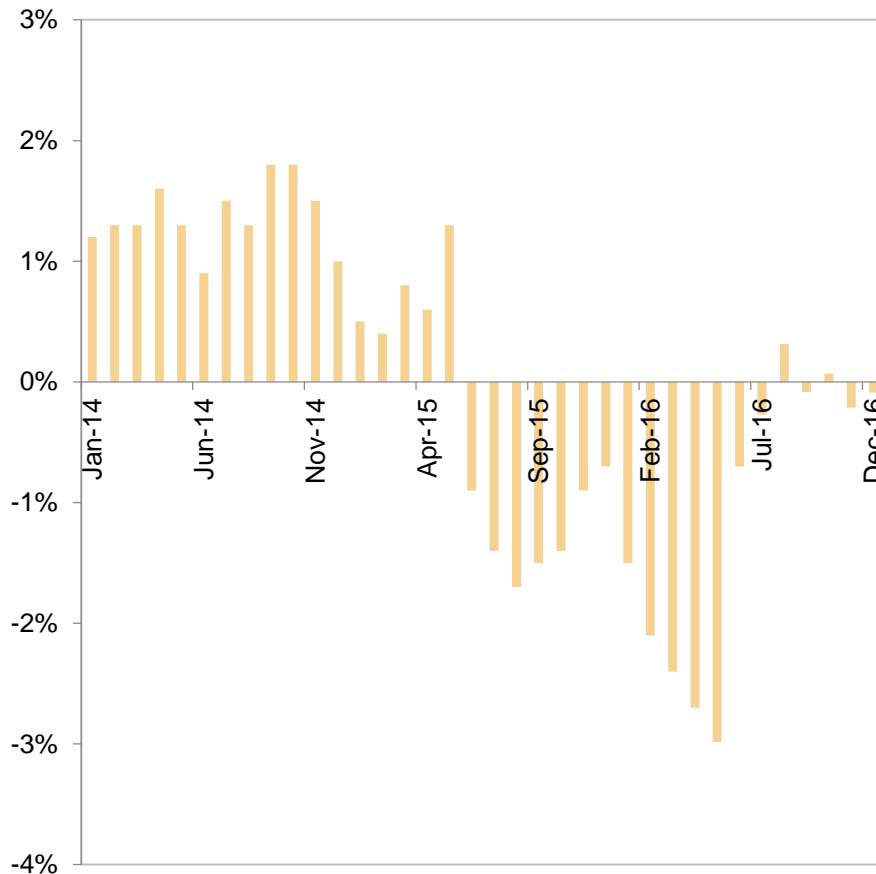


C/A DEFICIT INTENSIFYING AND POLITICAL RISKS UP AT THE END OF 2016



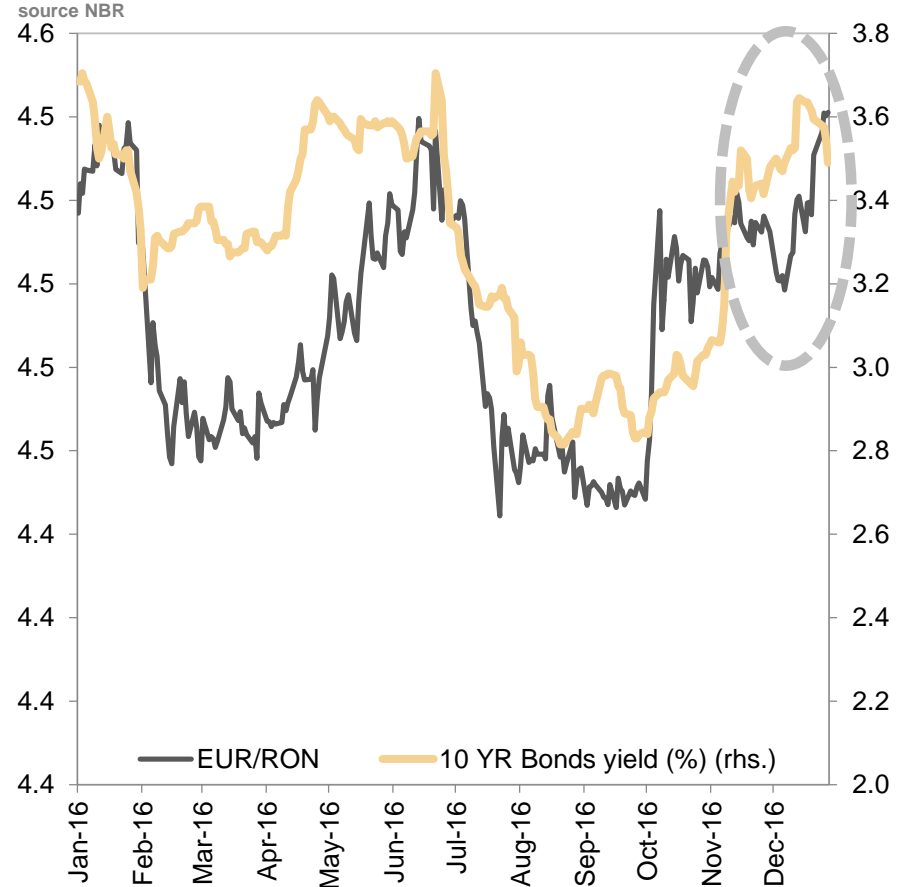
The HICP YoY dynamics close to “0” in 4Q2016, after changing the trend

