



BANCA TRANSILVANIA®

Q1 2014 - FINANCIAL RESULTS IFRS non-consolidated

Banca oamenilor întreprinzători



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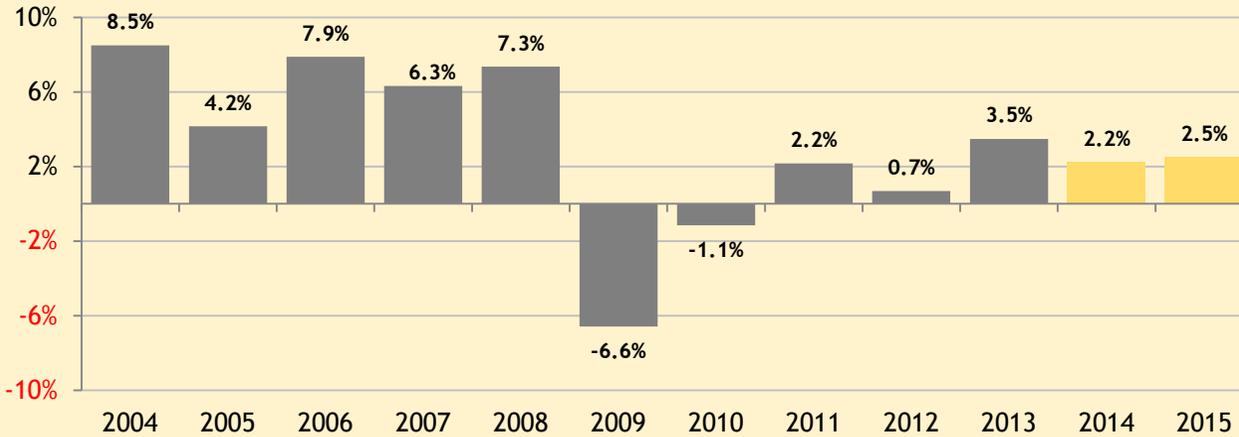
PRESENTATION TOPICS

- **Macroeconomic environment**
- BANCA TRANSILVANIA on its home market
- Overview of business lines
- Q1 2014 results
- 2013 financial highlights
- Conclusions



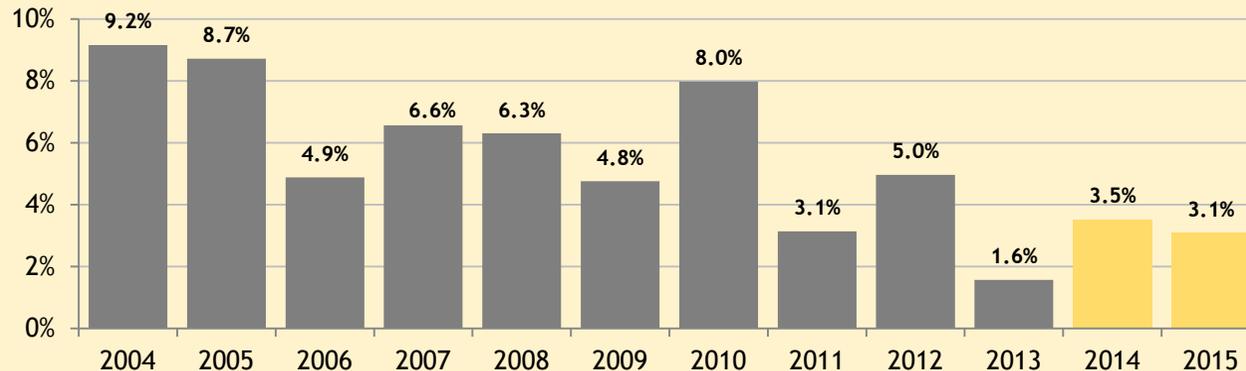
Macroeconomic environment

GDP - % YoY



- GDP rose by 3.5% YoY in 2013, an evolution determined by the net foreign demand and agriculture
- In 1Q14 the economy increased by 3.9% YoY, an evolution mainly determined by the reviving domestic demand (a contribution of 2.7pp)

