



BANCA TRANSILVANIA®

**April 2015 - Acquisition of  
Volksbank Romania SA  
Transaction overview**

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*Banca oamenilor întreprinzători*



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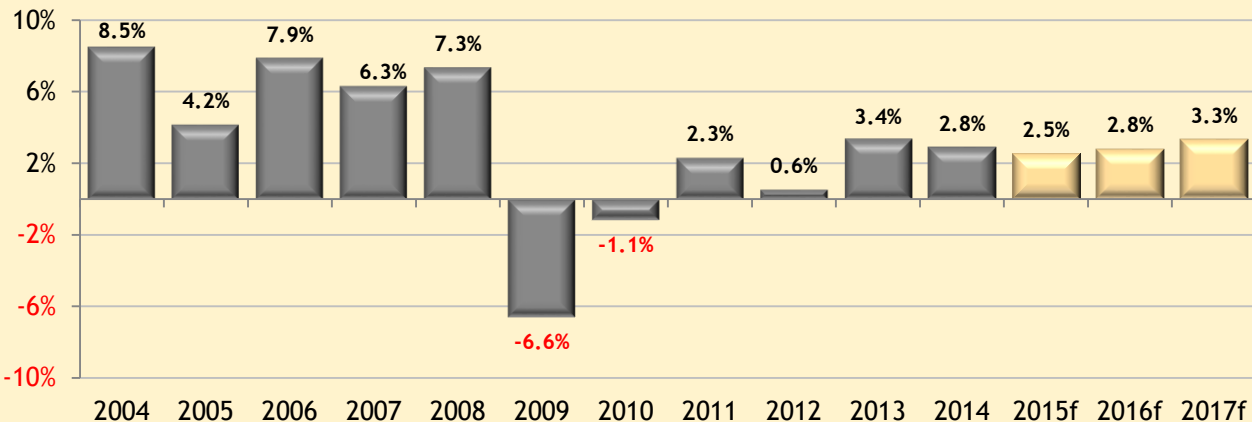
# PRESENTATION TOPICS

- **Introduction**
- Transaction overview
- Overview of financial information
- High level integration plan