HICP (YoY) source: Statistics Office (NIS)



Increasing pressures on bonds and FX markets in 4Q2016

EUR/RON vs. 10 YR T-Bonds yield (%) source NBR





**Banca Transilvania's
Business Development and
Financial Performance
2016 – preliminary figures**

2016 HIGHLIGHTS



	Mil. RON	2016	2015	Δ
PROFITABILITY	Operating income RONmn	2,823.4	2,755.4	2.5%
	Operating expenses RONmn	(1,164.2)	(1,345.9)	-13.5%
	VBRO Bargaining gain RONmn	0.0	1,650.6	
	Gross profit before provisions RONmn	1,659.2	3,060.1	-45.8%
	Net profit RONmn	1,233.4	2,417.7	-49.0%
	EPS RON	0.34	0.80	-57.6%
	Cost of risk (%)	3.07%	1.26%	143.9%
	NIM	3.40%	2.98%	0.4 pp
	NIM*	3.17%	2.98%	0.2 pp
	ROE	21.60%	45.21%	-23.6 pp
	Cost-to-income ratio	41.23%	48.85%	-7.6 pp
CREDIT ACTIVITY		Dec -16	Dec-15	Δ
	Gross loans to customers RONmn	29,379.7	27,740.0	5.9%
	Deposits from customers RONmn	41,851.8	38,395.3	9.0%
	Gross Loans-to-deposits ratio	70.20%	72.25%	-2.0 pp
	NPL ratio	4.62%	9.75%	-5.1 pp
CAPITAL		Dec-16	Dec-15	Δ
	Total equity RONmn	5,989.1	6,117.8	-2.1%
	Tier 1 capital ratio (profit included)	17.39%	16.43%	5.8%
	Total capital ratio (profit included)	18.52%	17.82%	3.9%

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

BUSINESS PERFORMANCE 2016

at a glance

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Total assets at RON 51.8 bn

- Enhanced ALM for higher efficiency

Capital adequacy ratio at 18.5%

- Strong capital base, supporting organic and non organic growth, after special dividend payout

Net fees and commissions at RON 509.5 mn ↗ 11.4% Y/Y

- Driven by increased number of operations and additional cross-sell

CoR

- CoR at 3.07%, mainly driven by a very conservative approach with regard to the Foreclosure law and an aggressive asset quality improvement process

