

CONSOLIDATED REPORT OF ADMINISTRATORS

FINANCIAL GROUP BANCA TRANSILVANIA

2011

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Introduction

The economic situation of Romania affected by the recession period from 2008 gave the first positive signs in late 2011, when the country recorded a modest increase. After contracting the financial assistance package by the Romanian Government with the International Monetary Fund (2009), the government imposed a series of legislative measures of economic reform that led to stabilizing the economy in early 2011, as confirmed by the evaluation report issued by IMF. Inflation in 2011 dropped to the level of 3.14% from 7.96% in December 2010, reaching the limit proposed by BNR, while Romania's budget deficit in 2011 stood at 4.35%, slightly below 4.4% of GDP, a target imposed by the IMF.

General information

The BT Financial group was incorporated in 2003 and consists of 19 companies, the bank being the main component of the group.

Banca Transilvania is the main component of the group, promoting a strategy to extend the range of financial services to clients.

The group operates in financial sectors such as banking, investment management, consumer finance, leasing and securities transactions. The whole range of financial products, both banking and products provided by the subsidiaries in the Group, are offered to clients through a unique distribution network under the same logo of BT.

In addition to the traditional savings products the offer includes an investment management component (BT Asset Management) sustaining the access both to the retail and the exclusivity market, with client tailored premium services. The Private Banking division offers professional and excellence relations to high net worth individuals. The brokerage (BT Securities) or the leasing services (BT Leasing) complete the offer of products to clients, as an alternative to direct investments on the capital market or flexible financing sources.

The retail lending is backed by consumer finance (BT Direct) offering through distribution networks of consumer products easy access to potential customers.

The financial group gives special attention to the health care sector both by having a specialized banking division (Medical Division) or directly financing specific needs in this sector (BT Medical Leasing). A general feature of all business lines is the desire for excellence in client servicing, starting with the Retail, Private Banking and SME's to the Corporate.

The strategy of the BT Financial is designed to ensure the whole range of products and services under a single logo and a recognized name on the local banking market, servicing all or potential clients with a large range of products, especially tailored to satisfy the most diverse needs.

The Bank ensures its subsidiaries an adequate level of capitalization contributing to an improved risk management by involving the bank's audit and compliance functions.

In late 2011, the direct investments in the BT group amounted to 220.19 million lei (in 2010 their value was 202.41 million lei), the ownership percentage being the same as in the previous year.

The Group subsidiaries where the bank has direct participations are presented below:

Subsidiary	Field of activity	% direct participation	% direct participation
BT Securities SRL	Investments /brokerage	95.50%	95.50%
BT Leasing IFN	Leasing	44.30%	100.00%
BT Investments SRL	Investments	100.00%	100.00%
BT Direct SRL	Consumer finance	93.70%	100.00%
BT Building	Real estate	4.17%	100.00%
BT Asset Management SAI	Asset Management	80.00%	80.00%
Compania de Factoring IFN SA	Factoring	99.18%	100.00%
Medical Leasing IFN	Leasing	99.99%	100.00%
BT Evaluator SRL	Financial Intermediation	9.96%	100.00%
BT Consultant SRL	Financial Intermediation	7.45%	100.00%
BT Leasing Moldova	Leasing	100.00%	100.00%

Within the Group there are 8 other companies where the Bank holds indirect participations (BT Solution Agent de Asigurare SRL; BT Safe Agent de Asigurare; BT Intermedieri; BT Account Agent de Asigurare SRL; BT Finop Leasing; Rent a Med SRL; BT Asiom SRL Transilvania Imagistica SA), the bank's investments being 47.20 mil. lei (2010: 46.61 mil.lei).

The bank holds two other investment funds (BT Invest and BT Invest1) where its direct participation is 91.43%, respectively 100.00% (in 2010: 88.73% respectively 90.80%).

In 2011 Banca Transilvania increased its participation in Medical Leasing IFN with 16,500 thousand lei. The bank contributed to the capital increase of BT Direct with 1,274 thousand lei, by incorporation of reserves.

Main achievements of subsidiaries in 2011 and projections for 2012

Below is financial information about the main entities in the group where the bank holds direct participations, so entering the consolidation process.

BT Leasing Transilvania S.A

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

The business place of the company is in Cluj Napoca, street George Baritiu nr.1.

