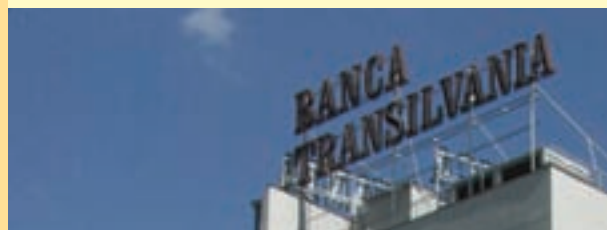




BANCA TRANSILVANIA
Annual Report



2005



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Financial Calendar

Preliminary Results 2005	Wednesday , February 1, 2006
Annual General Meeting	Wednesday, April 26, 2006
Annual Financial Statements	Thursday, April 27, 2006
First quarter results 2006	Thursday, April 27, 2006
Registration Date	Friday, May 12, 2006
Half-year financial statements 2006	Wednesday, August 2, 2006
Third quarter results 2006	Tuesday, October 31, 2006



Mission Statement

Banca Transilvania is an integrated Romanian Financial Group, established in Transilvania, focused on Corporate and Retail Banking and offering quality services through a nation wide network. Being the partner that keeps its promises, our mission is to provide superior returns to the shareholders, to be a good corporate citizen and to be a bank where we work with pride and professionalism.

Profile

Three main strategic business units:

Corporate Banking

SME Banking

Retail Banking

supported by a strong operational platform

Nationwide distribution network

Strong roots in Transylvania

Local bank providing flexibility

Integrated financial services group

Committed staff

Blue chip of the Bucharest Stock Exchange



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HIGHLIGHTS 2005 - IFRS

Thd. RON

	2005	2004
Total Assets	5,078,329	2,656,796
Loans, net	2,918,075	1,395,611
Customers' deposits	3,597,636	1,945,761
Shareholders' equity	516,147	300,447
Share Capital	236,733	133,494

Income Statement

	2005	2004
Net interest income	257,562	171,569
Impairment loss on loans, net	19,769	12,016
Net commission income	108,904	61,322
Foreign exchange income, net	40,468	17,542
General administrative expenses	324,093	187,902
Net operating profit	117,317	75,950
Gross profit	122,341	78,038
Net profit	107,291	60,496

Ratios & Key Figures

Return on equity %	20.79	20.14
Return on assets %	2.12	2.28
Capital adequacy* %	13.83	14.29
Leverage ratio	9.84	8.85

Data about BT shares

Number of shares

Outstanding common shares	2,367,330,000	1,334,937,124
Nominal value (RON)	0.1	0.1
Book value per share (RON)	0.2180	0.2236
Market capitalization (RON)	2,935,489,200	1,261,515,600

Share Price

High	1.51	0.9450
Low	0.67	0.3500
Closing Price	1.24	0.9450

Share Ratios

Earnings per share (EPS)	0.0487	0.0557
Price-earning ratio (PER)	25.46	16.97
Price to book value (PBV)	5.69	4.23
Operating result per share	0.0495	0.0585

Additional Information

	2005	2004
Number of employees	3,100	2,032
Branches and agencies	215	115
ATMs	360	241
POS	2,800	1,363

*according to NBR's regulations, following Basel I



Chairman's letter to the shareholders



In the recent years, Banca Transilvania and the Group companies have undergone significant changes. Following a period of transition, end of 2002 - beginning of 2003, when we defined the strategy to achieve a successful turnaround, 2004 and 2005 were years of brisk growth and development for Banca Transilvania.

Having the set target for the total assets at EUR 1 billion, we finished 2005 with more than EUR 1.38 billion, the double of end of 2004 balance sheet figure. The number of branches and agencies was increased by additional 100 new units, our network counting, at the yearend, for 215 locations all over Romania.

The strategy envisaged for 2005, with pivotal roles assigned to SME and retail business has led to an increase in the total customer number and in the product range.

Considering the excellent evolution during 2005, with outstanding results through our organic growth strategy, I strongly believe in Banca Transilvania's ability to impose its entrepreneurial undertaking as the only bank with majority Romanian private capital within Top Ten banks in our banking system.

Our shareholders can measure Banca Transilvania's achievements in the form of rising share prices and of stock dividend distributions reflecting stronger earnings performance; our customers are benefiting from higher quality banking services and products and our employees are proud of working in an environment where professionalism and results are rewarded.

We are satisfied with our current results and the objective for 2006 is to further grow our market share and to enhance the business for sustained profitability. Additional units will be added to our territorial network, the target for end of 2006 being to have 300 branches and agencies.

Another important mission we conceived for 2006, linked to our coexistence with the local communities as a good corporate citizen, is the Community Bank Project, four Transylvanian cities are chosen for unfolding the idea. Our customers, members of those communities, have the possibility to select whereto Banca Transilvania's contributions will go, by voting the projects considered most important for them.

Banca Transilvania takes advantage of supportive shareholders, loyal partners and customers and experienced leadership team & dedicated staff. I am grateful to all of them for their contribution to achieve a successful 2005.

May 2006

Horia Ciorcilă
Chairman



CEO's Statement

2005 has been an excellent year for the BT group. Our total balance sheet doubled to EUR 1,383 million, the net profit grew by 181%, compared to 2004 results, to EUR 29 million, ensuring a return on equity of more than 20%.

We started 2005 with a network of 115 units and 2,000 employees, while at yearend we had 215 units and more than 3,000 professional staff. Our three Customer driven business lines: Corporate, SME and Retail, supported by a strong Operational platform, recorded impressive growth, boosting Banca Transilvania's market share across all segments.

Corporate clients sector has been successfully addressed by Banca Transilvania's professionals. Our number of corporate customers reached 7,200 active clients, the corporate loan portfolio growing from EUR 165 millions at the end of 2004 to EUR 393 millions at the end of last year.

In the first part of 2005, Banca Transilvania publicly announced its commitment to launch every quarter, during the coming three years, innovative products, specially designed for SME customers. All these products are based on wide accessibility and quick processing. Further to this approach, the number of SME customers grew to 77,000 active clients, Banca Transilvania having a market share of 12% in terms of customers' number, the loan portfolio doubled, compared to end of 2004, reaching EUR 106 million and the number of SME loan files in our books tripled during 2005.

Retail banking, the other key driver in our business during 2005, represents a segment of fierce competition in the Romanian banking system, all the banks struggling to acquire market share. Mortgage lending and cards are areas where our bank has important positions, the 9% market share in each of the before mentioned sectors placing Banca Transilvania among the principal players in Romania. Concerning the cards business, we are on an overall fifth place in Romania with 640,000 issued cards, while for Visa Gold credit cards, we are on the first place with 5,000 premium cards issued.

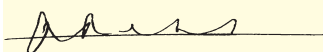
Overall 2005 was a good year for Banca Transilvania, our customers, staff and shareholders contributing to fully achieve our targets; I want to thank all of them for their cooperation, efforts and support.

Calendar year 2006 is particularly important for Romania, as we are coming closer to the accession to the European Union. All of us know that the road ahead will not get any easier, so we must continue to sharpen our focus and move decisively forward to meet our goals. We will continue to further expand our network and to issue new products for all our clients sectors.

The key to success of all these activities is undoubtedly the enhancement of quality and customer satisfaction. This is why we have designated 2006, as "The Year of Quality Growth."

We have great expectations for the year ahead and I would like to ask all our partners to be again close to Banca Transilvania.

Robert C. Rekkers
Chief Executive Officer



REPORT ON THE BANK'S EVOLUTION IN 2005

The Bank's evolution in 2005

In 2005, Banca Transilvania continued its accelerated growth ambitiously planned, adding value for shareholders and customers, being acknowledged on the market as a strong commercial bank, innovative and flexible, committed to satisfy its clients needs, at all levels.

The last year was an excellent one for Banca Transilvania, which continued its operational network expansion, by 100 new units, reaching at the end of the year a number of 215 functional branches and agencies, having a market share of 7% in terms of national coverage. Subsequently, the staff number increased in 2005, reaching a total number of 3,100 employees, compared with 2,032 at the end of 2004. Banca Transilvania's ATM and POS network was also further extended, reaching a number of 360 ATM (against 241 in 2004) and 2,850 POS (against 1,363 in 2004).

Banca Transilvania strengthened the cooperation with several important financial institutions like EBRD, IFC, FMO, KfW etc, which are providing the bank for some years with foreign currency financing lines, and managed to raise long-term funds meant to support Banca Transilvania's efforts to meet its customers' diversified requirements. The financing lines had as target both the retail sector (mortgage loans) and the corporate and SME sector, by mean of financial solutions tailored upon their specific needs.

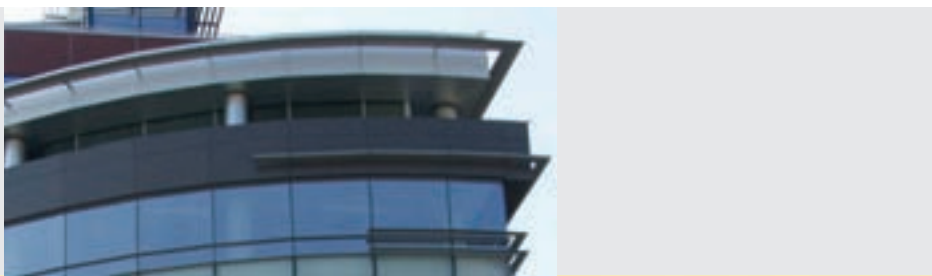
In the first part of 2005, Banca Transilvania's foreign currency demand has been fuelled by two financing contracts, both signed at the end of 2004, one with FMO, a loan facility for SMEs, in amount of EUR 10 millions, and the other one, an A/B structured syndicated loan arranged by EBRD for EUR 22.5 millions.

Besides those two financing facilities, Banca Transilvania concluded in 2005, the first subordinated convertible bonds agreement in foreign currency issued by a bank in Romania. The total amount subscribed was of USD 24.1 millions, out of which USD 20 millions were taken by IFC. In this way, Banca Transilvania has been again an early mover, a pioneer on the Romanian banking market, structuring together with IFC a new instrument for Romania, contributing not only to its own development, but to the development of the financial market in our country. In addition to this, IFC provided Banca Transilvania with a second mortgage line for EUR 20 mill.

Furthermore, Banca Transilvania raised a mortgage loan facility of EUR 15 millions also from KfW and an additional rural finance facility of USD 5 millions from World Bank.

Close to the end of the year, Banca Transilvania contracted a syndicated loan of EUR 75 millions arranged by Bank Austria Creditanstalt AG and Citibank N.A., meant to cover the foreign currency funding needs for the beginning of 2006, this transaction marking BT's debut in the commercial international syndicated loan market.





As an acknowledgement of its constant upward trend, Banca Transilvania has obtained last year its first rating from Fitch, as follows:

Long-term: BB-

Short-Term: B

Individual: D

Support: 4

Outlook: Stable

The projects successfully carried out by Banca Transilvania during 2005 combined with the full support of bank's shareholders and partners produced high returns and determined the sustained increase of bank's assets which reached EUR 1.38 billion, boosting up the bank on the 8th place in the Romanian banking system, with a market share in terms of assets of 3.9%, against 2.9% at the end of the previous year.

Banca Transilvania Financial Group

Banca Transilvania continued its aim to consolidate its market position as a Financial Group. An asset management company being added to BT's subsidiaries.

With a consolidate balance sheet total of EUR 1,383 million at the end of 2005, Banca Transilvania Financial Group is acknowledged as a serious provider of professional financial services for private customers in Romania.

Banca Transilvania Financial Group is covering the entire country, having over 3,800 employees.

Number of customers

The number of customers increased continuously, as the bank grew, by the end of 2005 reaching at 750,000 active customers, out of which 660,000 are retail clients and 90,000 SMEs and corporates. The increase of the customers' number compared with 2004 has been triggered by the remarkable development and attractiveness of the products and services range offered, in line with the most demanding quality standards, but also by the boost in the territorial coverage.





THE COUNCIL OF ADMINISTRATION

EXECUTIVE MEMBERS

- Robert C. Rekkers** – Chief Executive Officer
- Ionuț Pătrăhău** – Deputy Chief Executive Officer

NON – EXECUTIVE MEMBERS

- Horia Ciorcilă** – Chairman of the Council of Administration
- Roberto Marzanati** – Vice-Chairman of the Council of Administration
- Claudiu Silaghi** – Member of the Council of Administration
- Constantin Jeican** – Member of the Council of Administration
- Gabriela Grigore** – Member of the Council of Administration

EXECUTIVE MANAGEMENT – THE MANAGEMENT COMMITTEE

- Robert C. Rekkers** – Chief Executive Officer
- Ionuț Pătrăhău** – Deputy Chief Executive Officer
- Nicolae Ploață** – Executive Manager
- Nicolae Tarcea** – Executive Manager
- Leontin Toderici** – Executive Manager
- Lucia Pojoca** – Executive Manager
- Andrei Dudoiu** – Executive Manager





CORPORATE BANKING

Corporate customers benefit at Banca Transilvania from a comprehensive approach in order to receive all the support they need. The bank is offering a wide range of products and services, designed to meet corporate clients actual needs, individually conceived and professionally offered.

Our especially dedicated relationship managers' expertise and experience is considerable, and what they do best is to create the kind of relationships that build success. In the centre of this successful relationship stands the dedicated Relationship Manager who is committed to understand the business, focused on the local entrepreneurial environment and able to quickly deliver decisions which could be vital to the client's activity. In other terms, the flexibility makes the difference.

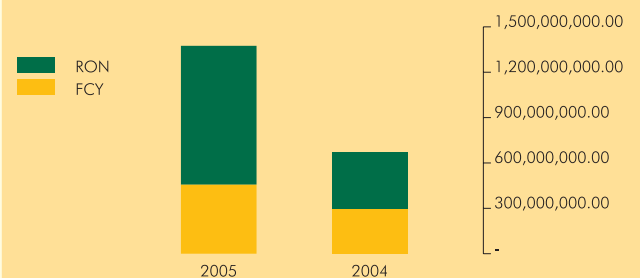
We provide quick and flexible solutions, based on what's the best for the clients. The bank's target is to conserve the companies' cash flow, while helping them to expand, increase working capital and diversify, to buy new business or technology.

The corporate segment in Banca Transilvania increased constantly both in terms of active clients served as in terms of business volume. As the corporate side weights around 47% in the bank's loans portfolio, the bank is keen to deliver best services to this particular area, enhancing continuously the offer provided.

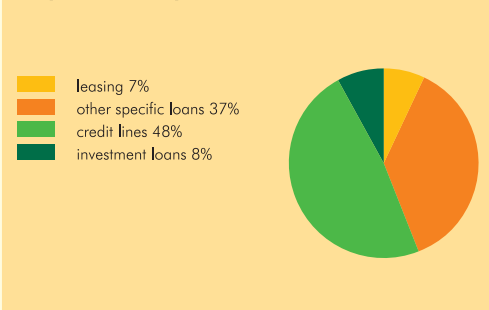
The significant increase in terms of clients' number which at the end of 2005 reached 7,200 against a target of 5,000 proves the first-rate services delivered by the bank.

Cash management is an important section in the bank's financial tools meant to support corporate clients to manage in an appropriate way their cash-flows. Beside dedicated people both at our branches and at the headquarters, Banca Transilvania offers to its corporate customers an electronic banking product build on Multicash platform, BT Ultra. This platform provides the basis for an efficient cash management planning. Since its implementation, the number of customers using this product increased continuously, reaching at the end of 2005 2,360 active users, against a target of 2,200 clients. Communication security of the product is assured by the most recent date encrypting and up to date accessing methods.

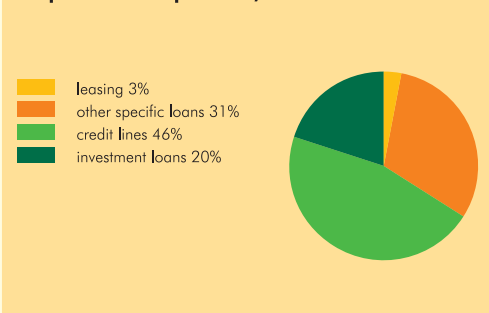
Corporate loans portfolio structure

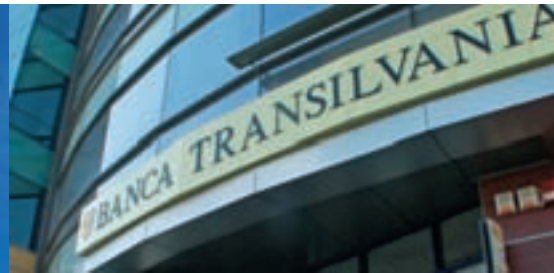


Corporate loans portfolio, 2004



Corporate loans portfolio, 2005

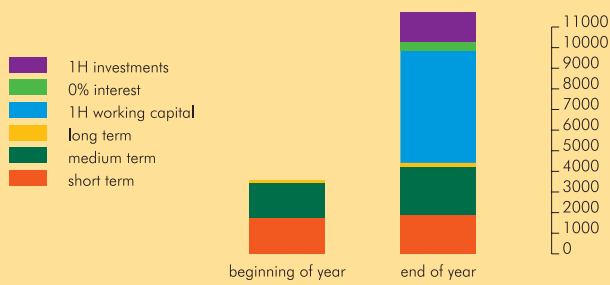




By offering a comprehensive products offer, Banca Transilvania efforts are focused on helping its clients to develop their business based on both short and long term growth strategies. Furthermore, being a strong supporter of local entrepreneurs and given the actual market trends, Banca Transilvania is encouraging its clients to borrow funds in local currency, this being an option for a better management of foreign currency risk at our client's level. Consequently, the loans granted to corporate customers in RON increased in 2005 to 67% compared to 55% in 2004.

As we have mentioned before, professionals of Banca Transilvania are experts in finding the right financial products and services to achieve long-term financial success. They pursue this aim by delivering complex, mutually profitable and value-adding banking solutions that directly address the customers' needs for sustaining their businesses growth.

Number of loans granted to SMEs in 2005



SME BANKING

Until now, Banca Transilvania approached the companies' sector at a general level, offering similar banking products to both corporate and SME customers.

2005 marks the drafting of a particular strategy, Banca Transilvania recognizing the possibility to make things different, by launching innovative products with wide accessibility for the SME sector.

The new bank's strategy is built on following fundamental elements:

- bank's recognition on the market as "first mover";
- establishment in BT of a specialized Business Unit – which at the end of 2005 has employed 180 persons;
- bank's acknowledgement on the market as being most dedicated to the SMEs sector, by its public commitment to regularly launch innovative products and services, exclusively designated to targeted customers;
- promptness, clearness and originality are essential features of the products to be launched;

A very important element in the implementation of this strategy is the structuring of the project management based on the principle "Train Schedule". This concept means a clear sequential plan, with fixed dates for periodic products launches, proving the bank's commitment to actively support the local entrepreneurial spirit, the reason why during 2005, the first 4 innovative products have been created, as follows:





- 1 Hour Loan for working capital
- 1 Hour Loan for investments
- Start-Up loan for new business projects
- 0% interest loan for working capital

1H loan had an outstanding success on the SME market, our efforts being rewarded with the distinction "Best product for SMEs in 2005", by Piata Financiara magazine. The loan with 0% interest had also a high impact on the market, being ranked with **five stars** (maximum) by Capital magazine, under the column "Oskar Capital".

It is worth to mention that during the eighth edition of the National Top of Private Enterprises, Banca Transilvania has been granted with the "Award for promoting specific banking products for SMEs".

Beside increased publicity and market recognition, the new products launched determined increasing volumes, both in terms of loan files and of amounts placed with SME customers.

In parallel with these new products, denominated in local currency, we continue our SME dedicated programs using foreign currency financing lines provided by the European Bank for Reconstruction and Development, Deutsche Investitions- und Entwicklungsgesellschaft, the Netherlands Development Finance Company (FMO), the German-Romanian Fund and Eximbank, Romania. The Rural Finance Project, using World Bank sources, intermediated by the Romanian Finance Ministry is another item within our offer addressed to SME customers.

We presented into more details the lending offer, as in an emerging environment with both economic growth and increasing competition, SMEs are in permanent need for additional financing sources, either to cover working capital needs or for expanding their business through investment projects. Nevertheless, our cash management solutions, the deposit and treasury products, as well as trade finance instruments are completing Banca Transilvania's products and services panel for SME customers.





RETAIL BANKING

Retail Banking is an important pillar of Banca Transilvania's activity. If we look at the client's number, about 88% from the total number are retail clients, while retail loans are weighting 38.56% of the total bank's loans portfolio. Against this background, the bank's aim in 2005 was to provide private customers with **individual counseling** and **innovative products**.

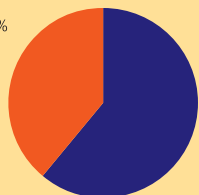
Lately, the bank pursued a clear goal in its usual dialogue with its customers: taking the most advantage from all opportunities of working together. Banca Transilvania has listened carefully to what its customers need, and knows how to support them. We found creative solutions and successfully implemented them, the clients being happy to work with a dynamic and efficient bank.

Competent counselors working in 215 branches all over the country, assisted over 660,000 individuals in all issues connected to banking. Besides this brick on brick presence, through Banca Transilvania's Internet Banking platform, clients can benefit of efficient access routes to their accounts for performing real time transactions.

Banca Transilvania's achievements in the retail banking segment can be summarized in following chapters, cards: Visa Gold Card, Visa Business Silver/Gold Card, Cards on-line, Merchant settlement (POS); new lending products: Housing loan with fixed interest, Personal loan "Solutia BT", loan for acquiring shares "Succes BT", "Promotia BT" mortgage loan (20 years), Personal loan "Oferta BT", Mortgage loan denominated in RON (25 years); new saving instruments and deposit offers: 18 and 24 months deposits at attractive interest rates; and several payment facilities.

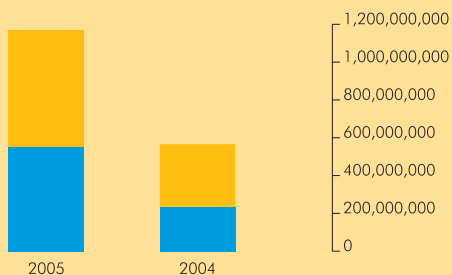
Structure of loans portfolio, 2005

corporate & SME loans 61,44%
retail loans 38,56%



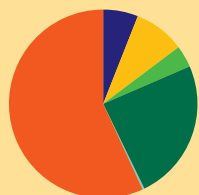
Retail loans portfolio structure 2005 vs. 2004

FCY
RON



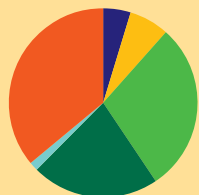
Retail loans portfolio, 2004

car loans 5,99%
card loans 8,75%
current loans 3,76%
consumer loans 24,29%
other loans 0,34%
mortgage & housing loans 56,87%



Retail loans portfolio, 2005

car loans 5,23%
card loans 7,63%
current loans 32,29%
consumer loans 24,29%
other loans 1,70%
mortgage & housing loans 40,07%





Cards

VISA GOLD, the 10th card in the Bank's portfolio was launched in March 2005. Continuing the development of its card offer, Banca Transilvania launched the Visa Gold credit card, a premium product which addresses the segment of high incomes clients and offers them increased benefits associated with the bank's first Visa premium product. It is a tool tailored to the needs of the modern cardholder, allowing cash withdrawal, payments at merchants POS and purchasing on the Internet. This modern payment instrument, Visa Gold credit card is designed to be primarily used in merchant locations and for commercial transaction purposes, where no commission is charged. The new Visa Gold card will bring golden benefits, including travel insurance, emergency cash disbursements of up to 5,000 EUR when abroad and worldwide acceptance for the Romanian modern spender.

The launch of the Visa Gold credit card establishes a new link in the trust relationship between Banca Transilvania and its customers who now have access to over 30 million merchant locations and 850,000 ATMs in the world, which bear Visa logo. At the same time, Visa Gold comes to complement the already existing Visa cards portfolio of Banca Transilvania, which includes the debit cards Visa Electron Global, Visa Electron Maxishop, Visa Electron 26 and the newly issued Visa co-brands with Credisson International, the credit card VISA Classic Credisson BT and the debit card VISA Classic Credisson BT.

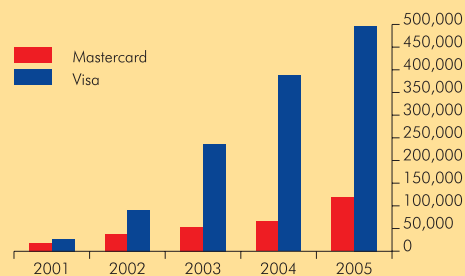
Since its launching, Visa Gold card issued by Banca Transilvania enjoyed of an outstanding success, up to the end of the year 5,012 of such cards being issued, our bank being on the first place in Romania regarding the number of premium cards issued.

Within an environment of increasing market segmentation, the cards offer of Banca Transilvania increased constantly, adding more services and benefits to the convenience, safety, trust and worldwide acceptance.

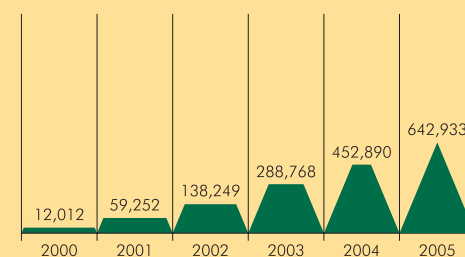
With a market share of 9% at the end of the year, in terms of cards issued (over 642,000), the bank takes the fifth place among top banks on the Romanian cards market.

Moreover, in order to better serve its customers, Banca Transilvania constantly increased its ATMs and POS network, permanently enhancing the ATMs' capabilities to perform additional transactions, beside cash deliveries (bill payments, deposits etc).

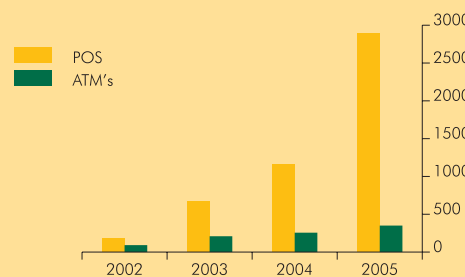
MASTERCARD vs VISA



Number of BT Cards Issued



Number of ATM's and POS





Internet Banking – BT 24

BT 24, the Internet service of Banca Transilvania designated to retail customers, but also SME customers' can rely on it, represents a financial solution which offers a comfortable alternative to classic transactions, its advantages being mainly: mobility, promptness, security and free assistance.