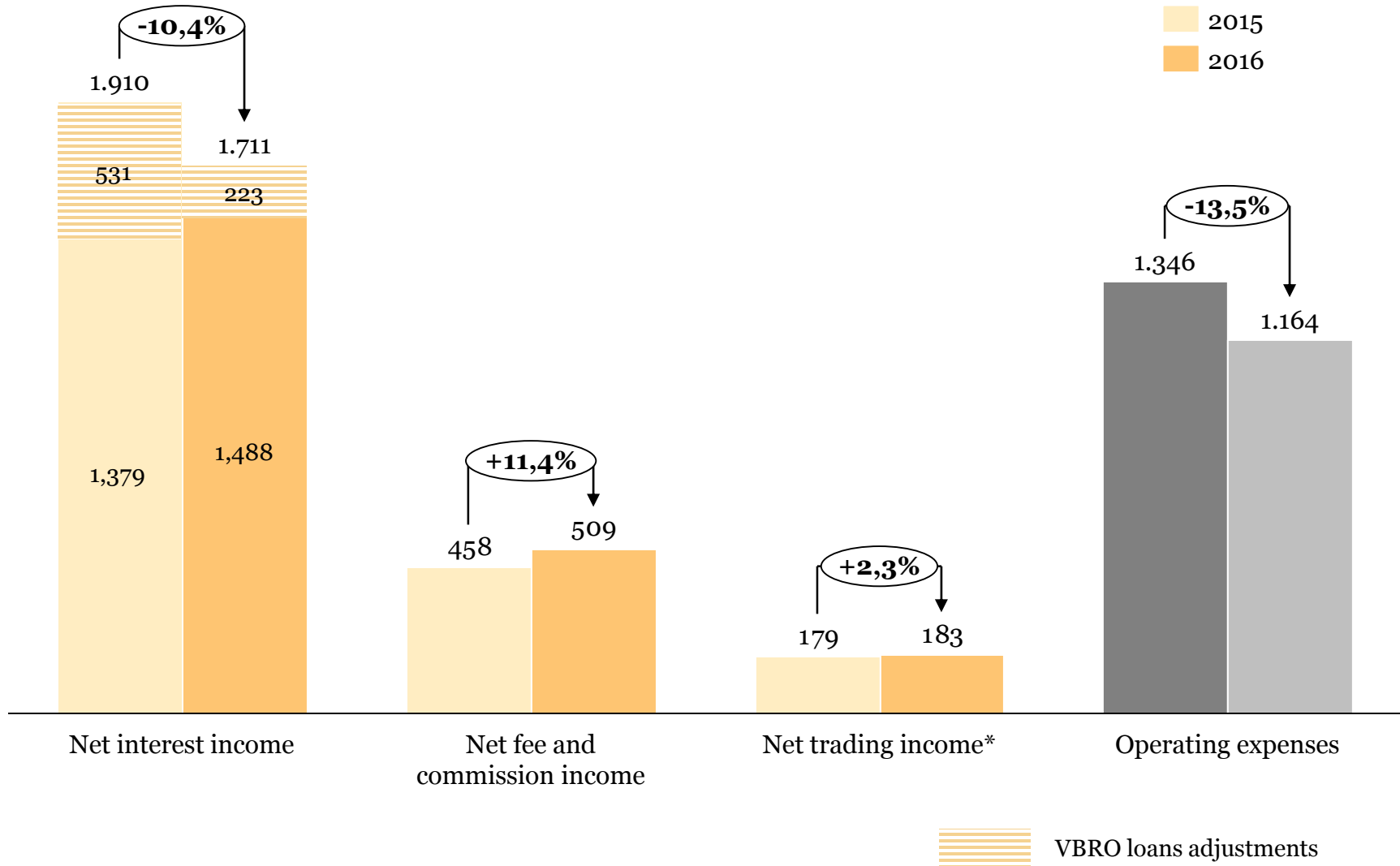
Net profit at RON 1,233.4 mn

- Operating income positively influenced by increase in fees and commissions and other income

Cost/income at 41.2%

- Cost to income was positively influenced by both recurrent and one-off items, excluding the one-off items the C/I ratio is at a comfortable 44%

