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CONSOLIDATED REPORT OF ADMINISTRATORS

BANCA TRANSILVANIA FINANCIAL GROUP 2012

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Introduction

The Romanian financial system functioned under regular parameters in 2012, on the background of still low economic dynamics and the increase of non-performing loans, but despite the difficult external environment, marked by the sovereign debt crisis and concerns regarding the quality of balance sheets and financing other institutions and banking systems, especially within the Euro area.

The crisis years were characterized by a contraction of the lending activity in Romania, banks having rapidly changed their course of action from quick expansion to a caution-based strategy. Credit institutions have adapted their strategy, plans to expand, and product portfolio and have focused on a more strict control of operational costs.

The increase in unemployment, the limitation or termination of the activity of certain companies have contributed to the continuous decrease in the ability to repay loans, having direct consequences on credit portfolio quality, which has led to an increase in the volume of provisions that credit institutions were forced to set aside, thus hurting profitability.

The National Bank of Romania has strengthened its actions of monitoring risks within credit institutions, including those with external contagion. The main challenges for financial stability throughout the reporting period and also for the following period are credit risk and the risk associated to renewing external financing for domestic banking institutions with majority foreign capital.

In 2012, according to the National Institute of Statistics (NIS), the annual inflation rate increased to 4.95%, (from 3.14% in December 2012) registering an increase of 1.81 pp as compared to the previous year, mainly due to the increase of food prices 7% and non-food prices 6%. Romania's budget deficit decreased from 4.3% of GDP in 2011 to 2.5% of GDP in 2012.

General Information

In order to provide integrated financial products, **Banca Transilvania Financial Group** was created in 2003, this group having a modern management team, characterized by openness and flexibility. A priority of the Group's activity is to promote superior quality services and an appropriate business model. **Banca Transilvania Financial Group** consists of 16 companies operating in sectors such as banking, financial management, consumer financing, leasing and real estate transactions.

Banca Transilvania is the main member of the group, promoting a strategy to expand the range of financial services offererd to clients. The entire set of financial services, banking products as well as those offered by the group's subsidiaries, are offered to clients by means of a single distribution network, under the renowned BT logo.

The strategy of the **BT Financial Group** consists in offering the entire range of financial products and services under a single logo and a brand well-known on the local banking market. The major focus is to develop cross-selling of the entire set of products offered by the member companies of the BT Financial Group, along with the development of subsidiaries through organic growth, as well as by means of acquisitions on business segments that show development potential.

Aside from traditional banking products, the offer related to the savings sector includes investment management (BT Asset Management) designed for the retail market, corporate clients as well as for exclusive clients, who are looking for premium tailor-made products and services. The results of such efforts, made together with the Private Banking division, are excellent professional relationships also in terms of high-income clients. The offer is also completed by brokerage (BT Securities) and leasing activities (BT Leasing), viable options for direct investments on stock markets or flexible financings. The retail lending offensive is supported by consumer finance (BT Direct), which offers, by means of distribution networks for consumer goods, easy access to potential clients. Increased attention is given to the medical sector by means of a specialized division, with products and services exclusively designed for this sector (Healthcare Division). A general feature of all business lines is the wish to excel in terms of servicing clients, from the retail, private banking, SME, as well as corporate sector.

The Bank ensures an adequate level of capitalization for its subsidiaries, contributing to the improvement of risk management, through involvement from the audit and compliance departments of Banca Transilvania.

The gross value of Banca Transilvania's direct investments within the Group at the end of 2012 reached lei 171.25 million, increasing by 2.44% against 2011, when lei 167,18 million.

The bank's subsidiaries where the bank holds participations:

Subsidiary	Field of activity	% Direct participation	% Total participation
BT Securities SA	Investments /brokerage	98.68%	98.68%
BT Leasing IFN	Leasing	44.30%	100.00%
BT Investments SRL	Investments	100.00%	100.00%
BT Direct SRL	Consumer finance	93.70%	100.00%
BT Building	Real Estate	4.17%	100.00%
BT Asset Management SAI	Asset Management	80.00%	80.00%
Compania de Factoring IFN SA	Factoring	99.18%	100.00%
Medical Leasing IFN	Leasing	99.99%	100.00%
BT Leasing Moldova	Leasing	100.00%	100.00%

Throughout 2012, Banca Transilvania's direct investments suffered the following changes:

- the direct participation within BT Medical Leasing was increased with the total amount of 2.230 thd lei, the bank's direct participation being 99.99% (99.99% in 2011)
- BT Securities shares were acquired from minority shareholders amounting to 2,805 thd lei, the direct participation in this company being 98.68% (95.50% in 2011)
- two companies where the bank held direct participations were closed, namely BT Consultant, where the participation was 479.99 thd lei, and BT Evaluator with an investment of 479.99 thd lei.

