



BANCA TRANSILVANIA®

## Q1 2015 - FINANCIAL RESULTS

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*Banca oamenilor întreprinzători*



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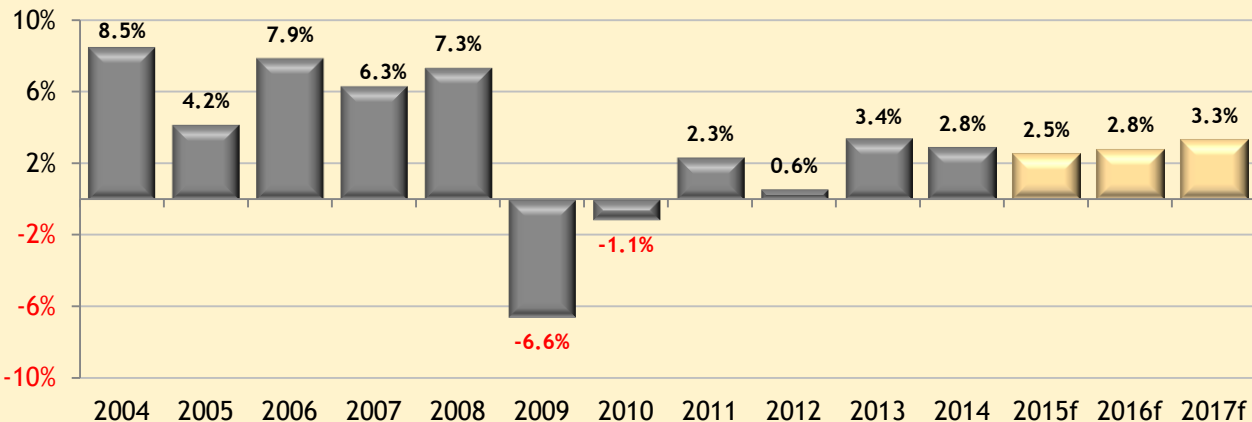
# PRESENTATION TOPICS

- **Macroeconomic environment**
- BANCA TRANSILVANIA on its home market
- Overview of business lines
- Q1 2015 individual financial results
- 2014 financial results, consolidated
- Conclusions

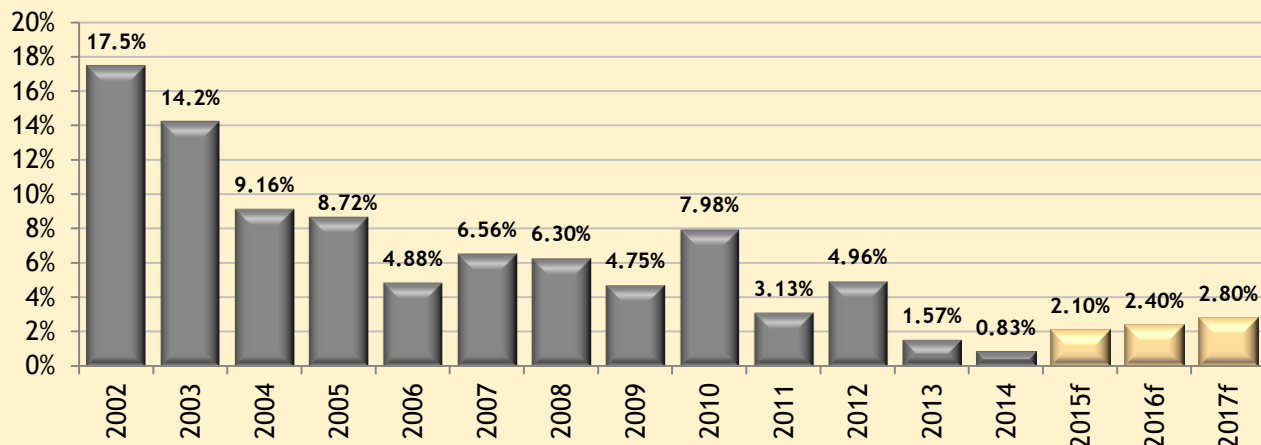


# Macroeconomic environment

### GDP (% , Y/Y)



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

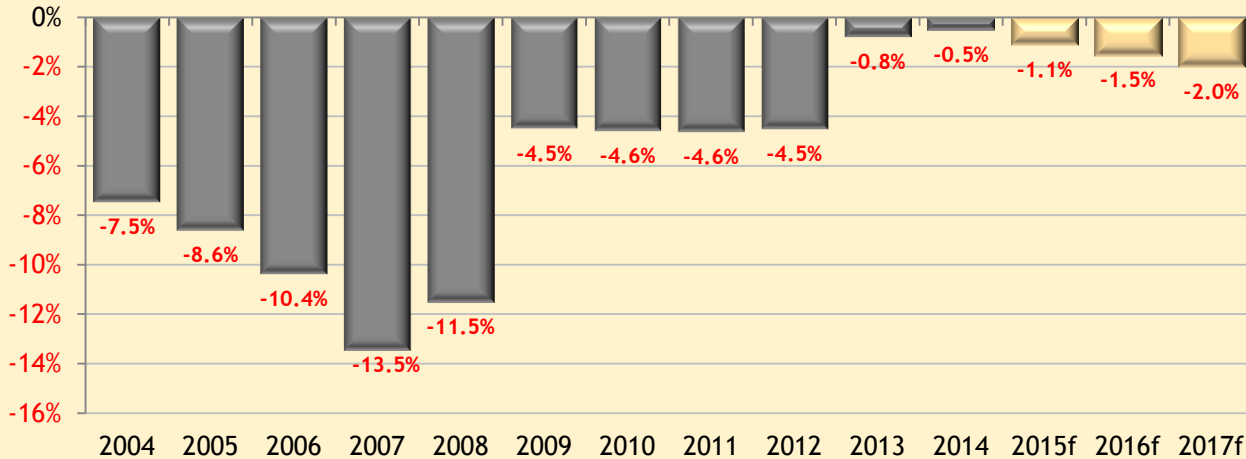


- The GDP rose by 2.8% Y/Y in 2014, an evolution determined by the dynamics of the domestic demand.
- The private consumption increased by 4.5% Y/Y last year, while the government consumption had a positive contribution of 0.8 pp.
- The inflexion of the fixed investment at the end of 2014 (up by 1.4% Y/Y in 4Q) points to the start of a new cycle.
- The average annual inflation decelerated to 1.07% Y/Y in 2014.
- After record low levels in January-February (0.4% Y/Y), inflation accelerated to 0.8% Y/Y in March.
- NBR continued to relax the monetary policy in May 2015, by cutting the reference interest rate to 1.75% and the MRR for RON to 8%.
- In the short-run inflation would be influenced by the Government's decision to cut the VAT for food to 9% starting 1<sup>st</sup> of June.