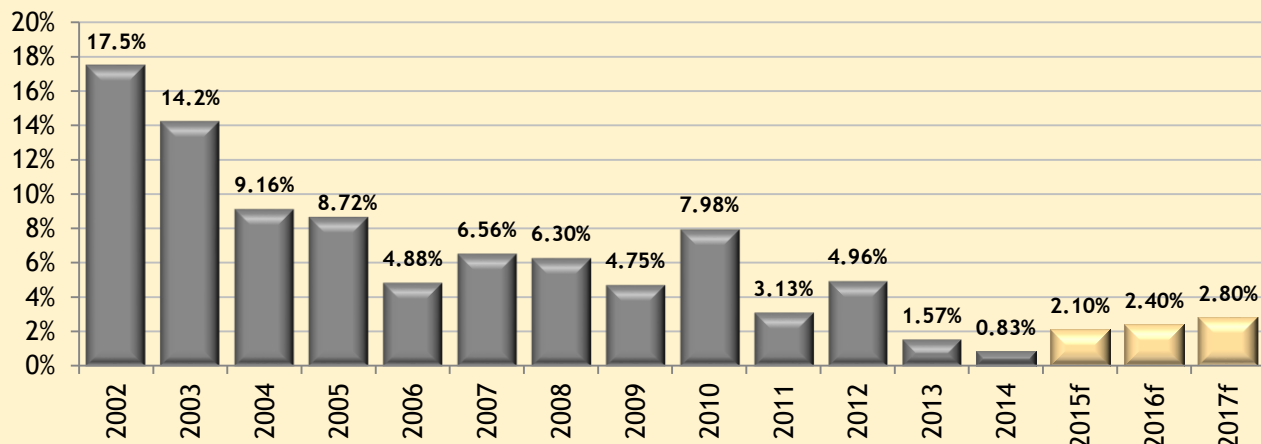


# Macroeconomic environment

### GDP (% , Y/Y)



### Inflation - at year end (% , Y/Y)

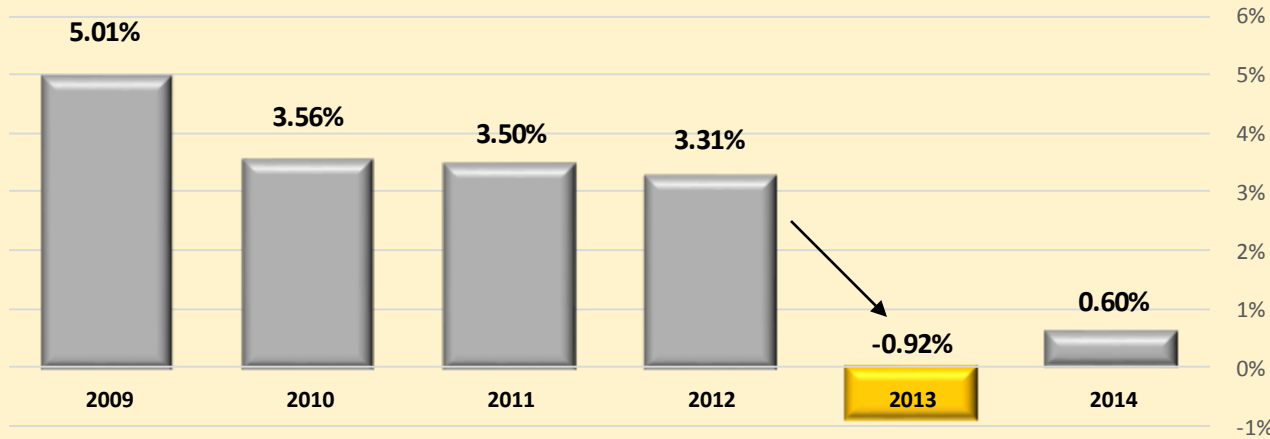


- The GDP rose by 2.8% Y/Y in 2014, an evolution determined by the dynamics of the domestic demand.
- The private consumption increased by 4.5% Y/Y last year, while the government consumption had a positive contribution of 0.8 pp.
- The inflexion of the fixed investment at the end of 2014 (up by 1.4% Y/Y in 4Q) points to the start of a new cycle.
- The average annual inflation decelerated to 1.07% Y/Y in 2014.
- Inflation hit new record low levels in January and February 2015 (0.4% Y/Y), due to the agricultural output (2013/2014) and the decline in oil prices.
- NBR continued to relax the monetary policy in March 2015, by cutting the reference interest rate to 2.00% (the central bank kept the MRRs levels at 10% for RON and 14% for FX).



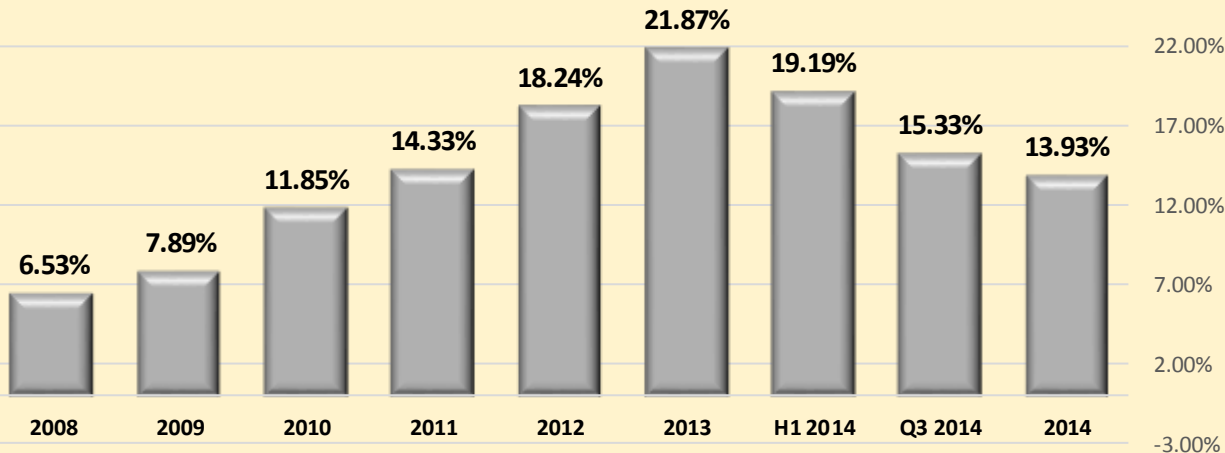
# Romanian Banking Systems - banking assets and NPLs

Total banking assets growth rates



- BT achieved 8.4% growth during 2013 and 11.2% increase during 2014.

