



SWIFT: BTRLRO22
Capitalul social: 611.079.770.2 RON
C.U.I. RO 50 22 670
R.B. - P.J.R. - 12 - 019 - 18.02.1999
Nr. Inreg. Registrul Comertului: J12 / 4155 / 1993

CONSOLIDATED REPORT OF ADMINISTRATORS

**FINANCIAL GROUP
BANCA TRANSILVANIA
DECEMBER 2007**

General information	4
Risk managementul at BT group level	9
Group policy	12
Internal and external audit.....	12
Financial results in IFRS consolidated statements	13
Corporative social responsibility	15
Environment policy	16
Events occured after the financial close	16
Other information about financial statements and the development of economic and financial activity	156
Projected activity of Banca Transilvania Financial Group	16

General information

The **Banca Transilvania Financial Group** was incorporated in the year 2003 with the bank as its main component and developed continuously by operating in various financial sectors. Currently, the group consists of 20 companies offering its clients integrated financial services and products: banking, insurance, investment management, consumer financing, leasing and real estate transactions etc.

At the end of 2007, Banca Transilvania held direct participations in the following companies that are members of the Banca Transilvania financial group:

<i>Subsidiary</i>	<i>Business profile</i>	<i>Participation</i>
BT Securities SRL	Investments brokerage	95.50%
BT BT Leasing IFN SA	Leasing	20.00%
BT Investments SRL	Investments	100.00%
BT Direct IFN SA	Consumer finance	93.70%
BT Building	Real estate	4.17%
BT Asset Management SAI SA	Asset management	80.00%
Compania de Factoring IFN SA	Factoring	45.71%
Medicredit Leasing IFN SA	Leasing	57.39%
BT Evaluator SRL	Financial brokerage	9.96%
BT Consultant SRL	Financial brokerage	7.45%
BT Aegon SA	Private pensions	50.00%

The value of investments made by Banca Transilvania in the group at the end of 2007 increased 1.07 times from the end of 2007, namely from 106 mil RON to 113 mil RON.

There are the nine companies in the group directly controlled by the Bank.

In July 2007, Banca Transilvania SA together with Aegon Woningen Nova Olanda established **BT Aegon Fond de Pensii SA**, each having a participation of 50%, the initial investment of the bank being 11,5 mil RON. In December 2007 BT Aegon increased its share capital by the cash contribution of the two investors in equal parts, so the bank contributed with another 6,6 mil RON, the final investment at year end being 18,1 mil RON.

In 2007, Banca Transilvania purchased 18.5 % of the share capital of **Medicredit Leasing IFN** by paying 6.5 mil RON to reach at the end of the year a percentage of 57.39% of the share capital, the final investment being 12.5 mil RON.

In December 2007 the following companies were incorporated:

- **BT Evaluator SRL** by the merger of the companies BT Beta and BT Management;
- **BT Consultant SRL** by the merger of the companies BT Alpha and BT Logistic,

thus the participation held by the bank in BT Logistic and BT Management was transferred to the newly established companies.

Beside its direct and indirect participations, the BT Financial Group had investments in associated companies.

Such an investment is in **ASIBAN**, an insurance company not listed on the Stock Exchange.

At the end of 2007 the value of the investment in ASIBAN under the equivalence method was 52.6 mil RON. The contribution of the group in ASIBAN in terms of historic costs is 33.7 mil RON.

During the year the bank increased its participation in this company as follows:

- 10,75 mil RON participation to the share capital increase in 2006 and recorded with the Trade Registry in 2007 ;
- 2 mil RON capital increase by reserve incorporation;
- 5 mil RON 2007 participation in the share capital increase.

The investments of the group in associated entities as of 31 December 2007 also included a participation of 30.32% in BT Clasic and a participation of 26,31% in " Fondul Privat Comercial" .

The main modification in the structure of BT participations in the share capital of the group members is the sale of the 90% participation in BT Asigurari to Grupama International SA at a price of 90 mil EUR, 85 % of the price being collected in December of 2007. The transaction is to take place after the finalization of the IFRS financial results of BT Asigurari (the bank's investment in terms of historic costs was 86 mill. RON).