Inflation at year end - % YoY

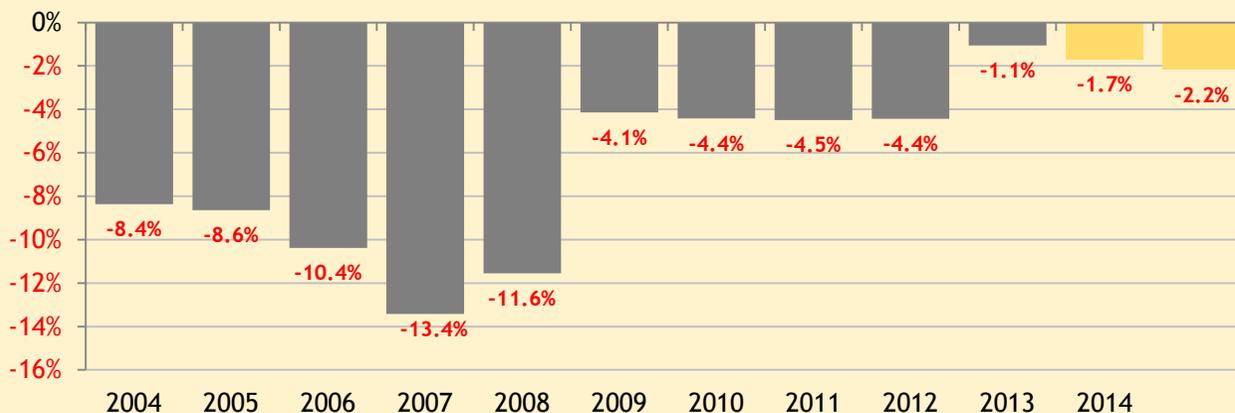


- Inflation at record low levels: 1.1% YoY in Q1 2014; NBR interest rate easing cycle probably ended at 3.5%, but there is still important space for reserve ratios to decline towards the Euro Area levels

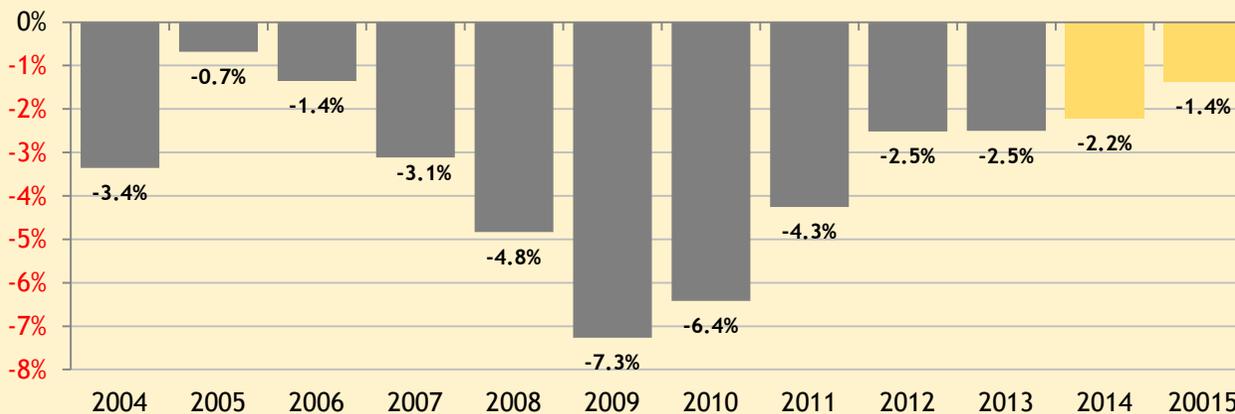


Macroeconomic environment

Current Account deficit - % of GDP



Budget deficit - % of GDP

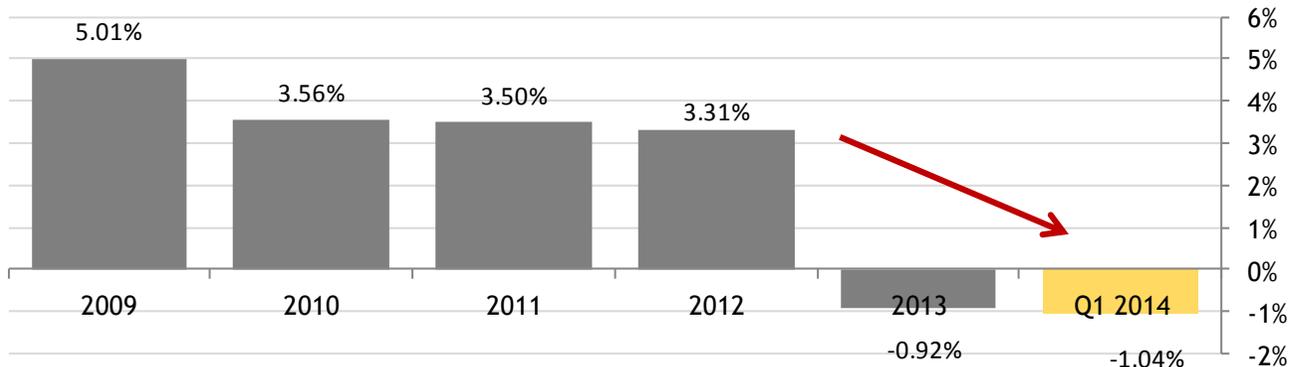


- Current account deficit for 2013 at EUR 1.5 bln. compared to 5.9 bln. a year ago
- Exports were the main driver with +13.5% YoY growth
- According to IMF, the current account deficit would increase in the mid-run, due to higher internal consumption
- The Min. of Finance benefits from abundant market liquidity and the decline of the borrowing costs to record low levels
- Q1 budget deficit decreased to only 0.14% of GDP, an evolution determined by higher fiscal revenues (+3.8% YoY) and lower capital (-48.5% YoY) and interest expenses (-20.4% YoY)