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

BT Leasing has offices in several towns in the country: Cluj, Bucharest, Oradea, Iasi, Arad, Sibiu, Brasov, Craiova, and Constanta.

The number of employees was 109 on 31.12.2011 (108 employees on 31.12.2010)

At the end of 2011, BT Leasing had 2,511 outstanding contracts (3,133 on 31.12.2010) and leasing receivables (principal without VAT) of 177 millions lei (158 million lei in 2010).

Under the difficult conditions still existing on the Romanian leasing market, the company proposes the following objectives for 2012:

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

BT Medical Leasing IFN SA

Medical Leasing is a company specialized in financial leasing for procurement of medical equipment based in Bucharest. Due to its experience in the medical field in the course of years, Medical Leasing extended its business in the whole country.

After buying shares from minority shareholders and increasing its participation in 2010 from 57.39% to 99.99%, the company changed its name from Medicredit Leasing to BT Medical Leasing, thus becoming a BT company. In 2010, the company defined and implemented synergies with the Medical Division (DpM) of the bank by integrating its products and workflows.

In the context of the financial crisis when the market for financed equipment in leasing system significantly diminished, BT Medical Leasing experienced difficulties in debt payments with delays in payments.

For 2012 BT Medical Leasing aims to identify the best solutions for selling recovered medical equipment in stock at the end of 2011.

BT Leasing Moldova

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

BT Leasing MD promotes financial leasing with a focus on financing cars, tools and equipment in a leasing system. All operations, sales and risk management are carried out at its business place, the company not being structured on branches and agencies.

In 2011 BT Leasing MD financed goods in value of more than 4.8 mil EUR (entry value), which is 20 % more than in 2010 under 179 leasing contracts.

On 31 December 2011, its leasing portfolio was 3.4 mil de euro rising 35% from 31.12.2010 and maintaining its good quality.

For 2012 the main objective of BT Leasing Moldova is to continue to build a healthy leasing portfolio increasing its sales with 15% from 2011 (financing goods in value of around 5.5 mil EUR) and to finalize the implementation of the operational software AB Smart.

BT Asset Management

It is a company specialized in the management of assets in the BT financial group with business in the management of open and close investment funds.

Its shareholding structure includes:

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

At the end of 2011 the company was ranked the fourth fund management company in Romania, with a market share of 4.33% and more than 8,000 active investors. More than half of investors have chosen the fixed income product (BT bonds), an excellent saving alternative. At the end of 2011 the assets under management reached the value of 295.9 mil lei, which is 13% than that in 2010.

BT Asset Management offers a full range of investment products from fixed income funds to the shares funds. The opening of the capital market is ensured to clients by investments in Romania and Austria, both in Lei and in Euro.

The trend of significant increase in the value of managed assets was continued in 2011 by preserving the attractiveness of the company's products with good returns in the context of a difficult economic environment.

For 2012 the company proposed to increase its assets under management and number of customers, to diversify its distribution channels, to improve its cross-selling with BT and to broaden its product and service portfolio.

BT Direct

The company was incorporated in 2003 as a limited liability company under the Romanian legislation, having its business place in Cluj Napoca.

On 4 July 2006, the GSM of BT Direct decided to transform BT Direct from a limited liability company into a non-banking financial institution S.A. (IFN) in order to comply with the legal provisions for operation.

The company offers financing in leasing system for long life goods and loans for personal needs.

In 2011, were signed 11,613 consumer credit contracts, of which 8,871 credit related contracts in value of 18.1 mil. RON, respectively 2,760 contracts for personal needs in value of 20.2 mil. RON.

BT Direct has collaboration contracts for financing clients with a number of 738 stores.

The total value of revenues in 2011 increased 16 % from the value realized in 2010, the company having positive financial results at year end.

In the current macro-economic conditions the target of BT Direct for 2012 is to reach a total financed value of 41 mill. RON, which will be 7 % more than financed in 2011.

BT Investments

The company in BT INVESTMENTS SRL Cluj-Napoca was incorporated in 2002 and its main business is lending under contracts; in 2006 the company redefined its CAEN code respectively 6619 - auxiliary financial intermediation (except for insurances and pension funds).

From its inception, the company successively increased its share capital by cash contribution or reserve capitalization so on 31.12.2011 its share capital was 50,939 thousand lei.