TRENDS IN INCOME STRUCTURE

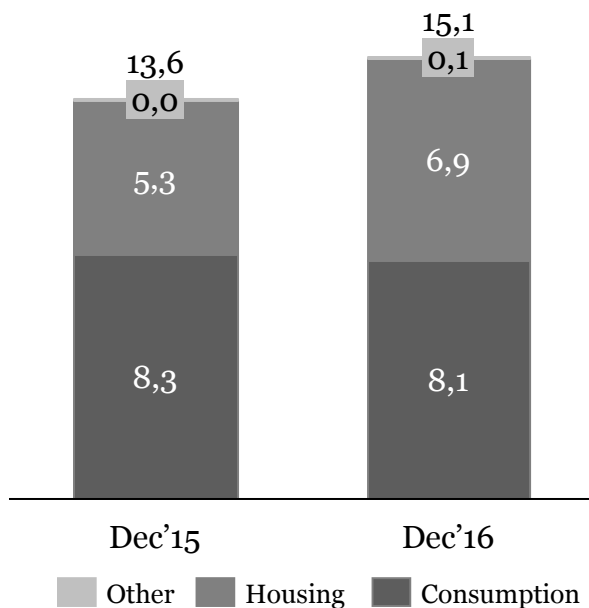


* Visa transaction related income not included

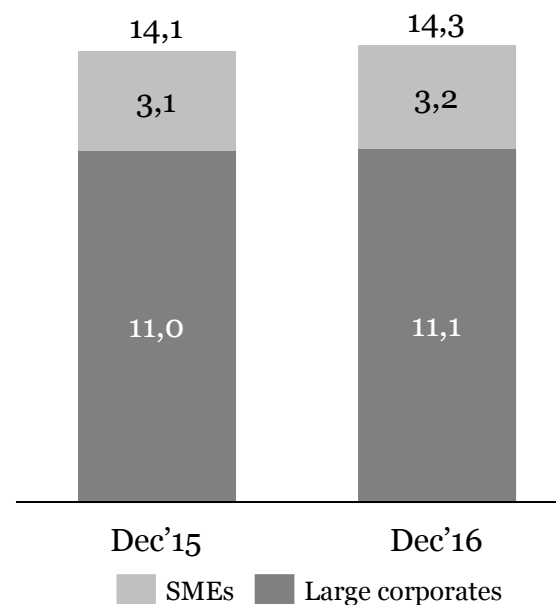
LOAN STRUCTURE



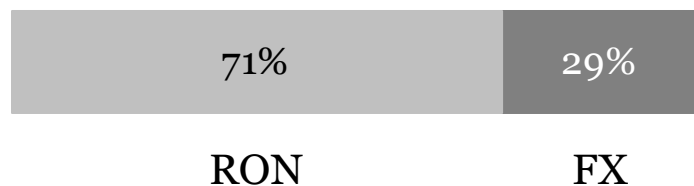
Loans to Households, RONbn



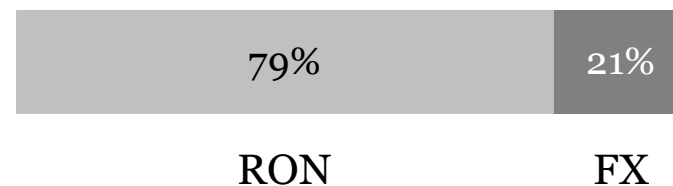
Loans to Companies, RONbn



Loans to Households



Loans to Companies

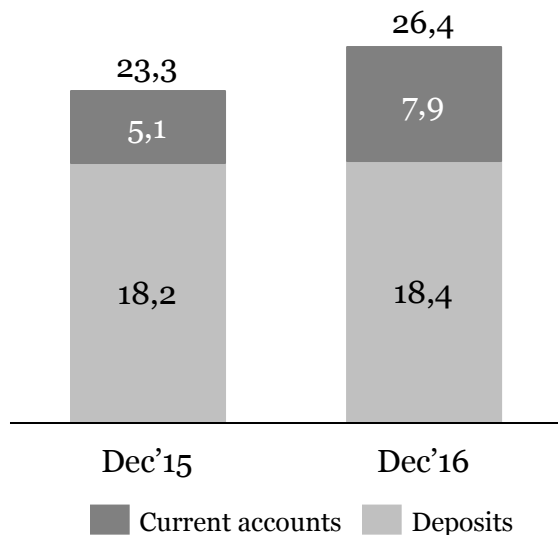


*SMEs identified according to internal classification rules

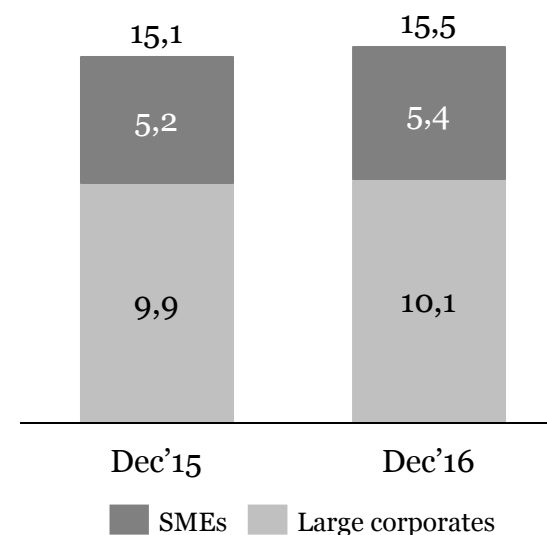