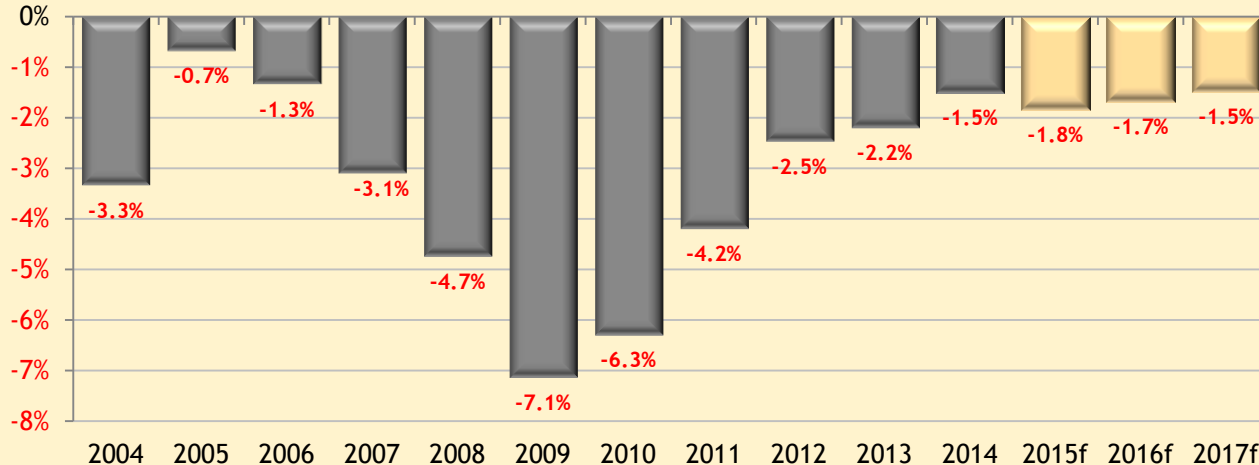


# Macroeconomic environment

## Current Account deficit - % of GDP



## Public finance - % of GDP

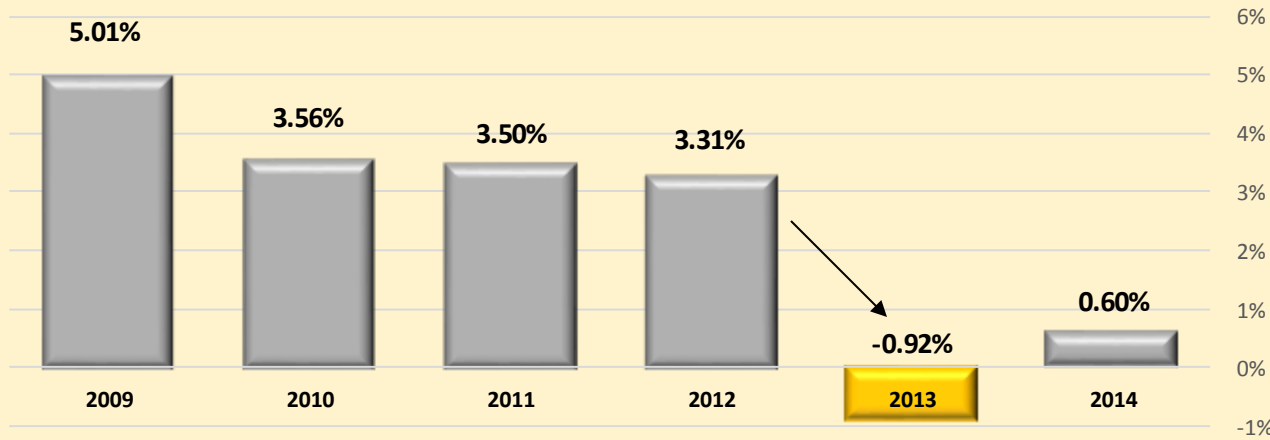


- The current account continued to adjust in 2014: the deficit diminished to 0.5% of GDP, a record low level for the past 25 years.
- In January-February 2015 the current account presented a surplus of EUR 285mn.
- IMF forecasts a gradual increase of the current account deficit in the mid-run, to 2.0% of GDP in 2017.
- The public finance continued to consolidate in 2014: a budget deficit of 1.5% of GDP (the lowest level of the past 9 years).
- This evolution was influenced by the decline of the financing costs, introduction of new taxes and the decrease of the public investments.
- For 2015 the Government negotiated with IMF/EU a deficit of 1.8% of GDP.



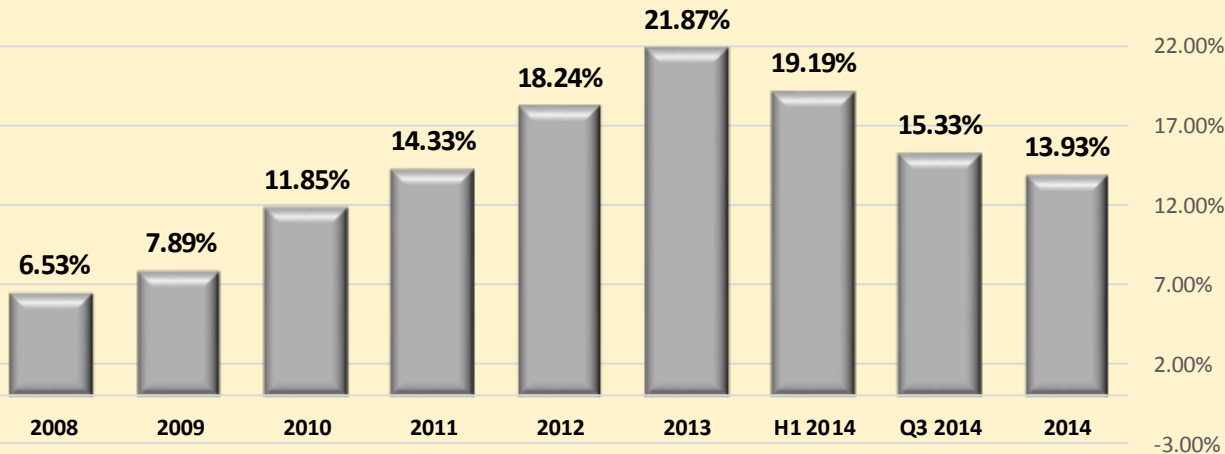
# Romanian Banking Systems - banking assets and NPLs

Total banking assets growth rates



- BT achieved 8.4% growth during 2013, 11.2% asset increase during 2014 and 1.2% for Q1 2015

NPL

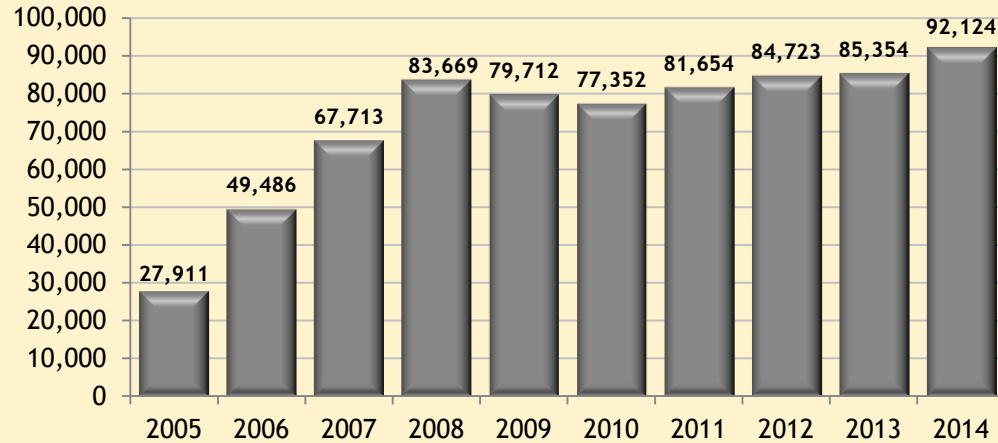


- BT benchmarks well at 10.87% NPL ratio as end of 2014 and 10.32% end of Q1 2015