On 31.12.2011, the shares held by SC Investments SRL were in value of 55,417 thousand lei. The determination of the shares value held by the company was based on the evolution of the stock market and for negative differences provisions were created.

For the reporting year the revenues from financial assets were 480 th.lei. On 31.12.2011, the market value of securities was determined based on the closing price in the last trading day. For 2012, the company aims to maintain its current portfolio of shares.

BT Securities

BT Securities was incorporated in 2003 after changing the name and the business place of the company Transilvania Capital Invest.

Shareholding structure: 98.61% Banca Transilvania, 1.39% individuals and companies.

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

BT SECURITIES business developed in a year where the capital market in Romania went through a crisis period. The main listed companies declined their share prices in conjunction with a dramatic drop in trading volumes. The brokerage business was strongly influenced by the financial crisis in the second half of the year with lower value transactions and lower average percentage of fees charged from clients.

In such difficult economic climate, BT Securities posted negative results at the end of 2011.

Major achievements in 2011 were:

- Diversifying the income base of the company by implementing new products;
- The first Romanian broker authorized at the Warsaw Stock Exchange;
- Making an IPO on the Romanian market or on the Vienna Stock Exchange.

For 2012, the main objectives in business are:

- To maintain the volume of net commissions earned from brokerage to a level close to the year 2011;
- To maintain the volume of transactions on BSE at 2,500,000 lei / day;
- To develop business in Vienna and Warsaw of at least 10 million euros / year (equivalent);
- To successfully realize an IPO on the Romanian market;
- To return among the top five brokers on the market;
- To start margin trading in euro and Polish zloty.

Compania de Factoring IFN S.A.

In 2011 Compania de Factoring SRL maintained the trend of the previous year and proposed to continue to streamline its collection process.

As a result of the collection process, Compania de Factoring succeeded partial recovery of outstanding amounts in amount of 991,318 lei.

The company's management continued to take measures to support its business growth in current market conditions by:

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

For 2012 the company aims to identify and to choose an appropriate strategy for the recovery of outstanding amounts, minimizing collection procedure costs.

Risk management at the level of BT group

Risk management is an integral part of all decisional and business processes in the group. The Group management continuously evaluates risks likely to affect the Group's targets and takes measures in response to any modifications in the business conditions.

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

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

To ensure a most effective internal control, the Group constantly identifies and assesses significant risks, both at Group level and, individually, at bank and subsidiary level,

considering the internal factors (nature of performed activity, complexity of organization structure, etc.) and the external factors (economic conditions, changes in the competitive environment and in the legislation, technological processes etc.).

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

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

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

MANAGEMENT AND CONTROL OF CREDIT RISK

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

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

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

- Create and maintain constantly an adequate framework for credit risk management;
- Permanently improve the process of credit granting/ approval
- Maintain an adequate process of managing, controlling and monitoring credits;

- Prepare the methodology for provisioning and for calculating prudential value adjustments related to credit risk

The group determines competence limits for the units in the territory and the HO, which represents maximum limits for approving credits, granting guarantees, avals, etc.

LIQUIDITY RISK MANAGEMENT AND CONTROL

The group strategy for liquidity management provides the main elements (principles, ratios, management techniques etc.) in order to obtain the expected returns on assets. Liquidity management is consciously assumed and adapted to the market conditions and development targets in line with the current legal provisions.

Liquidity management is structured on 3 components:

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

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

MARKET RISK MANAGEMENT AND CONTROL

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

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

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

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

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

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

MANAGEMENT AND CONTROL OF FOREX RISK

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

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

MANAGEMENT AND CONTROL OF OPERATIONAL RISK

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

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

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

- Permanent control (permanent supervision of sensitive activities, formalized accounting/financial supervision) and specific instructions regarding operational risks (ex: collection of operational losses, their monitoring);
- Periodic control.

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

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

MANAGEMENT AND CONTROL OF REPUTATION RISK

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

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

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

MANAGEMENT AND CONTROL OF STRATEGIC RISK

The strategic risk represents the current or future risk of affecting profits and capital as a result of any changes in the business environment or unfavorable business conditions, inadequate implementation of decisions or lack of reaction to changes in the business conditions.

The strategic perils are addressed based on the following quality elements:

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

Group policy

BT Group operates in such financial sectors as banking, investment management, consumer financing, leasing and real estate transactions.

Banca Transilvania is the main component in the financial group promoting at the group level a strategy for continuously developing business and extending the integrated financial services offered to clients.