Through the enhancement of its Internet platform designated for retail clients, Banca Transilvania targeted added value for them, offering quick and secure access to their accounts, permitting the performance of a wide range of bank transactions as well. The application is available 24 hours per day, it can be accessed from anywhere in the world, from any computer connected to the Internet.

Using BT 24 our customers can make:

- RON Payments towards any beneficiary
- RON Payments towards State Treasury
- Money transfer to Card accounts
- Salary payment towards the employees card accounts
- Local and international foreign currency payments
- Exchange operations
- Deposits opening, deposits liquidation
- Current bill payments

The reporting tools added to this product permit users to get information about the state of the orders that were sent to the bank, to visualize and print the statements of accounts, to draw graphs regarding their balance trends etc.

Main advantages of BT 24 are:

- Ergonomic interface
- High level of security
- Easy access to account balances
- Discounted commissions / tariffs
- Efficient cash management
- Comfort and mobility (transactions can be made from the client's office / home, using any computer with Internet access)
- Advantageous monthly fee
- Promptness (the system reacts very quickly to the client's orders)

As a recognition of the high quality features, BT24 platform has been nominated by E-Finance magazine as „the best Internet Banking product for 2005“.





RISK MANAGEMENT AND CONTROL

Banca Transilvania is committed to enhance its risk management and control structures. The vast expansion of our loan portfolio, with a more than 100% growth during 2005, determines a risk profile dominated by credit risk.

Credit Risk

Given the specific of the loans portfolio, Banca Transilvania is managing the credit risk in an independent way, but in the same time is taking in account the connection between credit risk and the other risks. Credit risk is basically defined as the potential that a customer will fail to meet its obligations toward the bank in accordance with agreed terms. The aim of Banca Transilvania is to keep a reasonable balance between the rate of return and the credit risk exposure, given the decreasing trend of the margins in the market and also the bank's endeavour to maximize profits. Therefore, the bank intends to monitor the credit risk related both to the entire portfolio but also by individual loans or transactions.

As for most banks loans are the largest and most obvious source of credit risk, an efficient risk management approach acknowledges the credit risk management as the core part of the entire risk management strategy of the financial institution, which is essential to the long-term success and security of any banking organisation.

However, there are also other sources of credit risk among the activities of a bank, included in the banking book and in the trading book, and both on and off the balance sheet. Banks are increasingly facing credit risk (or counterparty risk) in various financial instruments other than loans, like factoring, acceptance activities, interbank transactions, trade finance, foreign exchange transactions, financial futures, swaps, bonds, equities, options, and in accepting commitments and guarantees, and settlements.

Being aware of the fact that exposure to credit risk is the leading source of problems in banks all over the world, Banca Transilvania is keen on identifying credit risk, in monitoring and control it being also able to learn practical lessons from its past experiences but also from other banks' useful experiences. In this respect, Banca Transilvania is doing its best in determining that it holds adequate capital against the credit related risks and that will be effectively protected for all potential risks.

Banca Transilvania is periodically upgrading and enhancing its internal rules and standards in order to promote among its experts and personnel involved the best practices for managing credit risk. All the principles contained in the bank's risk management related standards and rules are most clearly applicable to the lending activity, but in the same time to all activities where credit risk is present. The main bank's principles set out by its internal strategy are as follows:

- establishing and keeping constantly an appropriate credit risk background;
- establishing and functioning according to a sound and reliable credit-granting process;
- maintaining an appropriate credit administration, control and monitoring process;





These principles are also applied in conjunction with practices related to the assessment of asset quality, the adequacy of provisions and reserves, and the disclosure of credit risk.

Card Risk Management and Fraud Control

The Card Acceptance Office responsible for the management and control of risks related to card issue and acceptance through the Transaction Monitoring Bureau is active in Banca Transilvania since 2003.

In 2005, the activity of card risk management and fraud control made proof of dynamism and continuous adaption to the market trend. In this respect, we started the activity of on-site control and the training of the acquirers for reducing and monitoring fraud payments and eliminating losses both for the client and the bank. Though we initiated this activity in the second semester of 2005, results are visible, the number of fraud incidents being considerably lower in the case of trained customers.

Apart from this new task, we continued a permanent improvement in the quality of existent services (the monitoring and analysis of risky operations, the management of litigations with other banks, the identification of card holders and of acquirers involved in fraud incidents and loss recovery) and we scored very good results, with insignificant losses from risky operations or frauds recording.

Operational risk

Managing such risk is becoming an important quality of sound risk management practice in modern financial markets. Operational risk involve mostly breakdowns in internal controls and corporate governance which can lead to financial losses through error, fraud, or failure to perform transactions in a timely manner or affect the interests of the bank by its dealers, lending officers or other staff exceeding their authority or conducting business in an unethical or risky manner. Other aspects of operational risk include major failure of information technology systems or events such as major fires or other disasters.

The approach for operational risk management preferred by an individual bank is depending on its size, sophistication and the nature and complexity of its activities. However, despite these differences, clear strategies and supervision by the council of administration and senior management, a strong operational risk and internal control culture (including, clear lines of responsibility and segregation of duties), effective internal reporting, and contingency planning are all crucial elements of an effective operational risk management structure for banks.

In the same manner with the credit risk management, Banca Transilvania is continuously trying to build an appropriate operational risk management environment, based on the following principles:

- The council of administration is aware of the major aspects of the bank's operational risks as a distinct risk category that should be managed, and it approves and periodically reviews the bank's operational risk management framework;





- The council of administration ensures that the bank's operational risk management framework is subject to internal audit by operationally independent, appropriately trained and competent staff. The internal audit function is not directly responsible for operational risk management;
- Senior management has also the responsibility for developing policies, processes and procedures for managing operational risk in all of the bank's products, activities, processes and systems;
- The bank is also ensuring that before new products, activities, processes and systems are introduced, the operational risk inherent in them is subject to adequate assessment procedures;
- Banca Transilvania is aware about the necessity to have policies, processes and procedures to control and/or mitigate material operational risks. It periodically reviews its risk limitation and control strategies and tries to adjust the operational risk profile accordingly;
- Banks should have in place contingency and business continuity plans to ensure its ability to operate on an ongoing basis and limit losses in the event of severe business disruption.

The banking supervisors in Romania require that all banks, regardless of size, have an effective framework in place to identify, assess, monitor and control/mitigate material operational risks as part of an overall approach to risk management. Moreover, banks are liable to make sufficient public disclosure to allow market participants to assess their approach to operational risk management.

Legal Risk

The legal risk is basically the potential loss due to legal actions or uncertainty in the applicability or interpretation of contracts, laws or regulations. Managing legal risks is vital, not just for success but also for the business' survival. In a fast-changing legal environment, business conduct today will be assessed upon future standards. Banks must anticipate changing trends, be aware of market 'best practices' and understand how to balance competition and business pressures against legal and reputation risk.

In Romania, legal risk is mostly associated with compliance; compliance to laws, regulations and standards governing banking activities.

In our bank compliance is permanently observed and any compliance failures (e.g. failures that may attract a significant risk of legal or regulatory sanctions, material financial loss, or loss to reputation) are to be brought to the attention of the council of administration. The compliance function is independent, being able to carry out its responsibilities on its own within the whole organization.





The responsibilities of the bank's compliance function are to assist senior management in managing effectively the compliance risks faced by the bank. Its specific responsibilities are set out by a specific internal rule, at its turn in compliance with the Romanian regulations in force and the international provisions regarding anti money laundering policies.

Post-9/11, anti-money laundering issues have become much more critical. Banks are subject to numerous legal requirements in this area, including the Bank Secrecy Act (BSA), Office of Foreign Assets Control (OFAC) regulations, and the USA PATRIOT Act of 2001 etc. Non-compliance with these requirements could allow a bank to be used as a vehicle in money laundering, terrorism, or other illegal activities, exposing it to severe legal and reputation risks, as well as substantial fines and penalties. Risk exposures are especially high for those offering services such as private banking or correspondent accounts. Banks may face additional overhead expenses to achieve compliance, and unsatisfactory compliance ratings can also impede a bank's expansion plans.

Educating staff on compliance issues is a goal for Banca Transilvania, therefore written guidance is provided to all our staff. Regularly meetings are organized both at head office and at branches level either by our compliance department individually or in cooperation with Romanian authorities (The Office for preventing and combating money laundering).

Reputation risk in Banca Transilvania is aligned to organization's strategic priorities and integrated into its approaches to risk and business management, because investing in and maintaining reputation as a critical corporate asset can both build brand equity and help deliver shareholder value.

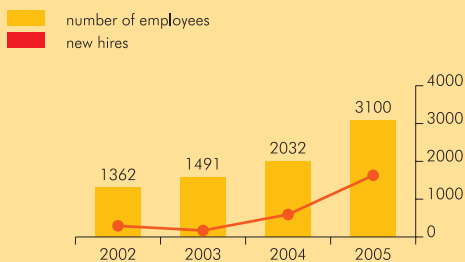
HUMAN RESOURCES

Human Resources department continued to support the bank's management to achieve its objectives by attracting more than 1,300 new talents within the Bank and by organizing and delivering development programs to more than 2,600 of the bank's employees.

The bank's commitment to its employees is a key factor in the organization's success as a business, our human resources policies providing extensive opportunities like good teamwork, effective occasions for professional development and performance-related recompense, maintaining in this way a strong partnership towards the employees.

Because the bank's success basically depends on the qualifications and professionalism of its employees, a high volume of resources has been directed toward employees' training. The investment in people's development was close to 800,000 EUR.

Headcount evolution





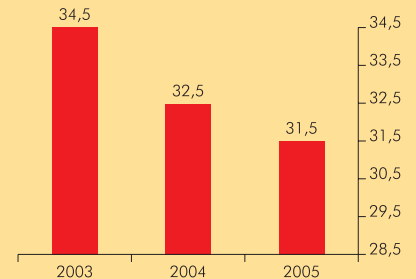
Moreover, the bank managed to implement strategies for identifying competencies, clarifying values, assessing current and future needs, in order to maximize human capital and to be better prepared for the talent retention competition.

Gender ratio was 71.16% Female to 28.84 % Male, more balanced at management level: 51.9% Female to 48.1% Male.

BT's team became younger: the average age decreased from 32.2 in December 2004 to 31.1 in December 2005.

- Gender ratio 28.84%M 71.16%F
- Management gender ratio 48.1%M 51.9%F
- Average age 31.1
- Total headcount increase during 2005 52.26%

Average age evolution



BT Academy

In the perspective of BT Academy (an important component of the Human Resources Department), the concept of customer satisfaction is tightly connected to that of staff contentment and training.

BT Academy initiated successfully an e-learning module providing access of all employees to various documentations (norms, procedures, manuals); following the regional seminars held all over the country, more than one thousand colleagues were tested according to their position in the bank. All employees who joined the bank in 2005 (1,100 people) participated in the Induction Program, getting acquainted with the bank's organizational culture and principles. Apart from these projects, BT Academy ensured the main platform of several in-house and external trainings delivery (in which more than 2,650 colleagues were involved). We trust that continuous investment to increase proficiency of our employees is one of the strengths factored in the success of our bank.



OPERATIONS AND IT

Considering the projects enterprised and successfully accomplished by our bank, 2005 was one of the most challenging years, from operations and IT perspective, since the emergence of Banca Transilvania.

Main projects undertaken throughout the year were :

- the Electronic Payment System – implemented in the entire Romanian banking system
- Denomination of national currency
- Cards Online

The Electronic Payment System represents the most important achievement of the Romanian banking system harmonising it to the European banking environment. This project involved a revolution concerning the local currency clearing, with significant reductions of the processing times, reduction of fees and commissions and, most important, the increased information security related to transfers.

Banca Transilvania was strongly involved in this project since its very first stage. Our operating scheme within the Electronic Payment System (SEP) is among the best ones in the Romanian banking system, having an extended daily schedule for transaction acceptance, favourable commissions, minimum processing times and high information security due to the automated and efficiently controlled data processing between the bank's IT system and the Romanian Electronic Payment System.

National currency denomination was another project with large impact for our banking system. The project required complex planning, elaboration and execution. This mission was also successfully accomplished, Banca Transilvania managing to convert and adapt the entire system without impacting the activity with its customers.

Last, but not least, Cards Online, the third major project undertaken by Banca Transilvania, an exceptional achievement consisting in the online connection of all cards to the customers' current accounts. Immediate benefits are represented by the possibility to access the current account balance, by means of cash withdrawals or electronic transfers or by using the wide network of ATMs and POSs.





MARKETING & PR

Main trends for 2005 concerning the development and promotion of banking products in Romania are linked to mortgage-secured consumer loans — a general trend which has considerably influenced the retail banking market and to mortgage/housing loans in RON, at fixed interest rates for the first years from granting.

BT adapted rapidly to these trends, managing to seize significant market shares; thus, at present, our market share with regard to RON denominated housing loans is of about 13%, the sustained marketing effort, materialized in 3 distinct promotion campaigns, proving its efficiency.

In parallel with the marketing strategy focused on the retail sector, a new marketing approach was launched by Banca Transilvania targeting the SME sector. Each of the new SME dedicated products, mentioned previously within the SME banking paragraph, benefited of dedicated marketing campaigns.

Banca Transilvania's communication strategy in 2005 aimed at consolidating BT's image and increasing its visibility in and by the media; most relevant aspects of the bank's activity, such as the launching of new products, the inauguration of new operational units and the publication of financial statements, being permanently communicated to the public.

Efficient communication and permanent presence in mass-media permitted Banca Transilvania's positioning on the 4th place regarding brand-awareness in the financial-banking and insurance fields.

Apart from classical promotion strategies, we also make efforts to develop on-line marketing strategies. In this respect, at the end of 2005 BT was situated on the 2nd position among the Romanian banks upon Google ranking link sensitivity criterion; due to the Search Engine Optimization, the bank's web site is one of the most frequently accessed and also one of the easiest web sites on banking to find. These on-line marketing undertakings will be continued in 2006 as well.

New products supported through various promotion campaigns, inauguration of new operational units and other events ensuring a continuous image promotion campaign were main instruments used in our marketing activity.

Other significant achievements in the marketing field during 2005:

- standardization throughout the whole network (posters, brochures, other advertising materials) ;
- group image promotion by participating together with our subsidiaries at major local and national events, such as SIAB 2005 – the largest car fair in Romania;
- launching the marketing quality program and undertaking the first internal survey – "mystery shopping" aimed at standardizing BT image and promoting merchandising activity and also at a better awareness and offering of retail and SMEs dedicated products; the final result was the increase in customer service quality;





In Banca Transilvania, the Public Relations are part of the Marketing Division, ensuring in this way an integrated, constant and coherent communication throughout the bank.

For us, Public Relations represent organized actions, meant to build and to maintain the bank's brand at the highest standards. PR is contributing to the achievement of a consistent and coherent corporate communication, being an important premise for a strong organizational culture.

Internal Communication is a main focus for Banca Transilvania., having as principal idea that all information regarding the groups' business and success must be transmitted first to its employees. Using two communication channels – internal news and Intranet, the information is brought closer to people and people closer to information.

External Communication, the bank's mirror in the national and local media, is one of the most important image promoters; wide broadcasted achievements of the bank are strengthening our visibility in the market.

By organizing events, unconventional communication, Banca Transilvania's presence was extensively advertised through informal channels. During 2005, Banca Transilvania has organized over 80 events – inaugurations of new operational units, press conferences, launches of new products etc.

Moreover, in 2005 Banca Transilvania won a special award "Honorable Mention for the communication campaign related to BT Café™ project" at the Awards Gala for Excellence in Public Relations, Bucharest, November 7, 2005.



SHAREHOLDERS INFORMATION

In a year to year comparison, Banca Transilvania's market capitalization surged from EUR 318.06 million to EUR 798.32 million, an increasing trend similar to that of the overall market capitalization that climbed from EUR 8.67 billion in 2004 to EUR 15.31 billion in 2005.

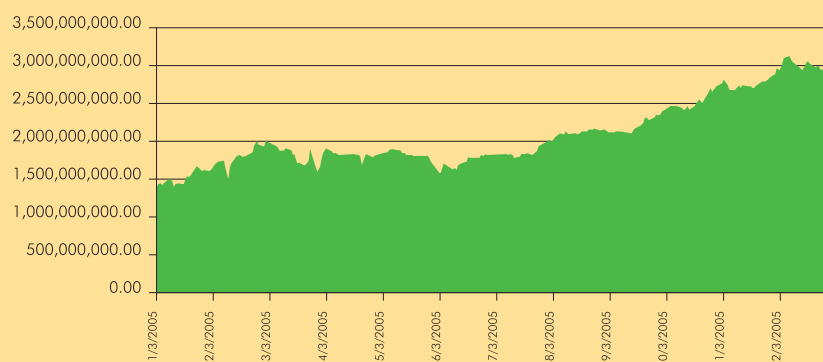
The performance during 2005 brought to the Bank's shareholders a return of 133.96% in RON respectively 152.4% in EUR, taking into account also the stock dividends allocated through the capitalization of the profit.

Banca Transilvania is a joint stock company with a paid in capital of 2,367,330,000 RON divided in common shares with a face value of 0.1 RON. According to the Bank's Charter no shareholder, other than EBRD, can hold over 5%.

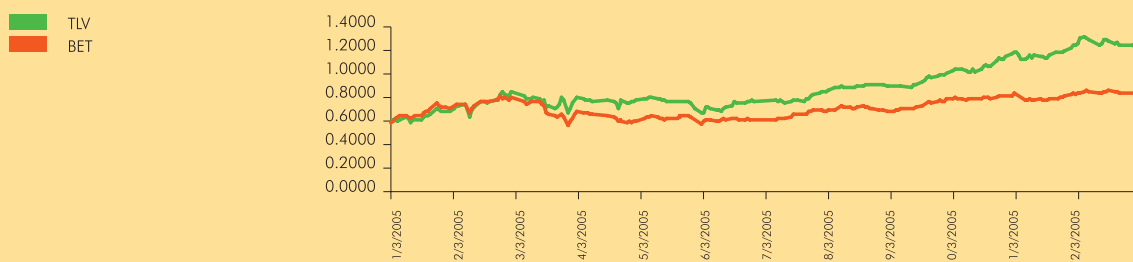
On December 31, 2005 Banca Transilvania's shareholders structure was as follows:

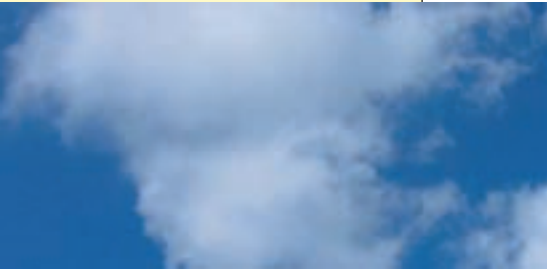
- Romanian investors: 66.59%, among which four of the Romanian Financial Investment Companies (SIF) hold together 15.79%,
- Foreign investors: 33.41%, the most important being the European Bank for Reconstruction and Development (EBRD) with 15%.

Stock market capitalization Banca Transilvania between January 2005 – December 2005 (RON)



TLV share price vs. BET Index January 2005 – December 2005





SUBSIDIARIES

BT Asigurari Transilvania

BT Asigurari, the biggest subsidiary within Banca Transilvania Financial Group had in 2005 a great year. For the first time, BT Asigurari entered top 10 insurance companies in Romania, in terms of general insurance, with a market share of 2.87% (against 1.23% at the end of 2004).

2005 final results are confirming the upward trend registered during the last years: gross premiums subscribed increased by 293% against 2004, reaching RON 103.7 millions (eq. EUR 28.6 millions), gross profit reached RON 7.95 millions, exceeding with more than 10% the forecasted figure.

The continuous development of BT Asigurari, combined with an increase of its employees' number with 171% and an expansion of its network with 89 agencies, generated a triple business volume compared with the previous year. At the end of 2005, BT Asigurari had a network of 136 business units and a number of 765 employees.

Favorable returns from sales determined a new orientation for the company, further developing the retail sector and creating a corporate business line - a unique concept on the Romanian insurance market.

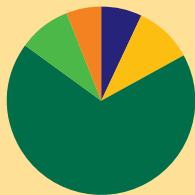
Swiss Re, Hannover Re and GenRe, major names in the international insurance-reinsurance market, are partners of BT Asigurari.

Highlights for 2005, RAS

	RON	
	2005	2004
Assets	137,913,513	53,344,005
Shareholders' Equity	24,387,929	9,078,036
Share Capital	20,000,000	8,230,000
Gross Profit	7,944,908	6,847,917
Net Profit	6,655,613	5,739,891

BT Asigurari – portfolio structure

- credit risk insurances (group BT) 7%
- property 10%
- motor hull & third party liability 68%
- other general insurances 9%
- life & pensions 6%



BT Leasing Transilvania

The second large subsidiary of Banca Transilvania develops a wide range of businesses in the financial and operational leasing sector for such goods as cars, IT equipment, printing, medical and office equipment.

In 2005 the company increased its share capital from RON 6,036,500 to RON 10,044,172 by capitalizing 2004 profit.

During last year, the company grew constantly, implementing its business development strategy, total assets reaching RON 145,213,672 with an increase of 38%.

Main factors fuelling the company's growth are its good reputation, gaining the clients' confidence, and the access to foreign currency funding. The main credit facility has been granted by EBRD, in value of EUR 5 million.

Financial highlights, RAS

	RON	
	31.12.2005	31.12.2004
Turnover	51,989,075	44,134,173
Assets	145,213,672	105,151,732
Equity	14,966,986	10,645,739
(of which) Share Capital	10,044,172	6,036,500
Borrowings	117,308,477	84,786,426
Total Income	69,942,514	56,505,936
Total Expenses	65,779,563	52,221,678
Net Profit	4,162,951	4,284,257

At the end of December 2005 the turnover was of RON 51,989,075, increasing with 18% from RON 44,134,173.

BT Leasing started in 2005 a territorial network expansion plan, opening, besides the main office in Cluj, 7 new units throughout the country.

In 2005, 1,732 new leasing contracts were concluded, with 58% more than in the previous year. The financed value was of EUR 20,364,725 representing an increase with 68% against 2004 (EUR 12,117,792). The number of clients reached 2,030 on 31.12.2005 from 1,590 on 31.12.2004, while the number of active contracts at the end of the year was 3,335.

Mid of October 2005, BT Leasing attended for the first time the International Car Fair in Bucharest (SIAB).



BT Securities

The Romanian capital market recorded in 2005 an accelerated growth pace, with significant shares price appreciation and high volumes of deals. BT Securities followed the trend, the table below presenting the evolution of the transactions' volumes over the last 5 years.

year	BSE	Rasdaq	RON Total
2001	13,307,444	5,098,697	18,406,142
2002	64,249,909	16,947,489	81,197,399
2003	84,965,448	19,911,715	104,877,164
2004	193,467,241	31,035,802	224,503,043
2005	881,915,424	56,913,991	938,829,415
2005/2004	455.85%	183.38%	418.18%

Special emphasis was put on strengthening the market position, improving the business relation with clients, adding value through consultancy and advisory services.

The increases in customers' number and volumes are reflected in a top-ranking position, the 3rd place with regard to the Bucharest Stock Exchange transaction volumes and a market share of 5.7%.

Position in the market:

	BVB	Rasdaq
2004	7	9
2005	3	9

Market share:

	BVB	Rasdaq
2004	4.01%	3.10%
2005	5.65%	3.40%

The capital base has been consolidated, share capital being increased from RON 1,680,762.20, representing a number of 3,232,235 shares with a face value of 0.52 RON/share, to RON 2,893,193.16 representing 5,563,833 shares.

With regard to human resources attention was given to recruiting, promoting, training and remunerating staff as well as implementing a functional staff structure to ensure the future development of the company.



Highlights, RAS:

	2005	2004	RON 2005/2004
Operational profit	3,144,158	504,188	623%
Financial profit	1,382,880	1,174,661	117%
GROSS PROFIT	4,527,038	1,678,849	269%
Tax on profit	635,124	375,228	169%
NET PROFIT	3,891,914	1,303,620	298%

It is worth to mention that BT Securities intermediated 6 important transactions for various companies, among them was also a premiere for the Romanian financial market. The subordinated unsecured convertible foreign currency bonds offered by Banca Transilvania was the first instrument with these features issued in Romania.

Besides deals for corporate customers, BT Securities intermediated also municipality bonds issues.

BT Asset Management

BT Asset Management SAI SA, the youngest subsidiary of Banca Transilvania started its activity in the second part of 2005 focused on two main business lines:

- Management of individual investment accounts
- Fund management

The company grew fast, the volume of assets under management increasing from RON 3,116,074.69 as of August 2005, to RON 35,405,264 at the end of the year:

	RON
Fund management	23,575,748
Individual accounts	11,829,516
TOTAL	35,405,264

Depending on the risk appetite of the investors, BT Asset Management offers the option to invest in a low risk profile fund "BT Clasic" or in the riskier "BT Maxim" equity fund.

The market share held by BT Asset Management S.A.I. on the segment of open funds increased fast, from 0.82% in August 2005, reaching 6.33% at the end of 2005, being on the 6th place on the Romanian asset management market.



BANCA TRANSILVANIA S.A.

CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS

31 DECEMBER 2005

REPORT OF INDEPENDENT AUDITORS

To the Shareholders of Banca Transilvania S.A.:

We have audited the accompanying financial statements of Banca Transilvania S.A. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2005 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

This report is made solely to the Bank's shareholders, as a body. Our report has been undertaken so that we might state to the Bank's shareholders those matters we are required under International Standards on Auditing to state to them in an auditors' report and for no other purpose. To the fullest extent required by the law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

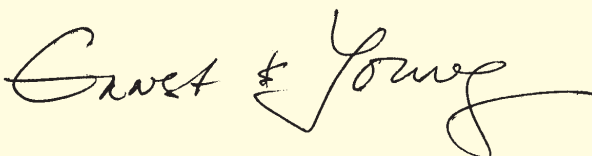
We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2005 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion we draw attention to the following:

- a) As indicated in Note 3(d), the Group has not performed a formal computation for the unexpired risk reserve in respect of insurance contracts as of 31 December 2005. However, we have not identified indicators that the results of such computation would result in the recognition of an unexpired risk reserve.
- b) The amounts in Euros ("EUR") presented in the Consolidated Balance Sheet and Income Statement have been computed on the basis set forth in Note 2(i). These translations should not be construed as representations that the RON amounts have been, could have been, or could in the future be converted into EUR at this or any other rate of exchange.