Within the Group there are seven other companies where the Bank holds indirect participations (BT Solution Agent de Asigurare SRL; BT Safe Agent de Asigurare; BT Intermedieri; BT Finop Leasing; Rent a Med SRL; BT Asiom SRL, Transilvania Imagistica SA), the bank's investments being 34.16 mil. lei (2011: 47.20 mil.lei).

The Bank also has holdings in 8 investment funds (BT Invest, BT Invest1, BT Clasic, BT Fond Privat Comectial, BT Index Austria, Fondul deschis de Investitii Transilvania, BT Index Romania, BT Maxim), with a direct participation between 25.21% and respectively 92.59% (in 2011: 91.40%, respectively 100%).

The main achievements of subsidiaries in 2012 and projects for 2013

Please find below financial information about the main entities of the group where the bank holds direct participations, which are included in the consolidated financial statements:

BT Leasing Transilvania S.A

BT Leasing Transilvania IFN S.A. was incorporated in 1995 and is currently organized as a non-banking financial institution, having as its main business the financing in leasing of tangible assets.

The registered headquarters of the company are located at 1 George Baritiu St., Cluj-Napoca.

The company proposes financing solutions for clients who wish to have rapid and simple access to financial support, as well as customized offers and financial consultancy for choosing the best solution.

BT Leasing has offices in several Romanian towns: Cluj, Bucuresti, Oradea, Satu-Mare, Arad, Timisoara, Deva, Tg. Jiu, Sibiu, Alba Iulia, Tg. Mures, Brasov, Craiova, Ploiesti, Braila, Focsani, Constanta, Iasi, Piatra Neamt, Vaslui, and Giurgiu.

The number of employees was 104 on 31.12.2012 (104 employees on 31.12.2012).

At the end of 2012, BT Leasing had 2,182 outstanding contracts (2,511 on 31.12.2011) and leasing receivables (principal without VAT) of 188 million lei (177 million lei in 2011).

Under the difficult conditions still existing on the Romanian leasing market, the company proposes the following objectives for 2013:

- to considerably diminish the stock of goods recovered from contracts in default, which are to be sold in cash or replaced under new leasing contracts;
- to finance goods worth EUR 36 million;
- to reduce the default rate;
- to improve its market share.

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BT Securities

BT Securities was incorporated in 2003 as a result of changing the name and the registered headquarters of the company Transilvania Capital Invest.
Shareholding structure at the end of 2012: 98.7% Banca Transilvania, 1.3% individuals and companies.

The business of the company is financial trading and management of funds (financial brokerage) and activities auxiliary to financial brokerage.

In 2012, Banca Transilvania acquired from minority shareholders 2,805 thd lei worth of shares.

BT Securities continued its business in 2012, while the Romanian capital market maintained a low level as a result of the European sovereign debt crisis and the delay in the global economic activity comeback. The main listed companies registered strong variation in share prices, in conjunction with maintaining a low level in trading volumes. The intermediation activity evolved in two directions: a decrease in transaction values and lower average percentage of fees charged from clients, determined by the competition's attempt to gain market share by lowering fee levels.

The main achievements of BT Securities in 2012:
- the volume of net commissions were 4.5% higher than in 2011
- the volume of transactions on the BSE was 3,223,672 lei / day;
- the volume of transactions on the Vienna Stock Exchange in 2012 reached more than 5,400,000 Eur;
- the company ranked 4th amongst brokers in terms of share transactions on the BSE

The main objectives of BT Securities for 2013 are:
- to go back to being profitable
- to increase market share.

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BT Medical Leasing IFN SA

Medical Leasing is a company specialized on the niche of financial leasing for procurement of medical equipment, being based in Bucharest. Due to its experience in the medical field, over the years, BT Medical Leasing has spread its activity throughout the country.
In 2012, the Bank increased its participation in BT Medical Leasing with the amount of 2,230 thd lei, but the participation percentage was kept at 99.99%.
In order to relaunch and increase the leasing activity, the company cooperated with the Healthcare Division (HcD) to define workflows meant to find solutions in order to efficiently restructure and rearrange the leasing portfolio.