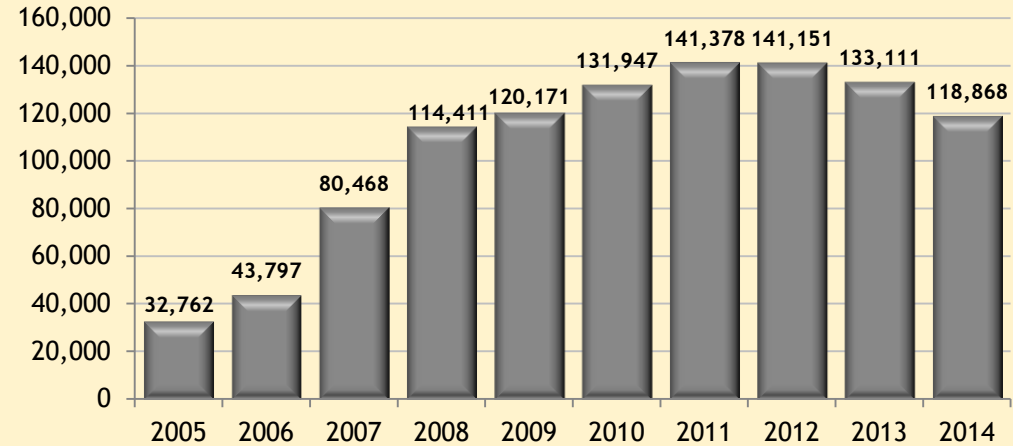


# Romanian Banking System - loans and deposits

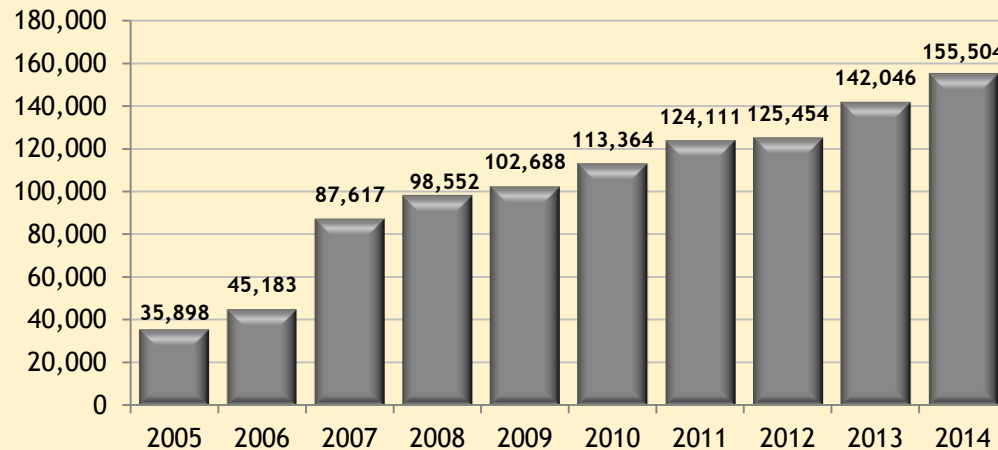
### RON non-government loans (RON bn)



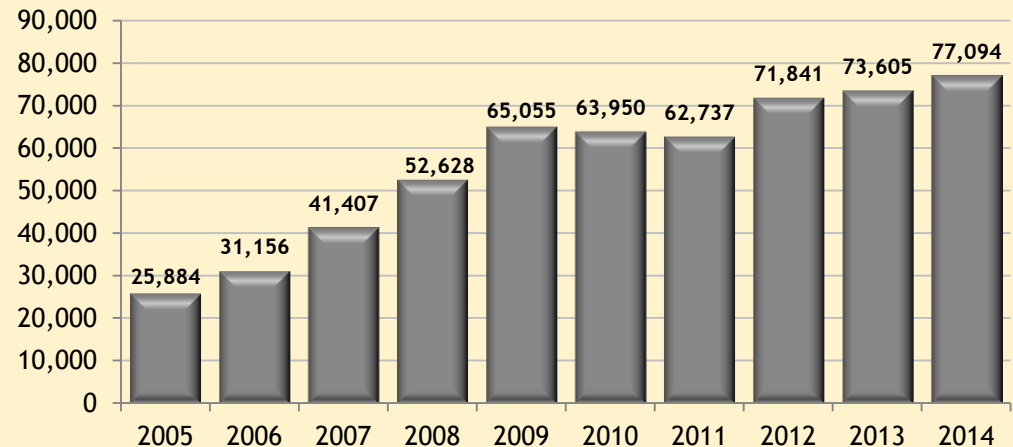
### FX non-government loans (RON bn)



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



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





# Romanian Banking System

- Conservative and strong Central Bank
- Top 7 banks hold approx. 66% of total assets; Top 3 banks weight around 40%
  - End of 2014 the 40 banks operating on the market recorded a loss of RON 4.3 bn (for the end of 2013, the cumulative profit was corrected at RON 49 mill., compared to a loss of RON 2.3 bn in 2012, following restatements performed by auditors to several important banks)
- Despite the NPL level, the banking system is solid:
  - average CAR: 14%
  - no government bail-outs
  - 13.93% NPL ratio (PAR 90) for 2014 (BT at 10.32% end of Q1 2015)