Ernst & Young SRL



Bucharest, Romania
Date: 25 March 2006

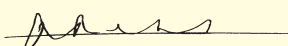
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2004

(All amounts are expressed in thousand RON ("RON'000"), unless otherwise indicated)


	Note	RON '000 2005	RON '000 2004	EUR 2005	EUR 2004
ASSETS					
Cash in hand		101,142	57,719	27,505,915	14,552,354
Current accounts and deposits at banks	5	194,774	97,714	52,969,460	24,636,059
Accounts with the Central Bank	6	1,104,495	577,354	300,371,216	145,564,884
Financial assets at fair value through profit and loss account	7	44,568	37,175	12,120,421	9,372,715
Insurance premiums receivable	8	38,218	12,288	10,393,517	3,098,102
Loans and advances to customers	9	2,918,075	1,395,611	793,580,539	351,867,229
Lease receivables	10	94,812	70,691	25,784,450	17,822,908
Financial assets available-for-sale	11	291,254	219,665	79,207,519	55,382,851
Equity investments available-for-sale	12	4,093	4,671	1,113,105	1,177,672
Held-to-maturity securities	13	26,521	21,779	7,212,477	5,491,012
Investment in an associate	14	19,241	3,800	5,232,656	957,179
Tangible and intangible fixed assets	15	178,877	120,887	48,646,216	30,478,532
Goodwill	16	16,452	16,908	4,474,178	4,262,915
Deferred tax assets	22	–	988	–	249,099
Other assets	17	45,807	19,546	12,457,387	4,928,010
Total Assets		5,078,329	2,656,796	1,381,069,046	669,842,421
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits					
Demand deposits	18	1,239,033	543,771	336,959,289	137,097,799
Time deposits	19	2,358,603	1,401,990	641,430,203	353,475,531
Total deposits		3,597,636	1,945,761	978,389,492	490,573,330
Borrowings	20	837,067	366,511	227,643,251	92,406,273
Leasing liabilities	21	315	1,065	85,665	268,512
Insurance provisions	21	73,524	22,770	19,995,103	5,740,865
Deferred tax liabilities	22	11,368	–	3,091,566	–
Other liabilities	23	42,272	20,242	11,496,016	5,103,497
Total Liabilities		4,562,182	2,356,349	1,240,701,093	594,092,477
Share capital					
Share capital, nominal	24	236,733	133,494	64,380,354	33,657,061
Share capital restatement surplus	24	89,899	89,899	24,448,342	22,665,709
Total share capital		326,632	223,393	88,828,696	56,322,770
Treasury shares	24	(4,333)	(3,958)	(1,178,374)	(997,907)
Share premium reserve	24	40,071	25,121	10,897,446	6,333,611
Revaluation surplus	15	6,555	–	1,782,655	–
Other reserves		141,377	69,911	38,447,962	17,626,251
Retained earnings (losses)		3,174	(15,005)	863,180	(3,783,123)
Minority interest		2,671	985	726,388	248,342
Total Shareholders' Equity		516,147	300,447	140,367,953	75,749,944
Total Liabilities and Shareholders' Equity		5,078,329	2,656,796	1,381,069,046	669,842,421

The financial statements on pages 1 to 57 were approved by the management on 25 March 2006 and signed on its behalf by:

Robert Rekkers
Chief Executive Officer



Maria Moldovan
Chief Financial Officer



CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

(All amounts are expressed in thousand RON ("RON'000"), unless otherwise indicated)

		RON '000	RON '000	For reader's convenience only	
	Note	2005	2004	EU 2005	EUR 2004
Interest income					
Interest on loans		342,413	232,451	94,500,469	57,349,995
Interest on deposits at banks		30,429	27,419	8,397,914	6,764,778
Interest on securities		40,819	29,513	11,265,386	7,281,407
Interest on leases		15,780	10,574	4,355,026	2,608,803
Other		1,595	201	440,194	49,590
Total interest income		431,036	300,158	118,958,989	74,054,573
Interest expense	25	(173,474)	(128,589)	(47,876,028)	31,725,303)
Net interest income		257,562	171,569	71,082,961	42,329,270
Impairment of loans	9	(19,769)	(12,016)	(5,455,925)	(2,964,571)
Net interest income after impairment		237,793	159,553	65,627,036	39,364,699
Non-interest income					
Foreign exchange income, net		40,468	17,542	11,168,516	4,327,938
Commission and fee income, net	26	108,904	61,322	30,055,749	15,129,281
Income from insurance business	27	38,283	20,340	10,565,491	5,018,257
Dividends		1,233	715	340,288	176,404
Other income		14,729	4,380	4,064,967	1,080,628
Total non-interest income		203,617	104,299	56,195,011	25,732,508
Income before non-interest expense		441,410	263,852	121,822,047	65,097,207
Non-interest expense					
Salaries and related expenses	28	(124,952)	(78,699)	(34,484,738)	(19,416,510)
Net insurance benefits and claims	29	(27,866)	(11,543)	(7,690,567)	(2,847,873)
Other expense	30	(171,275)	(97,660)	(47,269,139)	(24,094,543)
Total non-interest expense		(324,093)	(187,902)	(89,444,444)	(46,358,926)
Net operating profit		117,317	75,950	32,377,603	18,738,281
Profit from an associate	14	5,024	2,088	1,386,543	515,395
Profit before income tax		122,341	78,038	33,764,146	19,253,676
Income tax	22	(15,050)	(17,543)	(4,153,557)	(4,328,185)
Net profit		107,291	60,496	29,610,589	14,925,491
Attributable to Equity holders of the parent		108,585	60,745	29,967,712	14,986,924
Attributable to Minority interests		(1,294)	(249)	(357,123)	(61,433)
		107,291	60,496	29,610,589	14,925,491

CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED 31 DECEMBER 2005

(All amounts are expressed in thousand RON ("RON'000"), unless otherwise indicated)

	RON '000	RON '000
Note	2005	2004
Cash flows from operating activities		
Operating profit before income tax	122,341	78,038
Adjustments for non-cash items:		
Depreciation expense and impairment	36,706	14,704
Net (profit)/loss for disposal of property and equipment and intangibles	(55)	4,336
Impairment of loans and lease receivables	19,930	12,102
Share of the profit of associate net of dividends (note 14)	(3,255)	–
Insurance provisions	50,754	18,606
Profit on disposal of equity investments available for sale	(2,620)	(999)
Fair value adjustment of financial assets through profit & loss	(11,490)	(9,374)
Other adjustments	(2,081)	(2,486)
Total adjustments for non-cash items	87,889	36,889
Net profit adjusted for non-cash items	210,230	114,927
Changes in operating assets and liabilities		
(Increase) in compulsory reserves with the National Bank of Romania	(614,715)	(237,961)
(Increase) in collateral deposits at banks	(2,476)	(151)
(Increase)/decrease in held-to-maturity securities	(4,742)	6,254
Decrease/(increase) in financial assets at fair value through profit and loss account	4,097	(176,912)
(Increase) in financial assets available-for-sale	(19,616)	–
(Increase) in insurance premiums receivable	(25,930)	(2,538)
(Increase) in loans and lease receivables	(1,566,515)	(609,317)
(Increase) in other assets	(26,261)	(6,843)
Increase in demand deposits	695,262	216,289
Increase in time deposits	956,613	669,199
Increase in other liabilities	22,697	8,986
Income tax paid	(13,272)	(19,106)
Total changes in operating assets and liabilities	(594,858)	(152,100)
Net cash from operating activities	(384,628)	(37,173)
Cash flows from/(used in) investing activities		
(Increase) in equity investments available-for-sale	(1,129)	(2,775)
Proceeds from disposal of equity investments available-for-sale	4,327	–
Acquisition of tangible and intangible fixed assets	(88,042)	(59,548)
Proceeds from sale of property and equipment and intangibles	2,147	415
Acquisition of subsidiary, net of cash acquired	42	(10,272)
Increase in shareholding in associate	(12,185)	–
Net cash from/(used in) investing activities	(94,882)	(72,180)
Cash flows from/(used in) financing activities		
Contribution in share capital	53,420	9,709
Subscription in share capital of subsidiary by minority interest	6,113	–
(Decrease)/increase in leasing liabilities	(750)	1,048
Increase in borrowings	471,535	212,296
Purchase of own shares	(375)	(3,958)
Net cash from/(used in) financing activities	529,943	219,095
Net increase in cash and cash equivalents	50,433	109,742
Cash and cash equivalents at beginning of the year	282,622	172,880
Cash and cash equivalents at end of the year	2(i) 333,055	282,622

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2005

(All amounts are expressed in thousand RON ("RON'000"), unless otherwise indicated)

	Attributable to the equity holders of the parent (*)										Minority interests	Total equity
	Other reserves											
	Share capital (note 24)	Treasury shares (note 24)	Share capital reserve (note 24)	Share premium (note 24)	Revaluation surplus (note 16)	Reserve on investments available for sale (note 11)	Convertible bonds-equity component (note 20)	Statutory reserves (notes 22 & 24)	Sub-total reserves	Retained earnings (losses)		
Balance as of 31 Dec., 2003	97,086	-	89,899	-	-	-	-	84,188	84,188	(65,057)	82	206,198
Increase in share capital through appropriation of retained earnings and reserves	26,699	-	-	-	-	-	(22,862)	(22,862)	(3,837)	-	-	-
Increase in statutory reserves through appropriation of retained earnings	-	-	-	-	-	-	7,700	7,700	(7,700)	-	-	-
Subscriptions in cash during 2004	9,709	-	-	25,121	-	-	-	-	-	-	-	34,830
Treasury shares movement	-	(3,958)	-	-	-	-	-	-	-	-	-	(3,958)
Minority interest from acquisitions	-	-	-	-	-	-	-	-	-	883	883	883
Net profit/(loss) for the year	-	-	-	-	-	-	-	-	-	60,745	(249)	60,496
Balance as of 31 Dec., 2004	133,494	(3,958)	89,899	25,121	-	-	69,026	69,026	(15,849)	716	298,449	
Change in accounting policy – Financial assets available-for-sale IFRS adjustment BT Asigurari (note 2)	-	-	-	-	-	885	-	885	(885)	-	-	-
	-	-	-	-	-	-	-	-	1,729	269	269	1,998
Balance as of Dec. 31, 2004 restated	133,494	(3,958)	89,899	25,121	-	885	69,026	69,911	(15,005)	985	300,447	
Increase in share capital through appropriation of retained earnings	64,769	-	-	-	-	-	-	-	(64,769)	-	-	-
Increase in share capital through incorporation of share premium	25,121	-	-	(25,121)	-	-	-	-	-	-	-	-
Subscriptions in cash during 2005	13,349	-	-	40,071	-	-	-	-	-	-	-	53,420
Increase in statutory reserves through appropriation of retained earnings	-	-	-	-	-	-	27,279	27,279	(27,279)	-	-	-
Increase in treasury shares	-	(375)	-	-	-	-	-	-	-	-	-	(375)
Issuance of convertible bonds	-	-	-	-	-	822	-	822	-	-	-	822
Increase in revaluation reserve	-	-	-	-	6,555	-	-	-	-	-	110	6,665
Increase in the shareholding of minority interest in BT Asigurari (note 42)	-	-	-	-	-	-	-	-	1,642	2,578	4,220	4,220
Fair value adjustment on financial assets available-for-sale	-	-	-	-	-	43,365	-	43,365	-	292	43,657	43,657
Net profit for the year	-	-	-	-	-	-	-	-	108,585	(1,294)	107,291	107,291
Balance as of Dec. 31, 2005	236,733	(4,333)	89,899	40,071	6,555	44,250	822	96,305	141,377	3,174	2,671	516,147

(*) Except for "Treasury shares", which are held by a subsidiary of the Group and also include the amount attributed to the minority interests of 871 (2004: 796).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2005**

(All amounts are expressed in thousand RON ("RON'000"), unless otherwise indicated)

1. Corporate information

The consolidated financial statements comprise the financial statements of Banca Transilvania S.A. and its subsidiaries, which together are referred to as the "Group". The subsidiaries include the following companies:

Subsidiaries	Field of activity	2005	2004
BT Securities SRL	Investments	95.50 %	95.50 %
BT Leasing Transilvania SA	Leasing	100.00 %	100.00 %
BT Investments SRL	Investments	100.00%	100.00 %
BT Direct SRL	Leasing	100.00 %	100.00 %
BT Asigurari SA	Insurance	79.89 %	86.53 %
BT Management SRL	Investments	100.00 %	100.00 %
BT Logistic SRL	Investments	100.00 %	100.00 %
BT Building SRL	Investments	100.00 %	100.00 %
BT Asset Management Societate Administrare Investitii SRL	Asset management	89.99 %	–
BT Solution Agent de Asigurare SRL	Insurance	95.00 %	95.00 %
BT Safe Agent de Asigurare SRL	Insurance	95.00 %	95.00 %
BT Intermedieri Agent de Asigurare SRL	Insurance	95.00 %	95.00 %
SAR Building SRL	Investments	79.89 %	86.53 %
BT Asist SRL	Insurance	79.89 %	86.53 %
BT Advice SRL	Consulting	80.90 %	–
BT Strategy SRL (*)	Investments	80.90 %	–
BT Evolution SRL (**)	Investments	80.90 %	–
BT Consulting SRL	Investments	80.90 %	–
BT Alpha SRL	Investments	100.00 %	–
BT Beta SRL	Investments	100.00 %	–
BT Delta SRL	Investments	100.00 %	–
BT Epsilon SRL	Investments	100.00 %	–
BT Gamma SRL	Investments	100.00 %	–
BT Iota SRL	Investments	100.00 %	–
BT Kappa SRL	Investments	100.00 %	–
BT Lamda SRL	Investments	100.00 %	–
BT Omega SRL	Investments	100.00 %	–
BT Phi SRL	Investments	100.00 %	–
BT Sigma SRL	Investments	100.00 %	–
BT Theta SRL	Investments	100.00 %	–
BT Marketing SRL	Investments	100.00 %	100.00 %
BT Member SRL	Investments	100.00 %	100.00 %
BT Util SRL	Investments	100.00 %	100.00 %
BT Economic SRL	Investments	100.00 %	100.00 %
BT Program SRL	Investments	100.00 %	100.00 %
BT Concret SRL	Investments	100.00 %	100.00 %
BT Capital SRL	Investments	100.00 %	100.00 %
BT Account Agent de Asigurare SRL	Investments	100.00 %	100.00 %
BT Business SRL	Investments	100.00 %	100.00 %
BT Partner SRL	Investments	100.00 %	100.00 %

(*) The following 87.20% 2004 subsidiaries involved in investments were merged into BT Strategy SRL in 2005:

BT Development SRL, BT Connection SRL BT Folder SRL, BT Intelligences SRL, and BT Systems SRL

(**) The following 87.20% 2004 subsidiaries involved in investments were merged into BT Evolution SRL in 2005:

BT Assets SRL, BT Attachment SRL, BT Neighbourhood SRL, BT Proposal SRL BT Interest SRL

All the subsidiaries are incorporated in Romania.

The Group has three principal areas of business activity: banking, which is performed by Banca Transilvania SA (the "Bank"); leasing, which is performed mainly by BT Leasing Transilvania SA and BT Direct SRL; and insurance, which is performed by BT Asigurari SA.

Banca Transilvania S.A.

Banca Transilvania S.A. was incorporated in Romania in 1993 and is licensed by the National Bank of Romania to conduct banking activities. The Bank started its operations in 1994 and its main operations involve corporate and retail banking operations in Romania. The Bank operates through: its Head Office located in Cluj-Napoca; 47 branches; 162 agencies; 2 working points; and 3 exchange offices (2004: 40 branches, 71 agencies and 4 exchange offices) throughout the country. The Bank accepts deposits and grants loans, carries out fund transfers in Romania and abroad, exchanges currencies and provides banking services for its corporate and retail customers.

The number of employees as of 31 December 2005 was 3,109 (2004: 2,034 employees).

The registered address of the Bank is Baritiu St. 8, Cluj-Napoca, Romania.

As the Bank's operations do not have significantly different risks and returns, and the given regulatory environment, the nature of its services, the business processes, as well as the types of customers for its products and services and the methods used to provide the services are homogenous for all its activities, the Bank operates as a single business segment unit.

The shareholders' structure of the Bank is as follows:

	31 December 2005	31 December 2004
European Bank for Reconstruction and Development ("EBRD")	15.00%	15.00%
Individuals, citizens of Romania	44.42%	43.74%
Domestic companies	22.17%	21.83%
Foreign individuals	6.48%	6.51%
Foreign companies	11.93%	12.92%
Total	100.00%	100.00%

The Bank's shares are listed on the Bucharest Stock Exchange.

BT Leasing Transilvania S.A.

BT Leasing Transilvania S.A. ("BT Leasing") was incorporated in 1995 as a privately owned joint-stock company, established under Romanian laws. BT Leasing was initially incorporated under the name of LT Leasing Transilvania S.A., which was changed to the current name in February 2003. BT Leasing operates through its Head Office located in Cluj-Napoca and its 7 sales offices and 1 agency (2004: 1 agency) throughout the country. BT Leasing leases various types of vehicles, manufacturing and other equipment.

The number of employees as of 31 December 2005 was 42 (2004 : 25 employees).

The registered address of BT Leasing is Calea Turzii no 134, Cluj-Napoca, Romania.

BT Direct S.R.L.

BT Direct SRL ("BT Direct") was incorporated in 2003 as a liability limited company, established under Romanian laws. BT Direct leases mainly domestic electric appliances.

The number of employees as of 31 December 2005 was 13 (2004 : 11 employees).

The registered address of BT Direct is Bulevardul Eroilor no 36, Cluj-Napoca, Romania.

BT Asigurari S.A.

BT Asigurari S.A. ("BT Asigurari") was incorporated in 1994 and is licensed by the Insurance Supervisory Committee to conduct insurance activities. In 2004 BT Asigurari was acquired by Banca Transilvania S.A., which holds 79.89% as at 31 December 2005 (2004: 86.53%). BT Asigurari operates through its Head Office located in Cluj-Napoca and its 134 agencies (2004: 42 agencies) throughout the country. BT Asigurari operates in two principal areas of business providing: life and healthcare; and general insurance products to its customers. The majority of BT Asigurari's operations relate to general insurance with products offered including: motor; household; travel medical; credit; and third party liability insurance.

The number of employees as of 31 December 2005 was 765 (2004: 282 employees).

The registered address of BT Asigurari is Baritiu St. 8, Cluj-Napoca, Romania.

2. Basis of preparation

a) Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements are presented in Romanian lei ("RON"), which is the Bank's and its subsidiaries' functional currency, rounded to the nearest thousand and are prepared under the historical cost convention, modified to include the inflation adjustments under International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies" up to 31 December 2003, and to reflect the fair value of certain types of investments and financial instruments as well as land and buildings.

As at 1 July 2005 the Romanian currency (ROL) has been redenominated by the National Bank of Romania with four zeros removed (1 RON = 10,000 ROL). The comparative figures have been presented in the new currency denomination (RON).

The books and records of the Bank and its subsidiary are maintained in accordance with Romanian Accounting Regulations and in the case of the Bank, also in accordance with the Romanian Banking Regulations. These financial statements (the IFRS financial statements) are based on the statutory records, adjusted for the differences in certain accounting treatments, including restatement for the changes in the general purchasing power of ROL up to 31 December 2003 and other adjustments for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS"). These adjustments are summarized in note 31.

b) Changes in accounting policies and adoption of new / revised IFRS

The accounting policies that have been followed were the same as those followed in the previous year, except that the Group has adopted those new/revised standards mandatory for financial years beginning on or after 1 January 2005. Due to the immaterial effect of IFRS adjustments to the prior years' financial statement of the Group, the Group's management decided to adopt IFRS for BT Asigurari from 1 January 2005 with retrospective application by adjusting the opening balance of each affected component of equity and the other comparative amounts disclosed for 2004.

As of 1 January 2005, the following new/revised IFRS that are applicable to the entity came into force:

- IAS 1 (revised 2003) Presentation of financial statements
- IAS 8 (revised 2003) Accounting policies, changes in accounting estimates and errors
- IAS 10 (revised 2003) Events after the balance sheet date
- IAS 16 (revised 2003) Property, plant and equipment
- IAS 17 (revised 2003) Leases
- IAS 21 (revised 2003) The effects of changes in foreign exchange rates

- IAS 24 (revised 2003) Related party disclosures
- IAS 27 (revised 2003) Consolidated and separate financial statements
- IAS 32 (revised 2003 and amended 2005) Financial instruments: disclosure and presentation
- IAS 36 (revised 2004) Impairment of assets
- IAS 38 (revised 2004) Intangible assets
- IAS 39 (revised 2003 and amended 2005) Financial instruments: recognition and measurement
- IFRS 3 (issued 2004) Business combinations
- IFRS 4 (issued 2004) Insurance contracts

The adoption of the above Standards did not have a material effect on the financial statements of the Group.

c) Standards and Interpretations that are issued but have not yet come into effect

The Group has not adopted the following IFRSs and Interpretations, which are issued but have not yet come into effect:

- IFRS 7: Financial instruments: Disclosures

The Standard replaces IAS 30 and the disclosure requirements of IAS 32. The Standard is effective for annual periods beginning on or after 1 January 2007. The Group expects that the adoption of the Standard will not have a material effect on the financial statements other than the presentation of the additional disclosures required by IFRS 7 concerning financial instruments.

- Interpretation 4: Determining whether an arrangement contains a lease

The Interpretation is effective for annual periods beginning on or after 1 January 2006. The Interpretation specifies criteria for the determination of whether an agreement is or contains a lease and specifies the circumstances under which agreements that do not have the legal nature of a lease should be recognized in accordance with IAS 17 "Leases". The adoption of the Interpretation is not expected to have material effect on the financial statements of the Group.

d) Judgments

In the process of applying the Group's accounting policies, management makes judgments, apart from those involving estimates, that may significantly affect the amounts recognized in the financial statements. In particular the Group has followed the guidance of IAS 39 on classifying investments in financial assets with fixed or determinable payments and fixed maturity as held-to-maturity as "Held-to maturity securities". This classification requires significant judgment regarding the Group's intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances permitted by IAS 39 – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value and not at amortized cost. In such a case, the change in the book value of these investments at 31 December 2005 would not be significant.

e) Estimates

The key assumptions and other key sources of uncertainty regarding estimates at the balance sheet date, that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are presented below:

Provisions for impairment of loans

The Group reviews its loans portfolios for evidence that it will not be able to collect all amounts due from an individual loan or a portfolio of homogeneous loans. Evidence includes the customer's payment record, his overall financial position and the realizable value of any collateral. If such evidence exists, the recoverable amount is estimated and a provision is made for impairment, which is charged to the income statement. The review of credit risk is continuous. The methodology and assumptions used for estimating the provision are reviewed regularly to reduce any differences between estimated and actual losses.

Taxation

Estimates are required in determining the provision for taxes at the balance sheet date, and therefore the tax determination is uncertain. Where the final tax is different from the amounts that were initially recorded, such differences will impact the income tax expense, the tax liabilities and deferred tax liabilities of the period in which the final tax is agreed with the tax authorities.

General insurance business

A provision is made for the estimated cost of claims notified but not settled and claims incurred but not reported at the balance sheet date. The provision for the cost of claims notified but not settled is based upon a best estimate of the cost of settling the outstanding claims after taking into account all known facts, recent past experience and assumptions about the future development of the outstanding cases. The provisions for claims incurred but not reported is based on past experience and industry practices.

Life assurance business

For life assurance contracts, actuarial estimates are made in respect of the liabilities arising from death claims, based on standard international mortality tables that reflect historical mortality experience.

Estimates are also made as to future investment income arising from assets backing life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Estimates for future deaths, voluntary terminations, investment returns and administration expenses are used to calculate the liability over the term of the contract. At each reporting date, these estimates are reassessed for adequacy and any changes are reflected with adjustments to the liability.

For accident and health insurance contracts, estimates are made for the expected ultimate cost of claims reported and claims incurred but not yet reported at the balance sheet date. Claims estimates are based on past experience and market trends.

f.) Impact of inflation

Romania was a hyperinflationary economy and was officially declared as ceasing to be hyperinflationary for IFRS reporting purposes as at 1 July 2004. The financial statements of the Group have been restated to take into account the effects of inflation until 31 December 2003 in accordance with the provisions of and guidance in IAS 29. In summary IAS 29 requires that financial statements prepared on a historical cost should be restated in terms of measuring unit current at the balance sheet date and that any gain or loss on the net monetary position should be included in the income statement and disclosed separately.

g.) Basis of consolidation

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The consolidated financial statements comprise the financial statements of Banca Transilvania S.A. and its subsidiaries as at 31 December each year. The financial statements of the subsidiaries were prepared for the same reporting period as for the Bank using the same accounting policies. All inter-company transactions, balances and unrealized surpluses and deficits on transactions between the Bank and its subsidiary have been eliminated.

Equity and net income attributable to minority interests are shown separately in the balance sheet within the shareholders' equity and income statement, respectively.

In 2004 the management of the Group has consolidated BT Leasing Transilvania, BT Securities, BT Asigurari Transilvania, BT Direct, BT Building, BT Investments, BT Logistics, BT Management, BT Marketing, BT Member, BT Util, BT Economic, BT Program, BT Concret, BT Capital, BT Account Agent de Asigurare, BT Business, BT Partner.

BT Solutions, BT Safe, BT Intermedieri, BT Asist, BT Development, BT Connection, BT Folder, BT Intelligences, BT Sistem, BT Attachment, BT Neighborhood, BT Proposal, BT Interest and BT Assets were not consolidated in 2004 due to the fact that the value and volume of the operations of these subsidiaries was immaterial to the Group.

For 2005 "financial statements preparation, the Bank consolidated all its subsidiaries. In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" the retained earnings for the previous years of those subsidiaries not previously consolidated were included in other operating income for the year ended 31 December 2005.

h) Reclassification of comparative amounts

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period. These changes were made in order for the Group to present more fairly its financial position and financial performance. In order to facilitate the understanding of the financial statements, a series of accompanying notes have been presented in greater depth and with comparative figures being adjusted.

The reclassifications in the Consolidated Income Statement comprise:

	2004 Prior to reclassifications	Reclassification	2004 After reclassifications
Interest on loans	209,130	23,321	232,451
Commission income from lending activity	37,031	(23,321)	13,711
Commissions and fees expenses	15,006	(1,385)	13,621
Interest expense	127,204	1,385	128,589
Profit from associate	–	2,088	2,088
Dividend income	2,803	(2,088)	715

The reclassifications in the Consolidated Balance Sheet comprise:

	2004 Prior to reclassifications	Reclassification	2004 After reclassifications
Other assets	15,914	3,632	19,546
Financial assets available-for-sale	–	219,665	219,665
Financial assets at fair value through profit and loss account	251,664	(214,489)	37,175
Equity investments available-for-sale	9,847	(5,176)	4,671
Insurance premiums receivable	10,582	1,706	12,288
Investment in an associate	4,290	(490)	3,800
Insurance provisions	18,606	4,164	22,770
Deferred tax assets (*)	2,096	(1,108)	988
Other liabilities	21,350	(1,108)	20,242
Income taxes payable (in note 23)	–	949	949
Other taxes payable (in note 23)	2,584	(949)	1,635

(*) The pre-reclassification balance includes an amount of 1,042 representing a prior year adjustment in respect of BT Asigurari (refer to note 2b).