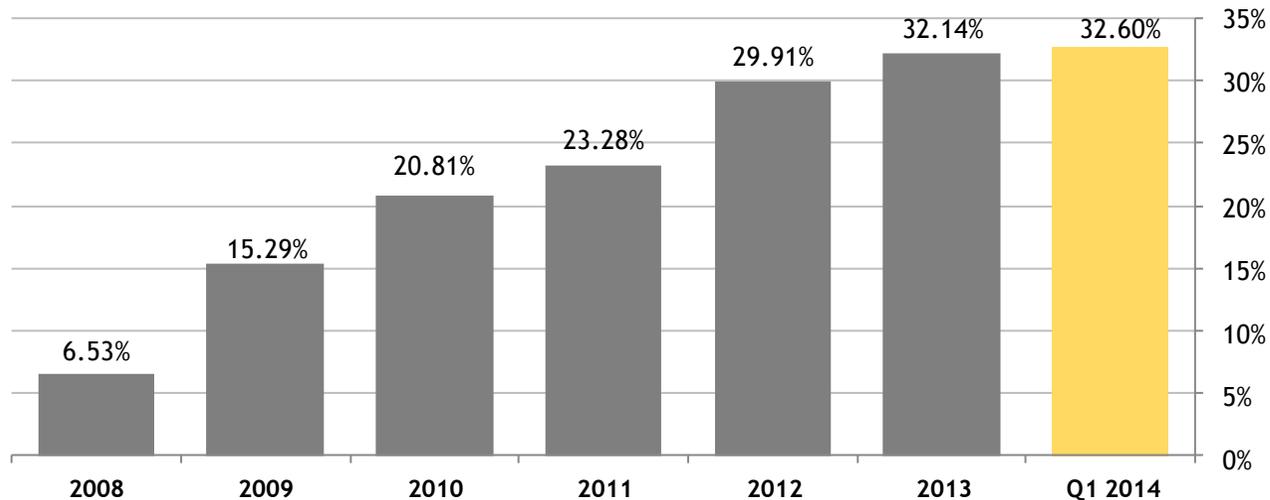
Romanian Banking System

Total banking assets growth rates



*BT achieved 8.4% growth during 2013 and 2.7% increase during Q1 2014.

Doubtful and loss (% of total loans)



■ BT benchmarks well at 23.84% D&L end of Q1 2014.



Romanian Banking System

- **Conservative and strong Central Bank**
- **Rather concentrated: Top 7 banks hold 66% of total assets, Top 3 banks weight around 40%**
 - For the end of 2013, the cumulative profit was corrected at RON49 mill., compared to a loss of RON 2.3bn, following restatements performed by auditors to several important banks.
 - 5 of top 10 banks registered profit (BT ranks 2nd in terms of profitability)
- **Despite the NPL level, the banking system is solid:**
 - average CAR: 14%
 - no government bail-outs
 - 22.26% average NPL ratio (PAR 90) for Q1 2014 (BT at 13.22%)



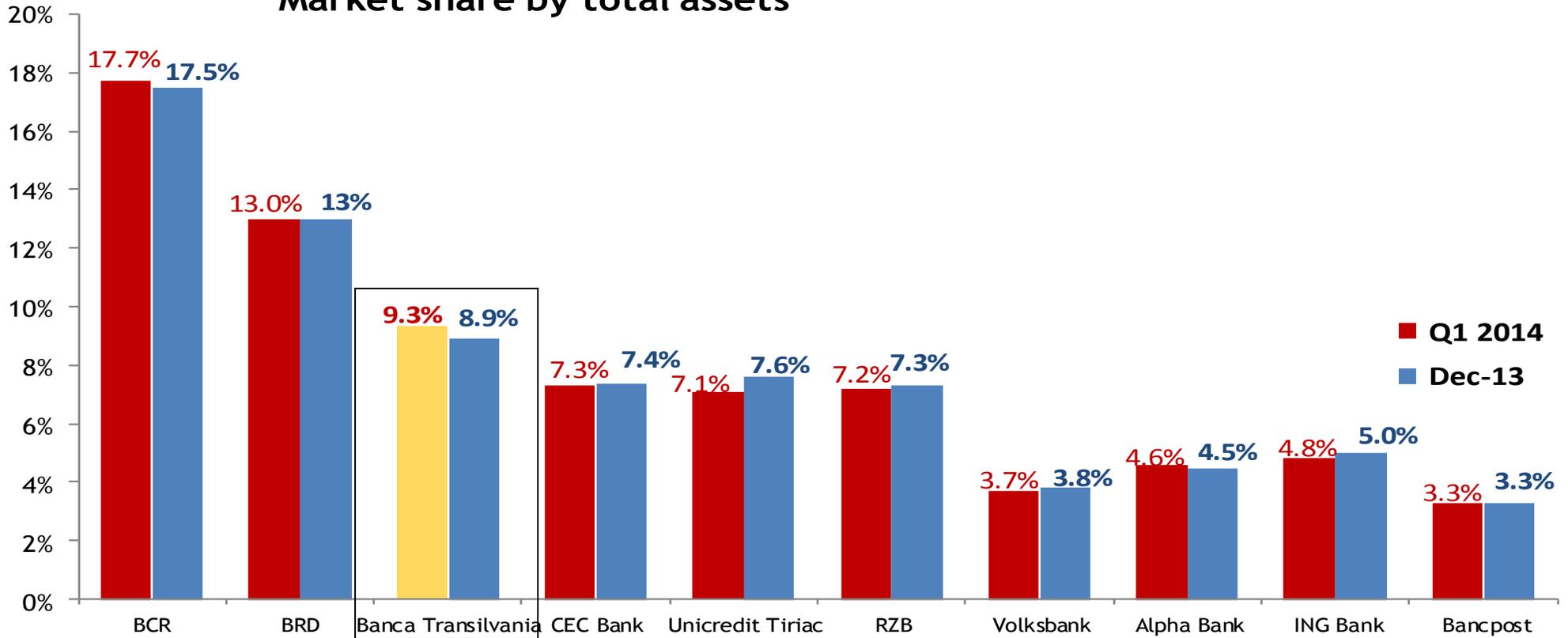
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Banca Transilvania on its home market