NPL

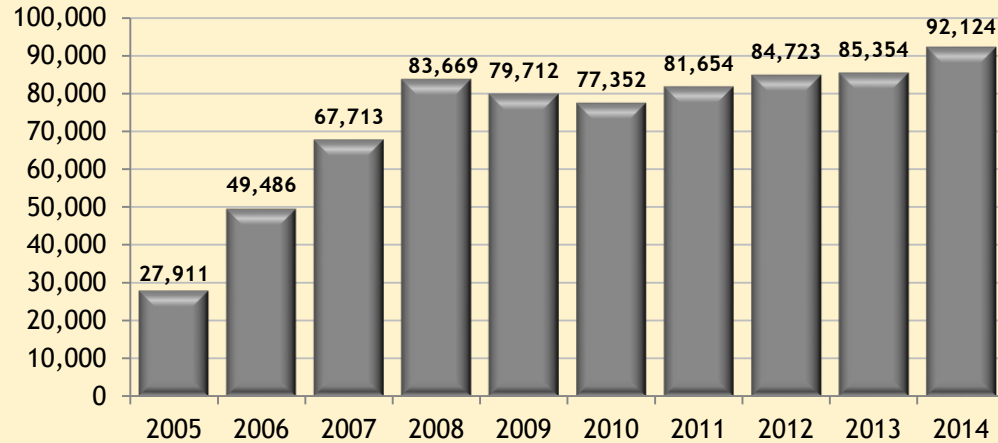


- BT benchmarks well at 10.87% NPL ratio as end of 2014.
- NPL ratio rose to 14.25% in February in the Romanian Banking sector.

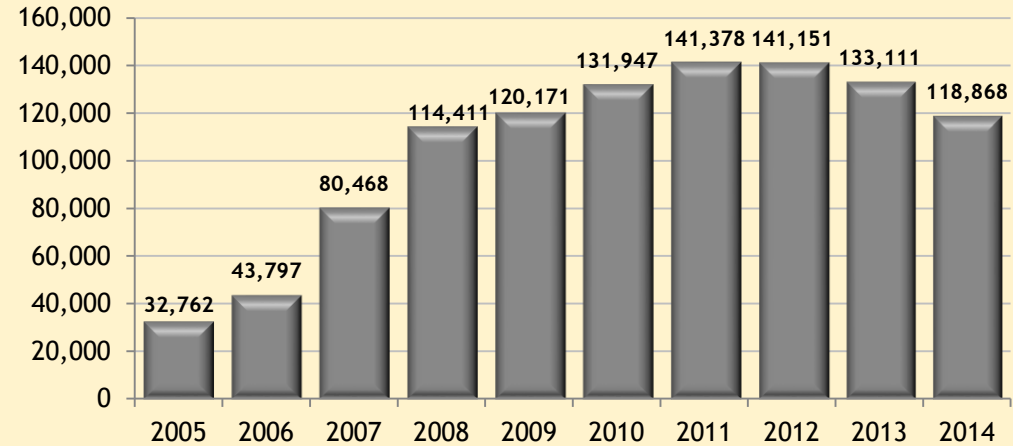


# Romanian Banking System - loans and deposits

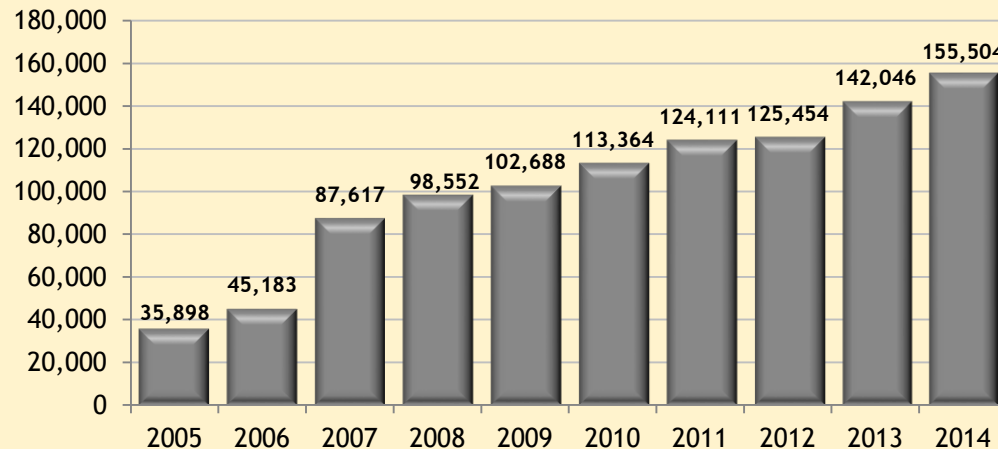
### RON non-government loans (RON bn)