The reclassifications in the Consolidated Cash Flow Statement comprise:

	2004 Prior to reclassifications	Reclassification	2004 After reclassifications
Insurance provisions	–	18,606	18,606
Other reserves	16,503	(18,606)	(2,101)
(Increase) in insurance premiums receivable	–	(2,538)	(2,538)
(Increase) in other assets	(9,381)	2,538	(6,843)
Impairment of loans	12,016	(12,016)	–
Other provisions	86	(86)	–
Impairment of loans and lease receivables	–	12,102	12,102
Profit on disposal of equity investments available-for-sale	–	(999)	(999)
Decrease/(increase) of equity investments available-for-sale	(3,774)	999	(2,775)
Fair value adjustment of financial assets through profit & loss	–	(9,374)	(9,374)
Decrease/(increase) in financial assets at fair value through profit & loss	(186,286)	9,374	(176,912)
Other adjustments	(2,101)	(385)	(2,486)
Cash and cash equivalents at the end of the year	283,007	(385)	282,622

For 2005, the Segmental analysis in note 4 discloses separately the leasing activity of the Group from its banking and financial services. The comparative amounts have been adjusted accordingly.

i) Cash & cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, current accounts and short-term placements at other banks and National Bank of Romania with less than 90 days maturity.

	Note	2005	2004
Cash in hand		101,142	57,719
Current accounts and deposits placed at banks	5	191,913	97,329
Deposits placed with the National Bank of Romania	6	40,000	127,574
		333,055	282,622

j) Amounts in Euros presented in the Consolidated Balance Sheet and Consolidated Income Statement

For readers convenience purposes only, the current and prior year's numerical information in the Consolidated Balance Sheet and Consolidated Income Statement is also presented in Euros ("EUR") derived by translating RON figures using in the case of the Consolidated Balance Sheet, the official year end exchange rates published by National Bank of Romania and in the case of the Consolidated Income Statement, the average official exchange rates for the year. The official exchanges as at 31 December 2005 was 1 EUR = 3.6771 RON (2004: 1 EUR = 3.9663 RON). The official average exchange rate for 2005 was 1 EUR = 3.6234 RON (2004: 1 EUR = 4.0532 RON).

3. Summary of significant accounting policies

a) Foreign currency translation

Foreign currency transactions are recorded at the rate of exchange ruling on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates as follows:

	31 December 2005	31 December 2004
USD/RON	3.1078	2.9067
EUR/RON	3.6771	3.9663

Exchange differences arising on the settlement of the transactions at rates different from those at the date of the transaction, and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in the income statement.

b) Deposits with / from banks and other money market placements

These are stated at amortized cost, less any provisions for impairment (for asset side).

c) Loans and advances to customers

Loans and advances to customers, originated by providing cash directly to the borrowers, are measured initially at fair value including arrangement costs. Loans and advances are subsequently measured at amortized cost using the effective yield method.

Loans and advances to customers are stated net of provisions for bad and doubtful debts. Loans and advances are written off to the extent that there is no realistic prospect of recovery.

The collectibility of individually significant loans and advances is evaluated based on the customer's overall financial condition, resources and payment record, the prospect of support from any creditworthy guarantors and the realizable value of any collateral.

A loan is considered as impaired when management determines that it is probable that the Group will not be able to collect all amounts due according to the original contractual terms, unless such loans are secured or other factors exist where the Group expects that all amounts due will be received.

When a loan has been classified as impaired, the carrying amount of the loan is reduced to the estimated recoverable amount, being the present value of expected future cash flows including amounts recoverable from guarantees and collaterals, discounted at the original effective interest rate of the loan.

For certain homogeneous loan portfolios, such as loans to individuals, provisions are calculated based on a collective assessment of the whole portfolio. The assessment of the portfolio takes into consideration a number of factors such as the level of watch list or potential problem debts, the time period for which amounts are overdue, the prevailing economic climate, security held and prior period loss rates.

Non-performing loans are monitored continuously and are reviewed for provision purposes every month. Any subsequent changes to the estimated recoverable amounts and the timing of the expected future cash flows are compared to the prior estimates and any difference arising results in a corresponding charge/credit in the income statement. A provision for an impaired loan is reversed only when the credit quality of the customer has improved to such an extent that there is reasonable assurance that the principal and the accrued interest according to the original terms of the loan will be collected on a timely basis.

d) Insurance contracts liabilities

Life insurance contracts liabilities

The provision for life insurance contracts is calculated on the basis of a prudent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing in each life policy.

Insurance contracts with fixed and guaranteed terms

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and policy administration expenses, based on the valuation assumptions used. The liability is based on assumptions as to mortality, investment income and the maintenance expenses that are established at the time the contract is issued.

A margin for adverse developments is included in the assumptions to provide a best estimate of possible future claims. Adjustments to the liabilities at each reporting date are recorded in the income statement as an expense. Profits originated from adverse margins on run-off contracts, are recognized in the income statement over the life of the contract, whereas losses are fully recognized in the income statement during the first year of run-off.

General insurance contracts liabilities

General business contract liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs that are reduced for expected salvage value and other recoveries. Significant delays can be experienced in the notification and settlement of certain types of general insurance claims (particularly in respect of business interruption, environmental and pollution exposures) the ultimate cost cannot be known with certainty at the balance sheet date.

Provision for unearned premiums

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods is deferred as unearned premium.

Provisions for unexpired risks (Liability adequacy test)

The Group did not perform an actuarial evaluation to determine the adequacy of unearned premiums from insurance contracts as at 31 December 2005 net of related deferred acquisition costs, to cover future liabilities not provided for in other reserves (unexpired risk) due to the limitation in the available historical information. Instead, the Group performed a reasonableness test, analyzing the gross margin for the significant classes of its insurance businesses and taking into consideration the trend from prior periods. Gross margins were estimated as premiums earned less claims to be reimbursed. The latter were calculated on the basis of claims paid adjusted by the change in the provisions for outstanding claims. On the basis of this approach, no additional provisions were estimated to be required to cover future liabilities.

e) Deferred acquisition costs

Commission and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relate to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. Deferred acquisition costs ("DAC") is capitalized and amortized on a straight line basis over the life of the related contract. All other acquisition costs are recognized as an expense when incurred.

An impairment review is performed on DAC at each reporting date and the carrying value is written down to the estimated recoverable amount.

f) Reinsurance assets

The Group enters into reinsurance contracts in the normal course of business. Reinsurance assets and liabilities include balances due from/to insurance and reinsurance companies in respect of ceded insurance risks. Amounts due to reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract. Premiums ceded and claims reimbursed are presented on a gross basis.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the Group may not receive all amounts due to it under the terms of the contract and that this can be measured reliably.

g) Investments

All investments are initially measured at fair value, including acquisition costs associated with the investment except for investments classified at fair value through profit or loss.

Investments are classified as: (a) held-to-maturity, (b) available-for-sale, and (c) at fair value through profit and loss account. Management determines the appropriate classification at the time of purchase.

All regular way purchases and sales of financial assets are recognized on the settlement date, i.e. the date that the transaction is made. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

Investments are derecognized when the contractual rights to the cash flows expire or when the Group transfers substantially all the risks and rewards of ownership.

Interest earned on treasury bills and debt securities is reported as interest income in the period in which the investments are held. Dividend income from equity shares is recognized when the right to receive it is established.

Investments at fair value through profit or loss

Investments classified as "Investments at fair value through profit and loss account", include securities held-for-trading.

Investments held-for-trading are those which: (a) are acquired or incurred principally for the purpose of sale or repurchase in the near future; or (b) are part of a portfolio of separately identifiable financial instruments that have been commonly managed and for which there is evidence of a recent pattern of short term profit taking.

Gains and losses arising from changes in the fair value of these investments are recognized in the income statement.

Investments available-for-sale

Available-for-sale financial assets are those investments that are designated as available-for-sale or are not classified in any of the other three categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Available-for-sale investments are measured at fair value, based on market prices for listed securities. The fair value of unlisted securities is estimated using appropriate models and valuation methods adopted to match the specific financial results of the investee, condition and prospects compared to those of similar companies for which quoted market prices are available.

Investments available-for-sale in equity shares are impaired if the decline in their fair value is significant and prolonged. The amount of the impairment loss for treasury bills and debt securities is the difference between cost/impaired value and fair value. If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognized in the profit for the period.

Investments held-to-maturity

Investments with fixed maturity, which comprise treasury bills issued by the Ministry of Finance where the Group has both the intent and the ability to hold to maturity, are classified as held-to-maturity.

Held-to-maturity investments are carried at amortized cost, which is calculated by taking into account acquisition cost, any unamortized discount or premium and any provision for impairment.

Investments are impaired when their recoverable amount is lower than their carrying amount. Estimates are used to determine the recoverable amount, which is based on projected cash flows.

h) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

i) Tangible and intangible fixed assets

Land and buildings are stated at revalued amounts less accumulated depreciation and any impairment loss whilst equipment is stated at cost less accumulated depreciation and any impairment loss, modified to include inflation adjustments under International Accounting Standard (IAS) 29 up to 31 December 2003 (refer to note 2f above).

In 2005 the Group revalued items of land and buildings using an independent valuer, Darian Rom Suisse S.R.L. The value for each item was estimated by applying the working methodology recommended by the National Association of Evaluators of Romania (ANEVAR) and by the International Valuation Standards Committee.

Where a revaluation surplus arises, the amount is credited to the revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except where a deficit is directly offsetting a previous surplus on the same asset, in which case the deficit is directly offset against the surplus in the asset revaluation reserve.

An annual transfer from the revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Expenses for repairs and maintenance are charged to operating expenses as incurred. Subsequent expenditure on property and equipment is only recognized as an asset when the expenditures improve the condition of the asset beyond the originally assessed standard of performance.

Where the carrying amount of a tangible asset is greater than the estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposals of property and equipment are determined by reference to their carrying amount and are included in the income statement.

Depreciation is computed on a straight-line basis over the estimated useful life of an asset, as stated below:

Asset type	Years
Buildings	50
Computers	3-6
Furniture and equipment	10
Vehicles	5

j) Intangible assets

Intangibles consist of purchased and in-house developed software. These are stated at cost less accumulated amortization, over their estimated useful life of 1 to 3 years.

In accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", intangible assets have been restated by applying the change in the consumer price index from their date of acquisition through to 31 December 2003, as applicable for items acquired prior to 31 December 2003.

At each balance sheet date, intangibles are reviewed for an indication of impairment or changes in estimated future benefits. Where the carrying amount of an asset is greater than the estimated recoverable amount, it is written down to its recoverable amount.

k) Impairment of assets

Tangible and intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement for items carried at cost and treated as a revaluation decrease for assets that are carried at revalued amounts to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for the same asset. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

A reversal of an impairment loss recognized in prior years is recorded when there is an indication that the impairment loss previously recognized may no longer exist or may have decreased. The reversal is recorded in the income statement unless the asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase.

l) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units. Each unit to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IAS 14 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit and part of the operation within that unit are disposed of, the goodwill associated with the operation disposed of is included in

the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

m) Investment in an associate

The Group's investment in its associate is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in an associate is carried in the balance sheet at cost plus postacquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. After application of the equity method the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the associates' equity, the Group recognizes its share of any changes and discloses this, when applicable in the statement of changes in equity.

The reporting dates of the associate and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

n) Subordinated loans and debt securities

Subordinated loans and debt securities in issue are initially measured at cost, being the fair value of the consideration received net of any issue costs. They are subsequently measured at amortized cost using the effective yield method, to amortize cost at inception to the redemption value over the period to the earliest date that the Company may redeem the subordinated loan stock and the debt securities in issue.

Interest on subordinated loan stock and debt securities in issue is included in interest expense.

o) Convertible bond

The component of the convertible bond that exhibits characteristics of a liability is recognized as a liability in the balance sheet, net of transaction costs. The corresponding interest on those bonds is charged as interest expense in the income statement. On issuance of the convertible bond, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortized cost basis until extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in the shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

p) Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

q) Finance lease – the Group as a lessor

The Group's lease contracts have been classified as finance leases as specified in IAS 17 "Leases". Under IAS 17, finance leases transfer substantially all the rewards and risks of ownership to the lessee. At the commencement of the lease term, the Group recognizes finance leases as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Deposits received from lessees reduce the net investment. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Initial direct costs are added to the amount recognized as an asset. Subsequently, minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

r) Derivatives

Derivative financial instruments include sale and repurchase agreements and currency and interest rate swaps. The Group does not use derivative financial instruments to hedge risks associated with interest rate and exchange rate fluctuations.

Sale and repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet as securities and are measured in accordance with the accounting policy of the security portfolio which they are part of. The liability for amounts received under these agreements is included in due to banks and other financial institutions. The difference between sale and repurchase price is treated as interest expense using the effective yield method. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are recorded as loans and advances to other banks or customers, as appropriate.

Currency and interest rate swaps

These derivatives are recognized in the balance sheet at fair value. Fair values are estimated using quoted market prices, discounted cash flow models and options pricing models, as appropriate. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair values are recognized in the income statement.

s) Income and expense recognition

Interest income and expense are recognized in the income statement for all interest bearing instruments, including loans that are classified as non-performing until they are written off (subject to impairment provisions), on an accrual basis using the effective yield method. Interest income includes coupons earned on treasury securities and accrued discount and premium on treasury bills and other discounted instruments.

Loan origination fees, such as evaluating the borrowers' financial condition, guarantees, collateral and other security arrangements, are deferred and subsequently recognized in income as an adjustment to the effective yield.

Premiums from life insurance contracts are recognized as revenue when payable by the policyholders. For single premium business this is the date from which the policy is effective. For regular premium contracts, receivables are recorded at the date when payments are due.

Non-life business premiums written are recognized on policy inception and earned on a pro rata basis over the term of the related policy coverage.

Commission and fee income on insurance contracts are charged for policy administration services, investment management services and for surrenders. The fee is recognized as revenue in the period in which it is received unless it relates to services to be provided in future periods. If the fees are for services to be provided in future periods, these are deferred and recognized in the income statement as the service is provided over the term of the contract. Initiation and other front end fees are also deferred and recognized over the term of the contract. Regular fees charged at the end of the period in which the related service is performed, are accrued as a receivable.

Life insurance business claims reflect the cost of all claims incurred during the year, including claims handling costs. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due. Benefits recorded are accrued to the liability. General insurance claims incurred include all claim losses occurring during the year, whether reported or not, including the related handling costs and reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years. Claims handling costs include internal and external costs incurred in connection with the negotiation and settlement of claims. Internal costs include all direct expenses of the claims department and any part of the general administrative costs directly attributable to the claims function.

Other commission income and expenses, fees payable and expenses are recognized when earned or incurred on an accrual basis.

Dividends are recognized when the shareholders' right to receive the payments is established.

t) Taxation

Taxation on income is provided in accordance with the prevailing fiscal regulations and rates. Deferred tax is provided using the liability method.

Deferred income tax liabilities are recognized for all taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date for financial reporting purposes, which will result in taxable amounts in future periods.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unutilized tax losses to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and carry-forward of unutilized tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize all or part of the deductible temporary differences or tax losses.

Deferred income tax assets and liabilities are measured at the amount that is expected to be paid or recovered from the tax authorities after taking into account the tax rates and legislation that have been enacted or substantially been enacted until the balance sheet date.

Current and deferred tax assets and liabilities are offset when they arise from the same tax reporting entity and relate to the same tax authority and when the legal right to offset exists.

u) Employee benefits

Short-term employee benefits

Short-term employee benefits include wages, salaries, social security contributions and a defined contribution pension plan for certain key management personnel. Short-term employee benefits are recognized as expense as services are rendered.

Social Security Contributions

The Bank and its subsidiary as well as its employees are legally obliged to make contributions described in the financial statements as social security contributions to the National Pension Fund, managed by the Romanian State Social Security (a defined contribution plan financed on a pay-as-you-go basis). The Group has no legal or constructive obligation to pay future benefits. Its only obligation is to pay the contributions as they fall due. If the members of the Romanian State Social Security plan cease to be employed by either the Bank or its subsidiaries, there will be no obligation by the Group to pay the benefits earned by these employees in previous years. The Group's contributions are included in salaries and related expenses.

Defined contribution pension plan

The Bank operates an additional defined contribution pension plan for certain key management personnel. The Bank has no legal or constructive obligation to pay future benefits and its only obligation is to pay the contributions as they fall due, which are included in salaries and related expenses. If the members of this plan cease to be employed by the Bank, the Bank will not have any obligation to pay the benefits earned by these employees in previous years.

Termination benefits

As defined by the Romanian Law, the Group pays termination indemnities in cases of termination of employment within the framework of a reduction in labour force, connected or not with reorganization. Expenses related to termination indemnities are accrued when management decides to adopt a plan that will result in future payments of termination benefits and by the balance sheet date either starts to implement the restructuring plan or communicates the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation that the either the Bank or its subsidiaries will carry out the restructuring. Up to the present time, neither the Bank nor its subsidiaries, have any plans to undertake actions that could result in termination benefits being paid.

v) Offsetting financial instruments

Financial assets and financial liabilities may be offset and the net amount reported in the balance sheet when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4. Segmental analysis

The Group has three principal areas of business activity: banking and financial service; leasing; and life and general insurance:

	Banking and financial services		Leasing business		Insurance business		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Turnover (*)	585,505	371,852	20,098	18,850	42,676	18,076	648,279	408,778
Inter-segment revenues	(6,823)	(2,555)	(863)	(873)	(5,940)	(893)	(13,626)	(4,321)
							634,653	404,457
Profit before tax	126,762	77,489	6,014	3,663	(10,435)	(3,114)	122,341	78,038
Provisions for bad and doubtful debts	19,769	12,016	828	667	–	–	20,597	12,683
Profit before provisions	146,531	89,505	6,842	4,330	(10,435)	(3,114)	142,938	90,721
Depreciation and amortization	35,858	14,209	138	130	710	365	36,706	14,704
	–	–	–	–	–	–	–	–
Assets (**)	4,914,498	2,552,620	114,709	80,412	143,506	54,106	5,172,713	2,687,138
Inter-segment assets	(59,532)	(28,664)	(6,885)	(873)	(27,967)	(1,935)	(94,384)	(31,472)
Total assets	–	–	–	–	–	–	5,078,329	2,655,666
	–	–	–	–	–	–	–	–
Liabilities (**)	4,458,547	2,292,222	81,198	57,081	105,220	37,170	4,644,965	2,386,473
Inter-segment liabilities	(62,301)	(7,003)	(18,154)	(23,280)	(13,929)	(1,189)	(94,384)	(31,472)
Total liabilities	–	–	–	–	–	–	4,550,581	2,355,001
	–	–	–	–	–	–	–	–
Capital expenditure	84,015	57,801	438	380	3,589	1,367	88,042	59,548

(*) Turnover comprises of interest and non-interest income.

(**) Segment assets and liabilities exclude current and deferred tax assets and liabilities.

5. Current accounts and deposits at banks

	2005	2004
Current accounts at banks	66,867	28,334
Deposits at banks	127,907	69,380
	194,774	97,714

As of 31 December 2005, deposits of 2,861 (2004: 385) are restricted in use, representing collateral for EUROPAY card transactions.

6. Accounts with the Central Bank

	2005	2004
Compulsory reserves	1,064,495	449,780
Time deposits	40,000	127,574
	1,104,495	577,354

The National Bank of Romania ("NBR") requires Romanian commercial banks to maintain certain reserves computed in accordance with specific regulations ("compulsory reserves") as a stated percentage of all types of deposits, other than borrowed funds and amounts in transit. As of 31 December 2005, the rates of RON and foreign currency compulsory reserves were 16% and 30% respectively (18% and 25% as of 31 December 2004).

The interest rate paid by the National Bank of Romania for compulsory reserves during 2005 were 1.5% for RON (2004: 6%), 0.8% for EUR (2004: 1%) and 0.75% for USD (2004: 0.75%).

7. Financial assets at fair value through profit and loss

	2005	2004
Treasury bills	10	15,227
Shares in listed companies	35,976	13,924
Investment units in Transilvania Fund	8,582	6,168
Other short term investments	–	1,856
	44,568	37,175

Treasury bills have been issued by the Romanian Ministry of Finance and are denominated in RON.

All shares in listed companies are quoted on the Bucharest Stock Exchange and RASDAQ.

The Group had 225,610 investment units (2004: 291,043) in Transilvania Fund administered by Societate Administrare Investitii Globinvest S.A., which has published a year-end quotation of RON 38.0374 per unit as at 31 December 2005 (2004: RON 21.1935 per unit).

8. Insurance premiums receivable

	2005	2004
Due from policyholders	32,977	10,520
Due from reinsurers	250	142
Due from agents, brokers and intermediaries	4,991	1,626
Total insurance receivables	38,218	12,288

9. Loans and advances to customers

	2005	2004
Loans, gross	2,942,864	1,414,254
Impairment provision	(24,789)	(18,643)
Loans, net	2,918,075	1,395,611

Interest rates for RON loans granted by the Bank ranged from 7.5% to 35% per annum during 2005 (2004: from 15% to 35% per annum).

Interest rates for foreign currency loans ranged from 4.5% to 17.5% per annum during 2005 (2004: from 5% to 16% per annum).

The distribution by business sectors of the loans granted by the Bank was as follows:

Business sector	2005	2004
Agriculture and forestry	2.67%	3.04%
Industry	20.48%	14.46%
Trade	18.44%	20.87%
Construction	3.76%	3.16%
Services	11.81%	13.61%
Financial institutions	2.08%	3.26%
Individuals	38.92%	39.86%
Other	1.84%	1.74%
Total	100.00%	100.00%

The changes in the impairment reserve for loans and advances to customers during the year were:

	2005	2004
Balance at the beginning of the year	18,643	11,927
Write off of non-performing loans	(18,412)	(10,215)
Recoveries	4,789	4,915
Impairment provision for the year	19,769	12,016
Balance at the end of the year	24,789	18,643

10. Lease receivables

The breakdown of investments in leases and related reserves according to their maturity is presented below:

	2005	2004
Investments in leases less than 1 year, gross	59,969	42,313
Investments in leases 1 to 5 years, gross	53,338	46,615
Total investments in leases, gross	113,307	88,928
Unearned finance income	(17,667)	(17,570)
Total investments in leases, net	95,640	71,358
Impairment provision	(828)	(667)
Total lease receivables, net	94,812	70,691

The lease contracts are generated and managed through BT Leasing and BT Direct.

11. Financial assets available-for-sale

The breakdown of investments in leases and related reserves according to their maturity is presented below:

	2005	2004
Treasury securities	175,540	214,489
Investment units	102,730	5,176
Shares in listed companies	14	-
Other bonds	12,970	-
	291,254	219,665

Treasury securities consist of treasury bills issued by the Ministry of Public Finance during 2004 and 2005 that bear interest rates ranging from 6% to 12% and deposit certificates issued by the National Bank of Romania in 2005 that bear interest rates ranging from 5% to 8%.

As of 31 December 2005, treasury bills of 46,780 (2004: 20,027) are pledged to the National Clearing and Settlement Company ("SNCDD"), to the Bucharest Security Exchange, the National Bank of Romania and to EUROPAY and SENT.

Investment units are analysed as follows:

	2005		2004	
	Units	Value	Units	Value
Private Commercial Fund	23,184	3,631	-	-
BT Maxim	400,000	4,532	-	-
BT Clasic	399,400	4,173	-	-
BT Invest 1	50,000	525	-	-
SIF Banat Crisana Arad	36,496,849	89,418	6,582,000	5,176
SIF Moldova Bacau	50,000	113	-	-
SIF Transilvania Brasov	100,000	210	-	-
SIF Oltenia Craiova	50,000	128	-	-
		102,730		5,176

The year end fair value adjustments on financial assets available-for-sale are recognized as a separate component of equity in the "Reserve on investments available for sale" until the investment is derecognized. The movement in this reserve is analysed as follows:

	Gross	Deferred taxation (note 22)	Net
2005			
As of 31 December 2004	1,053	168	885
Year end fair value adjustment	51,973	8,316	43,657
As of 31 December 2005	53,026	8,484	44,542
Attributable to Equity holders of the parent			44,250
Attributable to Minority interests			292
			44,542
2004			
As of 31 December 2003	–	–	–
Year end fair value adjustment	1,053	168	885
As of 31 December 2004	1,053	168	885
Attributable to Equity holders of the parent			885
Attributable to Minority interests			–
			885

12. Equity investments available-for-sale

These investments represent small equity holdings in the following entities:

Company	Field of activity	%	31 Dec. 2004	Additions	Disposals	31 Dec. 2005
Interoil	Oil production	5.80%	2,102	–	–	2,102
S.N.C.D.D.	Clearing house	2.27%	49	–	–	49
Biroul de credit	Auxiliary activities	5.09%	150	–	–	150
Transfond	Clearing house	3.14%	427	–	–	427
SWIFT	Clearing house	0.00%	44	18	–	62
Registrul Miorita	Shares registration	10.22%	108	–	–	108
S.C. Club Fotbal Municipal	Football club		1	–	(1)	–
Bursa de Marfuri Sibiu	Financial and commodities exchange		20	–	(20)	–
Piata de Gros	Leasing and sub leasing of non-current assets		6	–	(6)	–
Casa Romana de Comp	Clearing house		8	–	(8)	–
LCS Invest	Textile industry		20	–	(20)	–
LCS Edil	Textile industry		11	–	(11)	–
LCS Falla	Textile industry		33	–	(33)	–
LCS Club	Textile industry		15	–	(15)	–
Asigurare Reasigurare ARDAF SA	Insurance			1,111	–	1,111
Investments held by subsidiaries			1,677	–	(1,593)	84
Total participation			4,671	18	(1,707)	4,093

13. Held-to-maturity securities

Held-to-maturity securities consist of government bonds issued by the Ministry of Public Finance that bear interest rates ranging from 7% to 14% (2004: from 12% to 15%) and maturing from May 2006 to April 2012 (2004: from January 2005 to November 2008).