In the context of the financial crisis, the significant diminishment of the financial leasing market and the decreased income for paying patients, the debt service for most large financed clients continued to rise. The years 2011-2012 were marked by concentrated efforts to recover equipments related to terminated leasing agreements and finding the best solutions to sell these, while also minimizing losses.

BT Leasing Moldova

The company started its operational activity in the Republic of Moldova in 2008, the registered headquarters of the company being in Chisinau, Republic of Moldova.

BT Leasing MD promotes financial leasing with a focus on financing cars, tools and equipment by means of leasing. All operations are carried out at its headquarters, including sales, risk management, operational functioning, as well as client services, as the company is not structured on branches and agencies.

In 2012, BT Leasing MD financed goods amounting to more than 3.2 mil. EUR (entry value), and closed 125 leasing contracts.
As at December 31, 2012, the leasing portfolio reached 3.13 mil. EUR.

For 2013, BT Leasing Moldova intends to finance goods amounting to 5 mil. Eur, the main purpose being to build a sound leasing portfolio.

BT Asset Management

It is a company of the BT Financial Group specialized in asset management, with business in the management of open and close investment funds. It can also perform activities related to the management of investment portfolios, including those held by pension funds, as well as additional services of investment consulting regarding financial instruments.
Its shareholding structure includes:

- Banca Transilvania 80%;
- SIF Banat Crisana 10%;
- SIF Oltenia 10%.

BT Asset Management maintained its 4th position amongst investment fund management companies in Romania, with a market share of 3.78% and more than 8,500 active investors. More than half of the investors chose the fixed income product (BT Obligatiuni = BT Bonds), an excellent savings alternative under conditions of high liquidity, remaining, at the same time, one of the most important players on the share fund market. At the end of 2012, the assets under management reached the value of 445.3 mil lei, which is more than 50% higher than in 2011.
BT Asset Management offers a full range of investment products from fixed income funds to share funds. The opening to the capital market is ensured for our clients by investments in Romania and Austria, both in Lei and in Euro.

The trend of significant increase in the value of managed assets was continued in 2012 by preserving the attractiveness of the company's products, as the entire range of promoted products displayed convincing returns.

For 2013 the company proposed to increase the assets under its management as well as the number of customers, through a more efficient use of distribution channels, to continue improving its cross-selling within the BT Financial Group and to broaden its product and service portfolio.

BT DIRECT IFN SA

The company was incorporated in 2003 as a limited liability company under the Romanian legislation, having its registered headquarters in Cluj-Napoca.
On July 4, 2006, the GSM of BT Direct decided to change its form of incorporation from limited liability company to non-banking financial institution (IFN) in order to comply with the legal provisions related to its operation.
The company offers lease financing for durable goods and loans for personal needs.

In 2012, 10,463 consumer credit contracts were signed, of which 5,986 credit-related contracts amounting to 12.48 mil. RON, respectively 4,477 contracts for personal needs amounting to 28.4 mil. RON. As at December 31, 2012, the financing portfolio registered a total balance of receivables related to the borrowed capital (overdue + outstanding capital) amounting to 56.12 mil. RON, 28.25% higher than the value registered in 2011.
BT Direct has collaboration contracts for financing clients with a number of 796 stores, out of which 465 partner stores are active.
Total revenues for 2012 were 35.19% higher than in 2011.
In the current macro-economic conditions, the target of BT Direct for 2013 is to increase the total financed value by 1% as compared to 2012, as well as to increase the loan portfolio balance by 26%.

BT Investments

The company BT INVESTMENTS SRL Cluj-Napoca was incorporated in 2002 and its main business is lending under contracts; in 2006 the company redefined its NACE code, respectively 6619 - auxiliary financial intermediation (except for insurances and pension funds).
From its inception, the company successively increased its share capital by cash contribution or reserve capitalization, thus on 31.12.2012 its share capital was 50,939 thousand lei.

On 31.12.2012, the shares held by SC Investments SRL amounted to 32,487 thd lei. For the reporting year, the revenues related to financial assets reached 12,231 thd lei. There were also revenues amounting to 5,780 thd lei from canceling provisions from assigned financial assets.
For 2013, the company intends to maintain its current share portfolio held with affiliated entities.

Compania de Factoring IFN S.A.

In 2012, Compania de Factoring SRL focused its efforts on improving the collection process by showing tangible results, visible in terms of the recovered amounts, surpassing the difficulties generated by the current background by increasing the quality of the activities it performs.
As a result of the collection process, Compania de Factoring succeeded in the partial recovery of outstanding amounts of over 1 million lei.
The company's management continued to take measures to support its business growth in the current market conditions by:

- Improving the recovery rate of loans to customers;
- Constant monitoring of liquidity;
- Daily monitoring of cash flows and evaluation of effects on creditors.