DEPOSIT STRUCTURE



Deposits from Households, RONbn



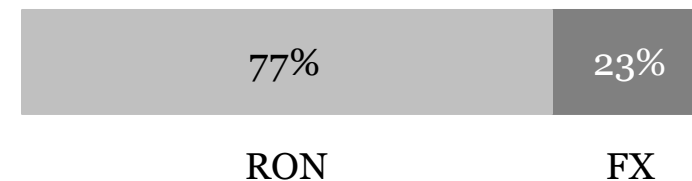
Deposits from Companies, RONbn



Deposits from Households

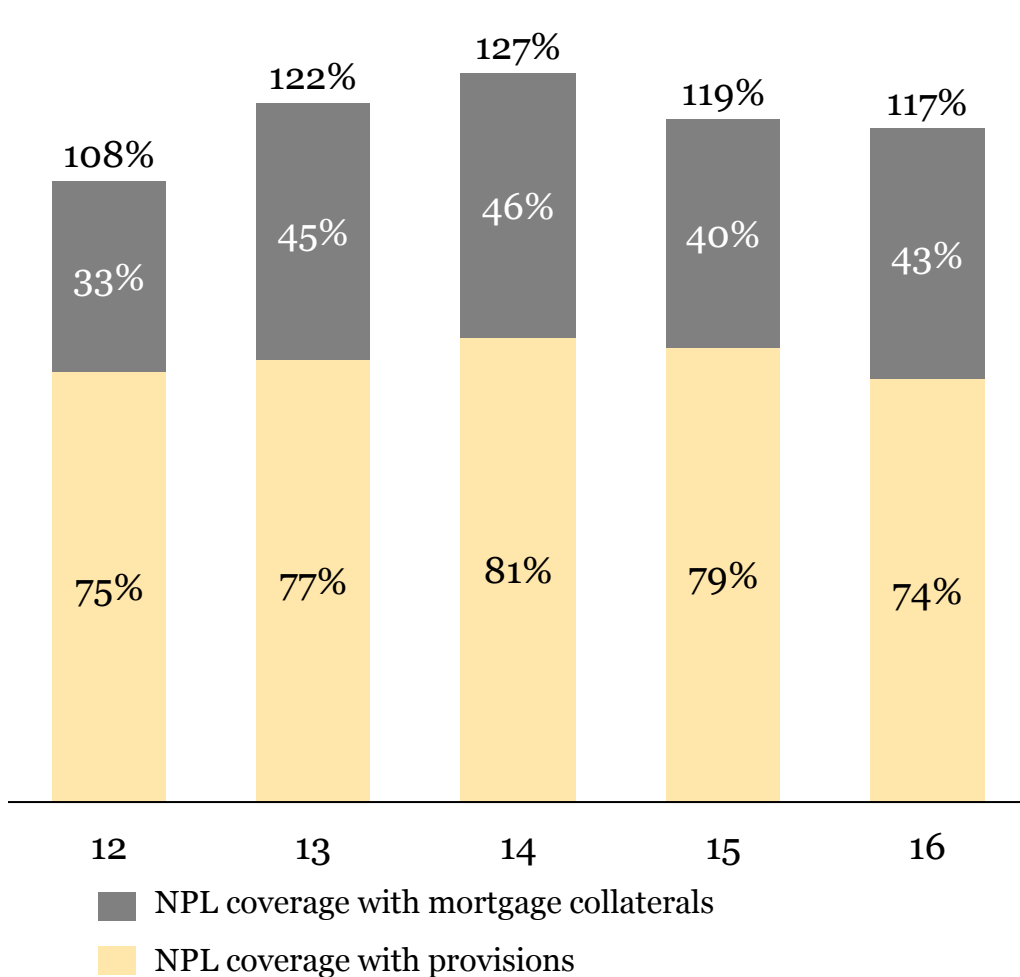


Deposits from Companies



*SMEs identified according to internal classification rules

NPL RATIO AT 4.62%



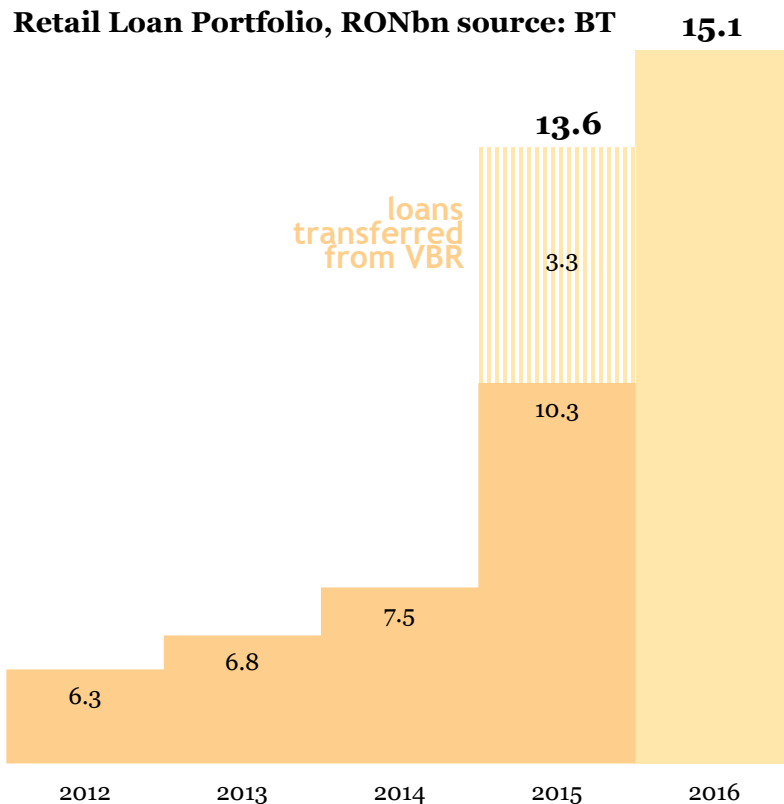
- NPL coverage with mortgage collaterals
- NPL coverage with provisions

- 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 loan portfolio reached RON 15.1 bn as at Dec'16

