



Press release

October 30, 2014

## BT Financial Results at September 30, 2014

### **Banca Transilvania continues the growth path in Q3:**

#### **+11% operations, +6.2% total assets**

- +6.2% total assets, +5.6% loan portfolio balance, +6.1% deposits
- Higher operational efficiency: cost/income ratio improved to 42.3% end of Q3 2014
- Gross profit for the 9 months period ended Q3 2014: RON 394.07 mill.
- Quick ratio: 50.4% - above the banking system average
- Prudential provisioning policy: coverage ratio end of Q3 2014 - 125.72%

At the end of 9 months, the bank's total assets reached RON 34,047 million, with a loan portfolio balance 5.6% higher than at the end of 2013, while the total customer deposits were more than 6% higher as compared to the same period - all these results are above the budgeted levels.

In the first 9 months of 2014, Banca Transilvania granted 108,000 new loans to companies and retail clients, totalling over RON 7,900 million.

#### **FINANCIAL RESULTS BT 2014 - details:**

Our constant support to the real economy and development of new products and services - the focus on increasing activity on all areas of interest to the bank - have led to increasing operational income during Q3 2014, which amounted to RON 1,449 million, 26% higher compared to the similar period of last year, when it amounted to RON 1,148 million. The net interest margin stayed at 3.43% in Q3 2014, in line with H1 2014 figure. BT's positive results were supported by activity streamlining and cost control initiatives, which together with the overall business growth lead to an improvement of the cost to income ratio in Q3 2014 by more than 8% versus Q3 2013, notably to 42.3%.

The number of active clients - both individuals and companies - increased by 14% compared to the same period last year, from 1.65 million to 1.88 million clients. Banca Transilvania's attention was focused on retail and SME clients, with tailored approaches for specialized segments. The number of operations through BT accounts was 11% higher versus the same period of 2013, with a fee income increase exceeding 15%. Starting 2014, Banca Transilvania has also improved its position in relation to Transfond national clearing system, with a market share of 10.9% in terms of settlements, 1% higher compared to the end of 2013.

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Banca Transilvania ended Q3 2014 with a portfolio of 2.27 million cards, generating transactions 16.5% higher than for the same period of last year. The bank's market share in terms of transaction volumes reached 17.7%. The credit card portfolio increased by 17% within the last 12 months. The third quarter brought consistent figure increases in the retail segment for Banca Transilvania, with granted loans exceeding RON 1,500 million. In terms of companies, during Q3 2014 the Bank granted approximately 19,000 new loans, with an average exposure of RON 598 thousand per client.

As at 30.09.2014, the loan portfolio balance reached RON 20,029 million, whereas deposits from clients amounted to RON 27,387 million, resulting in a loan to deposit ratio of 73.13%. Banca Transilvania continues to record a very comfortable liquidity level, with a quick ratio of 50.4%, considerably better than the banking market average.

Further to the undertaking initiated in Q2 2014 in compliance with the recommendation of the National Bank of Romania, we continued to write off loans with a debt service of more than 360 days, which are fully covered by depreciation adjustments. Q3 2014 write-offs were 26% lower compared to Q2 2014.

Over the past years, Banca Transilvania has pursued a prudent lending policy, with special attention granted to risk dispersion. Non-performing loans, PAR >90 represent 11.47% of Banca Transilvania's credit portfolio, end of Q3 2014, being below the average of the Romanian banking system. In order to maintain provision coverage for NPLs even after fully provisioned loans had been written off, Banca Transilvania registered net provision expenses for assets and lending commitments of RON 442 million, as at 30.09.2014, resulting in NPL coverage with related provisions and mortgage collateral by more than 125%, value which has been relatively stable over the past two years. The total provision balance as at 30.09.2014 amounts to RON 2,436 million, representing 12.2% of total loans.

The first 9 months of this year confirmed the 2013 improvement trend regarding the payment behaviour of retail and SME clients. The repayment behaviour improvement, together with the write-off of non-performing exposure in respect of these clients resulted in an 11% drop in the volume of more than 90 days overdue loans related to the abovementioned client segments.