The net earning from the sale of BT Asigurari as of 31 December 2007, after deducting the participation and the commissions, accounts for 144 mil lei under the IFRS consolidated statements.

The main achievements in 2007 and the objectives for 2008 of BT subsidiaries

The outstanding results of the subsidiaries in the group in investments (asset management), brokerage, consumer loans, leasing, insurance, factoring and others contributed to the consolidation of the group's position on the financial market in Romania.

Below are the main entities in the group where the bank holds direct participations:

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, its main business being the hire/purchase of cars and equipment. The address of the company is Str.George Baritiu nr.1, Cluj Napoca.

31 December 2007:

- Share capital - 18.939.233 lei (Dec. 31, 2006: 14.082.420 lei);
- Contracts developed in 2008 (Dec. 31 , 2006 : 4647);
- Leasing contracts (principal without VAT) 216.688.409 equiv. in lei ;
- Net profit 6.535.722 lei (RAS);
- Employees 105 (Dec. 31 2006: 72 employees).

OBJECTIVES in 2008

- Increase in the number of units in the country from 34 in county seats to 45 at the end of 2008;
- The entry value of the financed goods in 2008 will be 125.000.000 Eur;
- The increase in the market share of at least 3%.

BT Direct:

It was incorporated in 2003 as a limited liability company under the Romania law. The company finances procurement of white goods (home appliances, furniture, IT equipment, heating/ and air conditioning systems, hand electrical tools, mobiles, etc.)

The address of the company is str. George Baritiu nr.1, Cluj Napoca, Romania.

31 December 2007:

- Share capital 18.700 thousand lei;
- 22 employees;
- 6.534 contracts in total financed value of 14,1 mil lei, 21,5% higher than in 2006;
- The total balance of credit principal amounts (with VAT included) 20,3 mill. lei, 23,6% higher than the similar value on 31 December 2006;
- The total value of assets increased to 26,4 mill. lei, 34,2% higher than the related value in 2006;
- The collaboration portfolio is represented by 355 partner stores (139 partner firms);
- Portfolio with 255.000 shares in SIF5 and 17.850 fund units in BT Maxim;
- Gross profit 6.660 th. lei and net profit 5.681 th. lei under RAS (under IFRS net profit of 5.954.636 lei);

The legal procedure of share capital increase from 18.700 th. lei to 24.000 th. lei by the capitalization of the 2007 profit and the legal reserves according to the GSM decision.

OBJECTIVES in 2008

- A 30% increase in the financing value, that is more than 18,3 mill. Lei resulting from the consolidation of partner stores, the enlargement of the product range for financing and the introduction of new financial products.
- The total value of receivables relating to credit principal amounts (with VAT included) at the end of 2008 is intended to reach around 25,8 mill. Lei.
- Net profit: 2,1 mil lei.

BT Investment:

It was founded in 2002 by Banca Transilvania SA, its main business being lending based on contracts; in 2006, the company redefined its NACE code, respectively 6713 - activities auxiliary to financial intermediation (except for pension houses).

December 31, 2007:

Since its foundation, the social capital was increased successively by cash contributions or capitalization of reserves, so that on 31.12.2007 the share capital was lei 44.839.900.

Share capital payments and purchase/sale of equity investments were operated during the whole year and starting from September 2007 BT Cafe related operations were carried.

On December 31, 2007, the equity investments held by the company increased in value from lei 31.471.270 to lei 43.652.548, of which:

	<u>2006</u>	<u>2007</u>
- companies within group:	lei 33.737.773	lei 37.768.014
- companies outside group:	lei 9.914.775	lei 9.914.775

Incomes from financial assets were lei 4.276.798, of which lei 4.030.349 related to equity investments in companies within group and lei 246.449 in companies outside group.

The net profit under RAS on December 31, 2007 was lei 4.085.810 (under IFRS lei 55.460)

The proposed distribution of the net profit to „other reserves” in view of capitalization - lei 4.085.810.