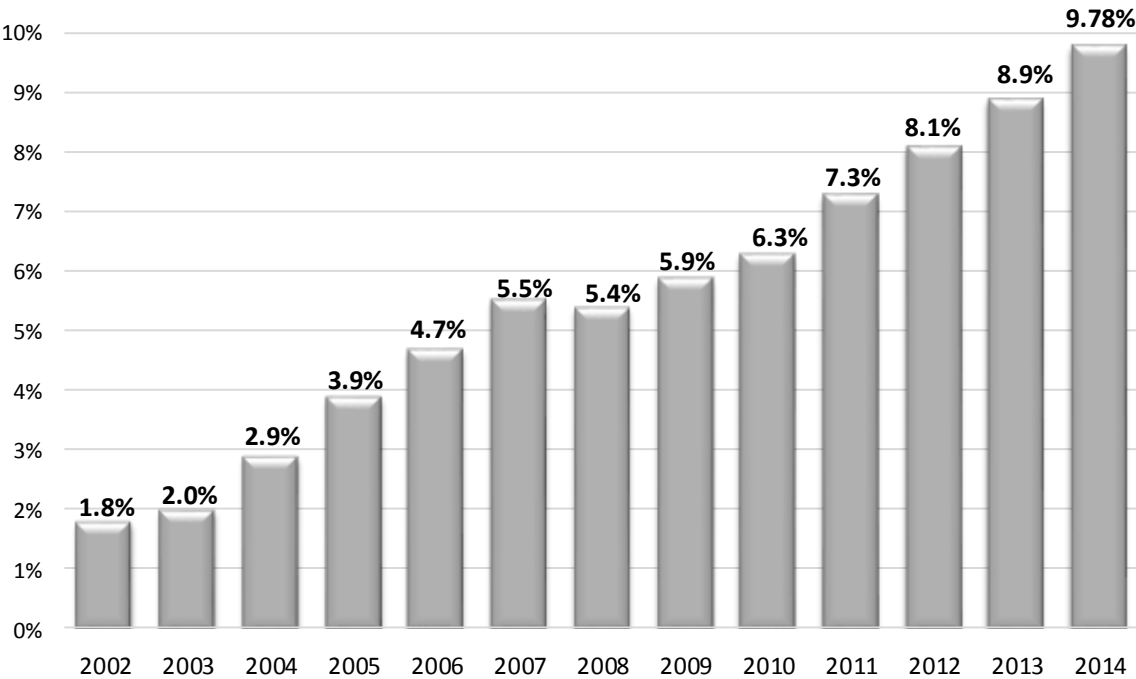
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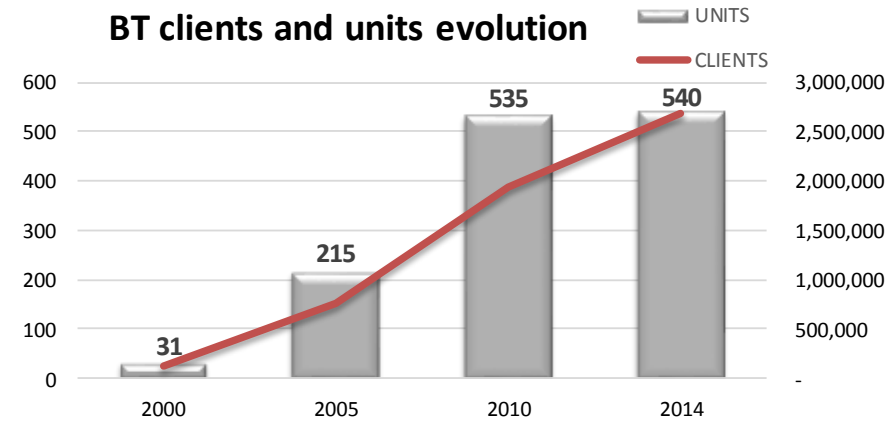
# Banca Transilvania's growth path

BT: market share evolution



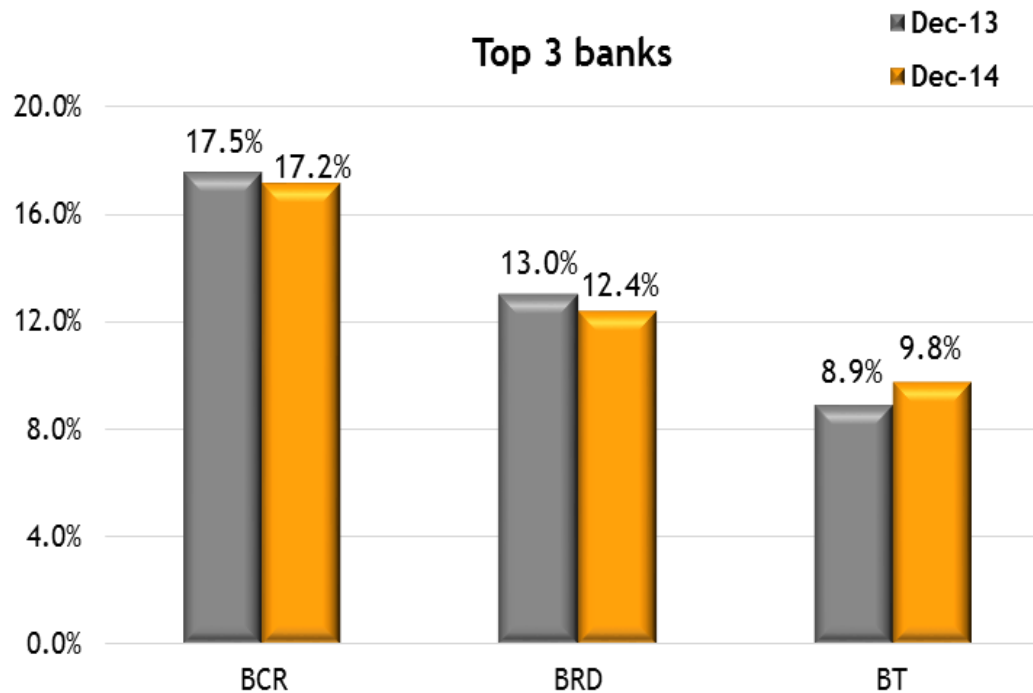
Source: NBR

BT clients and units evolution





# Banca Transilvania on its home market



Source: NBR



# Our Business Model

- ✓ Traditional banking
- ✓ Diverse revenue streams
- ✓ Broad spread of risk
- ✓ Wide branch coverage
- ✓ Deposit funded
- ✓ Romania HQ

**Successful track record**



# Banca Transilvania's strengths

- Strong roots in Romania, one of the least banked CEE countries
- The leading SME bank... The Bank for Entrepreneurial People
- Nationwide distribution network with 540 branches and agencies
- Solid capitalization (CAR 17.83%, Q1 2015) and good funding structure
- Loan / deposit ratio: 67% Q1 2015
- Local currency focus (65% of total loans in RON)
- Decentralized decision-making, but with strong internal controls
- Blue chip company on the Bucharest Stock Exchange since 1997



# Our rating

## Fitch Ratings - BT rating reaffirmed, June 2014

Long term IDR	BB-
Short-Term	B
Outlook	Stable
Individual	D
Support	3



# Shareholder structure, Q1 2015

	No. of shareholders	No. of shares	%
<b>Romanian capital</b>	<b>26,174</b>	<b>1,280,516,206</b>	<b>49.09</b>
individuals	25,567	443,088,077	16.99
companies	607	837,428,129	32.10
<b>Foreign capital</b>	<b>791</b>	<b>1,328,107,655</b>	<b>50.91</b>
individuals	617	50,865,922	1.95
companies	167	1,277,241,733	48.96
<b>TOTAL</b>	<b>26,965</b>	<b>2,608,623,861</b>	<b>100</b>

