



Banca Transilvania
Annual Report
2007

Financial Calendar

Preliminary Results 2007	30.01.2008
Annual General Meeting	22.04.2008
Annual Financial Statements	24.04.2008
First quarter results 2008	30.04.2008
Registration Date	16.05.2008
Half-year financial statements 2008	04.08.2008
Third quarter results 2008	30.10.2008



Mission Statement

Banca Transilvania is an integrated Romanian Financial Group, established in Transylvania, focused on Entrepreneurial 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 close to the community we belong to and a bank where we work with pride and professionalism.

Profile

Four main strategic business lines:

Corporate Banking

SME Banking

Medical Division

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 2007 - IFRS

thousand RON

	2007	2006
Total Assets	14,083,485	8,330,628
Loans, net	8,484,048	4,833,106
Customers' deposits	10,390,347	5,645,304
Shareholders' equity	1,273,174	795,393
Share Capital	700,979	483,254

Income Statement

thousand RON

	2007	2006
Net interest income	436,598	340,415
Impairment loss on loans, net	116,517	40,672
Net commission income	299,918	175,003
Foreign exchange income, net	121,733	86,048
General administrative expenses	565,524	412,427
Net profit from continuing operations	165,432	141,753
Net profit (loss) from discontinued operation	144,021	(33,156)
Profit for the year	309,444	108,597

Data about BT shares

	2007	2006
Outstanding common shares	6,110,797,702	3,933,548,620
Nominal value	0.1	0.1
Book value per share	0.2083	0.2025
Market capitalization (mln. RON)	5,500	3,960
High	1.15	1.51
Low	0.71	0.85
Closing Price	0.9	1.01
Earnings per share (EPS)	0.0684	0.0309
Price-earning ratio (PER)	13.15	32.69
Price to book value (PBV)	4.31	4.99
Operating result per share	0.556	0.0326

Additional Information

	2007	2006
Number of employees	5,792	4,537
Branches and agencies	456	341
ATMs	675	475
POs	7,321	4,646



THE COUNCIL OF ADMINISTRATION



Horia Ciorcilă - Chairman



Robert C. Rekkers - CEO



Roberto Marzanati - Vice-Chairman



Ionut Pătrăhău - Deputy CEO



Claudiu Silaghi - Member



Gabriela Grigore - Member



Constantin Jeican - Member



THE MANAGEMENT COMMITTEE



Robert C. Rekkers - CEO



Ionut Pătrăhău - Deputy CEO



Nicolae Tarcea - Executive Manager



Leontin Toderici - Executive Manager



Lucia Pojoca - Executive Manager



Gabriela Nistor - Executive Manager



Andrei Dudoiu - Executive Manager



Tiberiu Moisa - Executive Manager



Chairman's and Chief Executive Officer's Statement

Banca Transilvania had an outstanding evolution in 2007, achieving the highest operational profit in its history.

Evidence of our success is the solid base of over one million active clients and a well developed countrywide network of 480 operational units.

The bank's capital base grew to EUR 353 million. Assets increased by 62.5%, to EUR 3.9 billion, a figure placing Banca Transilvania as forth among banks in Romania.

In 2007 value creation for Banca Transilvania's customers and shareholders was further enhanced by specialized products designed for our core business lines: Corporate, SME, the Medical Division and Retail.

Growth in the corporate client sector is based on increasing the quality of loan portfolio while focusing on competencies – flexibility, swiftness, quality - and on developing Treasury and Business Banking products for our more than 9,600 active corporate clients.

Being acknowledged as the Bank for Romanian entrepreneurs, in 2007 Banca Transilvania continued to focus on the needs of our 100,000 SME & Micro clients. Loans granted to SMEs increased significantly to EUR 412 million emphasizing once again our role of top entrepreneurs' supporter. Last year, BT's market share in terms of SME & Micro clients grew to 18%, ranked second among banks targeting this sector.

After addressing the needs of entrepreneurs, Banca Transilvania comes with an even more specialized offer, attending to the needs of physicians. It is to this end that Banca Transilvania established a forth business line, BT MEDICAL DIVISION, meant to enhance the entrepreneurial spirit of Romanian physicians and to actively support the development of the private medical sector in Romania. The Division was launched in October 2007 in several important Academic Centers having specialized locations, personnel and products.

With regard to retail banking, a key segment of our business, Banca Transilvania serves more than 900,000 active clients, representing a 50% increase on the previous year.