OBJECTIVES 2008

- Increase in share capital with lei 4.100.000 by capitalization of reserves from the profit as at 31.12.07;
- To achieve a turnover of lei 281.695, mainly from incomes resulted from office rentals;
- Increase of participations in the companies in the group mainly by profit capitalization (in BT Direct and BT Leasing) and contribution in cash of 585 thousand lei to BT Finop Leasing
- Profit and Loss Account (RAS)
 - Total income lei 5.250 thousand
 - Total expenses lei 600 thousand
 - Gross Profit lei 4.650 thousand

BT Securities:

The activity of BT SECURITIES SA in 2007 developed in a period of consolidation for the capital market in Romania. The main companies listed on the stock market recorded significant variations in share prices and high transaction volumes.

December 31, 2007:

- The company's capital base consolidated compared to 2006 having its share capital increased from lei 6.514.812 representing a number of 12.528.485 shares with a par value of RON 0.52/share to lei 10.186.353 representing a number of 19.589.141 shares with a par value of RON 0.52/share. The capital increase was performed by incorporating the reserves from the net profit realized in 2006.
- In the field of brokerage, a special emphasis was put on maintaining and consolidating its position on the market and creating a positive image in its relations with clients and also on improving the consultancy and assistance activity. Efforts were also made to increase its client base;
- In 2007, the product „trading on margins” was offered to clients with loans for procuring securities. The product was launched in March 2007 to attract by the end of the year a number of 92 clients with margin accounts and a credit upper limit of lei 37.865.600.

- The number of agencies increased from 12 to 23 (new agencies: Bistrita, Constanta, Aiud, Craiova, Miercurea Ciuc, Gura Humorului, Targu Mures, Simleul Silvaniei, Turda, Miercurea Ciuc, Sibiu);
- In 2007, the Identity Manual of BT Securities was produced for the future promotion actions, refurbishment of agencies, preparation of documents, correspondence etc.

Financial results at the end of 2007 (RAS):

- Net turnover: lei 17.416.158;
- Total income: lei 21.139.680;
- Total expenses: lei 14.382.890;
- Gross profit: lei 6.756.790;
- Net profit: lei 5.774.648 (under IFRS net profit - lei 5.729.484)

OBJECTIVES in 2008

- Net profit of lei 5.000.000;
- In order to diversify its products, BT Securities intends to be authorized as a brokerage company on the Vienna Stock Exchange, a premiere for brokerage companies in Romania.

BT Asset Management:

The business of this company is to manage funds and individual investment accounts.

December 31, 2007:

At the end of 2007, the company was managing assets in value of 177.229 thousand lei, which was 194% higher than the value at the end of 2006.

	lei
Investment funds	147.298.000
Individual investment accounts	21.983.360
TOTAL	177.229.360

On 31.12.2007, by means of its investment funds (BT Maxim, BT Clasic and BT Index), BT Asset Management had a market share of 15.44% on the segment of open investment funds, occupying the second position from the point of view of managed assets value.

Financial results at the end of 2007 (RAS)

- Net turnover: 2.869.133 lei;
- Total income: 7.442.410 lei;
- Total expenses: 1.704.552 lei;
- Gross profit: 5.737.858 lei;
- Net profit: 4.894.366 lei (under IFRS net profit lei 3.927.162).

OBJECTIVES 2008

- 20% increase of managed assets;
- Diversification of product offer on the segment of open and closed investment funds;
- Maintaining the market share on the segment of open investment funds;

Compania de Factoring IFN S.A:

In 2006 the company was organized as a joint stock company with entirely private capital, having its registered offices in Bucharest. The company conducts its business through its units in Cluj, Arad and Suceava. The main shareholders of this non-banking financial institution are:

- Intermarket Bank A.G, holding 35 shares with par a value of lei 100.000;
- Banca Transilvania Group, holding 35 shares with par a value of lei 100.000.

Compania de Factoring provides only factoring services consisting in financing receivables, debt management including collection of receivables and insuring default risks.

In 2007, the institution was ranked the 4th in the top of the main players on the factoring market, with a market share of 8%.

December 31, 2007:

- Considering the volume of receivables assigned to Compania de Factoring IFN S.A, the Factoring product has the highest weight in total sold products, which is 57%;
- The main clients are small enterprises with a turnover of less than Euro 10 million (over 97%) and medium size enterprises with a turnover more than Euro 10 million (3%);
- Number of contracts - 102 factoring contracts;
- Gross profit obtained in 2007 - lei 1.655.011;
- Net profit under RAS - lei 1.522.641 (under IFRS lei 1.794.101);
- Shareholders' equity - lei 7.705.389;
- On December 31, 2007 the company had 16 employees.