For 2013, the company aims to limit expenses as much as possible and to continue the recovery of outstanding amounts, which was started in the previous years.

Risk management at the level of BT group

Risk management is an integral part of all decision-making and business processes in the Group. The Group's management continuously evaluates risks that the Group's activity is or may be exposed to, which may affect the Group's efforts to reach its targets and takes measures in response to any modifications in the business conditions.

The objectives in the management of significant risks are focused on ensuring capital adequacy to the bank's risk profile and realization of the projected budget ratios with risks controlled in order to ensure continuity of the bank's business on a sound basis and to protect the interests of shareholders and clients.

For an adequate management of significant risks, the group uses a system of procedures for authorizing operations likely to be affected by such risks, a system to determine risk exposure limits and their monitoring, a risk exposure reporting system as well as related programs to train the staff in this respect.

To ensure the most effective internal control, the Group constantly identifies and assesses significant risks, both at Group level and, individually, at bank and subsidiary level, considering the internal factors (nature of performed activity, complexity of organization structure, etc.) and the external factors (economic conditions, changes in the competitive environment and in the legislation, technological processes etc.).

Risks are (mainly) assessed by taking into consideration the possible occurrence of certain risks/events, their frequency in business, as well as classifying them into categories of significant risks.

Risk management policies are included in internal norms and procedures, determining the system of authorizing operations likely to be affected by such risks, the exposure limits as well as exposure monitoring and reporting.

The significant risk management policies are translated into internal rules and procedures which regulate both the authorization procedures for the operations affected by such risks and the risk exposure limits, monitoring and reporting of the risk exposures.

The bank's capital adequacy is governed by local regulations in compliance with European Directives. For assessing the internal capital adequacy to risks, the group identifies and evaluates all significant risks to which it may be exposed. The Group continuously calculates and assesses its internal capital and capital requirements to cover the bank's business needs and related risks.

MANAGEMENT AND CONTROL OF CREDIT RISK

The main objectives of the group in terms of credit risk management are to maintain a reasonable balance between profitability and exposures to credit risk considering the market margin volatility and the bank's efforts to maximize profits.

Starting from the group's history in investing, the proposed strategy to avoid credit risk concentration provides limits/coordinates for exposures based on: the business size of economic agents, types of businesses, types of credits, types of currencies, credit exposures to total assets, collateral structure.

The main rules provided by the internal strategy are meant to:

- Create and maintain constantly an adequate framework for credit risk management;
- Permanently improve the process of credit granting/ approval
- Maintain an adequate process of managing, controlling and monitoring credits;
- Prepare the methodology for provisioning and for calculating prudential value adjustments related to credit risk.

The Group determines competence limits for the units located nationwide and the HO, which represents maximum limits for approving credits, granting guarantees, avals, etc.

LIQUIDITY RISK MANAGEMENT AND CONTROL

The group strategy for liquidity management provides the main elements (principles, ratios, management techniques etc.) in order to obtain the expected returns on assets, under the conditions of appropriate liquidity management, which is prudent, consciously assumed and adapted to the market conditions and development targets, while also being in line with the current legal provisions. The Group permanently controls liquidity risk, by identifying and monitoring changes in financings and diversifying the financing base.
Liquidity management is structured on 3 components:

- Strategic component – approval of balance sheet items and annual liquidity management strategy with optimal levels of ratios assumed by the Group during the year;
- Management component – monitoring and approving the short and medium term actions on a weekly, monthly and quarterly basis;

- Operational component – daily actions within competence limits;

Supervising and limiting liquidity risk is based on daily monitoring a set of relevant liquidity ratios.

MARKET RISK MANAGEMENT AND CONTROL

The Group's objectives in the market risk management are meant to obtain high returns on the trade book in conditions of relatively low market risk, consciously assumed and adapted to the market and group development conditions.

The strategy for the market risk management is conceived in the context of updating the internal and international legal framework imposed by the international financial crisis, considering the recent experience on the financial markets, in general, and on the banking markets, in particular.

The Group / Bank is constantly involved in improving the techniques, methods and current practices of market risk management.

MANAGEMENT AND CONTROL OF INTEREST RATE RISK EXCEPT FOR THE TRADE BOOK

The interest rate risk except the trade book represents the current or future risk which affects profits and capital as a result of adverse modifications in interest rates.