In addition to the above mentioned bank's performance, we would like to outline the important changes and developments within BT Financial Group.



In this respect, there was a strategic reorientation, on the one hand by the sale of our 90% participation in BT Asigurări to Grupama International SA, and on the other hand by the establishment of a joint venture with the Dutch insurance company, Aegon N.V., The Netherlands, in the field of private mandatory pensions.

Moreover, Banca Transilvania opened its first branch abroad, in Nicosia, Cyprus, thus adding value to its bank services.

2008 started well for BT, even though the Romanian economy is facing uncertainties and challenging external events, spillovers of the sub-prime mortgage crisis. We set for this year new ambitious targets concentrating on further profit enhancement.

We will continue our organic growth, further improve our loan portfolio quality, launch new products, and last but not least, we will conclude the selection process for a new IT platform to cater for our future growth.

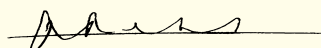
The successful fulfillment of our business goals depends mostly on our committed employees. Together we will be able to continuously exploit the full growth potential of Banca Transilvania.

We would like to close by thanking our clients, staff, collaborators and stakeholders for their continued trust and ongoing support and dedication.

Horia Ciorcila
Chairman



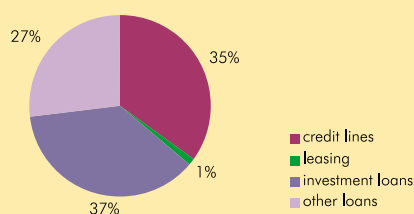
Robert C. Rekkers
Chief Executive Officer



CORPORATE BANKING

In 2007, as in previous years, we strived to make further differentiation within our service approach and range of products, which are geared to the needs of various corporate customers.

Corporate loan portfolio as at 31.12.2007



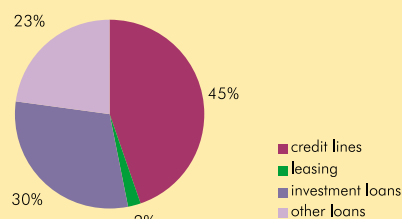
In figures, BT's corporate performance means at the end of 2007: over 9,600 active corporate clients, 41.85% of the bank's total loan portfolio; placements increased by 76% in 2007 compared to 2006, from 2,099 mil lei (2006) to 3,701 mil lei (2007).

During 2007, we concentrated on the one hand on the development of Business Banking non-credit products for:

- cash management – "Trezo Direct", "Electronic Accountant"
- treasury – "FX Negotiation", "FX Opportunity"
- trade finance

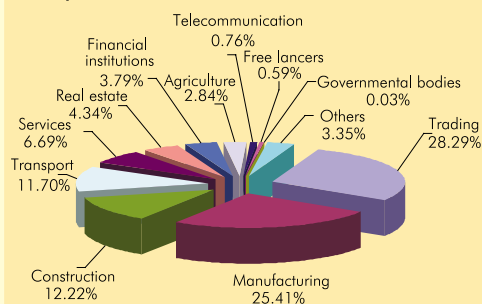
and on the other hand we targeted a double approach to clients: a tailor-made and a wholesale approach. The latter is intended to increase turnover through BT accounts for existing and new clients, generating increased volumes and sustainable fee income.

Corporate loan portfolio as at 31.12.2006



Apart from its dedicated Relationship Managers who assist Corporate Clients throughout Banca Transilvania's network, our bank also provides an electronic transaction system – BT ULTRA - available 24 hours a day, a time-saving operational platform accessed by more than 3,660 subscribers. A series of improvements, such as processing intervals extension and external platform usage for remote interventions – Webex – were implemented. Moreover, we created BT Ultra Plus, which includes a package of high-performance banking applications.

Corporate and SME loans on sectors in 2007



SME BANKING

As the regional economy has witnessed substantial growth in recent years, mainly based on private entrepreneurial projects, banks have begun to address more and more the specific needs of their SME customers. The bank adopted a business model that is not only in line with the clients' needs, but is also a driver of financial performance and a management tool that enables and safeguards long-term growth and earnings.

Instead of addressing them as pure 'credit risk' Banca Transilvania has increasingly viewed smaller businesses as an opportunity for economic growth. Against this background, we dedicated professional teams, know-how and resources to address their needs.

After several years of SME banking experience, Banca Transilvania has undoubtedly gained a strong position in providing support to growing businesses in emerging markets.