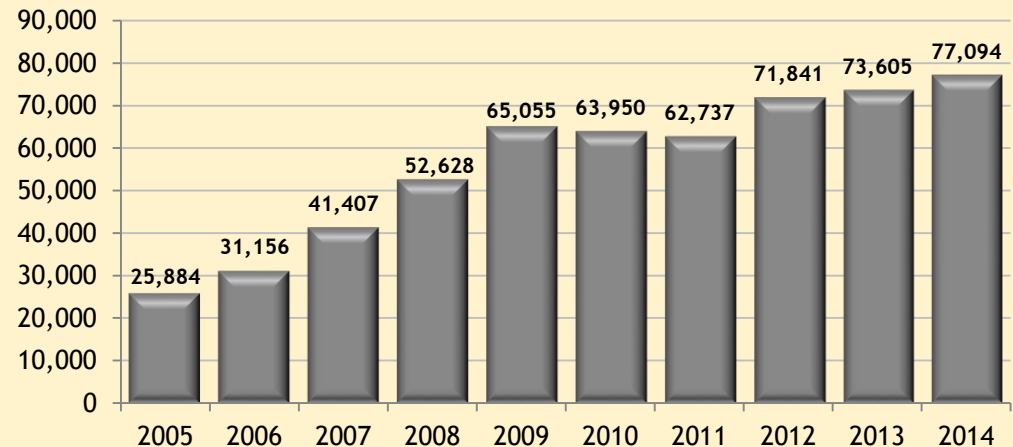
### FX non-government loans (RON bn)



### RON non-government deposits (RON bn)



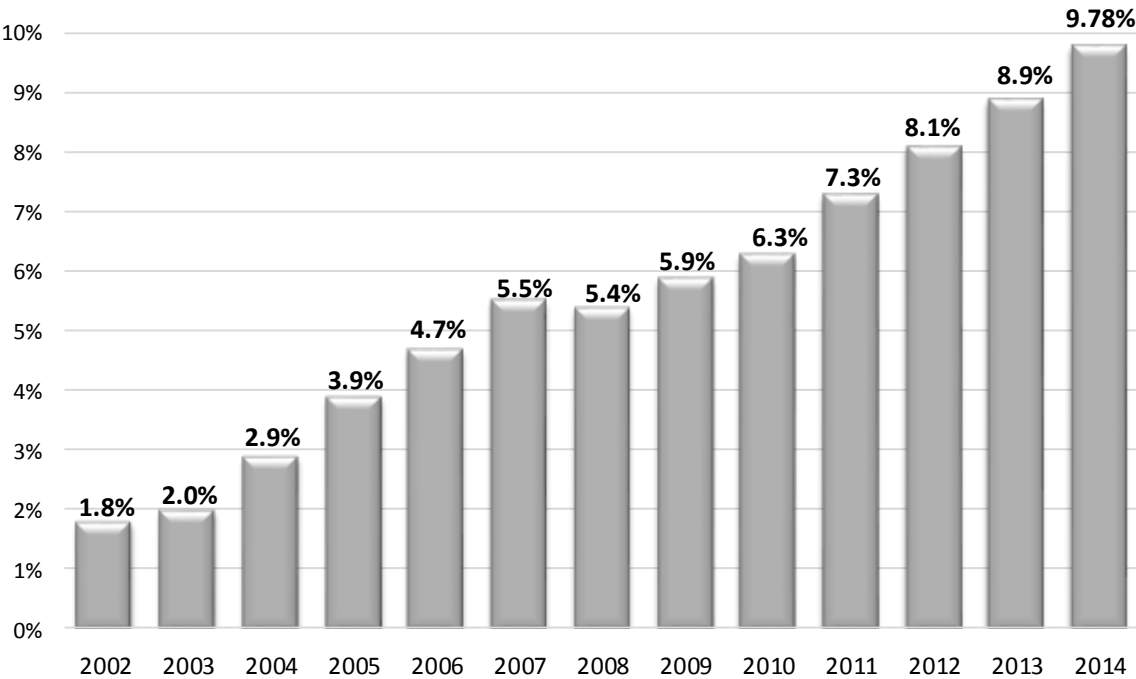
### FX non-government deposits (RON bn)