Strategic partners: EBRD - 14.61%; IFC 5.36%



# Group structure

## Banca Transilvania

Leasing

Consumer  
Finance

Banking services

Brokerage

Asset  
management



Business lines

SME

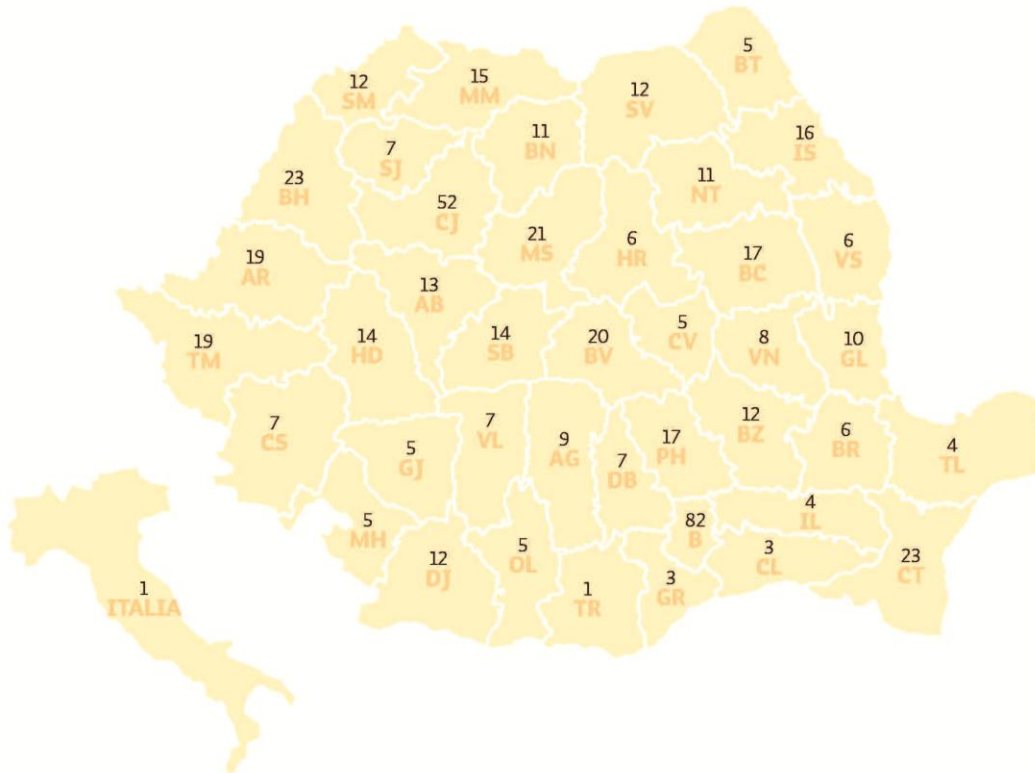
Corporate

Retail





# Geographical coverage



## Key statistics

**No. of units: 540**

**No. of customers: over 2.6 million**

## Market shares, end of 2014

**Market share by assets: 9.78%**

**Deposits (lei): 13.77%**

**Loans (lei): 14.99%**

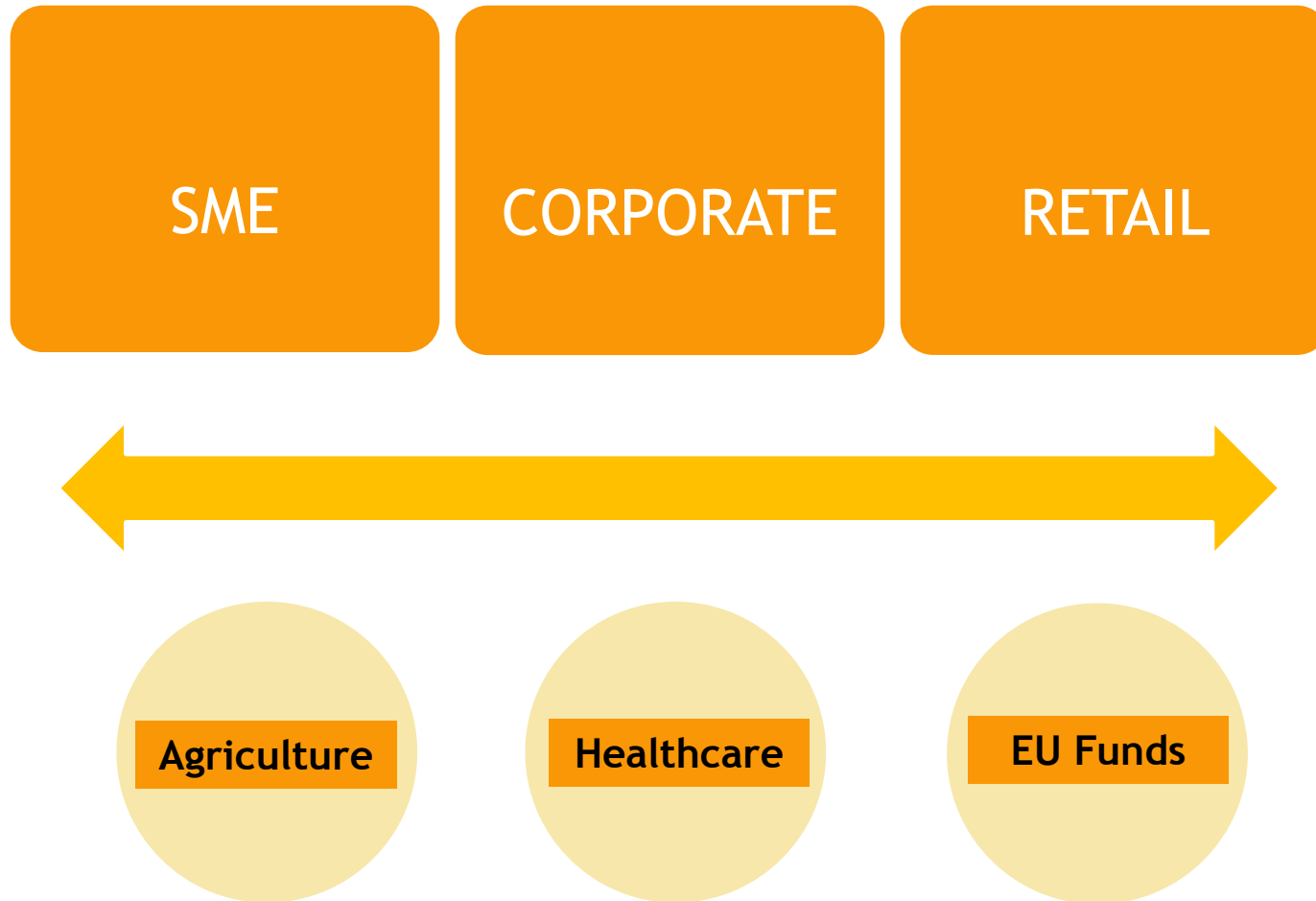


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# Business Lines & Sectorial Approaches