OBJECTIVES in 2008

- A turnover based on the volume of assigned receivables lei 1.260.000 thousand lei;
- Outstanding factoring loans: 161.000 thousand lei;
- Net profit : 6.198 thousand lei;
- Rate of financial return: 33,37%;
- Business costs: 44 %.

BT Aegon Fond de Pensii :

BT Aegon Fond de Pensii SA was founded by Banca Transilvania SA together with Aegon Woningen Nova Olanda in 2007, with business in the administration of compulsory private pensions.

December 31, 2007:

- Acts of adhesion to Fondul de Pensii Vital (Vital Pensions Fund) - administered by BT Aegon and finally validated on 31.12.2007;
- Number of individuals joining the fund by 31.12.2007 - 82.750;
- The market share of BT Aegon Fond de Pensii on the compulsory private pensions market was calculated only at the end of the period for pre-adhesion to the compulsory pensions funds, i.e. January 17, 2008. On that date, the market share of BT Aegon Fond de Pensii was 3.14%.

OBJECTIVES 2008

- Number of participants in the Fondul de Pensii Vital (Vital Pensions Fund) - 130.000;
- Value of contributions - lei 20.778.216;
- Assets under management - around lei 21.184.762;

Risk Management at the BT Group level

Business risks need an enhanced attention through an adequate risk management and governance organization structure to ensure extended and complete controls in order to reduce any major risks inherent in the bank's business.

Objectives in risk management

The objectives in the risk management are to realize the projected ratios in the budget in minimum risk conditions and under control so as to ensure compliance with the legal provisions and a continuous development on a healthy and prudent basis.

For an adequate management of the significant risks, the group uses a system of procedures for authorizing operations likely to be affected by such risks, a system for the determination of risk exposure limits and programs for staff training.

For an internal control as efficient as possible, the group permanently identified the significant risks both at the group level and separately for the bank and its subsidiaries considering such internal factors as the nature of their activities, the complexity of the organization structure, etc and external factors (economic conditions, changes in the competition environment, etc).

Risks are evaluated mainly considering their frequency in occurring, events likely to have an adverse impact and framing them into categories of significant risks.

The policies for risk management are included in internal norms and procedures to determine the system of authorizing operations likely to be affected by such risks and the exposure limits, for monitoring and reporting purposes.

The group ensures the staff training and the preparation of conditions for aligning to the international standards and the implementation of the Basel II requirements for capital adequacy (relating to credit risk, operational risk and market risk).

MANAGEMENT AND CONTROL OF THE CREDIT RISK:

The principal objectives of the group in the lending process are to maximize profitability, to minimize risk exposures and to comply with the banking rules in force.

The objectives of the lending policy are the following:

- Developing/improving the procedural framework of the credit risk management (strategy, policies, norms for credit risk management);
- Selection of safe credits with maximum probability of reimbursement;
- Profitable placements of the bank's available funds;
- Extending credits that meet the needs on the market;
- As to the structure of bank credits, the lending strategy determines the weight of credit categories in total lending, the directions and the limits in diversifying the credit portfolio.

Starting from the group's history of placements, the proposed strategy aims at avoiding credit risk concentration by determining the limits to exposures based on business size, business profile, types of credits, types of currencies, credit exposures/total assets, collateral structure.

The group determines the approval competence limits for units in the country and the HO, which represent the maximum limits in approving credits, guarantee contracts, avals, etc.

MANAGEMENT AND CONTROL OF LIQUIDITY AND MARKET RISKS:

The annual strategy provides the levels for the balance sheet items so as to ensure compliance with the specific prudential norms and the realization of the projected profitability.

The liquidity management is structured on 3 components:

- **Strategic component**, which consists in approving the balance sheet structures and the annual strategy for the liquidity management including levels for the liquidity ratios assumed by the group for the current year;
- **Management component** consists in approving actions on short and medium terms - monthly, quarterly;
- **Operational component** consisting of daily adopting actions within competence limits.