The bank's CAR was 15.82%, the cumulated profit as at 30.09.2014 being included.

## **PR and Communication Office**

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## Annex

## FINANCIAL RESULTS, 30.09.2014

<b>BALANCE SHEET</b> <i>thd. RON</i>	<b>30-Sep-14</b>	<b>31-Dec-13</b>	<b>Δ 30.09.2014</b> <b>Vs 31.12.2013</b>
Cash and cash equivalents	4.528.815	4.101.913	10,4%
Placements with banks	1.657.695	1.666.177	-0,5%
Loans and receivables - securities	161.358	92.335	74,8%
Financial assets at fair value through profit or loss and derivatives	52.053	11.122	368,0%
Loans and advances to customers - net	17.593.296	16.667.200	5,6%
-Loans and advances to customers - gross	20.028.875	19.160.259	4,5%
- Loan provisions	(2.435.579)	(2.493.059)	-2,3%
Investment securities, available for sale	9.441.836	8.936.455	5,7%
Intangible assets	72.341	82.908	-12,7%
Tangible assets	287.846	289.046	-0,4%
Equity investments	74.856	73.956	1,2%
Other assets	176.762	144.753	22,1%
<b>Total assets</b>	<b>34.046.858</b>	<b>32.065.865</b>	<b>6,2%</b>
Deposits from banks	269.156	418.755	-35,7%
Deposits from customers	27.387.004	25.803.860	6,1%
Loans from banks and other financial institutions	2.001.589	2.067.261	-3,2%
Subordinated liabilities	331.650	337.913	-1,9%
Deferred tax liabilities	63.550	59.985	5,9%
Other liabilities	519.791	295.597	75,8%
<b>Total liabilities</b>	<b>30.572.740</b>	<b>28.983.371</b>	<b>5,5%</b>
<b>Shareholders' equity</b>			
Share capital	2.645.680	2.292.937	15,4%
Revaluation reserves	27.632	28.997	-4,7%
Own shares	-3.535	-818	332,2%
Retained earnings	414.934	430.043	-3,5%
Other reserves	389.407	331.335	17,5%
<b>Total equity</b>	<b>3.474.118</b>	<b>3.082.494</b>	<b>12,7%</b>
<b>Total liabilities and shareholders' equity</b>	<b>34.046.858</b>	<b>32.065.865</b>	<b>6,2%</b>

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**INCOME STATEMENT**  
*thd. RON*

	<b>30-Sep-14</b>	<b>30-Sep-13</b>	<b>Δ Sep-14 vs. Sep-13</b>
Interest income	1.327.985	1.389.524	-4,4%
Interest expenses	(474.113)	(672.599)	-29,5%
<b>Net interest income</b>	<b>853.872</b>	<b>716.925</b>	<b>19,1%</b>
Fee and commission income	360.103	310.552	16,0%
Fee and commission expenses	(60.816)	(51.408)	18,3%
<b>Net fee and commission income</b>	<b>299.287</b>	<b>259.144</b>	<b>15,5%</b>
Net trading income	93.674	96.529	-3,0%
Gains (losses) on available-for-sale assets	222.409	94.151	136,2%
Contribution, Deposits Guarantee Fund	(54.842)	(48.263)	13,6%
Other operating income	34.851	29.239	19,2%
<b>Operating income</b>	<b>1.449.251</b>	<b>1.147.725</b>	<b>26,3%</b>
Personnel expenses	(332.417)	(312.794)	6,3%
Depreciation and amortization	(44.017)	(42.144)	4,4%
Other operating expenses	(236.723)	(227.746)	3,9%
<b>Operating expenses</b>	<b>(613.157)</b>	<b>(582.684)</b>	<b>5,2%</b>
Net impairment losses on assets and credit commitments	(442.019)	(280.541)	57,6%
<b>Profit before income tax</b>	<b>394.075</b>	<b>284.500</b>	<b>38,5%</b>
Income tax expense	(55.939)	(44.262)	26,4%
<b>Net Profit</b>	<b>338.136</b>	<b>240.238</b>	<b>40,8%</b>

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