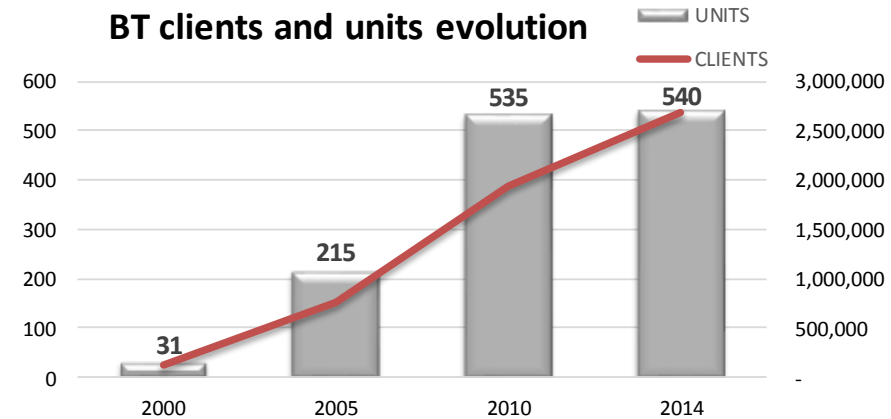


# Banca Transilvania's growth path

### BT: market share evolution



### BT clients and units evolution





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# Transaction overview

## *Transaction rationale*

- Banca Transilvania intends to consolidate its position within the Romanian banking market, benefiting from economies of scale, while preserving strong profitability, organic growth and prudential ratios.
- The main points of focus for the acquisition are:
  - Banca Transilvania will achieve a better management of its strong liquidity position.
  - Banca Transilvania has a long-term strategy that synergies with Volksbank's significant retail loans portfolio.
  - The cross-sell ratio of banking products and services will increase for the combined entity.

## *Next steps*

- The integration planning.
- Legal merger - subject to GSM approval.



# Transaction overview

## *Transaction scope and milestones*

- The transaction documentation was signed on 10 December 2014. The closing date of the transaction is 7 April 2015.
- Banca Transilvania Financial Group acquired 100% of Volksbank Romania S.A. shares (Banca Transilvania has full control after closing date).
- The balance of parent funding outstanding in Volksbank at closing date is assigned to Banca Transilvania at nominal value as part of the transaction.

## *Pricing overview*

- The transaction price is EUR 81 million (eq. RON 360 million), out of which an amount of EUR 58 million is placed in an escrow account to cover certain future risks that may arise within 1 year, as identified in the SPA.
- The consideration was fully paid by Banca Transilvania at closing date from own liquidity resources.



# PRESENTATION TOPICS

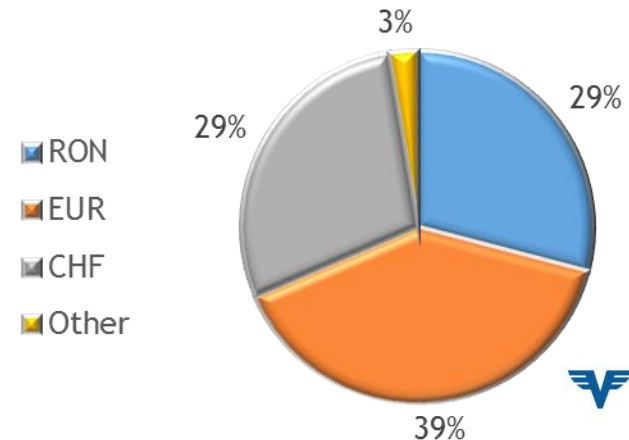
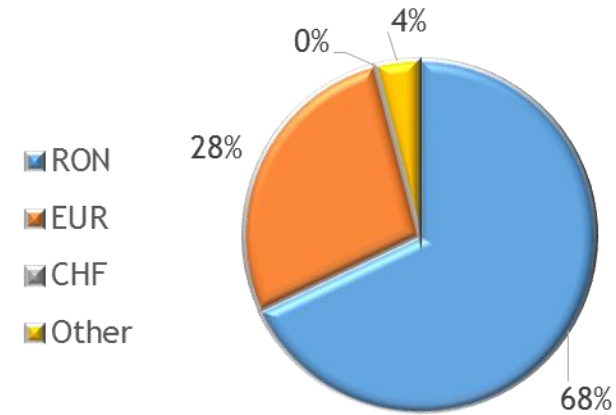
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# 2014 Highlights

Key Indicators (RON million)	Banca Transilvania*	Volksbank Romania**
Total assets	35,620	12,361
Equity	3,702	713
Total loans and accruals	20,020	8,656
PAR 90 (%)	10.87%	9.16%
Cost / Income (%)	41.41%	78.1%
Cost of risk (%)	3.32%	0.99%
NIM (%)	3.37%	2.07%
Capital adequacy ratio (%)	17.32%	19.00%
Loans / deposits (%)	66.63%	184.33%
Quick liquidity (%)	55.30%	33.80%