The supervision and the limitation of the liquidity risk are based on daily monitoring the liquidity ratio and the exceeds /shortfalls on currencies.

The supervision, the evaluation and the limitation of the market risk is realized with certain specific instruments such as GAP analysis and interest rate sensitivity (analysis of maturity bands, asset and liability structures from the p.o.v. of sensitivity to interest rate fluctuations), monitoring, analysis and marking to market the forex positions, the evolution of resources and placements in FX and the rates of the main currencies in the portfolio.

MANAGEMENT AND CONTROL OF INTEREST RATE RISK:

The objective of the interest rate management is to maintain the risk exposure to the authorized limits expressed in terms of risk/revenues or the market value of the bank's equity.

The Group has its own procedures and policies for the interest rate risk management and systems to measure the interest rate risk capturing all material sources for the interest rate risk and evaluating the effects of changes in interest rates.

MANAGEMENT AND CONTROL OF OPERATIONAL RISK:

The Group monitors this type of risk by reviewing the main categories of operational risks (system capacity, loss/missing key personnel, internal fraud, compliance, external fraud, etc) and by creating the necessary framework for risk identification, evaluation and reporting; in order to limit the effects of the operational risk specific insurance policies are taken out.

The Group monitors continuously the operational risks relating to the current business of clients, bank practices, frauds, the application of the management decisions, ethical aspects involving BT employees.

MARKET RISK

In order to reduce the market risk, the Group adopted a prudential approach in order to protect its profits from the variations of prices, interests and exchange rates on the market, all being external and independent factors.

FOREX RISK

The approach of the forex risk management is prudential and the maximum and the minimum limits of the forex position are set at prudent levels; the traded currencies and the types of instruments currently used are low in number.

INTEREST RATE RISK

The profile of the interest rate risk is "moderate", the Group having a set of strict management principles in monitoring this type of risk.

Group policy

Banca Transilvania remains the main component in the BT financial group continuously promoting a strategy at the group level to develop its business, to extend the range of financial services offered to clients and to maintain a high level of profitability. Banca Transilvania operates in complementary financial sectors: banking, insurance, investment management, consumer financing, leasing and real estate.

Internal and external audit

The companies in the Group organize and conduct their own internal audits for the purpose to monitor the controls and to implement norms and procedures as well as to reduce risks inherent to their financial activities.

The general audit objectives in 2007 were focused especially on the risk management and the evaluation of the general control system on deals and/ or flows:

- remediation of deficiencies identified during previous controls;
- legal risk (legal audit)
- credit risk (audit of lending activity)
- operation risk (audit of inter-bank and among branches settlements)
- asset depreciation risk (audit of asset management)

The evaluation of the control system referred both to support areas and business lines, according to the Statute of the Internal Audit and the principles in the International Audit Standards.

The financial statements of the companies in the group for the year ended on 31 December 2007 were audited by the agreed external auditors KPMG and Ernst & Young. In 2007 the financial statements of Banca Transilvania were quarterly reviewed (on 31 March, 30 June and 30 September 2007) by KPMG. The consolidated financial statements of the BT group for the year ended on 31 December 2007 were audited by KPMG.

The audit opinion showed that the financial statements were prepared adequately in all significant aspects in conformity with the Order of the NBR Governor No. 5/2005, as further modified and completed, and the accounting policies described in the notes to the financial statements.

FINANCIAL RESULTS IN THE CONSOLIDATED STATEMENTS UNDER IFRS

The consolidated financial statements were prepared in compliance with the International Standards for Financial Reporting (IFRS) issued by the Committee for Accounting International Standards (IASB), adopted by the European Union.

The consolidated financial statements consist of the financial statements of the bank and its subsidiaries, named together "BT Group".

Starting with the financial exercise ended on 31 December 2006, in compliance with the Law no. 82/1991 as further modified and updated, and the Order of the NBR Governor No. 5/2005, as further modified and completed, the credit institutions must prepare their individual financial statements as well as the consolidated financial statements.

Subsidiaries are consolidated from the date when the control is transferred to the group and stop to be consolidated from the date when the group loses the control over them.