14. Investments in an associate

The Group has a 25% interest in SC Asigurare Reasigurare Asiban S.A. ("Asiban") as of 31 December 2005 (2004: 20%), which operates in the insurance market. The additional 5% share in Asiban was acquired by the Group in December 2005. The investment in the associate has been accounted for using the equity method. The summarized financial information of the Group's share in Asiban S.A. and its carrying value is as follows:

	2005
Share of the associate's balance sheet:	
Current assets	86,637
Non-current assets	8,462
Current liabilities	(18,761)
Non-current liabilities	(66,018)
Net assets	10,320
Goodwill on acquisition	8,921
Carrying amount of the investment	19,241

The share of the associate's revenue and profit for 2005 at 20% shareholding for the year, since the additional 5% was acquired at the end of the year, is analysed as follows:

Revenue	70,005
Profit	1,939

The amount of the Group's share in the profit of the associate as reported in the 2005 income statement of 5,024 also includes the share in the profit from an associate for prior periods of 1,316 and dividends received in the year of 1,769, i.e. an amount of 3,085 relates to prior years share of the profits.

In prior years, the Group accounted for this investment at cost (2004: 3,800) and only recognized dividends received in the year as the share of the "Profit from an associate". This change in accounting policy was not treated as a prior year adjustment as it would not have had a material effect on the financial statements. Had the associate been accounted for an equity basis, the carrying amount of the investments and the relevant disclosures for 2004 would have been as follows:

Share of the associate's balance sheet:

Current assets	51,968
Non-current assets	3,153
Current liabilities	(8,203)
Non-current liabilities	(40,032)
Net assets	6,886
Goodwill on acquisition	-
Carrying amount of the investment	8,886

The share of the associate's revenue and profit for 2004 at 20% shareholding for the year is analysed as follows:

Revenue	66,203
Profit	2,111

15. Tangible and intangible fixed assets

The movement in property and equipment and intangibles for the year ended 31 December 2005 was as follows:

	Land and buildings	Computers and equipment	Vehicles	Construction in progress	Intangibles	Total
Gross book value as of 31 December 2004	58,346	72,454	9,223	5,157	24,771	169,951
IFRS adjustment for BT Asigurari (note 2)	–	252	218	–	7	477
Gross book value as of 31 December 2004 restated	58,346	72,706	9,441	5,157	24,778	170,428
Additions	1,893	21,299	2,811	61,648	391	88,042
Additions for non-consolidated subsidiaries in 2004	–	1,049	–	–	–	1,049
Revaluation	8,491	–	–	–	–	8,491
Disposals	(912)	(2,266)	(161)	–	(873)	(4,212)
Transfers	17,251	7,586	2,798	(33,955)	6,320	–
Gross book value as of 31 December 2005	85,069	100,374	14,889	32,850	30,616	263,798
Accumulated depreciation as of 31 December 2004	7,860	25,390	3,929	–	12,157	49,336
IFRS adjustment for BT Asigurari (note 2)	–	93	112	–	–	205
Accumulated depreciation as of 31 December 2004 restated	7,860	25,483	4,041	–	12,157	49,541
Depreciation and amortization	3,851	14,658	2,061	–	7,144	27,714
Impairment	–	8,427	565	–	–	8,992
Additions for non-consolidated subsidiaries in 2004	–	238	–	–	–	238
Revaluation	556	–	–	–	–	556
Accumulated depreciation of disposals	(316)	(1,646)	(145)	–	(13)	(2,120)
Accumulated depreciation as of 31 December 2005	11,951	47,160	6,522	–	19,288	84,921
Carrying value as of 31 December 2004	50,486	47,223	5,400	5,157	12,621	120,887
Carrying value as of 31 December 2005	73,118	53,214	8,367	32,850	11,328	178,877

The Group engaged Darian Rom Suisse S.R.L., an accredited independent valuer, to determine the fair value of its land and buildings. Fair value was determined by reference to market based evidence. The date of revaluation was 31 December 2005.

If land and buildings were measured using the cost model, the carrying amount at 31 December 2005 would have been as follows:

Cost	76,578
Accumulated depreciation and impairment	11,395
Net carrying amount	<u>65,183</u>

The revaluation reserve, which is non distributable, is stated net of deferred taxation as follows:

Revaluation on gross book value	8,491
Accumulated depreciation	(556)
	<u>7,935</u>
Deferred taxation (note 22)	(1,270)
Revaluation reserve at 31 December 2005	<u><u>6,665</u></u>
Attributable to Equity holders of the parent	6,555
Attributable to Minority interests	110
	<u><u>6,665</u></u>

The impairment loss of 8,992 represents the write down of certain IT equipment and vehicles in the banking and financial services segment to their recoverable amount on the basis of an internal valuation report, which indicated that their carrying amount is overvalued. The recoverable amount was based on their net replacement value which approximates value in use.

The movement in property and equipment and intangibles for the year ended 31 December 2004 was as follows:

	Land and buildings	Computers and equipment	Vehicles	Construction in progress	Intangibles	Total
Gross book value as of 31 December 2003	44,458	51,480	7,155	1,347	15,723	120,163
Additions	21,715	22,067	2,540	4,989	8,753	60,064
Additions from BT Asigurari	1,001	1,787				2,788
IFRS adjustment for BT Asigurari (note 2)	–	252	218	–	7	477
Disposals	(9,149)	(3,016)	(472)	(247)	(180)	(13,064)
Transfers	321	136	–	(932)	475	–
Gross book value as of 31 December 2004	58,346	72,706	9,441	5,157	24,778	170,428
Accumulated depreciation as of 31 December 2003	9,388	21,727	3,279	–	8,307	42,701
Depreciation and amortization	4,002	5,733	942	–	4,027	14,704
Additions from BT Asigurari	123	536	–	–	–	659
IFRS adjustment for BT Asigurari (note 2)	–	93	112	–	–	205
Accumulated depreciation of disposals	(5,653)	(2,606)	(292)	–	(177)	(8,728)
Accumulated depreciation as of 31 December 2004	7,860	25,483	4,041	–	12,157	49,541
Carrying value as of 31 December 2003	35,070	29,753	3,876	1,347	7,416	77,462
Carrying value as of 31 December 2004	50,486	47,223	5,400	5,157	12,621	120,887

There are no mortgages or charges on the Group's fixed assets.

16. Goodwill

	2005	2004
Carrying amount at 1 January	16,908	376
Acquisition of subsidiaries (note 42)	–	16,532
Partial deemed disposal of investment in BT Asigurari (note 42)	(456)	–
Impairment	–	–
At 31 December	16,452	16,908
At 1 January 2004		
Cost (gross amount) as previously stated		576
Elimination of accumulated amortization		(200)
		376
Accumulated amortization and impairment as previously stated		200
Elimination of accumulated amortization		(200)
		–
Carrying amount at 1 January 2004 (note 42)		376

As from 1 January 2004, goodwill is no longer amortised in line with the provisions of IFRS 3 “Business Combinations”, which the Group adopted earlier by one year. Instead, goodwill is subject to annual impairment testing, which did not identify any indicators of impairment either in 2005 or 2004. As analysed in note 42, the carrying amount of goodwill relates to the following segments: insurance business 16,076 (2004: 16,532); and banking and financial services 376 (2004: 376).

17. Other assets

	2005	2004
Sundry debtors	10,594	1,366
Prepaid expenses	16,346	10,340
Inventories	1,844	1,558
Reinsurance receivables	12,561	4,338
Other assets	4,462	1,944
Total	45,807	19,546

18. Demand deposits

The composition of the demand deposits was:

	2005	2004
Individuals and legal entities	1,047,231	499,407
Banks	191,802	44,364
Total demand deposits	1,239,033	543,771

In 2005 the interest rates granted by the Bank on demand deposits were 0.75% for EUR deposits, ranged between 0.5% and 0.75% for USD and between 0.25% and 1% for RON deposits.

In 2004 the interest rates granted by the Bank on demand deposits ranged between 0.75% and 1% for EUR deposits, 0.5% and 0.75% for USD and 1% and 2% for RON deposits.

19. Time deposits

	2005	2004
Individuals and legal entities	2,322,717	1,310,098
Banks	35,886	91,892
Total time deposits	2,358,603	1,401,990

Interest rates granted by the Bank on ROL time deposits ranged between 4.5% and 16.5 % during 2005 (2004: between 14% and 18%). Interest rates granted by the Bank on foreign currency time deposits ranged between 3% and 5% during 2005 for EUR and between 3% and 4% for USD (2004: between 2% to 4.5% for both currencies).

20. Borrowings

Lender	FCY	Interest rate		Amount granted (in '000' FCY)		Maturity		Outstanding balance as of 31 December	
		2005	2004	2005	2004	2005	2004	2005	2004
Borrowings from issue of convertible bonds									
Bonds acquired by IFC	USD	Libor 6m + 3%	–	20,000	–	2010	–	62,521	–
Bonds acquired by others	USD	Libor 6m + 3%	–	2,900	–	2010	–	9,065	–
Total convertible bonds				22,900	–			71,586	–
Other borrowings of the Bank:									
EBRD	EUR	Euribor 6m + 2%	Euribor 6m + 2%	15,000	15,000	2008	2008	28,832	64,507
EBRD	EUR	Euribor 6m + 2.5%	Euribor 6m + 2.5%	10,000	10,000	2015	2015	36,889	17,885
EBRD	EUR	Euribor 6m + 2.25%	–	22,500	–	2012	–	83,592	–
FMO	EUR	Euribor 6m + 3%	–	10,000	–	2011	–	37,169	–
FMO	USD	Libor 6m + 3%	Libor 6m + 3%	10,000	10,000	2011	2011	27,150	32,818
DEG	EUR	Euribor 6m + 3%	Euribor 6m + 3%	15,000	15,000	2011	2011	52,186	58,840
IFC	EUR	Euribor 6m + 3%	Euribor 6m + 3%	20,000	20,000	2014	2014	74,468	39,468
IFC II	EUR	Euribor 6m + 2.7%	–	20,000	–	2015	–	37,291	–
EXIM BANK	RON	6.16%	5.98%	13,700	10,700	2007	2007	8,983	8,035
Black Sea and Development Bank	EUR	Euribor 3m + 2.5%	–	5,000	–	2009	–	12,177	–
Ministry of Finance	USD	4.45%	4.45%	15,000	10,000	2016	2016	40,820	9,886
ABSA Bank	USD	–	4.99%	–	3,000	–	2005	–	8,720
American Express FFT/M	USD	–	3.59%	–	2,500	–	2005	–	7,267
American Express FFT/M	EUR	–	3.76%	–	3,000	–	2005	–	11,899
Anglo Romana London	EUR	3.97%	5.13%	3,000	2,500	2006	2005	10,588	9,916
Bank Austria Wien	USD	–	5.80%	–	2,000	–	2005	–	5,813
Bank of New York	USD	–	5.49%	–	1,000	–	2005	–	2,907
Finans Bank Holland	USD	5.99%	3.88%	500	2,000	2006	2005	1,459	5,813
Finans Bank Holland	EUR	–	5.04%	–	2,000	–	2005	–	7,933
Austria Bank	EUR	4.0%	–	4,000	–	2006	–	14,111	–
Bayerische Hypo	EUR	4.2%	5.19%	4,000	2,000	2006	2006	14,555	8,106
Garanti Bank Amsterdam	USD	–	4.95%	–	1,500	–	2005	–	4,407
Garanti Bank	EUR	4.24%	5.32%	7,500	–	2006	–	27,721	–
London Forfaitng	USD	–	5.32%	–	1,000	–	2005	–	2,907
London Forfaitng	EUR	–	5.53%	–	1,000	–	2005	–	4,025
Sumitomo Mitsui	EUR	4.48%	–	2,000	3,000	2006	2005	7,021	11,767
Sumitomo Mitsui	USD	–	–	–	3,000	–	2005	–	8,720
Standard Bank	EUR	4.20%	–	1,000	–	2006	–	3,522	–
American Express	EUR	3.88%	–	3,500	–	2006	–	10,951	–
Oberbank	EUR	4.0%	–	3,000	–	2006	–	10,916	–
Moscow Narodny Bank	EUR	4.22%	–	8,200	–	2007	–	29,460	–

Lender	FCY	Interest rate		Amount granted (in '000' FCY)		Maturity		Outstanding balance as of 31 December	
		2005	2004	2005	2004	2005	2004	2005	2004
West LB London Bank	EUR	4.24%	–	3,000	–	2006	–	10,559	–
Bank Gesellschaft	EUR	4.64%	–	5,000	–	2006	–	18,398	–
Anglo Irish Corporation	EUR	3.83%	–	2,000	–	2006	–	7,070	–
Piraeus Bank	EUR	3.93%	–	7,000	–	2006	–	24,692	–
Hypo Alpe Adria	EUR	3.83%	–	1,000	–	2006	–	3,534	–
Icebank	EUR	4.275%	–	2,000	–	2006	–	7,038	–
K.F.W.	EUR	4.94%	–	15,000	–	2015	–	27,578	–
Israel Discount	EUR	3.9969%	–	1,500	–	2006	–	5,296	–
Banque Marocaine	EUR	3.95%	–	1,000	–	2006	–	3,531	–
Melli Bank PLC	EUR	4.23%	–	1,000	–	2006	–	3,521	–
Muscat Bank	EUR	4.199%	–	4,000	–	2006	–	14,089	–
Mashreqbank	EUR	4.0%	–	2,000	–	2006	–	7,050	–
Atlantic Forfaiting	EUR	3.99%	–	500	–	2006	–	1,738	–
Total Other borrowings								703,955	331,639
Other borrowings of subsidiaries:									
HVB	EUR	Euribor 1m + 4.5%	Euribor 1m + 4.5%	1,500	1,500	2007	2007	3,025	3,315
HVB	EUR	Euribor 1m + 5%	Euribor 1m + 5%	500	500	2007	2007	630	968
HVB	EUR	Euribor 1m + 4%	–	500	–	2008	–	1,404	–
HVB	USD	Euribor 1m + 4%	Euribor 1m + 4%	500	500	–	2008	–	2,513
Romexterra	EUR	–	Euribor 1m +4.5%	–	–	–	–	–	100
Alpha Bank	EUR	8.5%	7.25%	1,700	1,700	2008	2008	1,917	4,005
EBRD	EUR	Euribor 6m + 2.5%	Euribor 6m + 2.5%	5,000	5,000	2009	2009	18,386	17,848
Garanti	EUR	Euribor 6m + 4.5%	Euribor 6m + 4.5%	4,500	2,500	2009	2009	8,507	6,093
Piraeus	EUR	7.0%	7.0%	1,800	1,800	2007	2007	300	30
Anglo-Romana	EUR	Euribor 1m + 4.5%	–	5,000	–	2009	–	18,230	–
Volksbank	EUR	Euribor 1m + 3.75%	–	2,700	–	2010	–	7,519	–
Raiffeisen	EUR	Euribor 1m + 3.9%	–	2,000	–	2010	–	1,608	–
Total								61,526	34,872
Total borrowings								837,067	366,511

The outstanding interest rates for borrowings taken by the Bank, denominated in EUR, vary between 3.53% and 5.567% and for those taken by subsidiaries vary between 6% and 8.5%.

For borrowings denominated in USD, the interest rates are between 5.47% and 6.82% for those received by the Bank and for the one received by one of the subsidiaries the interest rate is Libor 1 month + 4%.

Convertible bonds

In September 2005 the Bank issued 2,290 convertible bonds with a par value of USD 10,000 each. The interest is payable semiannually starting from 15 January 2006 until 15 July 2010. The rate for the first interest period was set at LIBOR USD 6 months + 3% and for the subsequent interest periods, the rate will be established by the Payment Agent on the basis of: (i) LIBOR for such a period taking as a reference the interbanking offered rate for USD deposits by the British Bankers Association; plus (ii) a margin applicable to such period by reference to either

the highest foreign currency credit rating given to Romania by S&P or the long-term ratings in foreign currency given by Moody's on the Romanian governmental bonds applicable on the payment date.

The bonds cannot be prepaid or redeemed before the redemption date and the bond holders will not have the option of anticipated redemption, except in the case of bank liquidation. The redemption value is the par value.

The bondholders can convert at their discretion to common shares of the Bank starting from 1 November 2006 to 15 June 2010. The minimum convertible value per bondholder is USD 500,000 and the total number of shares of a bond holder cannot exceed after the conversion 5% of the existing number of shares at the date of conversion. The conversion price will be determined at the date of conversion based on the average price between the daily maximum and minimum prices of the Bank's shares weighted to the daily volume of transactions during the previous 90 working days of the Bucharest Stock Exchange.

The equity component was calculated as the balancing figure between the cost of the bond and the present value of the liability component, adjusted for deferred tax and it amounted to 822 (gross 979 less deferred tax of 157). The present value of the liability component was calculated using the discount rate of 7.95% p.a., being the market interest rate for similar bonds without conversion rights.

21. Leasing liabilities & Insurance provisions

Leasing liabilities

As of 31 December 2005 leasing liabilities mainly relate to the acquisition of a car. As of 31 December 2004 leasing liabilities mainly relate to acquisition of a server and software with a residual life of between 7 and 18 months.

Insurance provisions

	2005	2004
Life assurance		
Assurance provisions	4,686	2,228
Outstanding claims provision	21	66
Other provisions	2,154	1,399
	<u>6,861</u>	<u>3,693</u>
General insurance		
Unearned premiums provision	53,114	14,912
Outstanding claims provision	13,549	4,165
	<u>66,663</u>	<u>19,077</u>
Total provisions	<u>73,524</u>	<u>22,770</u>

22. Taxation

Leasing liabilities

The major components of income tax expense for the years ended 31 December 2005 and 2004 are:

	2005	2004
Consolidated income statement		
Income tax, current	12,605	18,617
Income tax, deferred	2,445	(1,074)
Income tax expense reported in the consolidated income statement	<u>15,050</u>	<u>17,543</u>
Consolidated statement of changes in equity		
Deferred income tax related to items changed directly to equity		
- revaluation of tangible assets	1,270	-
- fair value adjustment of financial assets available-for-sale	8,484	-
- equity component of convertible bonds (note 20)	157	-
	<u>9,911</u>	<u>-</u>

The deferred tax liability/(asset) reconciliation as at 31 December 2005 and 2004 is as follows:

	2005			
	Temporary difference	Tax effect	Consolidated Balance Sheet	Consolidated Income Statement
Adjustment to restate tangibles and intangibles				
- inflation restatement of tangible assets	2,370	379	379	(1,248)
- revaluation of tangible assets	7,935	1,270	1,270	–
	10,305	1,649	1,649	(1,248)
Other adjustments:				
- fair value adjustment of financial assets available-for-sale (note 11)	53,026	8,484	8,484	(168)
- equity component of convertible bonds (note 20)	979	157	157	–
- loan impairment provision	3,982	637	637	2,685
- other adjustments	2,759	441	441	1,176
Net deferred tax liability	71,051	11,368	11,368	
Deferred income tax expense				2,445
	2004			
	Temporary difference	Tax effect	Consolidated Balance Sheet	Consolidated Income Statement
Adjustment to restate tangibles and intangibles				
- inflation restatement of tangible assets	10,169	1,627	1,627	(351)
Other adjustments:				
- fair value adjustment of financial assets available-for-sale (note 11)	1,053	168	168	–
- loan impairment provision	(12,802)	(2,048)	(2,048)	(754)
- other adjustments	(4,591)	(735)	(735)	31
Net deferred tax (asset)	(6,171)	(988)	(988)	
Deferred income tax (income)				(1,074)

The Group has computed the deferred tax using the statutory rate of 16% for 2005 and 2004, which was the rate that was enacted in December 2004 and applicable from 1 January 2005.

The Group has not provided deferred taxation on the statutory reserves of 96,305 (2004: 69,026), which as explained in note 24 below, are set-up under the Romanian Banking and Company Laws and regulations and they are non-distributable until either the Bank or its subsidiaries dissolve or decrease, in the case of the General Banking Reserve, the level of the Bank's risk bearing assets. These reserves under the Romanian Fiscal Code are exempt from income taxes and will remain untaxed until they are distributed or transferred to distributable profits. The Group has no intention to dissolve any of the Group entities and based on its current business plans it is unlikely that the General Banking Reserve will decrease.

A reconciliation between income tax expense and the accounting profit is presented below:

	2005	2004
Accounting profit before tax	122,341	78,038
Tax at 16% (2004: 25%)	19,575	19,510
Effects of non-taxable items, net	(9,415)	(1,244)
Effects of permanent differences on IFRS adjustments	4,890	(815)
Effects of change in tax rate	–	92
At the effective income tax rate of 11.41% (2004: 22.48%)	15,050	17,543

23. Other liabilities

	2005	2004
Items in course of settlement	3,401	3,322
Sundry creditors	17,462	1,929
Reinsurance liabilities	10,728	4,379
Income taxes payable	282	949
Other taxes payable	7,288	1,635
Deferred income related to gross written premiums	195	4,694
Other sundry liabilities	2,916	3,334
Total	42,272	20,242

As of 31 December 2005, deferred income relates to the amounts already collected for the insurance policies not yet issued. As of 31 December 2004, the balance also includes amounts received for third party liability insurance, for which the insurance risk cover commenced in 2005.

24. Share capital and reserves

Share capital

Authorized and issued share capital as of 31 December 2005 is 2,367,330,000 shares (2004 – 1,334,937,124 shares) with a par value of RON 0.1 per share, fully paid in. The movements in share capital during the year are summarized below:

	Authorised & issued share capital		Treasury shares
	No. of Shares '000	RON '000	RON '000
Share capital as at 31 December 2003	970,860	97,086	–
Increase through appropriation of retained earnings	266,990	26,699	–
Subscriptions in cash during 2004	97,087	9,709	–
Shares held by subsidiaries		–	(3,958)
Share capital as at 31 December 2004	1,334,937	133,494	(3,958)
Increase in 2005 by incorporation of reserves from net profit and premiums	898,893	89,889	–
Subscriptions in cash during 2005	133,500	13,350	–
Shares held by subsidiaries	–	–	(375)
Share capital as at 31 December 2005	2,367,330	236,733	(4,333)

All share capital increases were made in compliance with the provisions of Government Ordinance No. 40/1997 and were authorized by the National Bank of Romania and certified by the National Securities Commission.

The impact of hyperinflation on share capital is included as a share capital restatement reserve of 89,899 (2004: 89,899).

From 2001 a subsidiary of the Bank, BT Asigurari, has bought periodically shares of the Bank on the Bucharest Stock Exchange. As at 31 December 2005 those shares were presented at cost, as treasury shares.

Statutory reserves

Under the Romanian Company and Banking Laws, the following non-distributable reserves are required to be set-up on the basis of the financial statements prepared under Romanian Accounting Standards ("statutory financial statements"):

- i) legal reserves, appropriated at the rate of 5% of profit up to a limit of 20% of the share capital;
- ii) reserves for general banking risk, appropriated from profit before tax up to the rate of 1% of assets at risk, in accordance with the regulations set by National Bank of Romania (previously reserves for credit risks were 2% of the loans in balance)

As at 31 December 2005, non-distributable reserves set-up in accordance with Romanian Company and Banking Laws on the basis of the statutory financial statements, which are also tax exempt (refer to note 22 above), were 96,305 (2004: 69,026).

After the charge for taxes and setting aside the non-distributable reserves, the remaining balance of net statutory profit may be distributed to shareholders or transferred to statutory retained earnings. Dividends may only be declared from statutory retained earnings.

Share capital premium

In 2005 the Group has issued 133,500,000 shares at a premium of RON 0.30016 per share (2004: 97,086,316 shares at a premium of RON 0.25875 per share).

25. Interest expense

	2005	2004
Time deposits	128,304	108,960
Demand deposits	13,160	6,415
Long-term borrowings	28,086	11,033
Other	3,924	2,181
Total interest expense	173,474	128,589

Interest rates applied by the Bank for deposits are presented in notes 18 and 19 and interest rates applicable for borrowings are presented in note 20.

26. Commission and fee income, net

	2005	2004
Commissions from lending activity, other than loan origination fees	19,383	13,711
Commissions from payment processing	69,413	48,153
Commissions from cash deposit of special clients	19,008	5,613
Other commissions and fees	18,533	7,466
Total commissions and fees income	126,337	74,943
Commissions and fees expenses	(17,433)	(13,621)
Total commissions and fees income, net	108,904	61,322

As disclosed in note 2h, an amount of 23,321 and 1,385 were reclassified to the closing balances as of 31 December 2004 of interest incomes and interest expenses respectively from commissions from lending activity and commissions and fees expenses in order to comply with the requirements of IAS 18 "Revenues".

27. Income from insurance business

	2005	2004
General insurance business	32,293	18,789
Life insurance business	5,990	1,551
	38,283	20,340

Analysis of income:

	2005		2004	
	General insurance	Life insurance	General insurance	Life insurance
Contracts premium revenue	46,507	6,074	28,250	1,578
Reinsurance premiums	(14,214)	(84)	(9,461)	(27)
	32,293	5,990	18,789	1,551

28. Salaries and related expenses

	2005	2004
Salaries	91,419	57,859
Social security contributions	30,152	18,737
Contributions to a defined contributions pension plan	63	70
Other expenses	3,318	2,033
Total salaries and related expenses	124,952	78,699

29. Net insurance benefits and claims

	2005	2004
General insurance business	24,666	10,106
Life insurance business	3,200	1,437
	27,866	11,543

Analysis of net insurance benefits and claims:

	2005		2004	
	General insurance	Life insurance	General insurance	Life insurance
Gross insurance contracts benefits and claims paid	25,466	454	15,260	182
Reinsurer's share of gross life insurance contracts benefits and claims paid	(8,243)	(55)	(6,766)	–
Gross change in insurance contracts	9,046	2,813	1,541	1,381
Reinsurer's share of gross change in insurance contracts	(1,603)	(12)	71	(126)
	24,666	3,200	10,106	1,437

Other insurance income and expense items presented below are included in the relevant captions of the consolidated income statement:

	2005	2004
Other income	5,568	3,623
Other expenses	(16,770)	(11,023)
Salaries and related expenses	(9,565)	(4,456)
Interest expense	(85)	(55)
	(20,852)	(11,911)

Other expenses include commissions paid to agents and brokers of 3,985 (2004: 2,352).