Market share by total assets



Source: BNR



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 548 branches and agencies
- Solid capitalization (CAR 13.5% Q1 2014) and good funding structure
- Loan / deposit ratio: 73.6% end of Q1 2014
- 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, March 2014

	No. of shareholders	No. of shares	%
Romanian capital	26,799	965,659,055	43.77
individuals	26,181	421,749,431	19.11
companies	618	543,909,624	24.65
Foreign capital	757	1,240,777,269	56.23
individuals	613	50,144,139	2.27
companies	144	1,190,633,130	53.96
TOTAL	27,556	2,206,436,324	100

Strategic partners: EBRD - 14.61%; IFC 3.53%



Group structure

Banca Transilvania

Leasing

Consumer
Finance

Banking services

Brokerage

Asset
management



Business lines

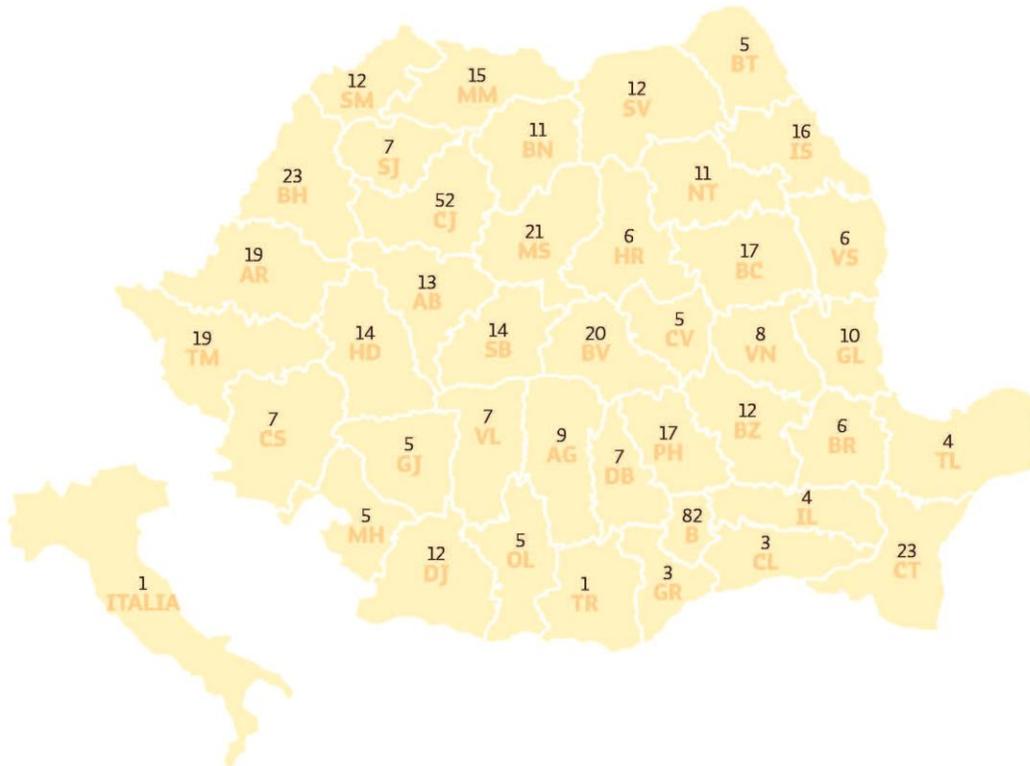
SME

Corporate

Retail



Geographical coverage



Key statistics

No. of units: 548

No. of customers: over 1.7 million

Market shares

Market share by assets: 9.3%

Deposits (lei): 13.53%

Loans (lei): 14.68%

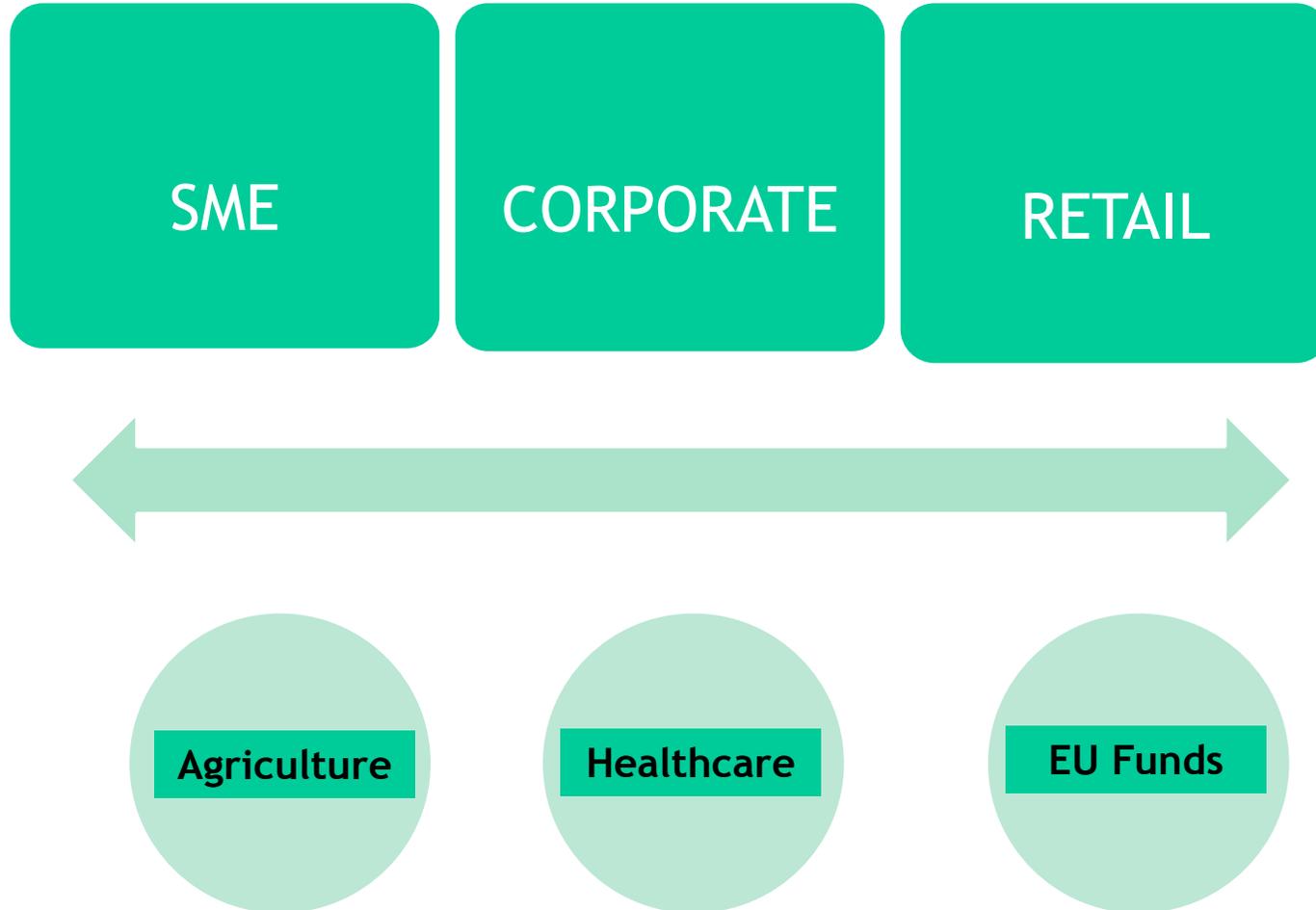


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Business Lines & Sectorial Approaches



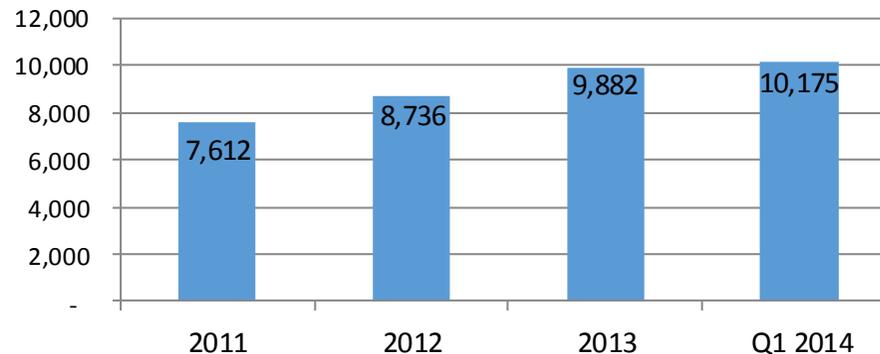


Overview of business lines

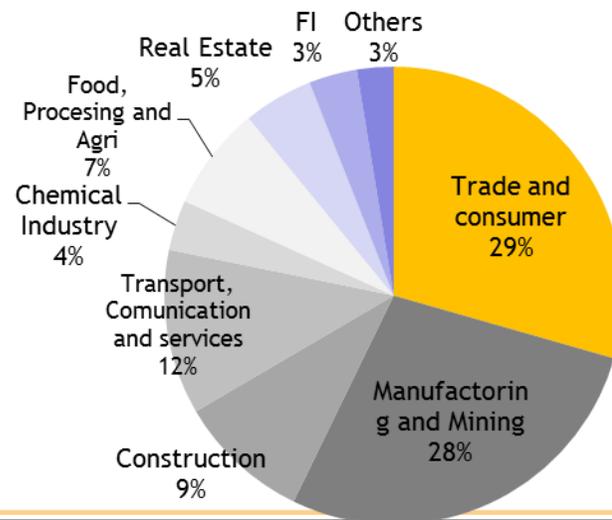
Corporate Clients

- 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 end of Q1 2014 amounts to RON 10,175 mill. representing 52% of total BT loans