The financial statements of the subsidiaries were prepared for the reporting period of the bank using the same accounting policies.

EVOLUTION OF THE MAIN FINANCIAL RATIOS UNDER IFRS CONSOLIDATED STATEMENTS

The consolidated financial statements were prepared based on the fair value, the assets and the liabilities at the fair value in the P & L account and for the financial instruments available for sale, excepting those for which the fair value could not be determined credibly. Other financial assets and liabilities and non-financial assets and liabilities are presented at amortized costs, revalued or historic costs.

The consolidated financial statements differ from the individual financial statements in such aspects as:

- transactions performed among entities in the group are eliminated (for instance dividends collected within the group)
- provisions for the depreciation of receivables are recalculated based on a different calculation method;
- income from lending interests is recognized under the method for actual interest rates;
- adjustments to fair value are recognized differently;
- presentation of financial information is made in a different way.

The consolidated balance sheet and the consolidated P& L account, prepared under IFRS, are presented in the Exhibit 1, respectively Exhibit 2.

The capital and the net income of minority shareholders are presented separately in the balance sheet under the item of own equity, respectively P & L Account.

The evolution of the main financial ratios of the BT Group as at 31 December 2007, compared to 2006, is presented below:

GROUP BT	IFRS Statements 31.12.2007	IFRS Statements 31.12.2006	% 2007/2006
Total Assets	14,083,485	8,330,628	169.06
Total Liabilities	12,810,311	7,535,235	170.01
Total Equity	1,273,174	795,393	160.07
Operational Revenues	876,290	614,992	142.49
Operational expenses	682,768	453,099	150.69
Tax on profit	28,099	20,140	139.51
Profit from continue	165,423	141,753	116.69
Earning from interrupted operations	144,021	(33,156)	-
Net Profit	309,444	108,597	285

Total assets were 69,06% higher, from 8.330.628 mil RON to 14.083.485 mil RON, due to the growth of the credit volume (from 4833 mil RON to 8484 mil RON), its weight in total assets being 60,24% at the end of 2007; as regards asset side, the market share of Banca Transilvania increased from 4,61 % in 2006 to 5,5% at the end of 2007, being among the first 4 banks in Romania.

Cash and placements with banks also influenced the increase in assets; their balance was 51,23% higher than the last year (from 1.995 mil lei to 3.017 mil lei) due to the increase in bank deposits and the minimum reserve requirement, especially in FX.

The 27,89% increase in the tangible assets, from 234 mil lei in 2006 to ~ 300 mil lei at the end of 2007 was due mainly to the accelerated pace in the network expansion of the BT Group in 2007.

The 70% increase in liabilities from 2006 was generated in principal by the rising resources from clients, which was 84,05 % higher than in the last year (from 5.645 mil lei to 10.390 mil lei) and the borrowings from banks which were 47% higher than in 2006 (from 1.268 mil lei to 1.873 mil lei).

The shareholder's equity was 60,07% higher, respectively from 795,39 mil lei to 1.273 mil lei, by the increase in the share capital and the reserves of the entities in the group; similarly with the bank's capitalization policy, the subsidiaries do not distribute their net profit retaining those amounts to improve their capital basis.

The net profit of the exercise (including the loss of 19 mil lei with BT Aegon) increased substantially from the precedent exercise (284,95%) due to the increase in the operational profit of the Bank and its subsidiaries and also to the sale of BT Asigurari SA to Groupama International SA at a price of 90 mil EUR.

85 % of the selling price was collected in December 2007, the remaining 15 % being blocked in an escrow account till the final IFRS financial results of BT Asigurari.

The net income from interests was 28,25 % higher (from 340,41 mil lei to 436,60 mil lei) due to the growth of the credit portfolio in 2007, which was 75,54 % higher than in 2006 as well as the

increase in the bank deposits; interests did not rise in proportion with the credit volume because of the dropping rates on the market.