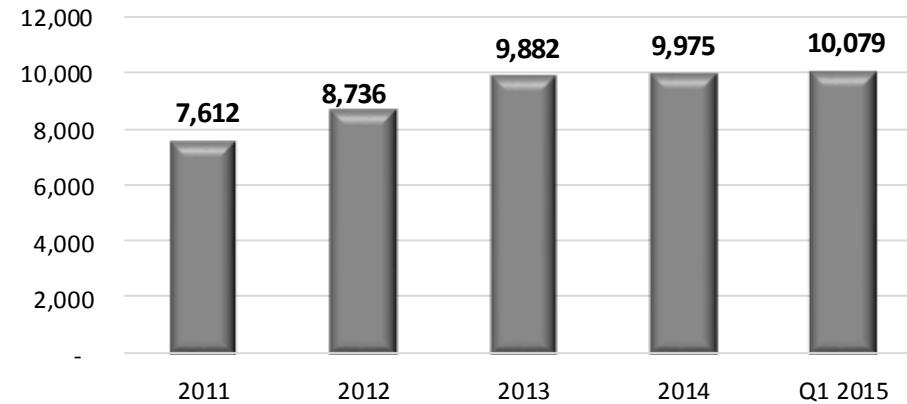


# Overview of business lines

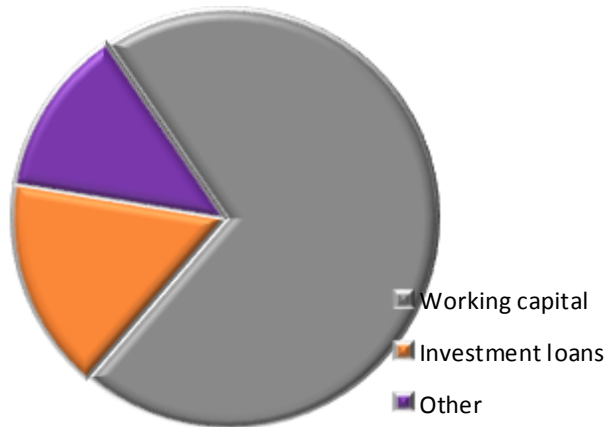
## Corporate Clients

- well diversified portfolio in terms of type and industry exposure; trade is slowly declining, while manufacturing and agriculture are advancing;
- domestic currency lending is dominant;
- loan portfolio Q1 2015 amounts to RON 10,079 mill. representing 49.91% of total BT loans.

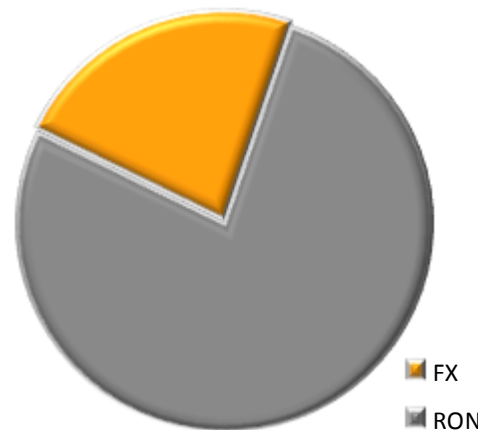
Loans: Corporate Portfolio Breakdown, RON mil.



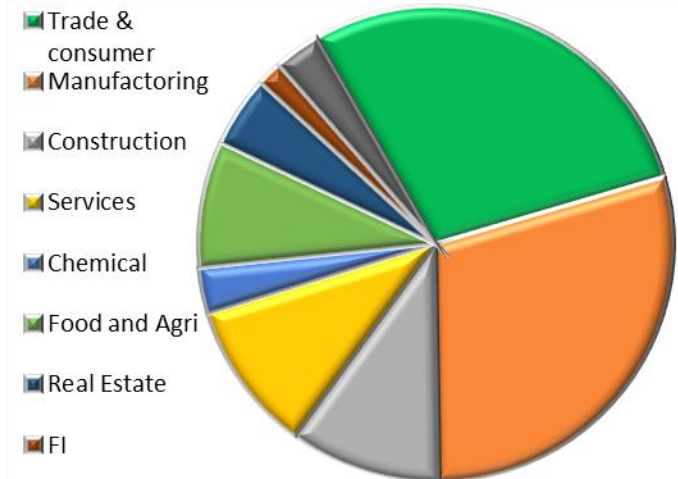
By type



By currency



By industry





# Overview of business lines

## SME Banking

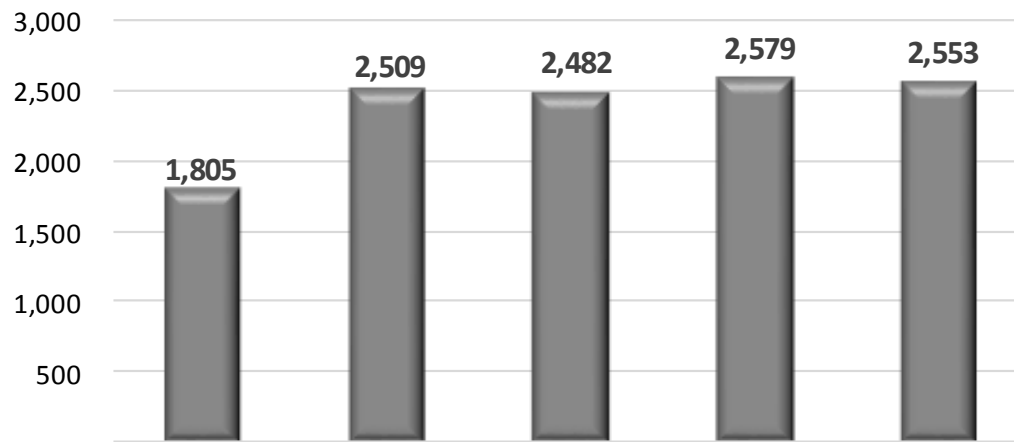
### SME Services

- 20 SME-dedicated products launched so far;
- Loan portfolio reaching RON 2,553 mil. Q1 2015
- over 260,000 active clients.

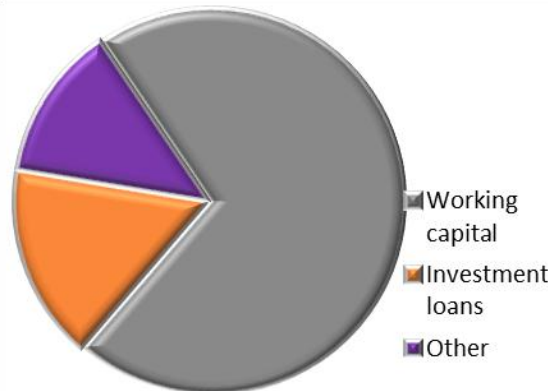
### SME Loans

- Remodeling the SME credit approach starting with 2011 within a new platform (SME 3.0).
- Dispersion, small debts, limiting the no. of loans per client, the winning principles of SME 3.0 platform (PAR 90 is 1.5% in the last 2 years).
- The Bank's extensive branch network is ideally fit for this customer profile.

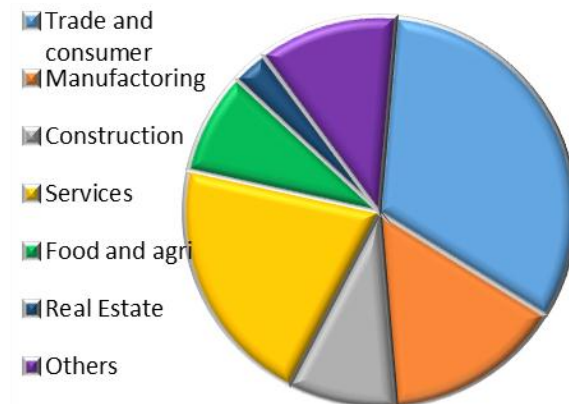
### SME Loan Evolution and Breakdown, RON mill.