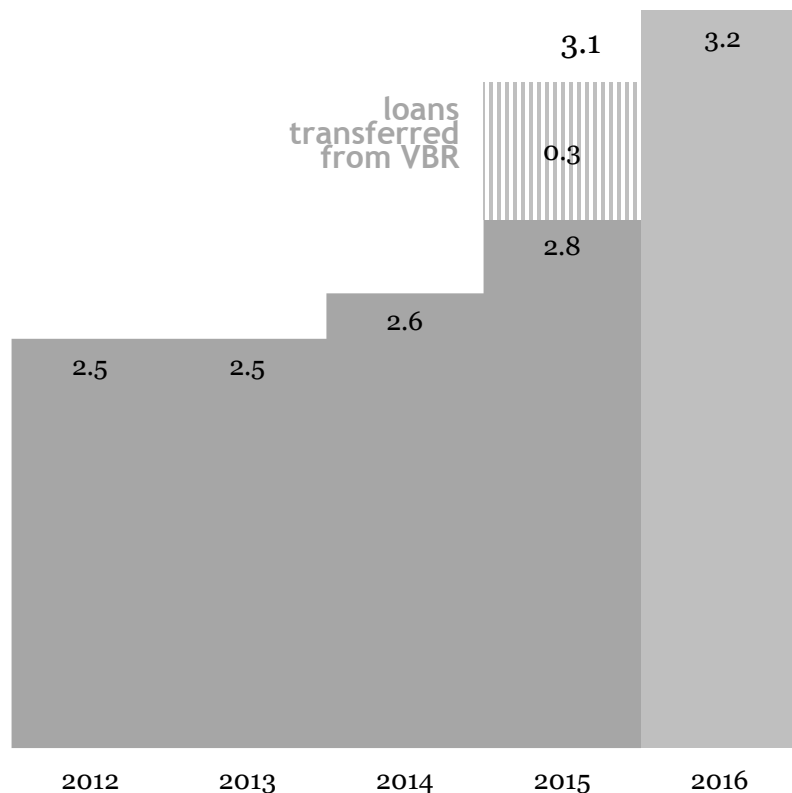


- 74,000 non-card retail loans disbursed in 2016
- Market share for retail loans at December 2016 - 14%
- Internet banking users +19% vs yearend
- Mobile banking users +50% vs yearend
- 2.8 mn active cards, of which about 330,000 credit cards; BT is the market leader, both in terms of number of cards, as well as volume of transactions generated by its cards, with a market share of almost 20%.