The net income from charges and commissions was 70,98 % higher, respectively from 175 mil lei to 299 mil lei, when at the bank level the commissions collected from credit implementation were spread over the credit tenor, influencing the P & L account down with 108.020 mil lei in the IFRS statements (and 125.118 mil lei in the statutory statements);

The operational expenses were 50,53 % higher than the last year (from 453 mil lei to 682 mil lei) due mainly to the increase in the costs with development (rents, opening of units, advertising) etc;

The return on assets recorded a level of 2,20 % (last year 1,30%), which is within the limits imposed by laws in force.

The return on equity was 24,30 % at the end of 2007 (13,65% on 31.12.2006), the increase being determined by the rising profit, 284 % from last year, the ratio is at the level 1 of bank rating.

The solvency rate calculated based on the IFRS consolidated statements of the group was 13,94 % (15,94 % at the end of 2006) which is within the legal limits.

Corporative social responsibility

In 2007 Banca Transilvania continued to support community with its financial and human resources offering its concrete solutions. Support was granted to projects in various areas such as environment, health, education etc.

The incorporation of the Foundation „Clujul Are Suflet” was an initiative of the CSR addressing young people aged between 14 and 20 years coming from poor families. The foundation stone was put by Banca Transilvania by making donations of 230.000 de EUR through educational and professional training programs, psychological advising etc. dedicated to those teenagers. The young people attending this center in Cluj-Napoca are expected to resume their studies and those with poor results in educational programs to be reoriented towards jobs matching the interests, aspirations and offers on the work market.

The program „You make the choice, Banca Transilvania gets involved” started in 2006, in Alba Iulia, Bistrita, Deva and Sibiu, as a local objective selected by the citizens in those towns to which BT allotted the total amount of 280, 000 EUR had different progress stages in each town.

Both projects will be continued in 2008.

Environment policy

The BT Group observes the legal provisions on environmental protection in developing its business.

Events occurred after the close of the financial exercise

At the Group level no events occurred after the balance sheet date likely to have an impact on the financial statements for the year 2007.

In April 2008, Banca Transilvania started the process to sell its 25% participation in Asiban SA to the French Group Groupama.

Other information regarding the preparation of financial statements and the development of the economic and financial activity

The legal obligations regarding the organization and the conduct of accounting records, the requirements for compliance with the accounting principles, methods and rules were met.

The obligations to the state and local budget, special funds were correctly determined and the related payments were made.

The financial operations during the 2007 exercise were correctly recorded based on documents legally prepared.

We specify that the report presented in the GSM by each entity in the BT Group is a truthful analysis of its activity during the financial exercise and its financial position at the end of 2007.

Projected activity of the Banca Transilvania Financial Group

In order to ensure its development and profitability on long term the group strategy needs to keep a balance between its service portfolio and its risk profile, in parallel with maintaining its efforts for operational efficiency.

The Banca Transilvania Financial Group proposes the following OBJECTIVES for 2008:

- consolidation of the market position of the companies in the BT group;
- extension of the bank's market share;
- enlargement of the range of products offered by the subsidiaries in the group with service types offered by the banks in the European Union which would constitute a competition edge on the local market;
- ensuring a growth pace superior to its peers by innovation, expansion, increase in the quality of products and services;
- concentration of business on the SME sector due to favorable perspectives in business development on the EU Market;
- development of leasing and factoring activities.

The budgets for 2008 provide for individual profit targets for each activity of the Group and in relation with the general interest of the Financial Group.

As indicated in the investment budget for 2008, at the Group level new resources will be allocated to capitalize the subsidiaries as follows:

Investment budget for 2008:

• Branches	18,000 mil. EUR
• Hardware	8,236 mil. EUR
• Software	1,751 mil. EUR
• Cars	1,313 mil. EUR
• IT Core	7,500 mil. EUR

Bank investments 36,800 mil. EUR

• BT Aegon	3,500 mil. EUR
• Compania de factoring SA	2,750 mil. EUR
• BT Finop	0.300 mil. EUR
• BT Leasing	3,000 mil. EUR

Investments in Subsidiaries 9,550 mil. EUR

Total investments 46,350 mil. EUR

(Total investments VAT included 53,342 mil EUR)

Considering all this presented in the report, we submit for the approval of the General Meeting of Shareholders the consolidated financial statements prepared in compliance with the International Standards for Financial Reporting (IFRS) issued by the Committee for Accounting International Standards (IASB), 35/CEE and the International Accounting Standards applicable to the credit institutions and adopted by the European Union, specifying that all other aspects included in the individual reports remain valid.