### By type



### By industry





# Overview of business lines

## SME Banking

### Commitment to the SME sector

- Starting with 2002, together with the reorganization of the sales activity by business lines, Banca Transilvania has positioned itself as *the SME Bank* in Romania
- This strategic goal was supported by a SME specialized products and & services platform, which was / is permanently updated in order to both meet client expectations and to mitigate the related risks for the bank
- Over the time, we entered / accessed SME dedicated programs developed by DFIs like: EBRD, FMO, DEG, IFC, BSTDB, EIF
- BT kept its promise towards the SME sector, during good and hard times, and never ceased to lend to this sector (BT was the 1<sup>st</sup> bank which developed a relationship with FNGCIMM, offering an alternative guaranteeing scheme to its SME clients)



# Overview of business lines

## SME Banking

- Besides specialized banking services, we have tried to provide to our SME clients training and networking opportunities, free of charge, via Clubul Intreprinzatorului Roman, club established in 2006 which counts now over 17,000 members
- All these initiatives brought us a consistent number of SME clients, more than 150,000 SME companies have their main bank account with BT (15% market share in terms of active SMEs)
- Only 10% of them have loans => significant growth potential on an existing client base
- The expertise gathered during more than 10 years of banking with SME clients, is a valuable asset for BT, difficult to be challenged by our competition



# Overview of business lines

## Retail Banking

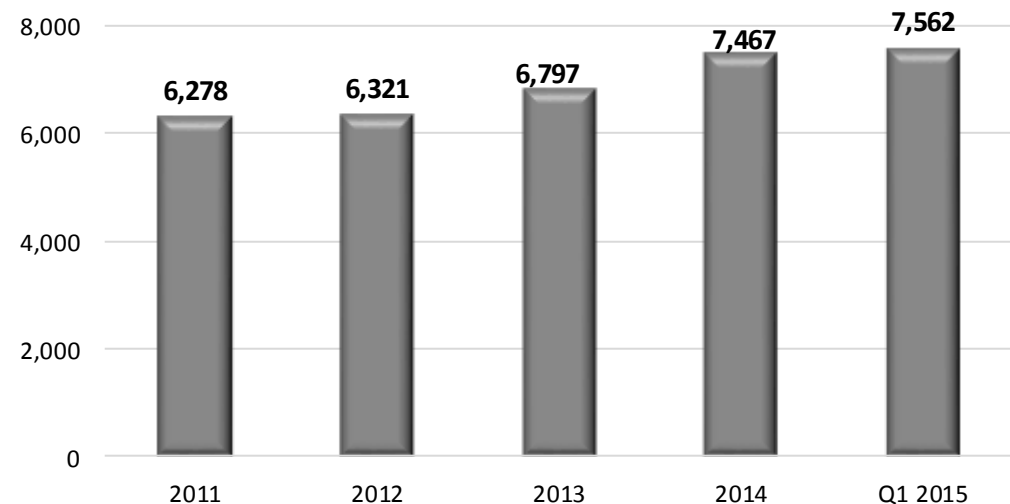
### Strategy

The strategy for this year - 3 main pillars:

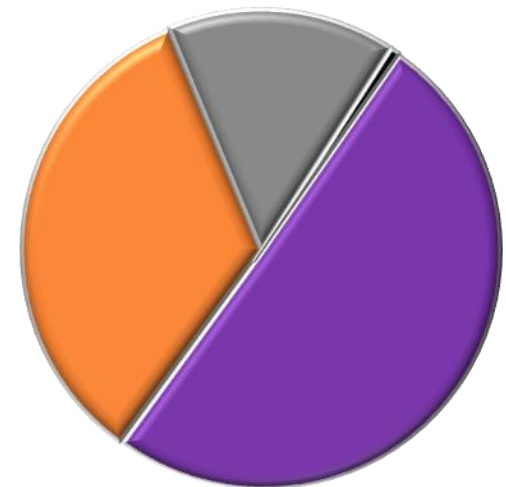
- To consolidate our Top 3 position in cards in Romania
- Client segmentation
- More revenues from “operational” products and value added services

Q1 2015 the Retail loan portfolio reached RON 7,562 mill, counting for 37.44% of the total loan portfolio

Retail Loan Growth and Breakdown, RON mill.



- Consumer loans
- Mortgage loans
- Card loans
- Other loans







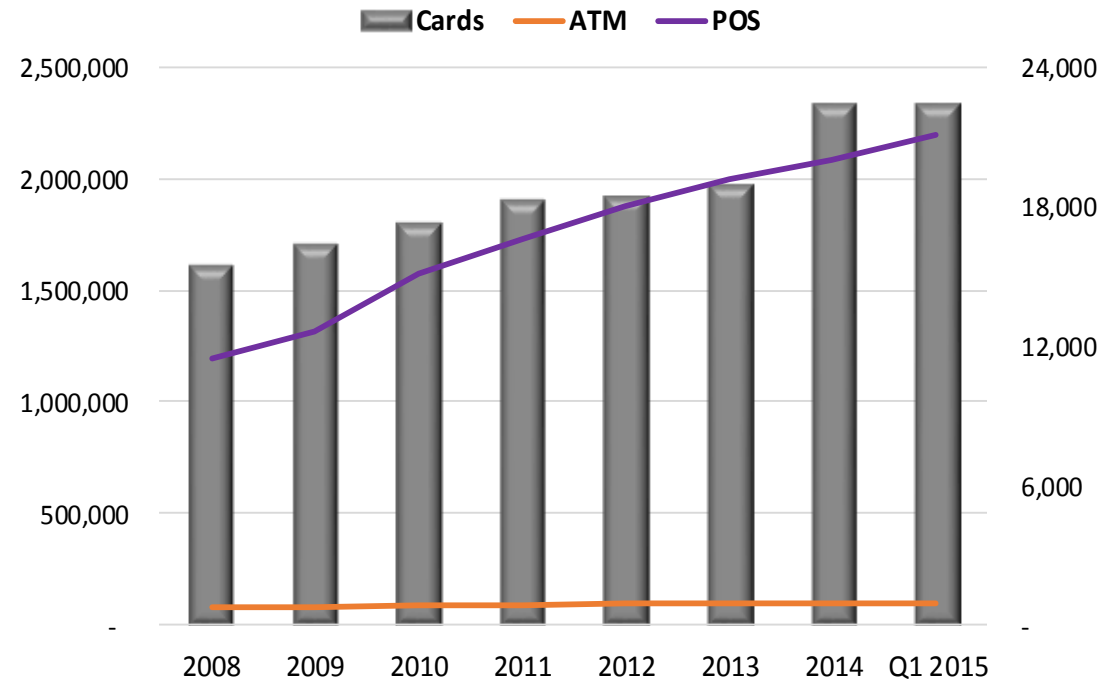
# Overview of business lines

## Retail Banking

### Bank Cards & ATMs

2<sup>nd</sup> largest issuer of credit/debit cards in Romania

- over 2.3 million Visa and MasterCard issued
- 17.05% market share - cards issued
- 17.86% market share - transactions volume
- The largest Visa issuer in Romania
- Strong loyalty program for credit cards
- STAR CARD - over 7,700 POSs terminals enrolled in the program
- Over 21,000 POS terminals
- 934 ATMs, 8.65% market share in terms of ATM network



Source: Company Data



# Overview by sector

## Healthcare

### Strategy

- Dedicated team (doctors and bankers)
- Special Credit Scoring System Design
- First credit card only for doctors
- Maintaining our leading position within the medical sector through our 9 Dedicated Units
- Romanian College of Physicians-Official Endorsement

### Approach

- Transparency - costs
- Stability - terms and conditions
- Flexibility - product packages
- Friendly and assertive people - common language and proactive approach
- Specialized team

### Results

- ✓ Over 29,000 active clients
- ✓ Over 9,300 loans, RON 966 mill.
- ✓ 5,697 dedicated credit cards
- ✓ Deposits totaling RON 706 mil.



