



BANCA TRANSILVANIA®

SWIFT: BTRLRO22
Capitalul social: 2.608.623.861 lei
C.U.I. RO 50 22 670
R.B. - P.J.R. - 12 - 019 - 18.02.1999
Nr. Inreg. Reg. Com.: J12 / 4155 / 1993

Banca Transilvania S.A.

**Merger Project for
Banca Transilvania S.A.
and
Volksbank Romania S.A.
(excerpt)**

BT classification: Strictly Confidential

- September 2015 -

Head office

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Banca oamenilor întreprinzători

1. General information about the merger

Considering the provisions of the following relevant legislation:

- Law 31/1990 – Companies law;
- National Bank of Romania's Norm no. 5/2000 on merger and dissolution of banks;
- Accounting Law no. 82/1991, with subsequent modifications and additions;
- Order 1376/2004 for the approval of the Methodological norms regarding the accounting of the main merger, spilt-up, wind-up and liquidation of companies operations, as well as the withdrawal and exclusion of shareholders from companies and the applicable tax treatment;
- Order No. 27/2010 for the approval of Accounting regulations in accordance with International Financial Reporting Standards, applicable to credit institutions, with subsequent modifications and additions;
- Law No. 571/2003 regarding the fiscal code, with subsequent modifications;
- Law No. 67/2006 on the protection of employee rights in the event of the transfer of the enterprise, institution, or parts thereof;
- Order of the Minister of Public Finance No. 2861/2009 for the approval of Norms on the means to organize and determine inventory elements such as assets, liabilities and shareholders' equity;
- Competition Law No. 21/1996, republished, with subsequent modifications.

The administrators of Banca Transilvania SA (hereinafter „Banca Transilvania”, „BT” or „the Absorbing company”) and the Directorate of Volksbank Romania SA („Volksbank” or „the Absorbed company”) respectively, have jointly prepared the terms and conditions of this Merger Project („the Merger Project”) regarding the merger by absorption between BT, as the absorbing company, and Volksbank, as the absorbed company.

1.1. Presentation of the entities participating in the merger

The merger is governed by the terms and conditions of this project (the Merger Project) and the applicable legislation referred to above, and refers to the following companies:

The absorbing company

Name	Banca Transilvania S.A.
Legal form	Stock company
Headquarters	Str. G. Barițiu nr. 8 Cluj-Napoca 400027, Romania
Trade Registry no.	J12 / 4155 / 1993
CUI	5022670
Fiscal attribute	RO

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Banking Registry no.	P.J.R. - 12 - 019 - 18.02.1999
Share capital (subscribed and paid in)	2.608.623.861 RON
Main activity	NACE code 6419 – other monetary intermediation activities
Shareholding	European Bank for Reconstruction and Development – 14,33% Romanian individuals – 17,70% Romanian legal entities – 31,30% Foreign individuals – 2,00% Foreign legal entities – 34.67%

The absorbed company

Name	Volksbank Romania SA
Legal form	Stock company
Headquarters	Sos. Pipera 42, etaje 3-8,10, Sector 2, Bucharest
Trade Registry no.	J40/58/2000
CUI	12564356
Fiscal attribute	RO
Banking Registry no.	RBPJR-40-048
Share capital (subscribed and paid in)	4.986.484.750 RON
Main activity	NACE code 6419 – other monetary intermediation activities
Shareholding	<i>At the date of the merger project:</i> Banca Transilvania SA – 4.986.484.750 RON – 100%

Banca Transilvania S.A. and Volksbank Romania S.A. will be referred to as « the companies participating in the merger » or « the companies ».

1.2. Legal and economic arguments for the merger

1.2.1. Legal arguments for the merger

According to Art. 239 of the Companies Law, the start of the merger process between Banca Transilvania SA and Volksbank Romania SA was approved in principle by the Extraordinary General Meetings of Shareholders of both banks participating in the merger, being their competent statutory bodies, as follows:

- Extraordinary General Meeting of Shareholders of Volksbank Romania SA approved in principle the merger by the decision dated 7 April 2015
- Extraordinary General Meeting of Shareholders of Banca Transilvania SA approved in principle the merger by the decision dated 29 April 2015.