30. Other expenses

	2005	2004
Depreciation, amortization and impairment	36,706	14,704
Telecommunication	12,448	10,289
Rent	18,770	10,248
Advertising and protocol expenses	8,000	7,714
Maintenance	33,549	21,281
Security	21,523	8,938
Sundry taxes	22,187	5,791
Other sundry expenses	18,092	18,695
Total other expenses	171,275	97,660

31. Reconciliation of statutory profit and retained earnings, with IFRS equity balances affected with adjustments for 2005

	Net profit	Retained earnings	Share capital restatement reserve	Revaluation reserve	Reserve on investments available-for-sale	Convertible bond equity component
Statutory-Bank	99,704	90,166	-	-	-	-
Statutory-Subsidiary, net of consolidation adjustments	(4,540)	4,193	-	-	-	-
	95,164	94,359	-	-	-	-
IFRS adjustments:						
- inflation restatement on fixed assets and related adjustments	(401)	10,065	-	-	-	-
- revaluation of fixed assets	-	-	-	7,935	-	-
- additional impairment on equipment	(8,993)	(19,018)	-	-	-	-
- adjustment to loan impairment provisions	16,784	3,982	-	-	-	-
- inflation restatement on share capital	-	(89,899)	89,899	-	-	-
- adjustment to deferred commissions	3,607	(4,067)	-	-	-	-
- fair value adjustment on financial assets available-for-sale	5,060	5,060	-	-	53,026	-
- elimination of statutory insurance provisions	(991)	(300)	-	-	-	-
- adjustment for equity component of convertible bonds	-	-	-	-	-	979
- other adjustments	(1,929)	(1,339)	-	-	-	-
- deferred tax impact of the above	(1,010)	2,788	-	(1,270)	(8,484)	(157)
Net effect of adjustments	12,127	(92,728)	89,899	6,665	44,542	822
Total	107,291	1,631	89,899	6,665	44,542	822
Attributable to Equity holders of the parent	108,585	3,174	89,899	6,555	44,250	822
Attributable to Minority interests	(1,294)	(1,543)	-	110	292	-
Total	107,291	1,631	89,899	6,665	44,542	822

32. Earnings per share ("EPS")

	2005	2004
Net profit attributable to shareholders	108,585	60,745
Weighted average number of ordinary shares	2,234,044,161	2,194,250,000
Basic earnings per shares – RON/share	0.0486	0.0277
Adjusted profit with effect of interest on convertible bonds	109,759	-
Weighted average number of ordinary shares- diluted	2,253,087,558	-
Diluted earnings per shares – RON/share	0.0487	-

The diluted weighted average number of ordinary shares was calculated as the weighted average number of ordinary shares increased by the number of shares to be issued if the bond were to be converted into shares as at 31 December 2005. The number of shares that would be issued was calculated by dividing the total value of the bonds with the exercise price. The latter was calculated using the conversion formula provided for in the bond agreement and described in note 20 assuming the conversion date was 31 December 2005.

33. Guarantees and other financial commitments

	2005	2004
Letters of guarantee	385,134	193,520
Credits and letters of credit	455,221	257,452
Other commitments	75,507	59,758
Total guarantees and other financial commitments	915,862	510,730

Credits and letters of credits included commitments to lend and letters of guarantees issued on behalf of clients. Commitments to lend are agreements to grant a loan to a customer in the future subject to certain conditions. Such commitments are made for a fixed period of time and are cancelable by the Group subject to notice requirements. Most commitments expire without being fully drawn upon and hence the cash requirements of such commitments are considerably less than the commitment limits that are reported.

Other commitments include irrevocable forward currency contracts to buy or sell a specified quantity of foreign currency usually on a specified future date at an agreed rate. They are used for economic hedging (from changes in exchange rates) and do not meet the criteria of hedge accounting. These contracts are accounted for as trading derivatives.

34. Concentration of assets due from the Government and the Central Bank

	2005	2004
Accounts with the Central Bank (Note 6)	1,104,495	577,354
Treasury Securities – (Notes 7, 11 and 13)	202,071	251,495
Total	1,306,566	828,849

35. Related parties

Related party transactions were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing for similar transactions with unrelated parties.

Balances with related parties as of 31 December 2005 and 2004 were as follows:

		Current accounts & deposits	Loans	Lease recei- vables	Deposits	Borrowings	Interest & com- mission income	Interest & com- mission expense	Other expenses
Entities with significant influence over the Group:									
European Bank for Reconstruction and Development	2005	–	–	–	–	167,699	–	4,732	–
	2004	–	–	–	–	100,240	–	2,287	–
Star Lubricants SRL	2005	–	3,685	243	–	–	193	–	–
	2004	–	3	434	–	–	77	–	23
Combi Spedition SA	2005	–	4,437	–	–	–	55	–	–
	2004	–	3	–	–	–	–	–	–
Grupul Compexit Trading SRL	2005	–	5,177	–	–	–	712	–	–
	2004	–	–	–	–	–	–	–	–
Metalo Chimice SA	2005	–	356	–	–	–	16	–	–
	2004	–	6	–	–	–	–	–	–
Alfa Global Solution SA	2005	–	796	–	–	–	70	–	–
	2004	–	–	–	–	–	–	–	–
Astral Telecom SA	2005	–	–	5	–	–	–	–	35
	2004	–	–	–	–	–	–	–	60
Astral Telecom Company SRL	2005	–	–	2,356	–	–	257	–	–
	2004	–	–	1,551	–	–	287	–	–
Associate:									
Asigurare Reasigurare Asiban SA	2005	123	–	–	4,876	–	5	508	–
	2004	180	–	–	1,990	–	3	76	–
Key Management of the Group	2005	1,107	1,170	–	2,701	–	85	123	–
	2004	848	25	–	885	–	3	54	–
Total	2005	1,230	15,621	2,604	7,577	167,699	1,393	5,363	35
	2004	1,028	37	1,985	2,875	100,240	370	2,417	83

The nature of the relationship of the above entities with the Group is as follows:

Related party	Type of relation
Entities with significant influence over the Group:	
European Bank for Reconstruction & Development	The entity is one of the main shareholders of the Bank and represented on the Bank's Board of Administrators.
Star Lubricants SRL	Majority shareholder of the entity is a member of the Bank's Board of Administrators
Astral Telecom SA and Astral Telecom Company SRL	Majority shareholder of the entities is a member of the Bank's Board of Administrators.
Combi Spedition SA, Grupul Compexit Trading SRL, Metalo Chimice SA and Alfa Global Solution SA	A member of the Board of Administrators of each of these entities is also a member of the Bank's Board of Administrators.
Associate:	
Asigurare Reasigurare Asiban SA	The Group has a 25% (2004: 20%) interest in this entity. Refer to note 14.

The compensation of the key management personnel of the Group is as follows:

	2005	2004
Salaries	4,009	2,352
Social security contributions	1,322	776
Contributions to a defined contributions pension plan	63	70
Total	5,394	3,198

36. Balance sheet structure by currency

The amounts in RON and foreign currency ("FCY") representing the assets and liabilities of the Group as of 31 December 2005 are as follows:

31 December 2005	Total	RON	FCY
ASSETS			
Cash in hand	101,142	78,640	22,502
Current accounts and deposit at banks	194,774	17,880	176,894
Accounts with the Central Bank	1,104,495	542,126	562,369
Financial assets at fair value through profit or loss	44,568	44,568	-
Insurance premiums receivable	38,218	5,962	32,256
Loans and advances to customers	2,918,075	1,689,634	1,228,441
Lease receivables	94,812	94,812	-
Financial assets available-for-sale	291,254	291,254	-
Equity investments available-for-sale	4,093	4,093	-
Held-to-maturity securities	26,521	26,521	-
Investment in an associate	19,241	19,241	-
Tangible and intangible assets	178,877	178,877	-
Goodwill	16,452	16,452	-
Other assets	45,807	34,854	10,953
TOTAL ASSETS	5,078,329	3,044,914	2,033,415
LIABILITIES			
Demand deposits	1,239,033	961,011	278,022
Time deposits	2,358,603	1,450,550	908,053
Borrowings	837,067	205	836,862
Leasing liabilities	315	315	-
Insurance provisions	73,524	73,524	-
Deferred tax liabilities	11,368	11,368	-
Other liabilities	42,272	31,422	10,850
Total liabilities	4,562,182	2,528,395	2,033,787
Equity	513,476	513,476	-
Minority interest	2,671	2,671	-
TOTAL LIABILITIES AND EQUITY	5,078,329	3,044,542	2,033,787

The amounts in RON and FCY representing the assets and liabilities of the Group as of 31 December 2004 are as follows:

31 December 2004	Total	RON	FCY
ASSETS			
Cash and in hand	57,719	45,280	12,439
Current accounts and deposits at banks	97,714	58,817	38,897
Accounts with the Central Bank	577,354	336,234	241,120
Financial assets at fair value through profit or loss	37,175	37,175	-
Insurance premiums receivable	12,288	12,288	-
Loans and advances to customers	1,395,611	625,279	770,332
Leasing receivables	70,691	2,291	68,400
Financial assets available-for-sale	219,665	219,665	-
Equity investments available-for-sale	4,671	4,627	44
Held-to-maturity securities	21,779	21,779	-
Investment in an associate	3,800	3,800	-
Tangible and intangible assets	120,887	120,887	-
Goodwill	16,908	16,908	-
Deferred tax assets	988	988	-
Other assets	19,546	10,925	8,621
TOTAL ASSETS	2,656,796	1,516,943	1,139,853
LIABILITIES			
Demand deposits	543,771	339,386	204,385
Time deposits	1,401,990	865,514	536,476
Borrowings	366,511	837	365,674
Leasing liabilities	1,065	-	1,065
Insurance provisions	22,770	22,770	-
Deferred tax liabilities	-	-	-
Other liabilities	20,242	18,661	1,581
Total liabilities	2,356,349	1,247,168	1,109,181
Equity	299,462	299,462	-
Minority interest	985	985	-
TOTAL LIABILITIES AND EQUITY	2,656,796	1,547,615	1,109,181

37. Contingent liabilities

The Group is subject to routine litigation and arbitration matters in the normal course of its business. Management is of the opinion that the ultimate disposition of these matters will not have a material adverse impact on the Group's financial statements.

38. Maturity structure

The maturity structures of Group's assets and liabilities as of 31 December 2005 are as follows:

31 December 2005	Total	0-1 month	1-3 months	3-12 months	1-5 years	Above 5 years	No fixed maturity
ASSETS							
Cash in hand	101,142	101,142	-	-	-	-	-
Current accounts and deposits at banks	194,774	191,979	-	2,738	-	-	57
Accounts with the Central Bank	1,104,495	1,104,495	-	-	-	-	-
Financial assets at fair value through profit or loss	44,568	-	-	-	-	-	44,568
Insurance premiums receivable	38,218	17,984	6,281	13,953	-	-	-
Loans and advances to customers	2,918,075	147,617	333,476	1,074,232	846,094	516,656	-
Lease receivables	94,812	4,797	9,793	34,427	45,795	-	-
Financial assets available-for-sale	291,254	9,052	52,087	30,000	67,444	29,195	103,476
Equity investments available-for-sale	4,093	-	-	-	-	-	4,093
Held-to-maturity securities	26,521	-	10	5,431	20,300	780	-
Investment in an associate	19,241	-	-	-	-	-	19,241
Tangible and intangible assets	178,877	-	-	-	-	-	178,877
Goodwill	16,452	-	-	-	-	-	16,452
Other assets	45,807	17,675	5,051	12,117	10,706	-	258
TOTAL ASSETS	5,078,329	1,594,741	406,698	1,172,898	990,339	546,631	367,022
LIABILITIES							
Demand deposits	1,239,033	1,239,033	-	-	-	-	-
Time deposits	2,358,603	1,443,270	414,465	465,506	28,890	6,472	-
Borrowings	837,067	11,042	44,381	253,305	411,049	117,290	-
Leasing liabilities	315	4	7	304	-	-	-
Insurance provisions	73,524	-	-	-	-	-	73,524
Deferred tax liabilities	11,368	-	-	-	11,368	-	-
Other liabilities	42,272	42,272	-	-	-	-	-
Total liabilities	4,562,182	2,735,621	458,853	719,115	451,307	123,762	73,524
Equity	513,476	-	-	-	-	-	513,476
TOTAL LIABILITIES AND EQUITY	5,075,658	2,735,621	458,853	719,115	451,307	123,762	587,000
Minority interest	2,671	-	-	-	-	-	2,671
GAP	(1,140,880)	(1,140,880)	(52,155)	453,783	539,032	422,869	(222,649)
Cumulative GAP	(1,140,880)	(1,140,880)	(1,193,035)	(739,252)	(200,220)	222,649	-

31 December 2004	Total	0-1 month	1-3 months	3-12 months	1-5 years	Above 5 years	No fixed maturity
ASSETS							
Cash in hand	57,719	57,719	–	–	–	–	–
Current accounts and deposits at banks	97,714	97,714	–	–	–	–	–
Accounts with the Central Bank	577,354	577,354	–	–	–	–	–
Financial assets at fair value through profit or loss	37,175	32,620	3,619	936	–	–	–
Insurance premiums receivable	12,288	–	3,801	2,896	5,583	8	–
Loans and advances to customers	1,395,611	51,531	149,209	551,112	442,267	201,492	–
Lease receivables	70,691	349	314	5,478	64,550	–	–
Financial assets available-for-sale	219,665	20,342	55,919	100,838	37,673	4,893	–
Equity investments available-for-sale	4,671	–	–	–	–	–	4,671
Held-to-maturity securities	21,779	7,973	–	8,425	5,381	–	–
Investment in an associate	3,800	–	–	–	–	–	3,800
Tangible and intangible assets	120,887	–	–	–	–	–	120,887
Goodwill	16,908	–	–	–	–	–	16,908
Deferred tax assets	988	–	–	–	988	–	–
Other assets	19,546	19,546	–	–	–	–	–
TOTAL ASSETS	2,656,796	868,949	211,957	672,372	550,867	206,385	146,266
LIABILITIES							
Demand deposits	543,771	543,771	–	–	–	–	–
Time deposits	1,401,990	826,597	275,483	282,383	12,602	4,925	–
Borrowings	366,511	1,046	7,367	107,119	119,116	131,863	–
Leasing liabilities	1,065	649	103	313	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–
Insurance provisions	22,770	–	–	–	–	–	22,770
Other liabilities	20,242	20,242	–	–	–	–	–
Total liabilities	2,356,349	1,392,305	282,953	389,815	131,718	136,788	22,770
Equity	299,462	–	–	–	–	–	299,462
TOTAL LIABILITIES AND EQUITY	2,655,811	1,392,305	282,953	389,815	131,718	136,788	322,232
Minority interest	985	–	–	–	–	–	985
GAP	–	(523,356)	(70,996)	282,557	419,149	69,597	(176,951)
Cumulative GAP	–	(523,356)	(594,352)	(311,795)	107,354	176,951	–

39. Interest rate sensitivity

The tables below provide information on the extent of the Group's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that re-price to market interest rate before maturity, being the next re-pricing date. It is the policy of Group's directors to manage Bank exposure to fluctuations in net interest income arising from changes in interest rates by the degree of re-pricing mismatch in the balance sheet.

	0-1 month	1-3 months	3-12 months	1-5 years	Not sensitive	Total
31 December 2005						
ASSETS						
Cash in hand	101,142	–	–	–	–	101,142
Current accounts and deposits at banks	194,774	–	–	–	–	194,774
Accounts with the Central Bank	1,104,495	–	–	–	–	1,104,495
Financial assets at fair value through profit or loss	44,568	–	–	–	–	44,568
Insurance premiums receivable	17,984	6,281	13,953	–	–	38,218
Loans and advances to customers	–	1,677,468	1,028,379	212,228	–	2,918,075
Lease receivables	4,797	9,793	34,427	45,795	–	94,812
Financial assets available-for-sale	108,890	52,087	50,887	79,390	–	291,254
Equity investments available-for-sale	–	–	–	–	4,093	4,093
Held-to-maturity securities	–	–	6,741	19,780	–	26,521
Investment in an associate	–	–	–	–	19,241	19,241
Tangible and intangible assets	–	–	–	–	178,877	178,877
Goodwill	–	–	–	–	16,452	16,452
Other assets	–	–	–	–	45,807	45,807
TOTAL ASSETS	1,576,650	1,745,629	1,134,387	357,193	264,470	5,078,329
LIABILITIES						
Demand deposits	1,239,033	–	–	–	–	1,239,033
Time deposits	1,443,270	414,466	465,506	35,361	–	2,358,603
Borrowings	61,142	35,056	710,717	30,152	–	837,067
Leasing liabilities	4	7	304	–	–	315
Deferred tax liabilities	–	–	–	–	11,368	11,368
Insurance provisions	–	–	–	–	73,524	73,524
Other liabilities	42,272	–	–	–	–	42,272
TOTAL LIABILITIES	2,785,721	449,529	1,176,527	65,513	84,892	4,562,182
Net assets interest rate sensitivity	(1,209,071)	1,296,100	(42,140)	291,680	179,578	516,147
Net assets cumulative interest rate sensitivity	(1,209,071)	87,029	44,889	336,569	516,147	–

	0-1 month	1-3 months	3-12 months	1-5 years	Not sensitive	Total
31 December 2004						
ASSETS						
Cash in hand	57,719	–	–	–	–	57,719
Current accounts and deposits at banks	97,714	–	–	–	–	97,714
Accounts with the Central Bank	577,354	–	–	–	–	577,354
Financial assets at fair value through profit or loss	32,620	3,619	936	–	–	37,175
Insurance premiums receivable	3,801	2,897	5,582	8	–	12,288
Loans and advances to customers	1,395,611	–	–	–	–	1,395,611
Lease receivables	352	312	5,478	–	64,549	70,691
Financial assets available-for-sale	–	160,402	25,263	34,000	–	219,665
Equity investments available-for-sale	–	–	–	–	4,671	4,671
Held-to-maturity securities	21,779	–	–	–	–	21,779
Investment in an associate	3,800	–	–	–	–	3,800
Tangible and intangible non-current assets	–	–	–	–	120,887	120,887
Goodwill	–	–	–	–	16,908	16,908
Deferred tax assets	–	–	–	–	988	988
Other assets	–	–	–	–	19,546	19,546
TOTAL ASSETS	2,190,750	167,230	37,259	98,557	163,000	2,656,796
LIABILITIES						
Demand deposits	543,771	–	–	–	–	543,771
Time deposits	826,596	275,483	282,383	12,602	4,926	1,401,990
Borrowings	1,046	7,367	107,119	119,116	131,863	366,511
Leasing liabilities	649	103	313	–	–	1,065
Deferred tax liabilities	–	–	–	–	–	–
Insurance provisions	–	–	–	–	22,770	22,770
Other liabilities	–	–	–	–	20,242	20,242
TOTAL LIABILITIES	1,372,062	282,953	389,815	131,718	179,801	2,356,349
Net assets interest rate sensitivity	818,688	(115,723)	(352,556)	(33,161)	(16,801)	300,447
Net assets cumulative interest rate sensitivity	819,178	702,965	350,409	317,248	300,447	–

40. Risk management

Currency risk

Currency risk results from adverse movements in the rates of exchange between currencies arising as a result of the existence of a net currency position in one or more currencies. Losses may arise from the trading book positions and from asset/liability management.

The Group manages its exposure to movements in exchange rates by modifying its assets and liabilities mix.

The aggregated structure of assets and liabilities denominated in RON and foreign currencies is included in Note 36.

Interest rate risk

The interest rate risk refers to the fluctuation in the value of financial instruments due to changes in market interest rates. This risk can have a significant adverse effect on highly leveraged businesses.

The Group manages its interest rate position by setting short term variable interest rates on its borrowing and lending. Average rates applicable to the major components of the balance sheet have been disclosed within the notes relating to these components, and the Group's sensitivity to interest rate changes is detailed in Note 39.

Market risk

Market risk is the risk of loss arising from adverse movements in equity shares and other securities prices.

In order to manage market risk, the National Bank of Romania and the Group have established limits on trading. The Group has also established monitoring and review procedures at both individual business and Group level.

Credit risk

The credit risk is associated to all facilities and loans granted by the Group, being the risk that a party to a financial transaction will be unable to fulfill its obligations thus causing financial losses to the other party.

The Group minimizes its credit risks through careful and continuous assessment of the borrowers, establishment of exposure and authority limits by groups of debtors. The relevant analyses are included in the appropriate notes.

Liquidity risk

The liquidity risk is associated either to the difficulty of an enterprise to raise necessary funds in order to meet commitments or to its inability to sell a financial asset quickly at close to its fair value.

The Group mitigates the liquidity risk through resources and placements monitoring. The GAP analysis of the Group's assets and liabilities based on their maturity structure is presented in Note 38.

Cash flow risk

The cash flow risk arises primarily from the liquidity risk and secondly from the interest rate risk and market risk. As discussed in the paragraphs above, the Group is adequately planning and monitoring its cash flows and their influence factors.

Insurance risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than originally estimated and subsequent development of long term claims.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio, as well as unexpected outcomes. The variability of risks is also improved by careful selection and implementation of the underwriting strategy and guidelines as well as the use of reinsurance arrangements.

The majority of reinsurance business ceded is placed on a quota share basis with retention limits varying by product line. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the balance sheet as reinsurance assets.

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the balance sheet date.

The business of the Group comprises both life and general insurance contracts.

(1) Life insurance contracts

The Group principally writes life insurance contracts (where the life of the policyholder is insured against death or permanent disability, usually for a predetermined amount) and health insurance contracts. The Group has just started these products and they have not had a material impact on the current year's financial statements.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, a regular review of actual claims experience and product pricing. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims.

(2) General insurance contracts

The Group principally issues the following types of general insurance contracts: motor (MTPL and Casco), household, property and commercial, and business interruption.

The risk from these contracts is mitigated through the diversification of the risk of loss to a large portfolio of insurance contracts and geographical areas. The Group also has limited its exposure by imposing maximum claim levels equal to the insured amounts.

41. Fair value of financial instruments

Fair value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than forced sale or liquidation. The fair value is best evidenced by a quoted market price, if such exists.

The following methods and assumptions were used to estimate the fair value of the Group's financial instruments.

Financial assets

Deposits with banks, loans originated by the Bank, leases and treasury securities are measured at amortized cost using the effective interest rates less any impairment reserve.

For deposits with banks, amortized cost is estimated to approximate fair value due to their short-term nature, interest rates reflecting current market conditions and no significant transaction costs. The amortized cost of treasury securities was not materially different from their quoted prices.

The remeasured cost net of any reserve for impairment of investments that are not listed at a stock exchange is estimated to approximate their fair value.

Due to the fact that for most of the loans and leases the Group applies variable interest rates, the amortized cost of loans is estimated to approximate their fair value.

Financial liabilities

The amortized cost of customer deposits and borrowings is considered to approximate their respective fair values, since these items have predominantly short re-pricing terms, carry interest rates reflecting current market conditions and are settled without significant transaction costs.

42. Acquisition of subsidiary and partial disposal

In November 2004, the Group acquired BT Asigurari SA and its subsidiary SAR Building SRL. The net assets acquired and the goodwill on acquisition are as follows:

Net assets acquired

Cash and cash equivalents	7,702
Treasury securities	5,942
Investments in equities	633
Tangible and intangible assets, net	1,859
Premium receivable	9,750
Goodwill – on SAR Building SRL	2,673
Other assets	1,821
Borrowings	(2,410)
Technical reserves	(16,797)
Other liabilities	(4,617)
Total Net Assets	6,556
Acquired share	86.53%
Net assets acquired	5,673
Goodwill	13,859
Consideration	19,532
Shares acquired before 2004	1,558
Cash paid in 2004	17,974
Total consideration	19,532
Cash paid	17,974
Cash of the subsidiary	(7,702)
Cash flow on acquisition net of cash acquired	10,272

The goodwill included in note 16 is analysed as follows:

	2005	2004
On acquisition BT Asigurari SA	13,859	13,859
On acquisition of SAR Building SRL	2,673	2,673
Deemed disposal (refer to comment below)	(456)	–
	<u>16,076</u>	<u>16,532</u>
On acquisition of BT Securities SRL and BT Leasing SA	376	376
	<u>16,452</u>	<u>16,908</u>

In July 2005, BT Asigurari SA increased its share capital. The minority shareholders contributed more than the Group and as a result the minority shareholders, increased their shareholding from 13.47% to 20.11%. The total amount contributed by the minority shareholders of 6,113 comprised an increase in the share capital of 2,613 and an increase in the share premium reserve of 3,500. The effect of this deemed disposal from the Group's point of view was to increase the Group equity including minority interest by 4,220 (comprising an increase in minority interests of 2,578 and an increase in retained earnings attributable to the equity holders of the parent of 1,642) and to decrease goodwill by 456.

The goodwill arising on the acquisition of BT Asigurari and SAR Building SRL relate to the insurance business segment and the goodwill arising on the acquisition of BT Securities SRL and BT Leasing SA to the banking and financial services segment .

43. Subsequent events

The Bank concluded the following loan agreements since 31 December 2005:

- Following the conclusion of an additional loan with Bank Austria in December 2005 for EUR 75 million, the Bank drew EUR 35 million in January 2006 and EUR 40 million in April 2006. The loan matures in April 2012 and bears interest of EURIBOR + 1.25% pa.
- The Bank concluded a new loan agreement with Deutsche Investition und Entwicklungsgesellschaft mbh on 30 April 2006 for EUR 15 million. The loan matures in 6 years and bears interest of EURIBOR 6 months + 1.6% pa.

The General Shareholders Assembly on 27 April 2006 approved a RON 156,066,401 increase in the share capital of the Bank through a cash subscription of RON 35,509,950 and the balance through capitalisation of reserves.

The Bank opened an additional 32 agencies in the first quarter of 2006.

The following mergers took place within the Group since 31 December 2005:

- BT Kappa, BT Marketing, BT Member, BT Util , BT Economic and BT Program merged into BT Beta;
- BT Lambda, BT Omega, BT Phi, BT Sigma , BT Theta and BT Iota merged into BT Alpha; and
- BT Concret, BT Capital, BT Delta, BT Epsilon, BT Business and BT Partner merged into BT Gamma.