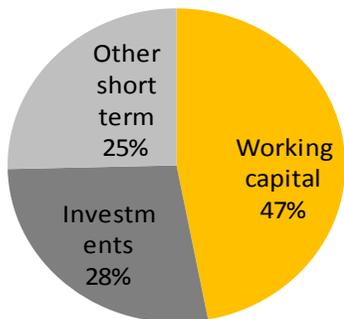
Loans: Corporate Portfolio Breakdown, RON mil.



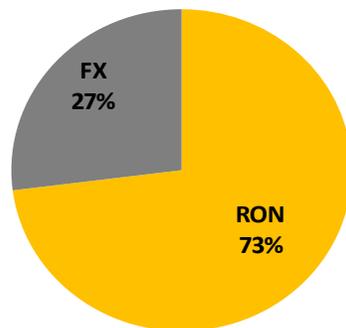
By industry



By type



By currency



Source: Company Data



Overview of business lines

SME Banking

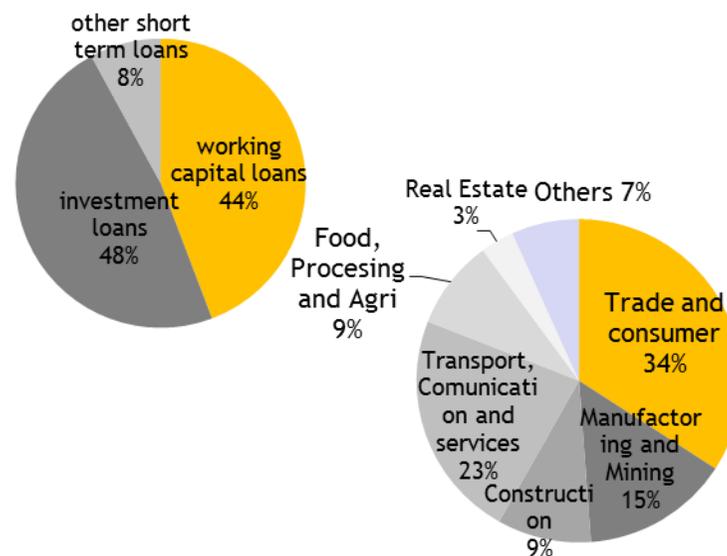
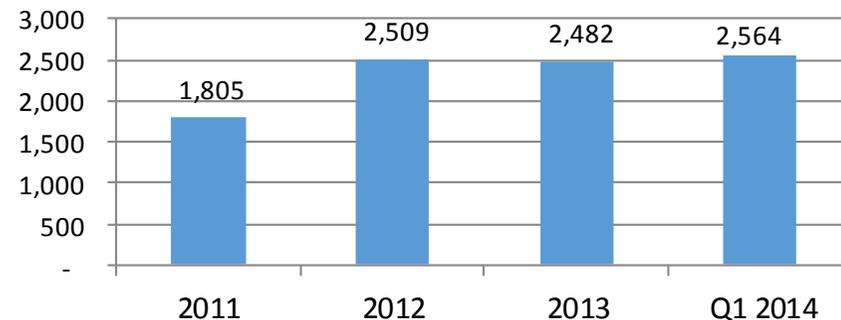
SME Services

- 20 SME-dedicated products launched so far;
- Loan portfolio reaching RON 2,564 mil. end of Q1 2014
- ~ 150,000 active clients.

SME Loans

- Remodeling the SME credit approach starting with 2011 within a new platform (SME 3.0). This platform capitalizes on the knowledge and expertise in SME lending, before and throughout recession.
- 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.





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: the EBRD, FMO, DEG, IFC, BSTDB
- BT kept its promise towards the SME sector, during good and hard times, and never ceased to lend to this sector (BT was the 1st 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 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