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

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

Internal and external audit

The general audit objectives in 2011 were focused especially on the risk management and the evaluation of the general control system on deals and/ or flows. The audit commitments were concerned with risks relating to:

Compliance:

- Contractual compliance (contracts with third parties and clients);
- Legal compliance (compliance with legislation and internal norms);

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

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

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

The consolidated financial statements of BT Financial Group for the financial exercise ended on 31 December 2011 were audited by the external auditor KPMG Audit SRL.

The audit opinion confirmed that the financial statements were prepared in all its significant aspects in conformity with the Order no. 13/2008 of the chairman of the Administration Board of the National Bank of Romania, as further amended and completed, and the accounting policies described in the notes to the financial statements.

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

In compliance with the Accounting Law no. 82/1991 (republished) and with the NBR Order no.13/2008 with the subsequent amendments, credit institutions have the obligation to prepare another two sets of annual financial statements in conformity with the International Standards for Financial Reporting. At individual level, the Bank also prepared the financial statements under Romanian Standards for Financial Reporting and a set of financial statements in conformity with the International Standards for Financial Reporting.

The Group's consolidated financial statements prepared according to the International Financial Reporting Standards (IFRS) adopted by the European Union, in force at the date of annual reporting, 31 December 2011, describe the financial position of Banca Transilvania SA and its subsidiaries, being presented as if it were a single economic entity.

The consolidated financial statements include:

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

EVOLUTION OF THE MAIN FINANCIAL RATIOS UNDER IFRS

The consolidated Balance Sheet and the consolidated Income Statement as at 31.12.2011, prepared under IFRS, are presented in Exhibit 1, respectively Exhibit 2.

The evolution of the main financial ratios of BT Group as at 31 December 2011, compared to 2010, is presented below:

Thousand Lei BT GROUP	IFRS STATEMENTS		
	31.12.2010	31.12.2011	2011/2010 (%)
Total Assets	21,730,252	26,008,813	120%
Total Liabilities	19,640,288	23,616,946	120%
Total Shareholders' Equity	2,089,964	2,391,867	114%
Operating income	1,541,895	1,489,713	97%
Operating expenses	1,388,121	1,134,284	82%
Gross profit for the financial year	158,515	355,429	224%
Tax on profit	24,531	58,181	237%
Net profit	133,984	297,248	222%

In 2011 *total assets* increased by 20%, from 21,730,252 thousand lei to 26,008,813 thousand lei, the bank's assets having the highest weight. In terms of assets the market share of Banca Transilvania was 7.27 % at the end of 2011, being ranked the third in the BNR classification according to net assets (2010: 6.3%).

The *volume of credits* increased moderately (from 12,215,792 thousand lei to 13,977,655 thousand lei), datorita given the slower lending pace in the current market conditions, their weight in total assets at the end of 2011 being 54% (2010: 56%).

Investments in securities increased with more than 53% in 2011 from the previous year (from 3,893,794 thousand lei to 5,958,148 thousand lei) after increase in liquidities and lower demands for credits.

Cash and investments in banks increased 5 % from the previous year (from 4,938,280 thousand lei to 5,329,233 thousand lei).

In the context of the financial crisis the *tangible and intangible assets* saw a slight increase of 9% (from 336,445 thousand lei to 368,086 thousand lei).

As at 31.12.2011, *debts* are in amount of 23,616,946 th lei, higher by 20% compared to the previous year. The increase is mainly due to the higher volume of resources from clients, which have exceeded by 17% the level recorded in 2010 (from 17,279,132 th lei to 20,257,251 th lei).

Borrowings from banks and other financial institutions were 63% higher than in the previous year (from 1,593,295 Th. lei to 2,592,982 Th. lei).

The *equity* of the entities in the group increased 14%, respectively from 2,089,964 Th. lei to 2,391,867 Th. lei in principal due to the 19% share capital increase.

The *gross profit* of the group posted 355,429 Th. lei to 2011, which was 224% from the previous year (2010: 158,515 Th. lei), mainly due to dimishment in credit risk. The net profit was 297,219 Th. lei (2010: 133,984 Th. lei).

The operational income was in amount of 1,489,713 Th. lei, slightly under the level in 2010 (1,541,895 Th. lei), mainly due to lower interest margins.