BANCA TRANSILVANIA S.A.
HEAD – OFFICE

8, G. Barițiu St.,
400027, Cluj–Napoca
Romania
Ph: 0040 264 407.150
Fax: 0040 264 407.179
e-mail:
bancatransilvania@bancatransilvania.ro
SWIFT: BTRLRO22

www.bancatransilvania.ro

Alba County:

ALBA-IULIA – Branch

Alba-Iulia, 2-4 Calea Motilor St.,
Ph: 0258/81.44.87; Fax: 0258/81.94.49
Branch Manager: Liliana Ciobota

AMPOI – Agency

Alba-Iulia, 125, Victoriei St.,
Ph: 0258/81.13.50; Fax: 0258/81.13.50
Head of Agency: Valerut Cotarlea

CETATE – Agency

Alba Iulia, 16, Transilvaniei St.,
Ph: 0258/83.03.33; Fax: 0258/83.55.25
Head of Agency: Claudiu Andronache

TEIUȘ – Agency

Teiuș, Clujului St., Cl. C1,
Ph: 0258/85.25.95; Fax: 0258/85.25.98
Head of Agency: Dan Cosarca

CÂMPENI – Agency

Câmpeni, 8, Motilor St.
Ph: 0258/77.17.14; Fax: 0258/77.17.18
Head of Agency: Valentina Gombos

AIUD – Agency

Aiud, 5, Transilvaniei st.,
Ph: 0258/86.14.50; Fax: 0258/86.13.85
Head of Agency: Luminita Horhat

BLAJ – Agency

Blaj, Eroilor st., Bl. A1,
Ph: 0258/71.37.20; Fax: 0258/71.37.23
Head of Agency: Achim Rusu

SEBEȘ (Belvedere) Agency

Sebes, 45-47 Lucian Blaga Blvd.
Ph: 0258/73.11.11; Fax: 0258/73.27.54
Head of Agency: Violeta Patrusca

SEBEȘ – Agency

Sebet, 3AB Valea Frumoasei St.,
Ph: 0258/73.40.05; Fax: 0258/73.40.85
Head of Agency: Daniel Costea

Arad County:

ARAD – Branch

Arad, 5-7 Unirii St.,
Ph: 0257/28.31.22; Fax: 0257/28.22.66
Branch Manager: Luminita Hanc

ARAD – Agency

Arad, 76 Revoluției St.,
Ph: 0257/ 22.82.32; Fax: 0257/22.87.50
Head of Agency: Sonia Stupariu

MICALACA – Agency

Arad, 108, Calea Radnei St.,
Ph: 0257/36.85.13; Fax: 0257/36.84.13
Head of Agency: Diana Gabrian

PODGORIA – Agency

Arad, 6, Revoluției St.,
Ph: 0257/25.31.42; Fax: 0257/25.44.43
Head of Agency: Stana Lucian

VLAICU-ARAD – Agency

Arad, 117-119, Calea A. Vlaicu,
Ph: 0257/27.33.00; Fax: 0257/27.30.30
Head of Agency: Liliana Trestian

INTIM-ARAD – Agency

Arad, 63, G. Coșbuc St., Bl. 3B,
Ph: 0257/33.85.05; Fax: 0257/33.85.08
Head of Agency: Andreea Feher

ARADUL NOU – Agency

Arad, 50, Calea Timișoarei St.,
Ph: 0257/28.77.50; Fax: 0257/28.77.53
Head of Agency: Doroteea Baicu

PETRU RAREȘ – Agency

Arad, 2, Aleea Romanța St., Bl. R
Ph: 0257/21.89.06; Fax: 0257/21.83.17
Head of Agency: Raluca Sfat

CHIȘINEU-CRIȘ – Agency

Chisineu-Cris, 89, Înfrățirii St.,
Ph: 0257/35.13.22; Fax: 0257/35.13.31
Head of Agency: Lorena Gules

INEU – Agency

Ineu, 11, Republicii St.,
Ph: 0257/51.11.06; Fax: 0257/51.10.04
Head of Agency: Voichita Ilisie

SÂNTANA – Agency

Sântana, 71, Muncii St.,
Ph: 0257/37.40.50; Fax: 0257/37.40.70
Head of Agency: Cristina Ionas

NĂDLAC – Agency

Nădlac, 6-8, Unirii Square,
Ph: 0257/47.40.20; Fax: 0257/47.40.34
Head of Agency: Ildiko Asztalos

Vărsand – Exchange Office

Vărsand Customs
Ph/Fax: 0257/53.00.20

Nădlac – Exchange Office

Nădlac Customs
Ph/Fax: 0257/47.30.94

Argeș County:

PITEȘTI – Branch

Pitești, Griviței St., Bl. B 16,
Ph: 0248/22.23.60; Fax: 0248/22.23.69
Branch Manager: Cristina Popescu

PITEȘTI Pic – Agency

Pitești, DN 65B km. 3.3,
Ph: 0248/61.53.40; Fax: 0248/61.53.44
Head of Agency: Claudia Mone

PITEȘTI NORD – Agency

Pitești, N. Bălcescu Blvd., Bl. L 5
Ph: 0248/61.23.66; Fax: 0248/61.23.67
Head of Agency: Iuliana Georgescu

PITEȘTI PRUNDU – Agency

Pitești, Petrochimistilor Blvd.,
Ph: 0248/21.07.16; Fax: 0248/21.07.53
Head of Agency: Florian Telpesel

CURTEA DE ARGEȘ – Agency

Curtea de Arges, Basarabilor Bd., Bl. A1
Ph: 0248/72.88.72; Fax: 0248/72.72.03
Head of Agency: Daniel Negru

CÂMPULUNG MUSCEL – Agency

Câmpulung Muscel, 142, Negru-Voda St.,
Ph: 0248/51.19.00; Fax: 0248/51.14.81
Head of Agency: Daniel Zarnescu

Bacău County:

BACĂU – Branch

Bacău, 33, 9 Mai St.,
Ph: 0234/57.08.22; Fax: 0234/57.08.24
Branch Manager: Marius Savin

BACĂU Narcisa – Agency

Bacău, 3, Republicii St.,
Ph: 0234/55.55.60; Fax: 0234/55.50.13
Head of Agency: Mihaela Măgirescu

BACĂU Centru – Agency

Bacău, 4, Mărășești Blvd.,
Ph: 0234/58.00.75; Fax: 0234/58.00.72
Head of Agency: Bogdan Buculei

BACĂU Miorița – Agency

Bacău, 74, Mioriței St.,
Ph: 0234/51.61.15; Fax: 0234/51.64.14
Head of Agency: Mihaela Tilita

ONEȘTI – Agency

Onești, 23, Oituz Bd.,
Ph: 0234/32.10.50; Fax: 0234/32.11.38
Head of Agency: Emil Pantica

TG. OCNA – Agency

Tg. Ocna, C. Negri St., Bl. A 10, Sc. BCD
Ph: 0234/34.13.17; Fax: 0234/34.18.50
Head of Agency: Carmen Doina Sdrobis

COMĂNEȘTI – Agency

Comănești, 18, Republicii St.,
Ph: 0234/37.02.85; Fax: 0234/37.04.80
Head of Agency: Claudia Dobrin

ONEȘTI Gara – Agency

Onești, Calea Mărășești, Bl. 10,
Ph: 0234/32.11.29; Fax: 0234/31.46.60
Head of Agency: Camelia Soare

Bihor County:**ORADEA - Branch**

Oradea, 38-40 Dacia Bd.
Ph: 0259/46.45.22; Fax: 0259/46.55.35
Executive Manager: Lucia Pojoca

ORADEA Centru - Agency

Oradea, 2, Mareșal Antonescu St.,
Ph: 0259/41.09.32; Fax: 0259/45.77.04
Head of Agency: Adrian Egri

ORADEA Cazaban - Agency

Oradea, 56, Cazaban St., Bl. AN 198,
Ph: 0259/47.75.20 /Fax: 0259/47.76.55
Head of Agency: Marius Tincau

NUFĂRUL - Agency

Oradea, 84, Nufărului St.,
Ph: 0259/42.73.27; Fax: 0259/42.71.10
Head of Agency: Maria Roman

SALONTA - Agency

Salonta, 17, Libertății Square,
Ph: 0259/37.41.18; Fax: 0259/37.41.20
Head of Agency: Valentin Seres

Borș - Exchange Office

Borș Customs
Ph: 0259/31.63.90; Fax: 0259/31.63.90

ORADEA Cantemir - Agency

Oradea, 43 Dimitrie Cantemir St.,
Ph: 0259/41.12.93; Fax: 0259/47.71.05
Head of Agency: Alina Toma

ORADEA Republicii - Agency

Oradea, 23 Republicii St.,
Ph: 0259/44.71.92; Fax: 0259/46.78.79
Head of Agency: Alexandra Bocioc

ORADEA Iosia - Agency

Oradea, 1-5, Onestiilor St., Bl. A 3,
Ph: 0259/47.98.47; /Fax: 0259/47.89.72
Head of Agency: Alina Jozsa

ORADEA Gara - Agency

Oradea, 2, București Square, Bl. D 10,
Ph: 0359/80.05.36; Fax: 0259/44.05.15
Head of Agency: Carmen Musca

BEIUȘ - Agency

Beiuș, 2, Horea St.,
Ph: 0259/ 32.06.36; Fax: 0259/32.06.53
Head of Agency: Monica Harn

ORADEA Lotus - Agency

Oradea, 30 Nufărului St.,
Ph/Fax: 0259/41.55.73
Head of Agency: Alina Mihut

ROGERIUS - Agency

Oradea, 16, Ostașilor St.,
Ph: 0259/42.70.45; Fax: 0259/42.70.99
Head of Agency: Daniela Bogdanel

ORADEA Velenta - Agency

Oradea, 60, Războieni St.,
Ph: 0259/47.76.99/Fax: 0259/47.79.06
Head of Agency: Marius Forosigan

ALEȘD - Agency

Aleșd, 7, Unirii Street
Ph: 0259/34.28.92; Fax: 0259/34.28.92
Head of Agency: Georgeta Lup

MARGHITA - Agency

Marghita, 24, Republicii St.,
Ph: 0359/80.05.24; Fax: 0359/80.05.27
Head of Agency: Mariana Bereteu

Bistrița County:**BISTRIȚA - Branch**

Bistrița, 4 Petru Rareș St.,
Ph: 0263/21.00.55; Fax: 0263/23.56.69
Branch Manager: Radu Chindea

BISTRIȚA Winmarkt - Agency

Bistrița, Garii St., Bl. 30, Sc. C,
Ph: 0263/21.03.10; Fax: 0263/21.03.15
Head of Agency: Emanuela Echim

BISTRIȚA - Agency

Bistrița, 23/85, Gen. Grigore Bălan St.,
Ph: 0263/21.48.78; Fax: 0263/21.48.73
Head of Agency: Voichita Moldovan

BECLEAN - Agency

Beclean, 7, Libertății Square
Ph: 0263/34.33.00; Fax: 0263/34.38.68
Head of Agency: Ioan Pop

INDEPENDENȚEI - Agency

Bistrița, 58, Independenței Bd.,
Ph: 0263/23.36.78; Fax: 0263/23.66.75
Head of Agency: Simona Frincu

Botoșani County:**BOTOȘANI - Branch**

Botoșani, Marchian St., bl. C2,
Ph: 0231/52.91.66; Fax: 0231/52.91.69
Branch Manager: Bogdan Babici

BOTOȘANI Primăverii - Agency

Botoșani, 23, Primăverii St.,
Ph: 0231/58.04.46; Fax: 0231/58.04.85
Head of Agency: Cristina Berheci

Brăila County:**BRĂILA - Branch**

Brăila, 11, Calea Călărașilor,
Ph: 0239/61.19.54; Fax: 0239/61.19.62
Branch Manager: Florin Constantin

BRĂILA Viziru - Agency

Brăila, 228, Călărașilor St., Bl. C1,
Ph: 0239/68.68.19; Fax: 0239/68.68.29
Head of Agency: Elena Chirita

BRĂILA Concordia - Agency

Brăila, 54, Calea Călărașilor, Bl. B 10,
Ph: 0239/61.19.54; Fax: 0239/61.32.51
Head of Agency: Cretu Liliana

BRĂILA Piața Mare - Agency

Brăila, 311, Dorobanți St.,
Ph: 0239/62.44.11; Fax: 0239/62.44.17
Head of Agency: Georgian Mototole

Brașov County:**BRAȘOV - Branch**

Brașov, 17, 13 Decembrie St.,
Ph: 0268/47.71.81; Fax: 0268/47.86.50
Branch Manager: Horia Bozgan

BRAȘOV Gemenii - Agency

Brașov, 71 Zizinului St.,
Ph: 0268/33.04.41; Fax: 0264/33.36.34
Head of Agency: Mirela Sarbu

FĂGĂRAȘ - Agency

Făgăraș, 5, N. Bălcescu St.,
Ph: 0268/28.13.62; Fax: 0268/28.13.60
Head of Agency: Monica Guseila

BRAȘOV - Agency

Brașov, 62 Republicii St.,
Ph: 0268/47.10.73; Fax: 0268/47.16.63
Head of Agency: Laura Stan

BRAȘOV Răcădău - Agency

Brașov, 8, Tâmppei St., Sc. A,
Ph: 0268/54.18.00; Fax: 0268/54.09.90
Head of Agency: Dragos Mandru

BRAȘOV Calea București - Agency

Brașov, 92, Calea București St.
Ph: 0268/31.50.05; Fax: 0268/31.48.47
Head Of Agency: Mihai Mathyas

BRAȘOV Mall - Agency

Brașov, 7, Gării Blvd.,
Ph: 0268/41.28.61; Fax: 0268/41.28.34
Head Of Agency: Simona Revenco

BUCUREȘTI:**BUCUREȘTI Representative Office**

București, 8, G. Călinescu St.,
Ph: 021/208.10.00; Fax: 021/230.01.66
Manager: Irinel Surdu

BUCUREȘTI Magheru - Agency

București, 30 N. Bălcescu St.,
Ph: 021/315.63.72; Fax: 021/315.63.49
Head of Agency: Gianina Bocanet

BUCUREȘTI Unirii - Branch

București, 2 Alba-Iulia Square, Bl. 11,
Ph: 021/327.76.80; Fax: 021/327.76.81
Deputy Manager: Ruxandra Mercurian

BUCUREȘTI Bucur-Obor - Branch

București, 10 Mihai Bravu St.,
Ph: 021/252.66.03; Fax: 021/252.52.05
Branch Manager: Laurentiu Stefu

BUCUREȘTI Pipera - Agency

București, 23, Pipera Tunari Road,
Ph: 021/233.81.23; Fax: 021/233.81.21
Head of Agency: Raluca Chiriac

BUCUREȘTI Gara de Nord - Agency

București, 6-8, Gării de Nord St.,
Ph: 021/317.08.79; Fax: 021/317.08.97
Head of Agency: Catalin Dafinescu

BUCUREȘTI Crângași – Agency

București, 22, Calea Crângași, bl. 46
Ph: 021/221.30.55; Fax: 021/221.30.66
Head of Agency: Corina Barbu

BUCUREȘTI Rahova – Agency

București, 16, Alexandriei Road, Bl. L4,
Ph: 021/456.80.11; Fax: 021/456.80.12
Head of Agency: Claudia Stoiean

BUCUREȘTI Lucrețiu Pătrășcanu – Agency

București, 18, L. Pătrășcanu St., MC 18 A
Ph: 021/340.16.67; Fax: 021/340.16.47
Head of Agency: Loredana Ignat

BUCUREȘTI Piața Chibrit – Branch

București, 395 Calea Griviței St.,
Ph: 021/ 224.01.91 ; Fax: 021/ 224.00.56
Branch Manager: Ionela Omocea

BUCUREȘTI Lipscani - Branch

București, 102 Lipscani St.,
Ph: 021/307.20.61; Fax: 021/307.20.72
Branch Manager: Zoia Budes

BUCUREȘTI Calea Giurgiului – Agency

București, 127 Giurgiului Road, Bl. 2B
Ph: 021/451.20.50; Fax: 021/451.20.61
Head of Agency: Octavian Popa

BUCUREȘTI Marriott – Agency

București, 118-120, 13 Septembrie St.,
Ph: 021/410.67.36; Fax: 021/410.80.06
Head of Agency: David Lihu

BUCUREȘTI Ștefan Cel Mare - Agency

București, 16, Ștefan cel Mare Bd., bl.22
Ph: 021/211.13.73; Fax: 021/211.13.74
Head of Agency: Mariana Petre

BUCUREȘTI Victoria – Branch

București, 6 Iancu de Hunedoara Bd., Bl. H4,
Ph: 021/212.88.26; Fax: 021/212.88.27
Branch Manager: Ramona Vornicu

BUCUREȘTI Aviației – Agency

București, 26, Cap. Av. Șerbănescu St.,
Ph: 021/232.00.68; Fax: 021/232.00.65
Head of Agency: Andrei Dan

BUCUREȘTI Ghencea – Agency

București, 126-132 Ghencea Blvd.,
Ph: 021/204.87.17; Fax: 021/204.87.16
Head of Agency: Ciprian Maftei

BUCUREȘTI Gorjului – Agency

București, 65, Iuliu Maniu Blvd.,
Ph: 021/430.15.00; Fax: 021/430.19.95
Head of Agency: Catalin Terzi

BUCUREȘTI Pallady – Agency

București, 1, Th. Pallady Blvd., Bl. 26,
Ph: 021/348.50.84; Fax: 021/348.50.40
Head of Agency: Andra Dumitrescu

BUCUREȘTI 1 Mai – Agency

București, 65, Ion Mihalache Bd.,
Ph: 021/222.16.77; Fax: 021/222.16.76
Head of Agency: Roxana Vecerdea

BUCUREȘTI Rosetti – Agency

București, 1 Hristo Botev St., ground floor
Ph: 021/312.34.34; Fax: 021/312.35.21
Head of Agency: Mihaela Frangu

BUCUREȘTI Centrul Civic – Agency

București, 25-27 Unirii Blvd., Bl. 14-15
Ph: 021/; Fax: 021/
Head of Agency: Ana Udrea

BUCUREȘTI Berceni – Agency

București, 14, Soldat Nitu Vasile St.,
Ph: 021/332.30.40; Fax: 021/332.11.46
Head of Agency: Oscar Lihu

BUCUREȘTI Lacul Tei – Agency

București, 109, Lacul Tei Bd., Bl. 13
Ph: 021/243.12.12; Fax: 021/243.14.94
Head of Agency: Diana Petra

BUCUREȘTI Dorobanți – Agency

București, 6, Av. Radu Beller St.,
Ph: 021/233.88.03; Fax: 021/233.88.04
Head of Agency: Virginia Gugiuman

BUCUREȘTI Militari – Branch

București, 1B, Virtuții Road,
Ph: 021/43.49.59; Fax: 021/434.91.60
Branch Manager: Radu Rambet

BUCUREȘTI Drumul Taberei – Agency

București, 96, Drumul Taberei St.,
Ph: 021/ 444.92.70; Fax: 021/ 444.92.77
Head of Agency: Mariana Bocu

BUCUREȘTI Pantelimon – Branch

București, 268, Pantelimon Av., Bl. 5,
Ph: 021/255.20.20; Fax: 021/ 255.20.83
Deputy Manager: Silvia Popescu

BUCUREȘTI Dristor – Agency

București, 4, Camil Ressu Blvd., Bl. 5,
Ph: 021/324.10.60 ; Fax: 021/324.10.82
Head of Agency: Razvan Filipescu

BUCUREȘTI Bucureștii Noi – Agency

București, 68, Bucureștii Noi Bd.,
Ph: 021/667.80.60; Fax: 021/667.60.59
Head of Agency: Serban Caloian

Buzău County:**BUZĂU – Branch**

Buzău, Unirii St., Bl. 13 AB
Ph: 0238/41.19.77; Fax: 0238/41.17.50
Branch Manager: Marin Neagu

BUZĂU Sud – Agency

Buzău, Unirii Bd., Bl. P0-P1
Ph: 0238/71.32.54; Fax: 0238/71.34.82
Head of Agency: Sever Nicolescu

BUZĂU Cuza Vodă – Agency

Buzău, 5 bis, Cuza Vodă st.,
Ph: 0238/72.66.52; Fax: 0238/72.66.53
Head of Agency: Alina Tanase

BUZĂU Marghiloman – Agency

Buzău, Dorobanți St., Bl. 7D-8A
Ph: 0238/72.46.74; Fax: 0238/71.77.12
Head of Agency: Madalina Calin

RÂMNICU SĂRAT – Agency

Râmnicu Sărat, 13 F. Victoriei St.,
Ph: 0238/56.18.66; Fax: 0238/56.25.15
Head of Agency: Florica Tecu

BUZĂU Nord – Agency

Buzău, Unirii St., bl. E3, Micro III
Ph: 0238/72.39.66; Fax: 0238/72.45.65
Head of Agency: Ionela Pascu

Caras Severin County:**REȘIȚA – Branch**

Reșița, 18, I. L. Caragiale St.,
Ph: 0255/22.71.34; Fax: 0255/22.71.35
Branch Manager: Dan Acea

REȘIȚA Nord – Agency

Reșița, 6, Republicii Blvd., Sc. 2
Ph: 0255/22.00.31; Fax: 0255/22.00.27
Head of Agency: Cristian Havrileti

CARANSEBES – Agency

Caransebes, 8A, Mihai Viteazu St.,
Ph: 0255/51.52.13; Fax: 0255/51.21.17
Head of Agency: Maria Zoican

Cluj County:**CLUJ-Branch**

Cluj-Napoca, 36 Eroilor St.,
Ph: 0264/20.71.00; Fax: 59.88.32
Regional Manager: Patritiu Abrudan

CLUJ Mănăstur - Agency

Cluj-Napoca, 14-15 Bucegi St.
Ph: 0264/42.53.08; Fax: 0264/ 42.53.08
Head of Agency: Cristian But

CLUJ Billa – Agency

Cluj-Napoca, 75, Calea Florești St.,
Ph: 0264/42.78.68; Fax: 0264/42.77.01
Head of Agency: Simona Ghitea

CLUJ Pata – Agency

Cluj-Napoca, 163, N. Titulescu St.,
Ph: 0264/ 41.86.05; Fax: 0264/ 41.81.97
Head of Agency: Georgeta Ungurean

CLUJ Matei Corvin – Agency

Cluj-Napoca, 22, Unirii Square
Ph: 0264/45.04.14; Fax: 0264/45.04.15
Head of Agency: Iulia Dragoi

CLUJ 21 Decembrie – Agency

Cluj-Napoca, 45, 21 Dec. Blvd.,
Ph: 0264/41.27.00; Fax: 0264/41.01.40
Head of Agency: Rodica Neagos

GHERLA – Agency

Gherla, 12, Bobâlna St.,
Ph: 0264/24.85.50; Fax: 0264/24.85.53
Head of Agency: Horatiu Pop

Câmpia Turzii – Agency

Câmpia Turzii, 2 A. Mureșanu St.,
Ph: 0264/36.64.00; Fax: 264/36.68.00
Head of Agency: Adrian Macavei

DEJ – Branch

Dej, 6, 1 Mai St.,
Ph: 0264/22.32.63; Fax: 0264/21.14.09
Branch Manager: Doru Mihut

CLUJ – Agency

Cluj-Napoca, 3 Dorobanților St.,
Ph: 0264/59.07.24; Fax: 0264/59.07.24
Head of Agency: Firuta Mesesan

CLUJ Grigorescu – Agency

Cluj-Napoca, 7 Fântânele St.,
Ph: 0264/42.05.82; Fax: 0264/42.05.83
Head of Agency: Adela Jurca

CLUJ Mărăști – Agency

Cluj-Napoca, 137, 21 Dec. 1989 Bd.,
Ph: 0264/41.16.01; Fax: 0264/41.16.26
Head of Agency: Alin Anca

CLUJ Mihai Viteazu – Agency

Cluj-Napoca, 29, Mihai Viteazu St.,
Ph: 0264/59.41.34; Fax: 0264/59.41.34
Head of Agency: Carmen Popa

CLUJ Expo – Agency

Cluj-Napoca, 47, Dâmboviței St.,
Ph: 0264/41.00.27; Fax: 0264/41.00.21
Head of Agency: Anamaria Lupas

CLUJ Donath – Agency

Cluj-Napoca, 15, Donath St.,
Ph: 0264/35.40.50; Fax: 0264/35.40.52
Head of Agency: Carmen Baciu

HUEDIN – Agency

Huedin, 2, Horea St.,
Ph: 0264/35.22.71; Fax: 0264/35.22.73
Head of Agency: Monica Petrea

TURDA Potaissa – Agency

Turda, 14, Republicii St.,
Ph: 0264/31.70.18; Fax: 0264/31.70.03
Head of Agency: Codruta Campian

DEJ – Agency

Dej, 41, 1 Mai St.,
Ph: 0264/22.32.63; Fax: 0264/21.14.09
Head of Agency: Maria Badiu

CLUJ Barițiu – Agency

Cluj-Napoca, 8, Barițiu St.,
Ph: 0264/40.71.50; Fax: 0264/40.71.79
Head of Agency: Andreea Rosca

CLUJ Zorilor - Branch

Cluj-Napoca, 109 Republicii St.,
Ph: 0264/59.24.29; Fax: 0264/59.20.28
Branch Manager: Liliana Cseh

CLUJ Horea – Agency

Cluj-Napoca, 112, Horea St.,
Ph: 0264/48.40.95; Fax: 0264/48.40.91
Head of Agency: Liliana Rus

CLUJ Cipariu – Agency

Cluj-Napoca, 5, Cipariu Square,
Ph: 0264/59.67.40; Fax: 0264/59.67.40
Head of Agency: Alina Pacurar

CLUJ Brâncuși – Agency

Cluj-Napoca, 174, Brâncuși St.,
Ph: 0264/44.13.35; Fax: 0264/44.12.78
Head of Agency: Ciprian Soleriu

CLUJ Napoca – Operational Unit

Cluj-Napoca, 1, Republicii St.,
Ph: 0264/43.18.84; Fax: 0264/43.18.83
Head of Unit: Bianca Dragan

TURDA – Branch

Turda, 15 Romană Square
Ph: 0264/31.68.32; Fax: 0264/31.68.33
Branch Manager: Daniela Gergely

TURDA Opreșani – Agency

Turda, 100, Victoriei Ave.,
Ph: 0264/31.71.44; Fax: 0264/31.71.47
Head of Agency: Rares Balint

DEJ Dealul Florilor – Agency

Dej, 7C Dobrogeanu Gherea St.,
Ph: 0264/22.04.60; Fax: 0264/22.04.62
Head of Agency: Sergiu Calos

Constanța County:**CONSTANȚA – Branch**

Constanța, 134 Mamaia Bd.,
Ph: 0241/61.91.16; Fax: 0241/61.91.17
Branch Manager: Mihaela Ichim

CONSTANȚA Piața Farului – Agency

Constanța, 6, Aurora St., Bl. PF 1,
Ph: 0241/60.65.20; Fax: 0241/60.65.29
Head of Agency: Valentina Borsan

CONSTANȚA Trocadero – Agency

Constanța, 82, Lăpușneanu Blvd.,
Ph: 0241/61.90.01; Fax: 0241/61.90.04
Head of Agency: Mihaela Solomon

MEDGIDIA – Agency

Medgidia, Republicii St., Bl. G2,
Ph: 0241/81.00.74; Fax: 0241/81.00.63
Head of Agency: Cristina Spataru

