

Banca Transilvania S.A.

Consolidated Financial Statements

31 December 2007

Prepared in accordance with the
International Financial Reporting Standards as
endorsed by the European Union

Banca Transilvania S.A.

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Banca Transilvania S.A.

Consolidated income statement For the year ended on 31 December

	Note	Convenience Translation*			
		2007 RON thousand	2006 RON thousand	2007 EUR thousand	2006 EUR thousand
Interest income		910,928	613,391	272,954	174,036
Interest expense		(474,330)	(272,976)	(142,130)	(77,451)
Net interest income	9	436,598	340,415	130,824	96,585
Fee and commission income		332,072	199,643	99,503	56,644
Fee and commission expense		(32,853)	(24,640)	(9,844)	(6,991)
Net fee and commission income	10	299,219	175,003	89,659	49,653
Net trading income	11	121,733	86,048	36,476	24,414
Other operating income	12	18,740	13,126	5,615	3,724
Operating income		876,290	614,592	262,575	174,376
Impairment losses on financial assets	13	(116,517)	(40,672)	(34,914)	(11,540)
Personnel expenses	14	(281,935)	(195,141)	(84,480)	(55,367)
Depreciation and amortization	24, 25	(48,321)	(40,372)	(14,479)	(11,455)
Other operating expenses	15	(235,268)	(176,914)	(70,497)	(50,196)
Operating expenses		(682,041)	(453,099)	(204,370)	(128,558)
Share of profit / (loss) in associates	23	(727)	400	(218)	113
Profit before income tax		193,522	161,893	57,986	45,931
Income tax expense	16	(28,099)	(20,140)	(8,420)	(5,714)
Profit from continuing operations		165,423	141,753	49,566	40,217
Discontinued operations					
Profit / (loss) from discontinued operation (net of income tax)	8	144,021	(33,156)	43,155	(9,408)
Profit for the year		309,444	108,597	92,723	30,810
Attributable to:					
Equity holders of the Bank		307,823	114,448	92,237	32,472
Minority interest		1,621	(5,851)	486	(1,662)
Profit for the year		309,444	108,597	92,723	30,810
Basic earnings per share	38	0.0531	0.0208		
Diluted earnings per share		0.0531	0.0208		
Basic earnings per share – continuing operations		0.0282	0.0257		
Diluted earnings per share – continuing operations		0.0282	0.0257		

* Refer to Note 2c.

The consolidated financial statements were approved by the Board of Directors on 21 March 2008 and were signed on its behalf by:
Horia Ciorcila
Chairman
Maria Moldovan
Chief Financial Officer

The accompanying notes from pages 7 to 87 form an integral part of these consolidated financial statements.

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TRANSLATOR'S EXPLANATORY NOTE: The above translation of the consolidated financial statements is provided as a free translation from Romanian which is the official and binding version.

Banca Transilvania S.A.

Consolidated Balance sheet As at 31 December

	Note	Convenience Translation*			
		2007 RON thousand	2006 RON thousand	2007 EUR thousand	2006 EUR thousand
Assets					
Cash and cash equivalents	17	3,017,299	1,995,168	835,770	589,990
Placements with banks	18	1,182,975	675,009	327,676	199,606
Financial assets at fair value through profit and loss	19	63,067	95,976	17,469	28,381
Insurance premiums receivables		-	47,021	-	13,905
Loans and advances to customers	20	8,484,048	4,833,106	2,350,022	1,429,194
Net lease investments	21	298,107	135,405	82,574	40,041
Investment securities, available for sale	22	580,881	133,511	160,900	39,480
Investment securities, held to maturity	22	12,672	22,151	3,510	6,550
Investments in associates	23	68,670	27,938	19,021	8,262
Property and equipment	24	299,919	234,518	83,075	69,349
Intangible assets	25	8,366	9,884	2,317	2,923
Goodwill	25	8,369	13,780	2,318	4,075
Other assets	27	59,112	107,161	16,374	31,689
Total assets		14,083,485	8,330,628	3,901,026	2,463,444
Liabilities					
Deposits from banks	28	76,251	56,541	21,121	16,720
Deposits from customers	29	10,390,347	5,645,304	2,878,053	1,669,369
Loans from banks and other financial institutions	30	1,873,797	1,268,422	519,029	375,084
Other subordinated liabilities	31	216,988	201,583	60,104	59,610
Debt – securities issued	32	55,622	58,522	15,407	17,305
Technical insurance reserves		-	133,517	-	39,482
Deferred tax liabilities	26	685	12,074	190	3,570
Other liabilities	33	196,621	159,272	54,463	47,098
Total liabilities		12,810,311	7,535,235	3,548,366	2,228,239
Equity					
Share capital	34	700,979	483,254	194,166	142,903
Treasury shares		-	(7,559)	-	(2,235)
Share premiums		98,602	96,995	27,312	28,682
Retained earnings		266,371	30,769	73,783	9,099
Reevaluation reserve		24,061	6,665	6,665	1,971
Other reserves	35	172,957	178,238	47,908	52,707
Total equity attributable to equity holders of the Bank		1,262,970	788,362	349,834	233,126
Minority interest		10,204	7,031	2,826	2,079
Total equity		1,273,174	795,393	352,660	235,205
Total liabilities and equity		14,083,485	8,330,628	3,901,026	2,463,444