SME loan portfolio at RON 3.2 bn and 207,000 active clients

SME Loan Portfolio, RONbn source: BT



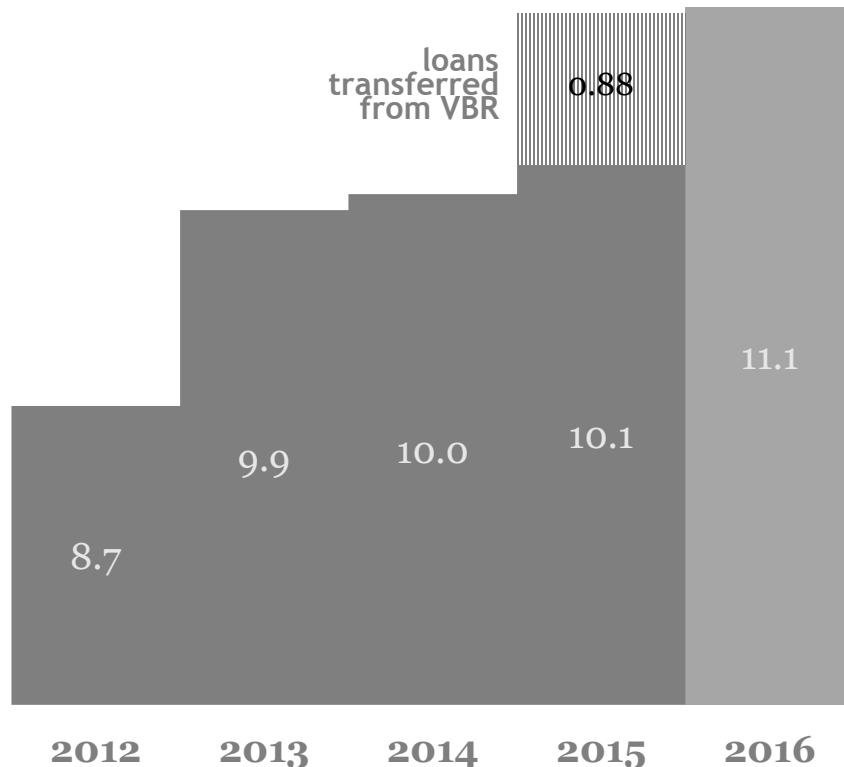
- Banca Transilvania continued its specific focus on the SME business sector, offering almost 18,000 new loans in 2016
- BT continued its partnership with DFIs, offering special loan and guarantee products to its SME clients
- Agriculture, Healthcare and European Structural Funds are on BT radar as specialized sectorial approaches



Corporate loan portfolio above RON 11.1 bn

Corporate Loan Portfolio, RONbn

source: BT



- An important reorganizational process was started in the Corporate business line, including new client 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



As of 31.12.2016*:

BANCA TRANSILVANIA[®]

Total assets: 51.8 RON bn

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

Total assets: 67 RON mn.

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

Total assets: 130 RON mn.

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

Total assets: 137 RON mn.

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

AuM: 3,243 RON mn.

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

Total assets: 542 RON mn.

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

2016 HIGHLIGHTS – Consolidated Figures

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	Mil. RON	2016	2015	Δ
PROFITABILITY	Operating income	2,987.0	2,854.3	4.6%
	Operating expenses	(1,264.0)	(1,406.5)	-10.1%
	Bargaining gain	0.0	1,650.6	
	Gross profit before provisions	1,722.9	1,447.7	19.0%
	Net income	1,282.0	2,448.0	-47.6%
	EPS RON	0.35	0.81	-56.5%
	Cost of risk (%)	3.12%	1.27%	145.3%
	Cost of risk (%)*	3.51%	3.18%	10.3%
	NIM	3.34%	3.21%	4.0%
	NIM*	3.12%	3.21%	-2.9%
	ROE (%)	21.44%	57.50%	-62.7%
Cost-to-income ratio (%)	42.32%	49.28%	-14.1%	
CREDIT ACTIVITY		Dec-16	Dec-15	
	Gross loans to customers RONmn	29,476.2	28,012.3	5.2%
	Deposits from customers RONmn	41,681.5	38,301.7	8.8%
Loans-to-deposits ratio	70.72%	73.14%	-3.3%	
CAPITAL		Dec-16	Dec-15	
	Total equity RONmn	6,157.0	6,240.8	-1.3%
	Tier 1 capital ratio (Profit included)	17.31%	16.70%	3.6%
Total capital ratio (Profit included)	18.42%	18.07%	1.9%	