The supervision, the evaluation and the limitation of interest rate risk are performed with specific instruments, respectively static or dynamic GAP analysis, economic value of assets in conformity with the standardized methodology provided by the NBR regulations.

MANAGEMENT AND CONTROL OF FOREX RISK

The forex risk is the current or future risk of affecting profits and capital as a result of adverse modifications in exchange rates for currencies in the balance sheet.

The Group practices a flexible approach of the forex position management within the limits admitted for this ratio.

MANAGEMENT AND CONTROL OF OPERATIONAL RISK

The Group's objectives in terms of operational risk management are to ensure the reduction of effects produced by operational risk events, to maintain a low level of incidents and losses in the nature of operational risk and to ensure protection against risks which are not exclusively under the Group's control.

The management of operational risks is compulsory at all organization levels and risk management policies are consistent with business lines specificity.

The identification, evaluation and monitoring of operational risks is a continuous process based on:

- Permanent control (permanent supervision of sensitive activities, formalized accounting/financial supervision by generalizing the implementation of dual control, division of tasks, specific responsibilities on different management levels, etc.) and specific instructions regarding operational risks (ex: collection of operational losses, their monitoring);
- Periodic control.

Reducing exposure to operational risks is achieved through: permanent adequacy of regulations to legal provisions and market conditions, training, continuous improvement of IT solutions and strengthening information security systems, measures to limit / reduce the effects of operational risk incidents, recovery recommendations and conclusions arising from the abovementioned controls, maintaining business continuity plans.

In order to limit the operational risk effects specific insurance policies are taken out.

MANAGEMENT AND CONTROL OF REPUTATION RISK

The Group's objectives in the reputation risk management are to make sure that the brand image of the group is maintained /consolidated consistently with its strategy and values.

It represents the current or future risk of affecting profits and capital as a result of unfavorable perception of the bank's image by clients, counterparties, shareholders, investors or supervisors.

The management of reputation risk is realized by the established structures by undertaking actions to maximize the Group's reputation in a permanent process, which should integrate with the development of the Group's business.

MANAGEMENT AND CONTROL OF STRATEGIC RISK

The strategic risk represents the current or future risk of affecting profits and capital as a result of any changes in the business environment or unfavorable business conditions, inadequate implementation of decisions or lack of reaction to changes in the business conditions.
The strategic perils are addressed based on the following quality elements:

- Risk management practices are an integral part of the strategic planning;
- Exposure to strategic risk reflects strategic objectives which are not excessively aggressive and are compatible with the developed business strategies;
- Business initiatives are well conceived and sustained by adequate communication channels, operating systems and delivery networks.

Policy of the BANCA TRANSILVANIA Financial Group

BT Group operates in such financial sectors as banking, investment management, consumer financing, leasing and real estate transactions.
Banca Transilvania is the main component in the financial group promoting at the group level a strategy for continuously developing business and extending the integrated financial services offered to clients.

As a result of the network expansion and its strong mark on the banking market, the Group's main target is to promote among its clients the whole range of services including the products offered by the bank through a unique distribution network under the known logo of BT.

In order to maintain a constant development pace and a satisfactory level of long term returns the strategy of the BT Financial Group in the current external and internal context is to keep a balance between its service portfolio and the risk profile in parallel with ensuring operational efficiency.

The Group synergy will have a positive impact on the business effectiveness, starting with operational processes and risk management and better satisfying the clients' requirements.

Internal and external audit

The general audit objectives in 2012 were focused especially on the risk management and the evaluation of the general control system on deals and/ or flows. The audit commitments were concerned with risks relating to:

Compliance:

- Contractual compliance (contracts with third parties and clients);

- Legal compliance (compliance with legislation and internal norms)

Controls of flows and transactions: evaluation of control systems implemented on transactions and flows.

Financial statements: pursuit of compliance with legal provisions in the preparation of financial statements.

The audit was carried out in line with the Audit Statute of BT Financial Group and the principles provided in the International Audit Standards.

The consolidated financial statements of BT Financial Group for the financial exercise ended on 31 December 2012 were audited by the external auditor KPMG Audit SRL.

The audit opinion confirmed that the financial statements were prepared in all its significant aspects in conformity with the Order no. 27/2010 of the chairman of the Administration Board of the National Bank of Romania, as further amended and completed, and the accounting policies described in the notes to the financial statements.