Total assets CCY structure



\* Audited results approved by the Board of Directors on 26 March 2015

\*\* Based on 2014 audit report



# 2014 - Balance Sheet

<b>RON million</b>	<b>Banca Transilvania*</b>	<b>Vollksbank Romania**</b>
Cash and cash equivalents	4,226	2,483
Placements with banks	2,379	418
T bills and securities	10,905	1,537
Loans to customers, net	17,517	7,677
Fixed assets and participations	435	158
Other assets	158	88
<b>Total assets</b>	<b>35,620</b>	<b>12,361</b>
<b>Shareholders' equity**</b>	<b>3,702</b>	<b>713</b>
Subordinated loan	395	723
Due to customers	30,045	4,696
Due to banks and FIs	1,082	4,069
Other liabilities	396	2,160
<b>Total liabilities</b>	<b>35,620</b>	<b>12,361</b>

\* Audited results approved by the Board of Directors on 26 March 2015

\*\* Based on 2014 audit report; the equity of VB includes 2014 losses



# 2014 - Income Statement

RON million	Banca Transilvania*	Volksbank Romania**
Net interest income	1,138	267
Net commissions income	408	27
Other operating income	454	39
<b>Operating income</b>	<b>2,000</b>	<b>333</b>
<b>Operating expenses</b>	<b>828</b>	<b>232</b>
<b>Profit before provisions</b>	<b>1,172</b>	<b>102</b>
Provisions	667	2,006
<b>Gross profit / (loss)</b>	<b>505</b>	<b>(1,904)</b>
<b>Net profit / (loss)</b>	<b>434</b>	<b>(1,899)***</b>

\* Audited results approved by the Board of Directors on 26 March 2015

\*\* Based on 2014 audit report

\*\*\* the equity of RON 713 million, includes the 2014 net loss of VB



# Overview of financial information on closing date

Selected captions (RON million)	Volksbank Romania at closing*	Volksbank Romania eoy 2014**
Subordinated loans	-	723
Parent funding	2,857	4,069
Equity further to VB capital increases in Q1 2015	2,795	713
Additional provisions as required by BT, to be booked following closing	890	
Final Equity position	1,905	

- During Q1 2015, Volksbank Romania's equity position has significantly increased following the implementation of the conditions negotiated between parties before closing date:
  - Conversion of all subordinated loans amounting to EUR 161 million;
  - Partial conversion of parent funding amounting to CHF 341.5 million.
- VB parent funding of eq. RON 2,857 is assigned to BT

\* Based on December 2014 audited amounts adjusted for SPA conditions

\*\* Based on 2014 audited report



# Post merger highlights-preliminary estimations

RON million	Estimated post-merger	BT individual*
Loans to customers, net	25,979	19,746
Due to customers	32,277	31,716
Net interest income	1,494	1,248
Net commissions income	489	441
Other operating income	334	326
Operating expenses	999	869





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# Integration strategy was developed to ensure business continuity and synergy achievement

<b>Retail</b>	<ul style="list-style-type: none"><li>▪ Enhanced customer experience</li><li>▪ Single portfolio of products in the merged bank</li></ul>
<b>Corporate &amp; SME</b>	<ul style="list-style-type: none"><li>▪ Strong relationships with the clients</li><li>▪ Common product and service offering</li></ul>
<b>Network</b>	<ul style="list-style-type: none"><li>▪ Unified branch network focused on customer experience</li></ul>
<b>Risk &amp; Internal control</b>	<ul style="list-style-type: none"><li>▪ Risk, compliance and anti-fraud policies aligned to BT standards</li><li>▪ Market risk addressed by BT being the main counterpart for VB treasury</li></ul>
<b>IT</b>	<ul style="list-style-type: none"><li>▪ No disruptions in customer service and operations</li><li>▪ Unified core banking platform and support applications</li></ul>
<b>HR</b>	<ul style="list-style-type: none"><li>▪ Strong and unified team in the merged bank</li><li>▪ Talents retained, employee satisfaction kept at a high level</li></ul>
<b>Finance / controlling</b>	<ul style="list-style-type: none"><li>▪ No disruptions in reporting</li><li>▪ Unified procedures and policies</li></ul>

