

Banca Transilvania – Q1 2015 results

Speakers: Omer Tetik – CEO | George Calinescu – CFO | Mihaela Nadasan – IR & FI Executive

1. **Introduction** by Omer Tetik, presenting key figures, mentioning that these are not consolidated results: 1.7% growth of loan portfolio, growth of different assets positions, liquidity preparations for VB closing started early January, cost of risk decreased, operational revenue increase based on larger volumes and cross-sell

2. **Q & A**
 - a) Reason behind NII decrease
 - ➔ OT – strong liquidity position prepared by selling T bills & bonds, generating a large Cash and Equivalents item on the BS, bearing very low interest rates;
 - ➔ OT – NIM at clients portfolio level, facing a slight decrease, but significantly less than the overall NIM
 - ➔ OT - a recovery is expected in the following period, further to rearrangements between assets positions and an interest rate adjustment on the liabilities side
 - b) VBRO acquisition – book value of BT
 - ➔ OT – we took over VBRO beginning of April, figures are not consolidated, yet; first consolidated financial statements to follow in Q2 2015
 - c) Write-offs RON 299 M, higher than Q4 figure
 - ➔ OT – loans were fully provisioned, no significant impact of write-offs
 - d) Cost items increased, personal expenses -> cost/income ratio deteriorated at operating items positions
 - ➔ OT – some of the higher operating costs are related to acquisition & integration preparation; with regard to the adjustments in staff expenses, these are addressing categories of salaries which are low paid staff; the targeted long-term cost/income ratio is within budget
 - e) Financials about VBRO
 - ➔ OT – information will be uploaded on www.bancatransilvania.ro
 - f) Write-off process, what was the budgeted figure
 - ➔ OT – RON 700 M
 - g) Solvability ratio at end of March, 2015
 - ➔ OT – approximately 17%
 - h) Payment for VBRO
 - ➔ OT – EUR 81 M, of which EUR 58 M in an escrow account, parent banks were reimbursed on the spot; all data are available in the presentation regarding VB closing
 - i) Loan demand is expected to increase, do you detect this trend?
 - ➔ OT – we expect a slight increase of about 4-5% at the end of the year, retail loans have a higher demand, SMEs – larger SMEs have a

slight appetite increase for investment loans, we aim for a healthy growth

- j) BT has important investments in foreign bonds
 - ➔ OT – all investments are below corporate loans, less than 1% of total assets, high shareholders expectations to be met
- k) VBRO integration cost is included in BT Budget?
 - ➔ OT – BT budget presented for 2015 excludes integration cost items, but estimated EUR 45 M integration cost has been included in the acquisition budget
- l) Any possibility to pay dividends in 2016?
 - ➔ OT – there will be a substantial gain for the shareholders post-acquisition, dividends payment is a decision that shareholders need to take.
- m) The possible bargaining gain of RON 1.5 B will be reflected in the consolidated year end figure?
 - ➔ GC – consolidated results will be made available starting June 2015
- n) Interest income for securities in Q1 2015 vs Q1 2014
 - ➔ OT – in Q1 2014, securities related interest income represented 19% of total interest income, while in Q1 2015 (due mainly to the sale in January 2015), it counted for only 14% of the total interest income
- o) Coverage ratio of 90 days NPLs
 - ➔ OT – more than 122%, collaterals included

3. Conclusions: consolidated results with VBRO will be available starting June, 2015. For any other questions, our IR Department is ready to provide the necessary information. Our website will be updated with relevant information.