The Group's economic results according to the IFRS consolidated statements

In compliance with the Accounting Law no. 82/1991 (republished) and with the NBR Order no. 27/2010 with the subsequent amendments, the BT financial group prepared for the year ended on 31.12.2012 the financial statements in conformity with the International Standards for Financial Reporting and the accounting policies of the group. At individual level, the Bank also prepared a set of financial statements in conformity with the International Standards for Financial Reporting.

The Group's consolidated financial statements prepared according to the International Financial Reporting Standards (IFRS) adopted by the European Union, in force at the date of annual reporting, 31 December 2012, describe the financial position of Banca Transilvania SA and its subsidiaries, being presented as if it were a single economic entity.

The consolidated financial statements include:

- consolidated balance sheet;
- consolidated profit and loss accounts;
- treasury flows statements;
- shareholders' equity statements;
- explanatory notes to consolidated annual financial statements.

EVOLUTION OF THE MAIN FINANCIAL RATIOS UNDER IFRS

The consolidated statement of the financial position and the consolidated profit and loss account as at 31.12.2012, prepared under IFRS, are presented in Exhibit 1 and Exhibit 2 respectively.

The evolution of the main financial ratios of BT Group as at 31 December 2012, compared to 2011, is presented below:

Thd Lei			IFRS STATEMENTS
BT GROUP	**31.12.2011**	**31.12.2012**	**2012/2011 (%)**
Total Assets	26,008,795	29,711,196	114%
Total Liabilities	23,616,928	26,896,185	114%
Total Shareholders' Equity	2.391.867	2.815.011	118%
Operating income	1,489,713	1,639,971	110%
Operating expenses	1,134,284	1,270,138	112%
Gross profit for the financial year	355,429	371,002	104%
Tax on profit	*58,181*	*24,546*	*42%*
Net profit	**297,248**	**346,456**	**117%**

In 2012 total assets increased by 14%, from 26,008,795 thousand lei to 29,711,196 thousand lei, the bank's assets having the highest weight. In terms of assets the market share of Banca Transilvania was 8.08% at the end of 2012, being ranked third in NBR's classification (2011: 7.27%).

The *volume of loans* increased by 10%, as compared to the previous year. The lending pace was constant from 13,977,707 thousand lei to 15,361,263 thousand lei due to the bank's higher profile on the credit market and to the portfolio diversification. Their weight in total assets at the end of 2011 was 52% (2011: 54%).

The provisions from lending, leasing and other assets increased by 25% in 2012, from 1,800,217 thousand lei to 2,250,018 thousand lei, whereas the deterioration of the economic environment continued to have negative consequences on the quality of the loan portfolio in 2012.

Investments in securities totaled 6,545,905 thousand lei on 31.12.2012, which is 10% higher than in the previous year (2011: 5,958,148 thousand lei), keeping a balance among various categories of assets.

Cash and deposits with banks increased by 31 % as compared to the previous year (from 5,329,233 th. lei to 6,984,261 th. lei).

Tangible and intangible assets in 2012 were 416,020 th. lei, which is 13% higher than in the previous year, when they were 368,086 th. lei.

As at 31 12 2012, *the debt* reached 26,868,658 th. lei, which is 14% higher than in the previous year. The increase is due to the high volume of deposits from clients, which exceeded by 14% the level in 2011 (from 20,257,251 th. lei to 23,167,128 th. lei).

As at 31.12.2012 the *loans from banks and other financial institutions* increased by 17% vs. the previous year (from 2,592,982 thousand lei to 3,035,944 thousand lei).

The *equity* of the entities within the group increased by 19% in 2012, from 2,391,837 thousand lei to 2,815,011 thousand lei.

The *gross profit* of the group was 371,002 thousand lei as at 31.12. 2012 vs. 355,429 thousand lei in the previous year, and the 4% increase was due to the organic growth of the bank's business. The net profit increased by 17%, from 297,248 thousand lei to 346,456 thousand lei.

The operational income amounted to 1,639,971 thousand lei, i.e 10% over the level in 2011, when it was 1,489,713 thousand lei. The increase was due to an upward trend in the interest income and the income from fees and trading.

The net interest income was 6 % higher than in the previous year (968,715 thousand lei vs. 913,838 thousand lei in 2011), mainly due to the increase in the income from securities.

The net income from fees and commissions increased by 9 % from 2011, i.e. 437,398 thousand lei vs. 402,738 thousand lei, especially due to the positive evolution of the operational fees, as a result of the increase in the number of transactions.

The Net income from trading increased from 111,613 thousand lei to 147,666 thousand lei, mainly due to the income from revaluation at fair value of the held-for-trading securities.