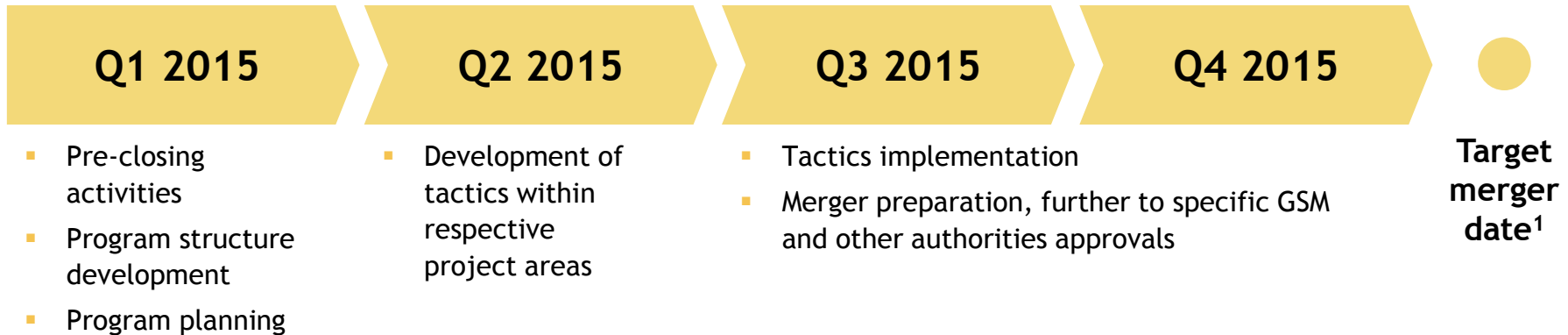


# A portfolio of over 20 projects have been already defined to implement the strategy

## Projects Portfolio

Main projects

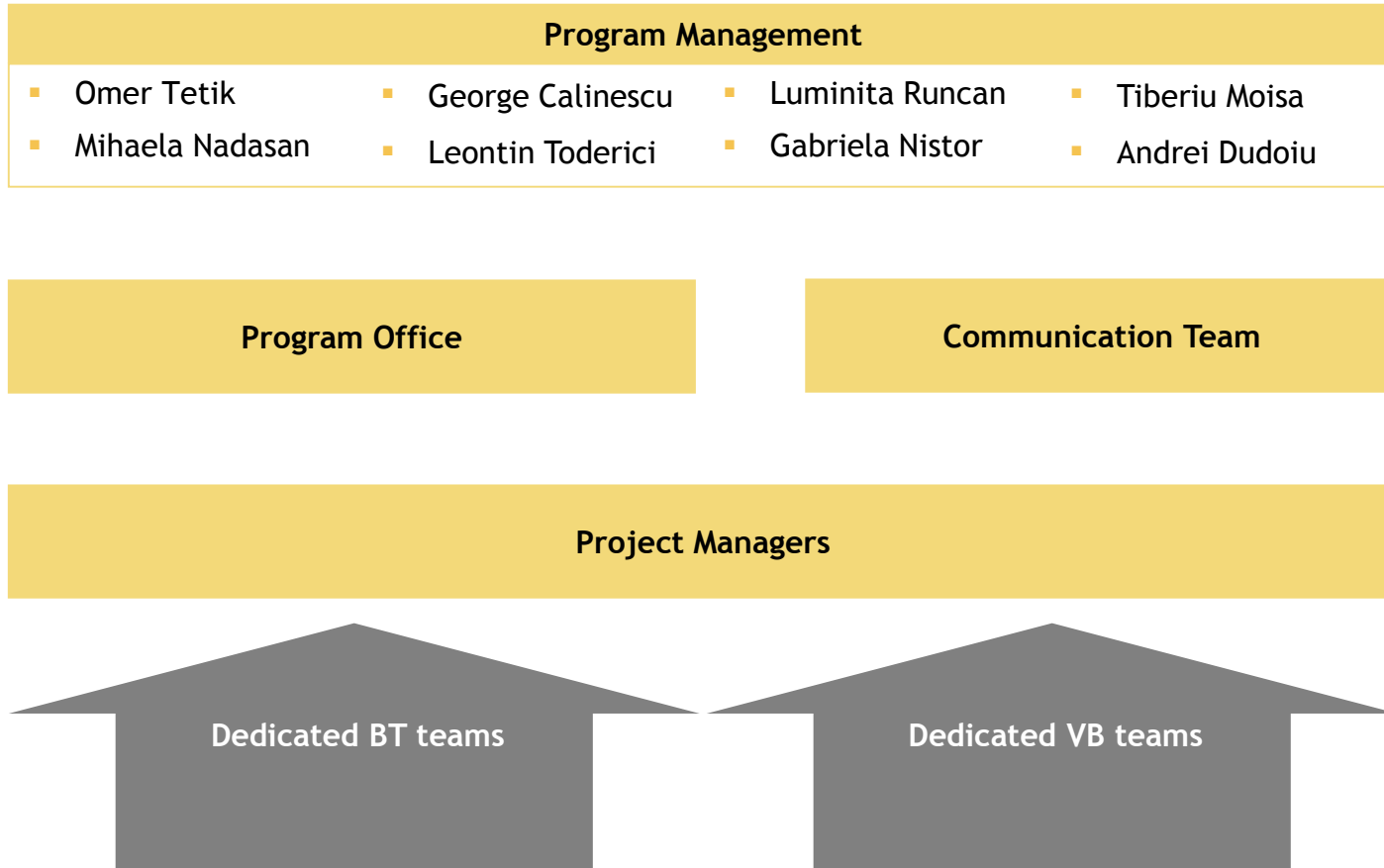
IT migration	Legal process for the merger	Accounting
Retail loans strategy	Communication	Finance & Controlling
CHF loans	Data warehouse	Internal Audit
Retail non-loan products strategy	Operations integration	ATM & POS Integration
Corporate & SME portfolio strategy	Risk strategy	Procurement synergies
HR Integration	Rebranding	Real-estate portfolio management
Joint network strategy	Treasury	Collection and workout