The net income from interests decreased 6 % from the previous year (from 996,297 Th. lei to 934,418 Th. lei) the year 2011 continuing to be a difficult year for the whole economy, the crisis and the measures initiated by the authorities to adapt to the current conditions affecting businesses.

The net income from charges and commissions increased 2 % from 2010, i.e. 382,158 Th. Lei from 374,910 Th. lei, especially due to the positive evolution of operational commissions as a result of higher number of transactions.

The commissions collected in the lending process were spread over the credits' duration, their balance being 95,141 Th. Lei from 31.12.2011, affecting the P&L account in the periods to come (balance in 2010: 116,969 Th. lei).

The *provisions* created in 2011 to cover the credit and leasing risks and other assets decreased at the group level by 51% from the last year, negatively affecting the P&L account with the amount of 315,849 Th. lei (2010: 646,965 Th. lei).

The *operational expenses*, before provisions, were 818,435 mii lei, which is 10% higher than the previous year (741,156 Th. lei in 2010) due to business extension, increase in the contribution to the deposit guarantee fund and increased costs with materials after the 5% increase in VAT.

The expenses with staff were in amount 390,262 Th. lei at the end of 2011, which is 4.52% higher than in the last year, due to a higher number of employees in the group from 6,914 employees to 7,151 angajati.

The expenses with depreciation at the group level were 63,787 Th. lei, which was 5% over that in the last year as a result of lower investments.

Other operating expenses, including taxes, rents, maintenance and repairs and others, increased in 2011 by 19% from 2010 (from 306,888 Th. lei to 364,386 Th. lei), in principal due to the increase in the contribution to the deposit guarantee fund.

Profitability ratios saw a 100% increase in 2011 compared to 2010 based on the profit rise by 122%, so the return on assets (ROA) was 1.25% (in the previous year 0.62%), while the return on equity was 13.26% (6.41% on 31.12.2010).

The solvency ratio calculated at the group level, under the Basel accord (including the 2011 profit) recorded a value of 13,49% (14.92% on 31 12 2010), when the minimum limit imposed by Basel II accord is 8%.

Corporate social responsibility

The BT Financial Group continued to be socially involved also in 2011 in the community's life, supporting culture, education, sports, medical field, etc. For BT, the most important CSR initiative continued to be "Clujul has Soul", dedicated to young people from families with modest financial situation or from the child care system. The mission of "Cluj has Soul" is to help teenagers to improve themselves and to have a better life by education. In its 4 years of activity, almost 1.200 youth were supported by "Cluj has Soul". In order to reach such goals Banca Transilvania donated only in 2011 more than 500.000 lei for social and educational programs of "Cluj has Soul".

Also, BT Financial Group got involved in projects meant to encourage by donations sport events, educational projects on financial issues for pupils or students (My Money Week, Leadership School) and support also projects that helped, financially and emotionally, children suffering from cancer (the Little People Association, Association of Beatrix Bühler to support children affected by cancer).

Environmental protection policy

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

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

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

Events subsequent to closing financial exercise

No events occurred after the close of the financial exercise likely to have an impact on the 2011 financial statements.

Other information about the preparation of financial statements

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

The obligations to the state and local budget and special funds were complied with, disbursements being performed in accordance with the legal provisions in force.

The 2011 financial operations were correctly recorded based on documents legally prepared.

The Management Report presented in the General Shareholders Meeting by each entity in the Group contains a realistic analysis of its own business during the financial exercise as well as of financial position at the end of 2011.

Projections for Banca Transilvania Financial Group in 2012

For 2012, the budgets for the entities in the group provide objectives correlated with the general interest of the BT Financial Group.

In the conditions of a still difficult economic environment, the BT Financial Group proposes the following main development objectives:

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

According to the investment budget of the bank for 2012, proposed for approval, new resources will be allotted to the capitalization of the subsidiaries in the group:

Investment budget 2012:

• Branches + buildings	41,021 th. lei
• IT and cards investment	48,510 th. lei
- of which IT Core and CRM	29,667 th. lei
• Vehicles	1,888 th. lei
• Various	7,226 th. lei

Investments in the bank **98,645 th. lei**

Investments in subsidiaries **15,225 th.lei**

Total investments (TVA included) **113,870 th.lei**

Considering all this presented in the report, we submit for approval to the General Meeting of Shareholders the consolidated financial statements prepared in compliance with NBR Order no.13/2008, as further modified, and the International Accounting Standards applicable to credit institutions, adopted by the European Union, together with the Consolidated Administrator's Report and the Report of the Independent Auditor, specifying that all other aspects included in the individual entity reports remain valid.