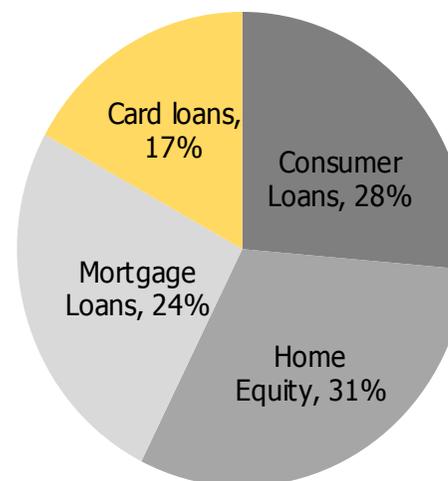
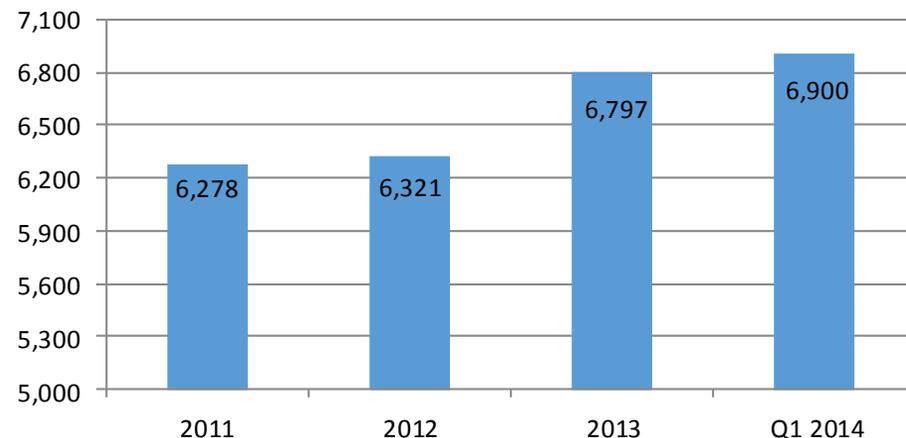
Strategy

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

End of Q1 2014 the Retail loan portfolio reached RON 6,900 mill, counting for 35% of the total loan portfolio

Retail Loan Growth and Breakdown, RON mill.



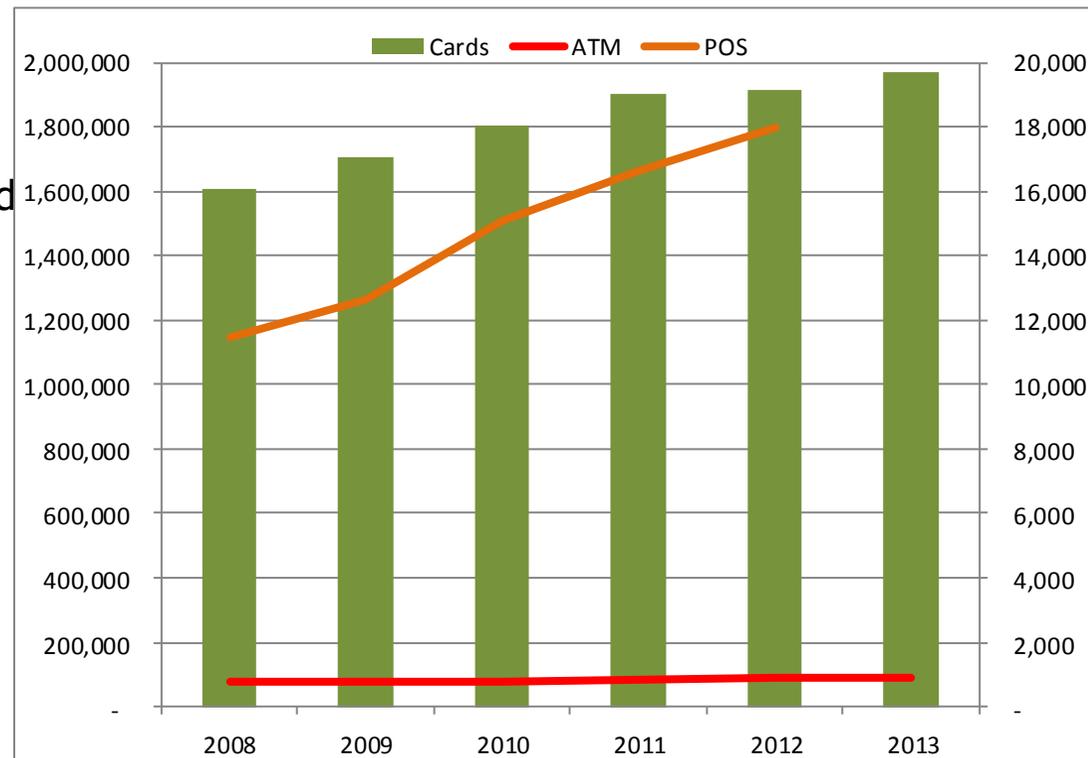


Overview of business lines

Retail Banking

Bank Cards & ATMs

- 3rd largest issuer of credit/debit cards in Romania
 - over 1.9 million Visa and MasterCard issued
 - 15% market share - cards issued
 - 17.5% market share - transactions volume
 - The largest Visa issuer in Romania
- Market leader in premium cards
- Strong loyalty program for credit cards
- STAR BT - over 4,400 POSs terminals enrolled in the program
- Over 19,000 POS terminals
- 879 ATMs, 8% 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 26,000 active clients
- ✓ Over 8,270 loans, RON 900 mill.
- ✓ 6,700 dedicated credit cards
- ✓ Deposits totaling RON 600 mil.