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In this regard, the Extraordinary General Meetings of Shareholders of Volksbank Romania SA and Banca Transilvania S.A. decided the following:

- To initiate the merger process;
- To authorize the preparation of the Merger Project by BT's administrators and Volksbank's Directorate members and the implementation of the merger related decision by them ;
- To authorize BT's administrators and Volksbank's Directorate members to carry out all economic, financial and legal operations necessary for or in connection to the preparation and publication of the Merger Project.

According to the same decision, the Merger Project will be signed by the persons authorized to represent each Company in relation with third parties, in accordance with the articles of association of each company.

The merger can be completed only under the condition to obtain the approval from the National Bank of Romania and will become effective on the date determined by the shareholders of the banks involved in the merger and included in the Merger Project.

Considering the 100% stake in the absorbed company held by the absorbing company, in accordance to art. 2434 of the Companies Law, the following **will not apply**: (i) the merging companies' administrators obligation to prepare a report on the draft Merger Project (according to art. 2432 of the Companies Law) and, (ii) the obligation to prepare a report on the exchange rate by independent experts (according to art 2433 of the Companies Law), respectively.

The merger will be performed by fully transferring, by universal transfer, the patrimony of the absorbed company (including the tangible assets included in Appendix 3) to the absorbing company, including all rights, obligations, assets and liabilities that the absorbed company has at the Effective Date of the merger (as defined in section 1.3.2 below).

Following the merger, Volksbank (the absorbed company) will cease its existence, losing its legal personality and will be dissolved without liquidation and removed from the Banking Institutions Register kept by the National Bank of Romania and from the Trade Registry, respectively.

The absorbing company - Banca Transilvania, will maintain its main business activities consisting in monetary intermediation, according to NACE code 6419, together with all other secondary activities.

1.2.2. Economic arguments for the merger

The companies involved in the merger have started the merger process under this Merger Project in order to ensure a single and consistent approach and by taking into account the arguments below.

Banca Transilvania was and continues to be an active player on the Romanian banking market, growing over the past few years and reaching 3rd place among Romanian banks, in terms of total assets. Taking into account the interest and commitment of Banca Transilvania to participate and support the economic

development of our country and, implicitly, the preservation of a strong and sound banking system, the step towards a consolidation project represents a necessary endeavor.

The capital and liquidity positions of Banca Transilvania have been on a growth and consolidation trend; the Bank currently has a solid and mature financial position which allows it to consider potential acquisition projects under safety conditions.

After analyzing several acquisition alternatives, Banca Transilvania has decided that the acquisition and merger with Volksbank Romania represent a good opportunity that will bring added value both to Banca Transilvania and to the Romanian banking system, in general.

The two banks participating in the merger have taken into account the following aspects, which will contribute to value creation through the merger process:

- Banca Transilvania and Volksbank are operating in the same industry, having the same object of activity;
- Starting the merger is a natural consolidation process following the initial acquisition of 99.99% stake in Volksbank by Banca Transilvania (currently, the holding is at 100%);
- Group structure simplification, as Volksbank and BT are part of the same banking group;
- Allocate resources more efficiently by consolidating the two entities into a single administrative unit;
- Optimizing the decision making flows through the integration of the existing structures, know-how and experience available in the two entities;
- Simplification of the administrative, control and reporting processes for all business lines;
- Strengthening the product portfolio and creating opportunities for price reductions, by creating economies of scale;
- Efficient use and allocation of capital by strengthening the product portfolio;
- Long term cost structure optimization ;
- Integration Volksbank's branch network, bringing improvements to the newly created structure, and creating added value through its presence in the Southern half of Romania, thus naturally balancing the stronger position held by Banca Transilvania in the Northern half of the country;
- Integration of Volksbank's retail portfolio in BT, which is in line with the business strategy and growth plans of BT;
- Increase the value of the newly created company for the benefit of the shareholders;
- Improving customer relationships by adopting BT's policies in terms of service quality and experience in a complex range of banking products and services;
- Creating a stronger banking player, with solid and stable prudential ratios, and strongly committed to supporting the Romanian economy;
- Improve the reporting, monitoring and control procedures for the central bank;
- Harmonization of the accounting policies and practices.