BOARD OF DIRECTORS
CHAIRMAN
HORIA CIORCILA

ANNEX 1

Consolidated financial position As at 31 dec 2011				
	31-Dec-10	31-Dec-11	31-Dec-10	31-Dec-11
	Th. RON	Th. RON	Th. EUR	Th. EUR
Assets				
Cash and cash equivalents	3,701,125	4,550,256	863,780	1,053,373
Loans to banks	1,237,155	778,977	288,731	180,331
Financial assets at fair value through P&L account	111,977	140,551	26,134	32,537
	12,215,792	13,977,655	2,850,960	3,235,793
Credits to clients				
Net investments in leasing	223,617	207,388	52,188	48,010
Securities available for sale	3,780,997	5,816,778	882,421	1,346,570
Securities held to maturity	820	819	191	190
Tangible assets	287,570	297,531	67,114	68,878
Intangible assets	48,875	70,555	11,407	16,333
Good will	8,369	376	1,953	87
Receivables over deferred profit	30,454	28,163	7,107	6,520
Other assets	83,501	139,764	19,488	32,355
Total assets	21,730,252	26,008,813	5,071,474	6,020,977
Debts				
Due to banks	333,194	251,181	77,762	58,148
Due to clients	17,279,132	20,257,251	4,032,658	4,689,504
Borrowings from banks and other financial institutions	1,593,295	2,592,982	371,848	600,269
Other subordinated debts	257,553	260,148	60,109	60,224
Other debts	177,114	255,384	41,333	59,120
Total debts	19,640,288	23,616,946	4,583,710	5,467,265
Equity				
Share capital	1,560,500	1,860,159	364,194	430,622
Treasury shares	(256)	(2,118)	(60)	-490
Share premiums	0	732	0	169
Retained earnings	301,088	303,268	70,269	70,206
Revaluation reserves	28,291	35,544	6,603	8,228
Other reserves	198,230	192,248	46,265	44,506
Shareholders capital	2,087,853	2,389,833	487,271	553,241
Minority interests	2,111	2,034	493	471
Total shareholders' capital	2,089,964	2,391,867	487,764	553,712
	21,730,252	26,008,813	5,071,474	6,020,977
Total debt and equity				

ANNEX 2

Consolidated profit and loss account				
as at 31 dec 2011				
	31-Dec-10	31-Dec-11	31-Dec-10	31-Dec-11
	Th. RON	Th. RON	Th. EUR	Th. EUR
Income from interests and assimilated	1,894,260	1,856,372	449,954	438,041
Expenses with interests and assimilated	(897,963)	(921,954)	(213,298)	(217,550)
Net interest income	996,297	934,418	236,656	220,491
Income from charges and commissions	421,645	436,026	100,156	102,887
Expenses with charges and commissions	(46,735)	(53,868)	(11,101)	(12,711)
Net income from charges and commissions	374,910	382,158	89,054	90,176
Net income from trading	118,969	111,613	28,259	26,337
Other operational income	51,719	61,524	12,285	14,518
Operational income	1,541,895	1,489,713	366,255	351,522
Net expenses with provisions for financial assets	(646,965)	(315,849)	(153,677)	(74,530)
Expenses with staff	(373,371)	(390,262)	(88,689)	(92,089)
Expenses with depreciation	(60,897)	(63,787)	(14,465)	(15,052)
Other operational expenses	(306,888)	(364,386)	(72,897)	(85,983)
Operational expenses	(1,388,121)	(1,134,284)	(329,728)	(267,652)
Profit/ loss with associated entities	4,741	0	1,126	0
Profit before tax	158,515	355,429	37,653	83,870
Expenses with tax on profit	(24,531)	(58,181)	(5,827)	(13,730)
Financial exercise profit	133,984	297,248	31,826	70,140
Relating				
Profit of bank's shareholders	133,794	297,019	31,781	70,086
Loss from interests without control	190	229	45	54
Net profit of the financial exercise	133,984	297,248	31,826	70,140
Earnings per share				
* basic	0.0801	0.18399		
* diluted	0.0801	0.18399		