Overview by sector

Agribusiness

Strategy

- Dedicated products for agriculture and agribusiness
- Long term partnership with farmer associations
- Loan portfolio dispersion

Approach

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

Results

- More than 10% market share in agriculture (loans)
- More than 22,000 agribusiness customers
- More than 800 mil. 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

- 1,700 EU projects
- RON 3 bn. bank facilities
- Over RON 500 mill. outstanding



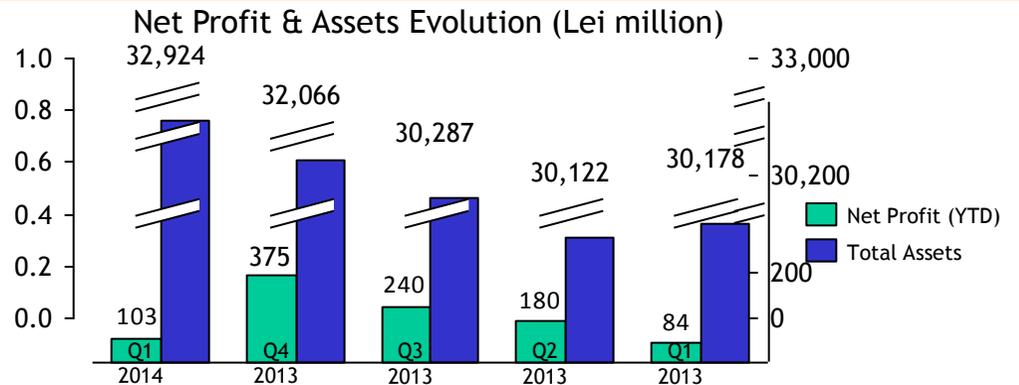
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Summary Q1 - 2014

- ✓ Net Profit: RON 103 million
- ✓ Cost / Income: 46.9%
- ✓ ROE: 14%
- ✓ Loan portfolio: + 2.5% vs. Dec.13



Key Indicators (LEI million)	Q1 2014	FY 2013	Q3 2013	Q2 2013	Q1 2013
Total Loans & Accruals	19,641	19,160	18,415	17,723	17,653
PAR 90 (%)	13.0%	12.6%	13.2%	11.9%	11.8%
Cost / Income (YTD)	46.9%	48.7%	50.7%	52.1%	49.7%
NIM (YTD)	3.36%	3.24%	3.20%	3.10%	3.16%
Net Profit (YTD) *	103	375	240	180	84
Annualized ROE	14.00%	12.79%	11.24%	13.08%	12.71%

* Net profits represent cumulated net profits.



Q1 2014 financial highlights (IFRS non-consolidated)

m RON	31.03.2014	31.12.2013	Δ
Cash and cash equivalents	4,131	4,102	0.7%
Placements with banks	835	1,666	-49.9%
T bills and securities	10,322	9,040	14.2%
Loans to customers, net	17,034	16,667	2.2%
Fixed assets and participations	451	446	1.12%
Other assets	151	145	4.4%
Total assets	32,924	32,066	2.7%
Shareholders' equity	3,146	3,083	2.1%
Subordinated loan	335	338	-1%
Due to customers	26,674	25,804	3.4%
Due to banks and FIs	2,235	2,486	-10%
Other liabilities	533	355	50%
Total liabilities	32,924	32,066	2.7%



Q1 2014 financial highlights (IFRS non-consolidated)

Income statement

m RON	31.03.2014	31.03.2013	Δ
Net interest income	276	231	19.6%
Net commissions income	91	80	14.2%
Other operating income	58	46	26%
Operating income	425	357	19%
Operating expenses	199	178	11.9%
Profit before provisions	226	179	26.3%
Provisions	102	79	30%
Gross profit	124	100	23.1%
Net profit	103	84	22.6%



2013 vs 2012 - IFRS, non-consolidated

m RON	31.12.2013	31.12.2012	y/y
Cash and cash equivalents	4,102	5,576	-26.4%
Placements with banks	1,666	1,305	27.7%
T bills and securities	9,040	6,648	35.98%
Loans to customers, net	16,667	15,457	7.8%
Fixed assets and participations	446	444	0.45%
Other assets	145	142	1.7%
Total assets	32,066	29,572	8.43
Shareholders' equity	3,083	2,695	14.4%
Subordinated loan	338	289	17%
Due to customers	25,804	23,233	11.1%
Due to banks and FIs	2,486	3,015	-17.54%
Other liabilities	355	340	4.41%
Total liabilities	32,066	29,572	8.43%



2013 vs 2012 (IFRS non-consolidated)

m RON	31.12.2013	31.12.2012	Y/Y
Net interest income	1,194	938	27%
Net commissions income	362	425	-15%
Other operating income	168	175	-4%
Operating income	1,659	1,484	12%
Operating expenses	809	769	5%
Provisions	407	375	9%
Gross profit	443	341	30%
Net profit	375	320	17%



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Conclusions

- We defend our position as 3rd bank in the system and we keep our entrepreneurial profile
- We aim a market share of 10 - 11% in 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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