ANNEX I INCOME STATEMENT YTD 2016 - Individual

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IFRS, individual, RONmn	2016	2015	Δ
Net interest income	1,710.7	1,909.8	-10.4%
Net fee and commission income	509.5	457.5	11.4%
Net trading income	183.5	179.4	2.3%
Other net income*	419.7	208.7	101.1%
Operating income	2,823.4	2,755.4	2.5%
Personnel expenses	(631.5)	(650.3)	-2.9%
D&A	(72.4)	(77.6)	-6.8%
Other operating expenses	(460.3)	(618.0)	-25.5%
Operating expenses	(1,164.2)	(1,345.9)	-13.5%
Cost of risk	(654.2)	(795.0)	-17.7%
Bargaining gain	0.0	1,650.6	
Net income before taxation	1,005.0	2,265.1	-55.6%
Income tax expense	228.4	152.5	49.7%
Net income after taxation	1,233.4	2,417.7	-49.0%

* Including Visa transaction

ANNEX II BALANCE SHEET 2016 - Individual

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IFRS, individual, RONmn	Dec-16	Dec-15	Δ
Cash & cash equivalents	5,293.6	4,997.9	5.9%
Placements with banks	2,524.9	3,676.8	-31.3%
Loans to customers, net	27,210.4	25,107.5	8.4%
T-bills & securities	15,402.1	12,602.1	22.2%
Fixed assets	453.1	409.5	10.6%
Participations	136.7	84.9	61.0%
Deferred tax assets	373.0	111.2	235.6%
Other assets	379.2	352.8	7.5%
Total assets	51,773.1	47,342.7	9.4%
Deposits from banks	247.3	388.4	-36.3%
Deposits customers	41,851.8	38,395.3	9.0%
Loans from banks and FIs	2,246.5	985.1	128.0%
Subordinated loan	424.1	416.4	1.9%
Other liabilities	1,014.4	1,039.7	-2.4%
Total liabilities	45,784.0	41,224.9	11.1%
Shareholders' equity	5,989.1	6,117.8	-2.1%

ANNEX III INCOME STATEMENT YTD 2016 - Consolidated



IFRS, consolidated, RONmn	2016	2015	Δ
Net interest income	1,765.5	1,952.3	-9.6%
Net fee and commission income	544.8	487.0	11.9%
Net trading income	197.4	179.9	9.7%
Other net income*	479.3	235.1	103.8%
Operating income	2,987.0	2,854.3	4.6%
Personnel expenses	(665.8)	(676.7)	-1.6%
D&A	(93.9)	(91.7)	2.5%
Other operating expenses	(504.4)	(638.1)	-21.0%
Operating expenses	(1,264.0)	(1,406.5)	-10.1%
Cost of risk	(658.3)	(797.6)	-17.5%
Bargaining gain	0.0	1,650.6	
Net income before taxation	1,064.7	2,300.7	-53.7%
Income tax expense	217.3	147.3	47.5%
Net income after taxation	1,282.0	2,448.0	-47.6%

* Including Visa transaction

ANNEX IV BALANCE SHEET 2016 - Consolidated

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IFRS, consolidated, RONmn	Dec-16	Dec-15	Δ
Cash & cash equivalents	5,293.7	4,997.9	5.9%
Placements with banks	2,563.8	3,696.2	-30.6%
Loans to customers, net	27,232.9	25,225.6	8.0%
T-bills & securities	15,399.7	12,629.6	21.9%
Fixed assets	649.8	526.7	23.4%
Deferred tax assets	377.9	113.9	231.7%
Other assets	434.6	389.1	11.7%
Total assets	51,952.4	47,579.1	9.2%
Deposits from banks	247.3	388.4	-36.3%
Deposits customers	41,681.5	38,301.7	8.8%
Loans from banks and FIs	2,304.9	1,129.7	104.0%
Subordinated loan	424.1	416.4	1.8%
Other liabilities	1,137.7	1,102.0	3.2%
Total liabilities	45,795.5	41,338.3	10.8%
Total equity	6,157.0	6,240.8	-1.3%
Total liabilities and equity	51,952.4	47,579.1	9.2%



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