* Refer to Note 2c.

The consolidated financial statements were approved by the Board of Directors on 21 March 2008 and were signed on its behalf by:
Horia Ciorcila
Chairman

Maria Moldovan
Chief Financial Officer

The accompanying notes from pages 7 to 87 form an integral part of these consolidated financial statements.

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Banca Transilvania S.A.

Consolidated statement of changes in shareholder's equity

For the year ended on 31 December 2006

<i>In RON thousand</i>	Attributable to the equity holders of the Bank							Total
	Share capital	Treasury shares	Share premiums	Reevaluation reserves	Other reserves	Retained earnings	Minority interest	
Balance as at 31 December 2005	326,632	(4,333)	40,071	6,555	141,377	3,174	2,671	516,147
Increase in share capital through appropriation of statutory retained earnings	80,485	-	-	-	-	(80,485)	-	-
Increase in share capital through incorporation of share premium	40,071	-	(40,071)	-	-	-	-	-
Cash contribution to share capital	35,510	-	91,670	-	-	-	704	127,884
Distribution to statutory reserves	-	-	-	-	37,215	(37,215)	-	-
Increase in share capital through conversion of bonds	556	-	-	-	-	-	-	556
Acquisition of treasury shares, net of shares sold	-	(3,226)	-	-	-	-	-	(3,226)
Shares premiums from conversion of bonds into share capital	-	-	5,325	-	-	-	-	5,325
Transfer from minority interest to reevaluation reserves	-	-	-	110	-	-	(110)	-
Transfer to liability of the equity component from the bonds issued	-	-	-	-	(822)	-	-	(822)
Share of the increase in associate's equity	-	-	-	-	-	7,806	-	7,806
Fair values gains from available for sale investments (net of tax)	-	-	-	-	468	23,467	6,381	30,316
Profit for the year	-	-	-	-	-	114,448	(5,851)	108,597
Part of the reserves attributed to minority interest	-	-	-	-	-	(426)	3,236	2,810
Balance as at 31 December 2006	483,254	(7,559)	96,995	6,665	178,238	30,769	7,031	795,393

The accompanying notes from pages 7 to 87 form an integral part of these consolidated financial statements.

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Consolidated statement of changes in shareholder's equity (continued)

For the year ended on 31 December 2007

<i>In RON thousand</i>	Attributable to the equity holders of the Bank							Total
	Share capital	Treasury shares	Share premiums	Reevaluation reserves	Other reserves	Retained earnings	Minority interest	
Balance as at 31 December 2006	483,254	(7,559)	96,995	6,665	178,238	30,769	7,031	795,393
Increase in share capital through appropriation of retained earnings	84,165	-	-	-	-	(84,165)	-	-
Increase in share capital through incorporation of share premium	94,199	-	(94,199)	-	-	-	-	-
Cash contribution to share capital	39,335	-	98,398	-	-	-	-	137,733
Distribution to statutory reserves	-	-	-	-	22,084	(22,084)	-	-
Increase in share capital through conversion of bonds	26	-	205	-	-	-	-	231
Treasury shares sold	-	7,559	-	-	-	7,581	-	15,140
Increase in reevaluation reserves	-	-	-	17,396	-	-	-	17,396
Share of the increase in associate's equity	-	-	-	-	-	11,932	-	11,932
Loss from changes in fair value of available for sale investments (net of tax)	-	-	-	-	(15,172)	-	-	(15,172)
Transfer of reserves related to discontinued operation	-	-	(2,797)	-	(12,193)	12,193	-	(2,797)
Profit for the year	-	-	-	-	-	307,823	1,621	309,444
Other changes	-	-	-	-	-	790	-	790
Net increases from acquisition of subsidiaries and discontinued operations	-	-	-	-	-	1,532	1,552	3,084
Balance as at 31 December 2007	700,979	-	98,602	24,061	172,957	266,371	10,204	1,273,174

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Banca Transilvania S.A.