1. Targeted date could be Q1 2016, but it is subject to approvals from the General Shareholders' Meeting

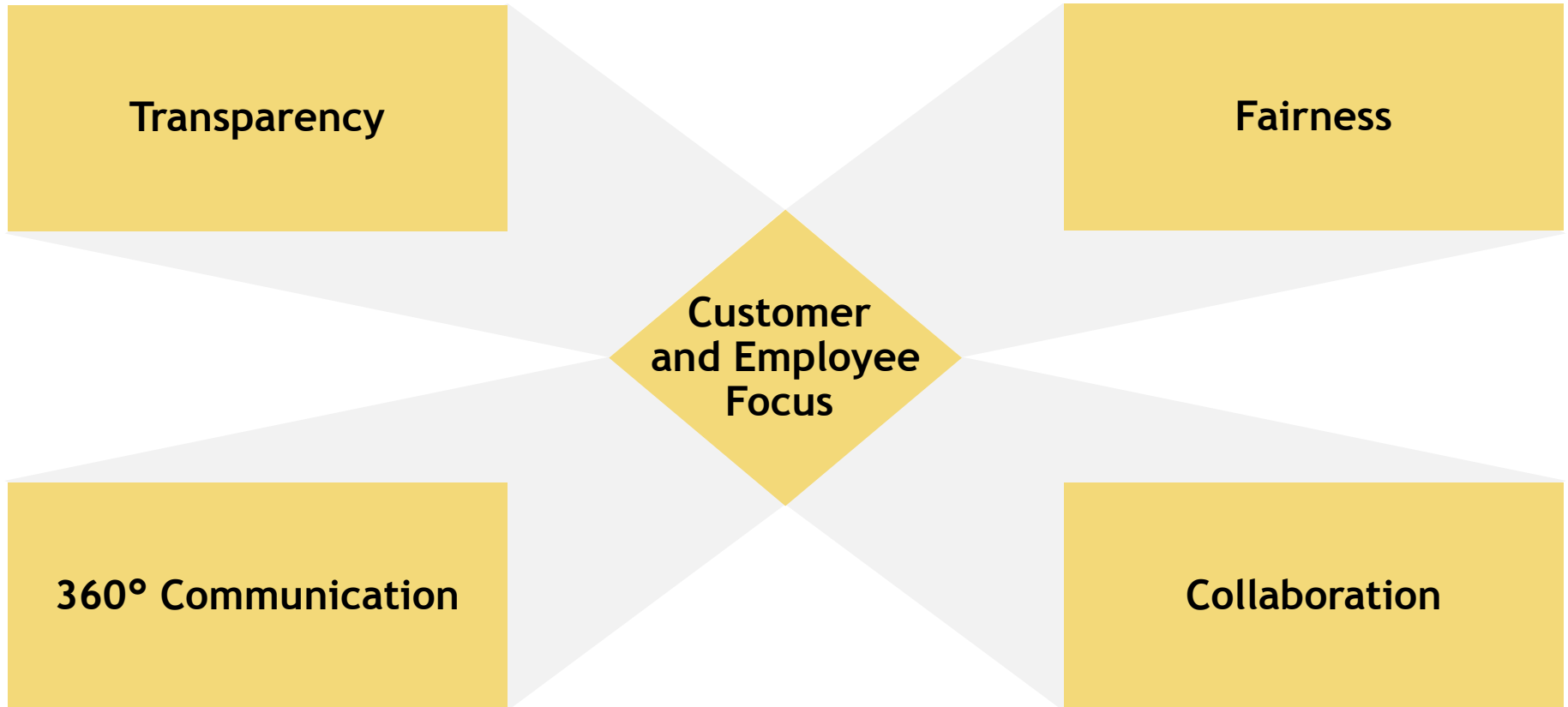


# Integration program is managed by a strong team with VB engagement





# Five core values defined for the integration - customers and employees in the center





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