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1.3. Terms and conditions of the Merger

1.3.1. Merger type

According to the decisions of the Extraordinary Shareholders General Meeting of Banca Transilvania SA and Volksbank Romania SA, the merger will take place in the form established by art. 238, paragraph 1 (a) in the Companies Law, and as a result, Volksbank Romania SA, being the absorbed company, will be absorbed by Banca Transilvania SA, as the absorbing company.

Simultaneously, Volksbank Romania S.A. will be dissolved without liquidation and will be removed from the Trade Register Office at the conclusion of the merger process.

1.3.2. Effective date of the merger

Considering the provisions of art. 249 point b) of the Companies Law, the absorbing and absorbed company have jointly agreed that the date on which the merger will become legally effective ("Effective Date") will be 31 December 2015, pending on NBR approval. At that date, Volksbank ceases to exist, the merger resulting in its dissolution without liquidation and universal transfer of its entire patrimony to Banca Transilvania, which thus acquires the rights and obligations held by Volksbank.

1.3.3. Special rights

Banca Transilvania hereby declares that the date of this Merger Project has not issued any shares that grant special rights to shareholders, any bonds or securities other than common shares.

As a result, Banca Transilvania will not grant following the merger, rights such as those referred to in art. 241 (g) from the Companies Law.

1.3.4. Special benefits

No special benefits will be granted following the merger to the management or supervisory bodies of the companies participating in the merger.

2. Financial and accounting data

2.1. The reference date for the merger financial statements

31 December 2014 has been determined and agreed by the companies participating in the merger as the reference date for the merger financial statements.

As a result, the financial statements of the companies involved in the merger have been prepared based on accounting and financial data as at 31 December 2014 (please see: Appendix 1 « IFRS financial statements prepared by Banca Transilvania SA for the year ended 31 December 2014 », Appendix 2 « IFRS financial statements prepared by Volksbank SA for the year ended 31 December 2014 »).

The balance sheet items of the two companies involved in the merger have been valued using the net asset method, in accordance with the requirements of the Accounting Law. For the companies participating in the merger, the net assets were calculated based on the patrimony count and valuation of all the assets and liabilities thereof and the results were included in the estimated merger balance sheet.

The settlement of the absorbed company's liabilities will be done by transfer to the absorbing company as a result of the merger, in accordance with the provisions of the Companies Law and Order 27/2010, in conjunction with the provisions of Order 1376/2004.

The simplified balance sheet (at reference date) of the two companies participating in the merger are presented in Appendix 1 to this Merger Project.

2.2. Shareholding structure

On 31 December 2014, the Reference Date, Volksbank had the following shareholders structure:

<u>Name</u>	<u>No. of shares</u>	<u>Share capital (RON)</u>	<u>% from share capital</u>
VBI Beteiligungs GmbH	28,550,476,858	2,855,047,685.80	99.999996
VBI Holding GmbH	1,142	114.20	0.000004
Total	<u>28,550,478,000</u>	<u>2,855,047,800.00</u>	<u>100</u>

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On the Merger Project date, Volksbank has the following shareholders structure:

<u>Name</u>	<u>No. of shares</u>	<u>Share capital (RON)</u>	<u>% of share capital</u>
Banca Transilvania	49,864,847,500	4,986,484,750	100
Total	<u>49,864,847,500</u>	<u>4,986,487,750</u>	<u>100</u>

On 31 December 2014, **the Reference Date**, Banca Transilvania had the following shareholders structure:

<u>Description</u>	<u>% of the share capital</u>
European Bank for Reconstruction and Development	14.33%
Romanian individuals	17.70%
Romanian legal entities	<u>31.30%</u>
Foreign individuals	<u>2.00%</u>
Foreign legal entities	<u>34.67%</u>
Total	<u>100%</u>

2.3. Shares exchange ratio

In accordance with paragraph 250 (2) a) of the Companies Law, in the share issuing process as a result of the merger, the mutual shareholdings held by the companies involved in the merger will not be taken into account.