Consolidated cash flow statement For the year ended on 31 December

	Note	2007 RON thousand	2006 RON thousand
Cash flow from operating activities			
Profit for the year		309,444	108,597
Adjustments for:			
Depreciation and amortization	24, 25	48,321	40,372
Net impairments losses and written offs on financial assets		124,740	56,033
Share of profit in associate, net of dividends		727	(340)
Technical insurance reserves		-	59,993
Profit on disposal of investments available for sale		(7,632)	(9,684)
Fair value adjustment of financial assets at fair value through profit and loss		(3,846)	(20,557)
Foreign exchange difference on convertible bonds		(2,669)	(11,873)
Gain on sale of discontinued operations, net of income tax	8	(275,577)	-
Income tax expense	16	57,638	20,140
Other adjustment		28,790	(8,482)
		<hr/>	<hr/>
Net profit adjusted with non-monetary elements		279,936	234,199
Changes in operating assets and liabilities			
Change in investment securities		(467,934)	183,545
Change in placement with banks		207,976	(205,115)
Change in loans and advances to customers		(3,747,572)	(1,971,064)
Change in net lease investments		(116,767)	(40,593)
Change in financial assets at fair value through profit and loss		31,749	301
Change in insurance premiums receivables		-	(8,803)
Change in other assets		(24,815)	(66,030)
Change in deposits from banks and customers		4,764,754	2,104,318
Change in other liabilities		25,551	116,685
Income tax paid		(13,896)	(12,356)
		<hr/>	<hr/>
Net cash from operating activities		938,982	335,087
Cash flow from / used for investing activities			
Net acquisitions of property and equipment and intangible assets		(105,985)	(103,225)
Disposal of discontinued operation, net of cash disposed of	8	200,590	-
Acquisition of subsidiary, net of cash acquired, and investments in associates		(25,531)	-
Net cash flow used for investing activities		69,074	(103,225)
Cash flow from / used for financing activities			
Proceeds from issue of share capital		145,291	127,180
Subscription in share capital of subsidiary by minority interest		-	2,011
Proceeds from loans from banks and other financial institutions, subordinated liabilities and bonds issued, net of payments		584,726	710,256
Payments for the purchase of treasury shares		-	(6,658)
		<hr/>	<hr/>
Net cash flow from / used for financing activities		730,017	832,789

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Consolidated cash flow statement (continued) For the year ended on 31 December

	Note	2007 <i>RON thousand</i>	2006 <i>RON thousand</i>
Net increase in cash and cash equivalents		1,738,073	1,064,651
Cash and cash equivalents at 1 January		2,462,201	1,397,550
Cash and cash equivalents at 31 December		4,200,274	2,462,201

Analysis of cash and cash equivalents

	Note	2007 <i>RON thousand</i>	2006 <i>RON thousand</i>
<i>Cash and cash equivalents include:</i>			
Cash at hand and accounts held with banks	17	288,002	178,418
Balances with National Bank of Romania – less than 3 months	17, 18	3,229,297	1,816,750
Placements with other banks – less than 3 months	18	682,975	467,033
Total		4,200,274	2,462,201

Reconciliation of cash and cash equivalents to balance sheet

	Note	31 December 2007 <i>RON thousand</i>	31 December 2006 <i>RON thousand</i>
Cash and cash equivalents	17	3,017,299	1,995,168
Placements with banks	18	1,182,975	675,009
Less placements with banks – more than 3 months		-	(207,976)
Cash and cash equivalents in the cash flow statement		4,200,274	2,462,201

Cash flows from operating activities include:

<i>In RON thousand</i>	2007	2006
Interest received	896,074	603,692
Interest paid	408,310	256,104

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