# Overview by sector

## Agribusiness

### Strategy

- Dedicated products for agriculture and agribusiness
- Good cooperation with relevant authorities (Agriculture Ministry and guarantee funds), lending products designed in partnership
- Partnerships with specialized universities in 6 academic centers
- Long term partnership with farmer associations
- Loan portfolio dispersion

### Approach

- Specialized team
- Qualitative and technical overview
- Integrated chain overview

### Results

- More than 13% market share in agriculture (loans)
- More than 25,000 agribusiness customers
- Over 1 bn. RON subsidies routed yearly via BT



# Overview by sector

## EU Structural funds

### Strategy

- Consolidating BT position as EU funds specialist
- Enhancing partnerships with consultants acting in EU funds sector
- Active member of EU funds committee within Romanian Banks Association
- Important contribution to the 2014-2020 financial framework

### Approach

- Specialized team
- Flexible financing products + consulting
- Integrated services following the project cycle

### Results

- 2,500 EU projects
- RON 4.1 bn. bank facilities



# PRESENTATION TOPICS

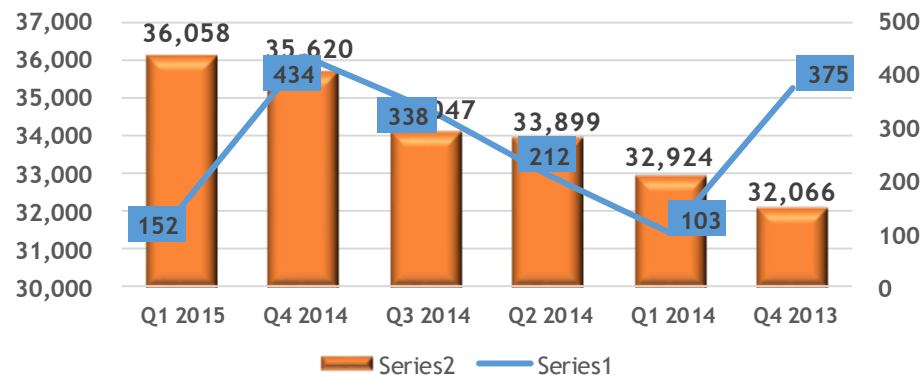
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# Summary Q1 2015

- ✓ Net Profit: RON 151 million
- ✓ Cost / Income: 41.74%
- ✓ ROE: 16.92%
- ✓ Loan portfolio: + 1.7% vs. Dec.14

Net Profit & Assets Evolution (RON million)



Key Indicators (RON million)	Q1 2015	FY 2014	Q3 2014	H1 2014	Q1 2014	FY 2013
Total Loans & Accruals	20,193	20,020	20,029	19,773	19,641	19,160
PAR 90 (%)	10.32%	11.44%	11.47%	12.3%	13.0%	12.6%
Cost / Income (YTD)	41.74%	41.92%	42.31%	44.6%	46.9%	48.7%
NIM (YTD)	2.80%**	3.37%	3.43%	3.45%	3.36%	3.24%
Net Profit (YTD) *	151	434	338	212	103	375
Annualized ROE	16.92%	13.25%	13.87%	13.62%	14.00%	12.79%

\*Net profits represent cumulated net profits.

\*\* NIM was influenced by the preparation of the liquidity position required for the closing of VB acquisition



## Q1 2015 financial highlights - IFRS, bank only

m RON	31.03.2015	31.12.2014	Δ (%)
Cash and cash equivalents	4,642	4,226	9.8
Placements with banks	3,048	2,216	37.5
T bills and securities	9,957	11,069	-10.05
Loans to customers, net	17,811	17,517	1.7
Fixed assets and participations	426	435	-2.06
Other assets	174	157	10.9
<b>Total assets</b>	<b>36,058</b>	<b>35,620</b>	<b>1.2</b>
<b>Shareholders' equity</b>	<b>3,751</b>	<b>3,702</b>	<b>1.3</b>
Subordinated loan	410	395	3.8
Due to customers	30,196	30,045	0.5
Due to banks and FIs	1,127	1,082	4.5
Other liabilities	575	396	45.2
<b>Total liabilities</b>	<b>36,058</b>	<b>35,620</b>	<b>1.2</b>



# Q1 2015 financial highlights - IFRS, bank only

## Income statement

m RON	31.03.2015	31.03.2014	Δ (%)
Net interest income	254	276	-8.0
Net commissions income	100	91	10.0
Other operating income	193	58	232.5
<b>Operating income</b>	<b>548</b>	<b>425</b>	<b>29.1</b>
<b>Operating expenses</b>	<b>229</b>	<b>199</b>	<b>14.9</b>
<b>Profit before provisions</b>	<b>319</b>	<b>226</b>	<b>41.15</b>
Provisions	142	102	39.3
<b>Gross profit</b>	<b>177</b>	<b>124</b>	<b>43.4</b>
<b>Net profit</b>	<b>152</b>	<b>103</b>	<b>46.5</b>





## 2014 vs 2013 - IFRS, consolidated

m RON	31.12.2014	31.12.2013	y/y
Cash and cash equivalents	4,234	4,106	3.1%
Placements with banks	2,387	1,761	35.5%
T bills and securities	10,916	8,968	21.7%
Loans to customers, net	17,419	16,578	5.1%
Fixed assets and participations	412	412	
Other assets	428	412	3.9%
<b>Total assets</b>	<b>35,796</b>	<b>32,237</b>	<b>11%</b>
<b>Shareholders' equity</b>	<b>3,797</b>	<b>3,183</b>	<b>19.3%</b>
Subordinated loan	395	338	16.9%
Deposits from banks	133	419	-68.3%
Due to customers	29,995	25,741	16.5%
Loans from banks and FIs	1,053	2,147	-51%
Other liabilities	423	409	3.4%
<b>Total liabilities</b>	<b>35,796</b>	<b>32,237</b>	<b>11%</b>



## 2014 vs 2013 - IFRS, consolidated

### Income statement

<b>m RON</b>	<b>31.12.2013</b>	<b>31.12.2013</b>	<b>Y/Y</b>
Net interest income	1,176	1,023	15%
Net commissions income	426	372	14.5%
Other operating income	477	358	33.2%
<b>Operating income</b>	<b>2,078</b>	<b>1,753</b>	<b>18.5%</b>
<b>Operating expenses</b>	<b>1,562</b>	<b>1,286</b>	<b>21.5%</b>
Provisions	684	414	65.2%
<b>Gross profit</b>	<b>516</b>	<b>467</b>	<b>10.5%</b>
<b>Net profit</b>	<b>442</b>	<b>398</b>	<b>11.1%</b>



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# Conclusions

- We defend our position as 3<sup>rd</sup> bank in the system and we keep our entrepreneurial profile
- We aim a market share of 15% within 2-3 years, but we keep a strong eye on efficiency
- We continue to support the Romanian economy, targeting both organic growth and portfolio acquisitions (especially Retail loan portfolios)
- We keep our focus on business segments and sectors where we have expertise: SMEs, Retail, Healthcare, Agriculture, EU structural funds



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