Given that the absorbing company owns all the shares of the absorbed company, in accordance with article 243⁴ of the Companies Law, the provisions of art. 250 para. (1) b) of the Companies Law will not apply; therefore the absorbing company will not issue shares to the shareholders of the absorbed company. Furthermore, according to the same article of the Companies Law, the provisions of art. 241 points c) -e) will not apply and therefore an exchange rate for the shares will not be computed.

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2.4. Number of new shares to be issued

Following the merger, no new shares will be issued, as described in point 2.3 above.

2.5. The merger premium

The merger will be reflected in the separate financial statements of the absorbing company in accordance with the applicable accounting and financial reporting regulations.

2.6. Cancellation of reciprocal holdings

The cancellation of BT's investment in Volksbank will be done based on the application of IFRS and will be accounted for as a separate transaction.

3. Information on the share capital increase and structure for Banca Transilvania SA after the merger

Banca Transilvania's share capital will not change as a result of the merger.

3.1. Registration of shares and dividend date

Not applicable.

3.2. The date on which Volksbank's transactions will be considered as belonging to Banca Transilvania SA, from an accounting point of view

In terms of accounting and tax, Volksbank's transactions will be considered as belonging to Banca Transilvania SA starting on the Effective Date of the Merger.

4. Other relevant information for the merger

Banca Transilvania's Constitutive Deed will be amended to reflect the changes made following the conclusion of the merger process, if necessary.

All Board members, directors and all other members of BT's management will continue to act according to their mandates.

The mandates of the Supervisory Board, Directorate members and of the auditor will be terminated on the effective date of the merger and they will be released from any liability related to the positions held in Volksbank.

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The envisaged merger does not represent a significant economic concentration to be notified as defined in the Competition Act given that the companies participating in the merger are part of the same group; the absorbing company holds the control over the absorbed company through a 100% stake in its share capital.

Considering that the proposed effective date of the merger is 31 December 2015, the magnitude and complexity of the process and also given the need to integrate Volksbank's clients before the end of this process, a joint decision was taken together with the business lines to inform and contact the clients by BT, through VBR.

Contacting VBR's customers is aimed to present them BT's offer, so that they can analyze it and make informed choices if they want to become BT customers before the completion of the merger.

If Volksbank customers do not accept to be contacted by BT or do not accept the new contractual conditions applicable prior to completion of the merger, they will be notified before the merger, clearly indicating to them how VBR product contracted by them will be taken over by BT.

This procedure will be applied to all types of customers (retail and corporate) and for all products that BT Group can offer (lending products/ non-lending products offered by BT or its subsidiaries - BT Operational Leasing SA, BT Leasing Transilvania IFN SA, BT Asset Management SA or BT Securities SA).

The absorbing company will take over all active branches of the absorbed company as at 31 December 2015.

This Merger Project was prepared and approved by the Board of Directors of Banca Transilvania SA and by the Directorate of Volksbank Romania S.A. and will be submitted to the Trade Registry and published on the website of each company, in accordance with art. 242, para. 2 (1) of the Company Law.

Signatures,

BANCA TRANSILVANIA SA

Represented by:

Ms. Luminita Runcan

Position: Deputy General Director

Ms. Mihaela Nadasan

Position: Executive Director

VOLKSBANK ROMANIA SA

Represented by:

Mr. Omer Tetik

Position: Supervisory Board member

Mr. George Calinescu

Position: Supervisory Board member

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