The *operational expenses* before provisioning were 885,688 thousand lei, which is 9% higher than in the previous year (818,435 thousand lei in 2011) due to the expansion of the group's activity and to the evolution of the exchange rate eur/leu.

The expenses with staff amount to 430,539 thousand lei at the end of 2012, which is 10% higher than in the previous year, due to the expansion of the group's activity and to the performance bonuses for the employees.

The expenses with amortization at the level of the group were 54,710 thousand lei, which is 14% lower than in the previous year as a result of lower investments.

Other operating expenses, including taxes, rents, maintenance and repairs and others, increased in 2012 by 10% vs. 2011 (from 364,386 thousand lei to 400,439 thousand lei).

Profitability ratios recorded optimal values in the current economic conditions, so the return on assets (ROA) was 1.24% (last year 1.25%) and while the return on equity was 13.22% (13.26% last year).

The solvency ratio calculated at the group level, under the Basel accord (including the 2012 profit) recorded a value of 13.50 (13.62% on 31.12.2011).

Corporate social responsibility

In 2012 BT Financial Group continued to be socially involved in the community's life, supporting culture, education, sports, medical field, etc.
The "Cluj has Soul" Foundation is the greatest social project initiated and developed by BT.
In its 5 years of existence, the BT foundation helped almost 12000 teenagers improve themselves, continue school, find jobs and have a better life.
In the year 2012, nearly 400 teenagers were given assistance, so that 22 young people passed their baccalaureate exam and continued their studies, 18 of them went to colleges suitable to their interests and skills and 4 young people attended post-secondary schools. 46 young people were supported in finding jobs this year, even seasonally during holidays.

Also, the BT Financial Group got involved in projects meant to encourage donations to sporting activities, educational projects on financial issues for pupils or students), but also directly supporting projects aimed at helping, financially and emotionally, sick children.

Environmental protection policy

The BT Financial Group complies with the environmental protection legislation in all its activity. The Group has environmental concerns and is guided by "green principles" in terms of using resources as responsibly as possible.

Together with the European Bank for Reconstruction and Development, BT formed a partnership to finance projects of companies wishing to make investments in order to reduce their energy consumption level. The bank implemented an environmental and social risk management system in order to identify and monitor environmental and social risks associated with the projects financed by the bank.

Thus, as regards the BT Group, the compliance with the environmental legislation in force and the use of adequate environmental and social practices represent important factors in demonstrating an efficient business management.

Events subsequent to the closing of the financial year

No events occurred after the closing of the financial year likely to have an impact on the 2012 financial statements.

Other information about the preparation of financial statements

The entities in the BT group fulfilled their legal obligations regarding the organization and correct management of the accounting books, compliance with the accounting principles as well as observance of the rules and methods stipulated by the regulations in force.

The obligations to the state and local budget and special funds were complied with, the transfers being performed in accordance with the legal provisions in force.
The 2012 financial operations were correctly recorded based on documents legally prepared.

The Management Report presented in the General Shareholders Meeting by each entity in the Group contains a realistic analysis of its own activity during the financial year as well as of its financial position at the end of 2012.

Projections for Banca Transilvania Financial Group in 2013

For 2013, the budgets for the entities in the group provide for objectives correlated with the general interest of the BT Financial Group.
In the conditions of a still difficult economic environment, the BT Financial Group proposes to follow such development objectives as:

- To manage risks adequately;
- To ensure capital adequacy;
- To maintain optimal current liquidities;
- To continue costs monitoring;
- To increase efficiency keeping the same resources;
- To increase the market share;
- To maximize the return on allocated capital;
- To sustain growth of assets under management and the number of customers;
- To expand the supply of products and services to customers and to diversify the revenue base;
- To diversify and to streamline the distribution channels;
- To continue to improve cross-selling within the group;
- To improve the computer systems

According to the investment budget of the bank for 2013, proposed for approval, new resources will be allotted to the capitalization of the subsidiaries in the group:

Investment budget for 2013:

• Branches + buildings 13.65 mil lei

• IT and cards investment 40.95 mil lei

Investments in the bank 54.60 mil lei

Investments in subsidiaries 9.70 mil lei

Total investments (VAT included) 64.30 mil

Considering this report, we submit for approval to the General Meeting of Shareholders the consolidated financial statements prepared in compliance with NBR Order no. 27/2008, as subsequently amended and supplemented, and the International Accounting Standards applicable to credit institutions, adopted by the European Union, together with the Administrator's Consolidated Report and the Report of the Independent Auditor, specifying that all other aspects included in the individual reports of the group entities remain in force.