CONSTANȚA Dacia – Agency

Constanța, 235 Tomis Bd., Bl. C
Ph: 0241/60.66.20; Fax: 0241/60.66.21
Head of Agency: Claudia Toader

CONSTANȚA Casa de Cultura – Agency

Constanța, I.L. Caragiale 1A, Bl. L25,
Ph: 0241/60.61.59; Fax: 0241/51.18.83
Head of Agency: Claudiu Nacu

CONSTANȚA Grand – Agency

Constanța, 57, Tomis Bd.,
Ph: 0241/66.44.04 ; Fax: 0241/60.69.66
Head of Agency: Magdalena Calimente

NĂVODARI – Agency

Năvodari, Constanței St., Bl. C 3,
Ph: 0241/50.80.90; Fax: 0241/76.67.55
Head of Agency: Gabriela Ivan

CONSTANȚA Tomis – Agency

Constanța, 36-40 Ștefan cel Mare St.,
Ph: 0241/60.66.38; Fax: 0241/66.54.70
Head of Agency: Alina Aron

CONSTANȚA Tomis Nord

Constanța, 16, Adamclisi St.,
Ph: 0241/60.66.85; Fax: 0241/60.66.85
Head of Agency: Malina Badan

CONSTANȚA Big – Agency

Constanța, 98, I.C. Brătianu St., Bl. SR3
Ph: 0241/60.61.55; Fax: 0241/62.92.11
Head of Agency: Marius Matei

MANGALIA - Agency

Mangalia, 6 Ștefan cel Mare St.,
Ph: 0241/70.69.55; Fax: 0241/70.69.56
Head of Agency: Laura Spinoche

Covasna County:**COVASNA Sf. Gheorghe – Branch**

Sf. Gheorghe, 18, Decembrie 1918 St.,
Ph: 0267/35.18.59; Fax: 0267/35.18.76
Branch Manager: Istvan Sandor

TÂRGU SECUIESC – Agency

Târgu Secuiesc, 40, Gh. Doja St.,
Ph: 0267/36.43.17; Fax: 0267/36.24.40
Head of Agency: Tibor Ferenczy

Dâmbovița County:**TÂRGOVIȘTE – Branch**

Târgoviște, Revoluției St., Bl. C6,
Ph: 0245/61.09.23; Fax: 0245/61.09.60
Branch Manager: Madalina Marinescu

Dolj County:**CRAIOVA – Branch**

Craiova, 16 Iancu Jianu St.,
Ph: 0251/41.97.45; Fax: 0251/41.97.47
Branch Manager: Doru Patrascu

CRAIOVA Brazda lui Novac – Agency

Craiova, 64, Brazda lui Novac St., Bl. C4,
Ph: 0251/59.04.59; Fax: 0251/59.19.66
Head of Agency: Mirela Anghel

CRAIOVA Frații Golești – Agency

Craiova, 63-65 Calea București, Bl. A 23
Ph: 0251/41.44.42; Fax: 0251/41.70.79
Head of Agency: Neguta Rusinaru

CRAIOVA Craiovița Nouă – Agency

Craiova, 50, Oltenia Bd., bl. B1,
Ph: 0251/58.83.08; Fax: 0251/58.83.47
Head of Agency: Cosmin Micsoniu

CRAIOVA A. I. Cuza – Agency

Craiova, 4, A. I. Cuza St., Bl. 150
Ph: 0251/59.35.98; Fax: 0251/59.40.39
Head of Agency: Suzana Popescu

Galați County:**GALAȚI – Branch**

Galați, 132 Brăilei St.,
Ph: 0236/46.18.28, Fax: 0236/46.90.27
Branch Manager: Emil Lazarescu

GALAȚI Micro 19 – Agency

Galați, 19, Brăilei St., Zone Bl. .A,
Ph: 0236/46.74.47; Fax: 0236/41.02.50
Head of Agency: Anca Diaconu

GALAȚI Central – Agency

Galați, 3, Maior Iancu Fotea St., Bl. L,
Ph: 0236/31.22.32; Fax: 0236/32.01.02
Head of Agency: Irina Mocanu

GALAȚI Delta – Agency

Galați, 33, Siderurgistilor St.,
Ph: 0236/31.48.81; Fax: 0236/31.40.01
Head of Agency: Daniela Zaharescu

GALAȚI Tiglina – Agency

Galați, A6, Brăilei St.,
Ph: 0236/31.31.60; Fax: 0236/31.31.91
Head of Agency: Mirela Axente

GALAȚI Dunărea – Agency

Galați, Oțelarilor St., Bl. D10,
Ph: 0236/47.41.01; Fax: 0236/31.50.52
Head of Agency: Sandel Aftene

TECUCI – Agency

Tecuci, 46, 1 Decembrie 1918 St.,
Ph: 0236/82.08.81; Fax: 0236/81.61.14
Head of Agency: Lucel Baducu

Giurgiu County:**GIURGIU – Branch**

Giurgiu, 1 Portului St.,
Ph: 0246/21.60.04; Fax: 0246/21.59.60
Branch Manager: Mirela Matei

GIURGIU – Agency

Giurgiu, 1 Gării St.,
Ph: 0246/21.73.08, Fax 0246/21.73.26
Head of Agency: Simona Gaujencanu

GIURGIU Interex – Agency

Giurgiu, 5, Mihai Viteazu St.,
Ph: 0246/21.00.00; Fax: 0246/21.00.98
Head of Agency: Florentina Mesaros

Gorj County:**TÂRGU-JIU – Branch**

Tg. Jiu, C1, 33, Traian St.,
Ph: 0253/22.70.94; Fax: 0253/22.70.99
Branch Manager: Dorina Mergea

Harghita County:**MIERCUREA CIUC – Branch**

Miercurea Ciuc, 18 Florilor St., Harghita
Ph: 0266/31.02.03; Fax: 0266/31.02.56
Branch Manager: Delia Gogu

ODORHEIU-SECUIESC – Agency

Odorheiu Secuiesc, 1, Kossuth Lajos St.,
Ph: 0266/21.20.30; Fax: 0266/21.02.33
Head of Agency: Zsombori Csongor

GHEORGHENI – Agency

Gheorgheni, 8 A, Libertății St.,
Ph: 0266/36.15.20; 0266/36.11.20
Head of Agency: Laszlo Bernad

Hunedoara County:**DEVA – Branch**

Deva, 42, 22 Decembrie St.,
Ph: 0254/23.22.58, Fax: 0254/23.22.80
Branch Manager: Virginia Lucaciu

DEVA Decebal – Agency

Deva, 110, Decebal St.,
Ph: 0254/23.19.40; Fax: 0254/23.19.60
Head of Agency: Elisabeta Haragus

ORĂȘTIE – Agency

Orăștie, Eroilor St., Bl. E,
Ph: 0254/24.35.54; Fax: 0254/24.35.57
Head of Agency: Cristinela Igna

HUNEDOARA Corvin – Branch

Hunedoara, 10 Libertății Bd.,
Ph: 0254/74.81.00; Fax: 0254/74.81.01
Branch Manager: Irina Bozdog

HUNEDOARA Rusca – Agency

Hunedoara, Dacia Blvd., Bl. 2B,
Ph: 0254/71.73.22; Fax: 0254/71.73.29
Head of Agency: Larisa Goian

DEVA Zăvoi – Agency

Deva, Eminescu St., Bl. B, Sc. D,
Ph: 0254/23.32.91; Fax: 0254/23.32.94
Head of Agency: Bianca Drapac

IANCU DE HUNEDOARA – Agency

Hunedoara, 10, Libertății Blvd.,
Ph: 0254/74.81.00; Fax: 0254/74.81.01
Head of Agency: Gabriel Barna

BRAD – Agency

Brad, 5-7, Minerilor St.,
Ph: 0254/61.36.11; Fax: 0254/61.36.15
Head of Agency: Maria Isac

PETROȘANI – Agency

Petroșani, 2, N. Balcescu St.,
Ph: 0254/54.78.82; Fax: 0254/54.78.80
Head of Agency: Romeo Sabau

Iași County:**IAȘI – Branch**

Iași, 3A Ghica Vodă St.,
Ph: 0232/21.50.11, Fax: 0232/21.67.70
Branch Manager: Eugen Pintilie

IAȘI Piața Unirii – Agency

Iași, 1A Cuza Vodă St., Bl. 8
Ph: 0232/24.01.63; Fax: 0232/24.01.84
Head of Agency: Cristina Loghin

HÂRLĂU – Agency

Hârlău, Bogdan Vodă St., Bl. 12, Sc. B,
Ph: 0232/71.11.28; Fax: 0232/71.11.43
Head of Agency: Liviu Puscasu

IAȘI Alexandru Cel Bun – Agency

Iași, 23, Alexandru cel Bun St., Bl. B1
Ph: 0232/25.41.67; Fax: 0232/25.42.57
Head of Agency: Iustin Anisei

IAȘI Tătărași – Agency

Iași, 7, Ion Creangă St., Bl. K2, Sc. A,
Ph: 0232/24.72.00; Fax: 0232/24.72.09
Head of Agency: Sandu Boz

TÂRGU FRUMOS – Agency

Târgu Frumos, 81, Cuza Vodă St.,
Ph: 0232/71.04.02; Fax: 0232/71.00.99
Head of Agency: Radu Rugina

IAȘI Păcurari – Agency

Iași, 158, Păcurari St, Bl. 592
Ph: 0232/41.30.16; Fax: 0232/41.30.20
Head of Agency: Alina Visan

PAȘCANI – Agency

Pașcani, Ștefan cel Mare St., Bl. V 1-3,
Ph: 0232/71.00.78; Fax: 0232/71.01.48
Head of Agency: Grigore Trutescu

Maramureș County:**BAIA-MARE – Branch**

Baia-Mare, 8-10 Unirii Bd.,
Ph: 0262/22.79.84; Fax: 0262/22.79.86
Branch Manager: Cornel Sabou

BAIA-MARE V. Alecsandri – Agency

Baia-Mare, 91 A, V. Alecsandri St.,
Ph: 0262/22.68.21; Fax: 0262/22.68.25
Head of Agency: Gyongyver Mares

BAIA-MARE – Agency

Baia-Mare, 17 Republicii Bd.,
Ph: 0262/22.68.21; Fax: 0262/22.68.25
Head of Agency: Adrian Cacina

BAIA-MARE Millenium – Agency

Baia-Mare, 8, Libertății St.,
Ph: 0262/21.47.72; Fax: 0262/21.49.43
Head of Agency: Mihaela Suci

BAIA MARE Dragoș Vodă – Agency

Baia Mare, 2, Decebal Bd.,
Ph: 0262/27.60.78; Fax: 0262/27.65.83
Head of Agency: Ioana Bondici

SIGHETU MARMAȚIEI – Agency

Sighetu Marmăției, 10 Libertății Square,
Ph: 0262/31.40.50; Fax: 0262/31.40.74
Head of Agency: Petru Rednic

Mehedinți County:**DROBETA TURNU SEVERIN – Branch**

Drobeta Turnu Severin, 83 Traian St.,
Ph: 0252/ 20.60.17, Fax 0252/31.32.59
Branch Manager: Traian Muner

DROBETA TURNU SEVERIN – Agency

78, Tudor Vladimirescu Blvd.,
Ph: 0252/31.15.00; Fax: 0232/31.15.00
Head of Agency: Violeta Ciorobea

Mureș County:**TÂRGU MUREȘ – Branch**

Tg. Mureș, 37, 1 Dec. 1918 Bd.,
Ph: 0265/26.90.68; Fax: 0265/16.04.24
Branch Manager: Eugen Craciun

TÂRGU MUREȘ Nord – Agency

Tg. Mureș, 11-15, 22 Dec. 1918 St.,
Ph: 0265/21.10.50; Fax: 0265/21.15.14
Head of Agency: Bianca Ricu

TÂRGU MUREȘ No. 1 – Agency

Tg. Mureș, 39-41 Trandafirilor Square,
Ph: 0265/26.76.73; Fax: 0265/16.76.73
Head of Agency: Rodica Seulean

TÂRGU MUREȘ Tudor – Agency

Tg. Mureș, 184, 1 Dec. Blvd.,
Ph: 0265/25.62.54; Fax: 0265/25.61.21
Head of Agency: Calin Bandea

LUDUȘ – Agency

Luduș, 35, Republicii St.,
Ph: 0265/41.10.08; Fax: 0265/41.19.29
Head of Agency: Mihaela Pandrea

TG. MUREȘ Dambu Pietros – Agency

Tg. Mureș, 48-50, 1848 Blvd.,
Ph: 0265/26.60.80; Fax: 0265/26.60.62
Head of Agency: Crinel Cerces

SIGHIȘOARA – Agency

Sighișoara, 15, Herman Oberth St.,
Ph: 0265/77.27.19; Fax: 0265/77.93.52
Head of Agency: Celia Lorincz

REGHIN – Agency

Reghin, 2, Mihai Viteazu St.,
Ph: 0265/51.38.14; Fax: 0265/51.38.15
Head of Agency: Bogdan Hendli

SIGHIȘOARA Târnava – Agency

Sighișoara, 10, Mihai Viteazu St.,
Ph/Fax: 0265/77.00.77
Head of Agency: Bogdan Curechian

SOVATA – Agency

Sovata, 170, Principală St.,
Ph: 0265/57.74.87; Fax: 0265/57.74.99
Head of Agency: Sandor Nagy

TÂRNĂVENI – Agency

Târnăveni, 68 Republicii St.,
Ph: 0265/44.63.15; Fax: 0265/44.63.19
Head of Agency: Ioan Berdea

Neamț County:**PIATRA NEAMȚ – Branch**

Piatra-Neamț, 33, Decebal St.,
Ph: 0233/21.19.12; Fax: 0233/21.10.65
Branch Manager: Mihai Hancu

TÂRGU-NEAMȚ – Agency

Târgu-Neamț, M4, Ștefan cel Mare St.,
Ph: 0233/79.05.10; Fax: 0233/79.09.40
Head of Agency: Elena Surmei

PIATRA-NEAMȚ Orion – Agency

Piatra-Neamț, Complex Orion,
Ph: 0233/22.72.25; Fax: 0233/22.72.29
Head of Agency: Ana Calarasu

ROMAN – Agency

Roman, 16, N. Titulescu St.,
Ph: 0233/74.24.63; Fax: 0233/74.24.67
Head of Agency: Viorica Vacaru

PIATRA-NEAMȚ Ceahlău – Agency

Piatra-Neamț, 90, Decebal Blvd., Bl. A1
Ph: 0233/22.66.30; Fax: 0233/22.55.66
Head of Agency: Elena Tuduran

OLT County:**SLATINA – Branch**

Slatina, A.I.Cuza St., bl. Union
Ph: 0249/43.31.68; Fax: 0249/43.36.32
Branch Manager: Corina Goga

SLATINA Steaua – Agency

Slatina, 18 A-B Ecaterina Teodoroiu St.,
Ph: 0249/43.31.60; Fax: 0249/43.31.62
Head of Agency: Marusa Stinga

BALS – Agency

Bals, N. Bălcescu St., Bl. 26AB
Ph: 0249/45.11.11; Fax: 0249/45.11.13
Head of Agency: Rodica Diaconescu

Prahova County:**PLOIEȘTI – Branch**

Ploiești, 12, Ion Maiorescu St., Bl. 33,
Ph: 0244/54.26.13; Fax: 0244/51.06.55
Branch Manager: Gabriela Nan

PLOIEȘTI – Agency

Ploiești, 15 Republicii St.,
Ph: 0244/59.76.09; Fax: 0244/59.73.10
Head of Agency: Daniela Manea

CÂMPINA – Agency

Câmpina, 45 Carol I Bd., Bl. J23
Ph/Fax: 0244/33.18.09
Head of Agency: Gheorghe Illoiu

PLOIEȘTI NORD – Agency

Ploiești, 118, Republicii St.,
Ph: 0244/51.95.59; Fax: 0244/59.82.04
Head of Agency: Natalia Radulescu

PLOIEȘTI VEST – Agency

Ploiești, 126, Malu Roșu St., Bl. 10F,
Ph: 0244/59.85.41; Fax: 0244/59.99.34
Head of Agency: Bogdan Oana

SINAIA – Agency

Sinaia, 19, Carol I Blvd.,
Ph: 0244/31.28.74; Fax: 0244/31.28.60
Head of Agency: Mihaela Burca

Sălaj County:**ZALĂU – Branch**

Zalău, 1 Unirii Square
Ph: 0260/66.12.05; Fax: 0260/66.12.08
Branch Manager: Victor Ardelean

ZALĂU Perla – Agency

Zalău, Traian Viteazu St., Bl. Perla
Ph: 0260/61.31.21; Fax: 0260/61.31.24
Head of Agency: Calin Marian

Satu-Mare County:**SATU-MARE – Branch**

Satu-Mare, 12, Octombrie 25 Square
Ph: 0261/71.68.25; Fax: 0261/71.60.30
Branch Manager: Ioan Vidrean

SATU-MARE Someș – Agency

Satu-Mare, Drumul Careiului St., bl. C19,
Ph: 0261/75.96.65; Fax: 0265/75.96.66
Head of Agency: Lavinia Salagean

CAREI – Agency

Carei, 25 M. Viteazu St.,
Ph: 0261/86.64.75; Fax: 0261/86.64.91
Head of Agency: Lucian Borota

SATU-MARE Carpați – Agency

Satu-Mare, 22-24 L. Blaga St.,
Ph: 0261/76.43.20; Fax: 0261/76.43.20
Head of Agency: Horatiu Toma Bozero

SATU-MARE Aurora – Agency

Satu-Mare, 10, Libertății Square,
Ph: 0261/71.43.03; Fax: 0261/71.43.25
Head of Agency: Marius Chilitan

NEGREȘTI-OAȘ – Agency

Negrești-Oaș, 2, Victoriei St.,
Ph: 0261/85.52.02; Fax: 0261/85.48.01
Head of Agency: Tibil Ioan

SATU-MARE Unic – Agency

Satu-Mare, 2 Parângului St.,
Ph: 0261/71.05.06; Fax: 0261/71.05.07
Head of Agency: Claudia Muresan

SATU-MARE Golescu – Agency

Satu-Mare, 30, Martirilor Deportați St.,
Ph: 0261/71.03.08; Fax: 0261/71.09.03
Head of Agency: Ioan Ardelean

Sibiu County:**SIBIU – Branch**

Sibiu, 57, Someșului St.,
Ph: 0269/21.15.68; Fax: 0269/21.25.73
Branch Manager: Mariana Vastras

SIBIU Vasile Aaron – Agency

Sibiu, 24, Semaforului St.,
Ph: 0269/23.41.91; Fax: 0269/23.30.02
Head of Agency: Adrian Ducu

SIBIU Dumbrava – Agency

Sibiu, 4, Unirii Square,
Ph: 0269/21.03.10; Fax: 0269/21.33.70
Head of Agency: Doina Ionetecu

SIBIU – Agency

Sibiu, 34, N. Bălcescu St.,
Ph: 0269/21.73.37; Fax: 0269/21.60.28
Head of Agency: Dorina Foamete

SIBIU Tineretului – Agency

Sibiu, 58, General Magheru St.,
Ph: 0269/21.28.99; Fax: 0269/21.31.95
Head of Agency: Claudia Iordache

SIBIU Hipodrom – Agency

Sibiu, 45, Rahovei St.,
Ph: 0269/23.31.61; Fax: 0269/23.32.74
Head of Agency: Georgetel Jeculescu

MEDIAȘ – Agency

Mediaș, 1, L. Roth St.,
Ph: 0269/83.77.48; Fax: 0269/83.77.42
Head of Agency: Rares Raicu

Suceava County:**SUCEAVA – Branch**

Suceava, 6, Nicolae Bălcescu St.,
Ph: 0230/53.09.83; Fax: 0230/53.09.84
Branch Manager: Areta Latis

SUCEAVA George Enescu – Agency

Suceava, 38, George Enescu Bd., Bl. 90,
Ph: 0230/51.21.41; Fax: 0230/51.21.65
Head of Agency: Catalina Vartic

GURA HUMORULUI – Agency

Gura Humorului, Bucovina Bd., Bl. B 4,
Ph: 0230/23.54.14; Fax: 0230/23.54.16
Head of Agency: Flavius Ulici

SUCEAVA Burdujeni – Agency

Suceava, 29, Unirii Ave., Bl. 92
Ph: 0230/53.28.46; Fax: 0230/53.28.49
Head of Agency: Lucian Mihalea

RĂDĂUȚI – Agency

Rădăuți, 33 Unirii Square,
Ph: 0230/56.09.40; Fax: 0230/56.69.78
Head of Agency: Mihaela Serban

CÂMPULUNG MOLDOVENESC – Agency

16, Bucovinei Road,
Ph: 0230/31.10.41; Fax: 0230/31.10.52
Head of Agency: Maria Lupusanschi

SUCEAVA Bucovina – Agency

Suceava, Bucovina Center
Ph: 0230/22.04.70; Fax: 0230/22.04.73
Head of Agency: Nicoleta Macovei

VATRA DORNEI – Agency

Vatra Dornei, 29, M. Eminescu St.,
Ph: 0230/37.00.10; Fax: 0230/37.00.13
Head of Agency: Maria Ciocan

FĂLTICENI – Agency

Fălticeni, 27, Revoluției St.,
Ph: 0230/54.67.40; Fax: 0230/54.67.43
Head of Agency: Sorin Ciobanu

Timiș County:**TIMIȘOARA – Branch**

Timișoara, 4, Republicii Bd.,
Ph: 0256/29.34.48; Fax: 0256/29.33.16
Branch Manager: Nicolae Cosma

TIMIȘOARA Iosefin – Agency

Timișoara, 32, Tineretii Bd.,
Ph: 0256/49.44.66; Fax: 0256/49.53.40
Head of Agency: Iasmina Cionchi

TIMIȘOARA Giroc – Agency

Timișoara, 62, Martirilor St.,
Ph: 0256/48.97.27; Fax: 0256/48.97.27
Head of Agency: Ovidiu Chiru

TIMIȘOARA Bega – Agency

Timișoara, 1 A. Pacha St.,
Ph: 0256/20.10.46; Fax: 0256/20.10.47
Head of Agency: Matei Stoica

TIMIȘOARA Nord – Agency

Timișoara, 41, General Drăgălina St.,
Ph: 0256/49.47.73; Fax: 0256/49.47.76
Head of Agency: Carina Lajos

TIMIȘOARA Calea Lugojului – Agency

Timișoara, 75-77 Simion Bărnuțiu St.,
Ph: 0256/21.90.44; Fax: 0256/21.90.44
Head of Agency: Zoltan Hajos

TIMIȘOARA Calea Aradului – Agency

Timișoara, 32, Aradului Est Ave.,
Ph: 0256/22.66.63; Fax: 0256/22.67.51
Head of Agency: Cristian Tepeneu

LUGOJ – Agency

Lugoj, 10, Iosif C-tin Drăgan Sq.,
Ph: 0256/35.52.92; Fax: 0256/35.69.81
Head of Agency: Sorin Toader

Tulcea County:**TULCEA – Branch**

Tulcea, 15, Babadag St.,
Ph: 0240/50.61.70; Fax: 0240/50.61.71
Branch Manager: Ionel Popa

Vâlcea County:**RÂMNICU-VÂLCEA – Branch**

Râmnicu-Vâlcea, 12, Știrbei Vodă St., Bl. T1
Ph: 0250/73.63.44; Fax: 0250/73.80.62
Branch Manager: Hary Draghici

RÂMNICU-VÂLCEA Drăgășani – Agency

Râmnicu-Vâlcea, A1, G. Mihaescu St.,
Ph: 0250/81.32.61; Fax: 0250/81.55.5.8
Head of Agency: Dan Zinca

RÂMNICU-VÂLCEA Cozia – Agency

Râmnicu-Vâlcea, 146, Calea Traian,
Ph: 0250/73.48.57; Fax: 0250/73.07.69
Head of Agency: Livia Sandu

Vaslui County**VASLUI – Branch**

Vaslui, 70, Ștefan Cel Mare St.,
Ph: 0235/36.21.10; Fax: 0235/36.22.11
Branch Manager: Iulian Neacsu

BÂRLAD – Agency

Bârlad, 200, Republicii St.,
Ph: 0235/41.98.11; Fax: 0235/41.98.44
Head of Agency: Tudora Surdu

HUȘI – Agency

Huși, 1 Mai Blvd., Bl. 20, Sc. D,
Ph: 0235/47.19.44; Fax: 0235/47.19.48
Head of Agency: Puiu Bobi Moisa

Vrancea County:**FOCȘANI – Branch**

Focșani, 1, Mare a Unirii St.,
Ph: 0237/23.73.55; Fax: 0237/21.60.26
Branch Manager: Grigore Bratu

FOCȘANI Nord – Agency

Focșani, 14, Independentei Blvd.,
Ph: 0237/21.31.27; Fax: 0237/21.31.29
Head of Agency: Ionut Taranciu

FOCSANI SUD – Agency

Focșani, 11, București St.,
Ph: 0237/21.03.00; Fax: 0237/21.01.61
Head of Agency: Paula Moisa

ADJUD Agency

Adjud, 88, Republicii St.,
Ph: 0237/64.04.79; Fax: 0237/64.07.95
Head of Agency: Dan Romanov

Subsidiaries**BT ASIGURARI S.A.**

8, G. Barițiu St., Cluj-Napoca, Romania
Ph: 0040 264 414.062
Fax: 0040 264 402.847
e-mail: office@bta.ro
www.btasigurari.ro

BT DIRECT S.A.

36, Eroilor St., Cluj-Napoca, Romania
Ph: 0040 264 301.342
Fax: 0040 264 301.343
e-mail: office@btirect.ro
www.btirect.ro

BT LEASING S.A.

134, Calea Turzii St., Cluj-Napoca, Romania
Ph: 0040 264 438.816
Fax: 0040 264 444.150
e-mail: btleasing@btleasing.ro
www.btleasing.ro

BT SECURITIES S.A.

104, 21 Dec. Bd., Cluj-Napoca, Romania
Ph: 0040 264 430.564
Fax: 0040 264 431.718
e-mail: office@btsecurities.ro

BT ASSET MANAGEMENT S.A.I.

8, G. Barițiu St., Cluj-Napoca, Romania
Ph: 0040 264 301.036
Fax: 0040 264 301.035
e-mail: btam@btassetmanagement.ro
www.btassetmanagement.ro

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BANCA TRANSILVANIA S.A.
8, Barițiu St.
400027 Cluj-Napoca
Romania
ph: + 40 264 407.150
fax: + 40 264 407.179
e-mail: bancatransilvania@bancatransilvania.ro

www.bancatransilvania.ro