COUNCIL OF ADMINISTRATION

CHAIRMAN

HORIA CIORCILA

Consolidated Balance sheet				
<i>As at 31 dec 2007</i>				
	31-Dec-07	31-Dec-06	31-Dec-07	31/12/2006
	RON thousand	RON thousand	EUR thousand	EUR thousand
			3.6102	3.3817
Assets				
Cash and cash equivalents	3.017.299	1.995.168	835.770	589.990
Placements with banks	1.182.975	675.009	327.676	199.606
Financial assets at fair value through the P & L account	63.067	95.976	17.469	28.381
Insurance premiums receivables	0	47.021	0	13.905
Loans and advances to customers	8.484.048	4.833.106	2.350.022	1.429.194
Net leasing investments	298.107	135.405	82.574	40.041
Marketable securities	580.881	133.511	160.900	39.480
Investment securities held to maturity	12.672	22.151	3.510	6.550
Investments in associates	68.670	27.938	19.021	8.262
Tangible assets	299.919	234.518	83.075	69.349
Intangible assets	8.366	9.884	2.317	2.923
Goodwill	8.369	13.780	2.318	4.075
Other assets	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	76.251	56.541	21.121	16.720
Client deposits	10.390.347	5.645.304	2.878.053	1.669.369
Borrowings from banks or other financial institutions	1.873.797	1.268.422	519.029	375.084
Other subordinated liabilities	216.988	201.583	60.104	59.610
Debt securities	55.622	58.522	15.407	17.305
Technical insurance reserves	0	133.517	0	39.482
Deferred tax	685	12.074	190	3.570
Other liabilities	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	700.979	483.254	194.166	142.903
T- bills	0	(7.559)	0	(2.235)
Issue premium reserves	98.602	96.995	27.312	28.682
Retained earnings	266.371	30.769	73.783	9.099
Revaluation reserves	24.061	6.665	6.665	1.971
Other reserves	172.957	178.238	47.908	52.707
Shareholder's equity	1.262.970	788.362	349.834	233.126
Minority interests	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

Annex 2

Consolidated Profit and loss Account				
31-Dec-07				
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	thousand RON	thousand RON	thousand EUR	thousand EUR
			3.3373	3.5405
Interest income and assimilated	910.928	613.391	272.954	174.036
Interest expenses and assimilated	(474.330)	(272.976)	(142.130)	(77.451)
Net interest income	436.598	340.415	130.824	96.585
Fees and commission incomes	332.072	199.643	99.503	56.644
Fees and commission expenses	(32.853)	(24.640)	(9.844)	(6.991)
Net fee and commission income	<u>299.219</u>	<u>175.003</u>	<u>89.659</u>	<u>49.653</u>
Net trading income	121.733	86.048	36.476	24.414
Other operating incomes	18.740	13.126	5.615	3.724
Operational income	876.290	614.592	262.574	174.376
Operational expenses				
Expense with provisions for financial assets	(116.517)	(40.672)	(34.913)	(11.540)
Expenses with staff	(281.935)	(195.141)	(84.480)	(55.367)
Expenses with depreciation	(48.321)	(40.372)	(14.479)	(11.455)
Other expenses	(235.268)	(176.914)	(70.496)	(50.196)
Operational expenses	(682.041)	(453.099)	(204.368)	(128.558)
Profit/loss with associates	(727)	400	(218)	113
Profit before tax	193.522	161.893	57.988	45.931
Tax expenses	(28.099)	(20.140)	(8.420)	(5.714)
Profit from continuous operation	165.423	141.753	49.568	40.217
Interrupted operations				
Income from interrupted operations (net of tax on profit)	144.021	(33.156)	43.155	(9.407)
Profit of the financial year	309.444	108.597	92.723	30.810
To				
bank shareholders	307.823	114.448	92.237	32.472
Minority interests	1.621	(5.851)	486	(1.662)
Net Profit	309.444	108.597	92.723	30.810
Earnings per share				
* basic	0.0531	0.0208		
*diluted	0.0531	0.0208		