BOARD OF DIRECTORS
CHAIRMAN
HORIA CIORCILA

ANNEX 1

Consolidated financial position *As at 31 Dec 2012*				
	31-Dec-11	**31-Dec-12**	**31-Dec-11**	**31-Dec-12**
	Th RON	**Th RON**	**Th EUR**	**Th EUR**
Assets				
Cash and cash equivalents	4,550,256	5,579,088	1,053,373	1,259,757
Loans to banks	778,977	1,405,173	180,331	317,288
Financial assets at fair value through P&L account	140,551	125,851	32,537	28,417
Credits to clients	13,977,707	15,361,263	3,235,805	3,468,572
Net investments in leasing	207,388	202,686	48,010	45,766
Securities available for sale	5,816,778	6,420,054	1,346,570	1,449,648
Securities held to maturity	819	-	190	-
Investments in associates	-	25,858	-	5,839
Tangible assets	297,531	334,587	68,878	75,550
Intangible assets	70,555	81,433	16,333	18,388
Good will	376	376	87	85
Receivables over deferred profit	28,163	-	6,520	-
Other assets	139,694	174,827	32,339	39,475
Total assets	**26,008,795**	**29,711,196**	**6,020,973**	**6.708,785**
Debts				
Due to banks	251,181	45,953	58,148	10,376
Due to clients	20,257,251	23,167,128	4,689,504	5,231,135
Borrowings from banks and other financial institutions	2,592,982	3,035,944	600,269	685,516
Other subordinated debts	260,148	288,810	60,224	65,213
Debts on deferred profit	-	27.527	-	6,216
Other debts	255,366	330,823	59,116	74,700
Total debts	**23,616,928**	**26,896,185**	**5,467,261**	**6,073,156**
Equity				
Share capital	1,860,159	1,989,543	430,622	449,239
Treasury shares	(2,118)	(9,853)	(490)	(2,225)
Share premiums	732	-	169	-
Retained earnings	303,268	460,334	70,206	103,943
Revaluation reserves	35,544	39,496	8,228	8,918
Other reserves	192,248	299,864	44,506	67,709
Shareholders capital	**2,389,833**	**2,779,384**	**553,241**	**627,585**
Minority interests	2,034	35,627	471	8,045
Total shareholders' capital	2,391,867	2,815,011	553,712	635,630
Total debt and equity	**26,008,795**	**29,711,196**	**6,020,973**	**6,708,786**

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Banca oamenilor întreprinzători

ANNEX 2

Consolidated profit and loss account *as at 31 Dec 2012*				
	31-Dec-11	**31-Dec-12**	**31-Dec-11**	**31-Dec-12**
	Th RON	**Th RON**	**Th EUR**	**Th EUR**
Income from interests and assimilated	1,835,792	2,054,585	433,184	461,083
Expenses with interests and assimilated	(921,954)	(1,085,870)	(217,550)	(243,687)
Net interest income	**913,838**	**968,715**	**215,634**	**217,396**
Income from charges and commissions	456,606	502,361	107,744	112,738
Expenses with charges and commissions	(53,868)	(64,963)	(12,711)	(14,579)
Net income from charges and commissions	**402,738**	**437,398**	**95,033**	**98,159**
Net income from trading	111,613	147,666	26,337	33,139
Other operational income	61,524	86,192	14,518	19,343
Operational income	**1,489,713**	**1,639,971**	**351,522**	**368,037**
Net expenses with provisions for financial assets	(315,849)	(384,450)	(74,530)	(86,277)
Expenses with staff	(390,262)	(430,539)	(92,089)	(96,620)
Expenses with depreciation	(63,787)	(54,710)	(15,052)	(12,278)
Other operational expenses	(364,386)	(400,439)	(85,983)	(89,864)
Operational expenses	**(1,134,284)**	**(1,270,138)**	**(267,652)**	**(285,039)**
Profit/ loss with associated entities	0	1,169	0	262
Profit before tax	**355,429**	**371,002**	**83,870**	**83,260**
Expenses with tax on profit	(58,181)	(24,546)	(13,730)	(5,509)
Financial exercise profit	**297,248**	**346,456**	**70,140**	**77,751**
Relating				
Profit of bank's shareholders	297,019	341,529	70,086	76,645
Loss from interests without control	229	4,927	54	1,106
Net profit of the financial exercise	**297,248**	**346,456**	**70,140**	**77,751**
Earnings per share				
* basic	0.1704	0.185		
* diluted	0.1704	0.185		