Small and Medium Enterprises represent a strategic priority for Banca Transilvania and therefore, in our role as top supporter of Romanian entrepreneurs we are continuously engaged in bringing new specialized solutions to the market, thus constantly increasing our dedicated SME product portfolio.

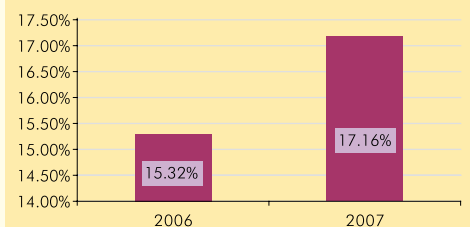
Loans granted to SME clients increased significantly from RON 755 million in 2006 to RON 1,489 million in 2007, representing 17.16% of the bank's total loan portfolio.

The friendly, open and prompt approach, the awareness and transparency, as well as the simple, rapid and non-bureaucratic range of products, together with our dedicated sales team, all contributed to the achievement of the targeted objectives. At the end of 2007, our bank counted a number close to 99,000 active SME clients compared to 78,300 at the end of 2006.

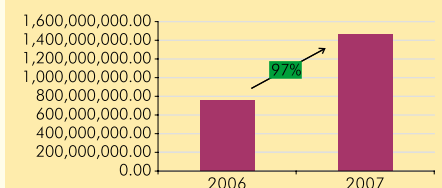
Credit, non-credit products and initiatives provided to our SME customers:

- **1 H** loan for:
 - Working capital
 - Investments
- **START UP** loan granted to newly incorporated businesses or having less than 6-month in operation
- **0 interest** loan, designed to cover short term payment peaks
- **100% discount**, improving cash-flow by discounting receivables
- **Banking subscription** – through this service, companies can perform unlimited payment operations by paying a monthly fixed commission.
- **Clubul Intreprinzătorului Român (Romanian Entrepreneurs' Club)** - offers support and consultancy to Romanian entrepreneurs
- **Real estate for companies**
- **Leasing 1 Oră**, fast track leasing for established customers

Weight in the total loan portfolio



Loans to SMEs



For the year 2008, Banca Transilvania envisages the launch of new innovative products serving the SME business line and targets a 70% increase in the SME loan portfolio, along with further facilitation of lending processes, and last but not least, the ongoing support for the SME network through "Clubul Intreprinzătorului Român" (the Romanian Entrepreneurs Club).

Clubul Intreprinzătorului Român (CIR)

Established in September 2006, Clubul Intreprinzătorului Român (the Romanian Entrepreneurs Club) is one of the most recognized initiatives undertaken by Banca Transilvania.

Unique in Romania, CIR offers support for Romanian entrepreneurs, which is a responsibility arising from the role undertaken by Banca Transilvania as the Bank for SMEs in Romania.

During 2007, the Club organized over 150 events in 55 cities, involving 6,500 SMEs in 25 training programs. At the end of last year, the Club had close to 8,500 members all over Romania.

All CIR events were organized in cooperation with BT branches and each of them were good opportunities both for Banca Transilvania to meet its clients in an informal environment and strengthen the relationships with them and for the Club's members to accumulate new information and interact. Networking is also facilitated, at the end of each event, all contact details being distributed to every participant.

All topics addressed by tutorials enjoyed a real interest, among them we mention: structural funds, strategic and financial management, leadership, general banking operations, treasury operations, sales.

A green line - 0800 800 466 - , the Internet site - www.btclub.ro - with its forums and newsletters are other alternatives for members, and not only, to become familiarized with topics they are interested in.

Besides the regular meetings, CIR intends to offer each year a major event to its members. In June 2007, Jack Trout was invited to Bucharest to address entrepreneurs on the efforts that should be undertaken by local companies in the "battle" against multinationals. The event was a great success, enjoying wide participation.

Joining the Club is easy, fast and free of charge. The application form and further information are available on: www.btclub.ro



BT MEDICAL DIVISION

After having launched a series of products to the benefit of small entrepreneurs, Banca Transilvania comes with an even more specialized offer, addressing the needs of physicians. It is to this end that Banca Transilvania established a fourth business line, THE MEDICAL DIVISION, the most specialized approach to the Romanian healthcare sector within the banking environment, meant to enhance the entrepreneurial spirit of Romanian physicians.

The Medical Division was launched in October 2007 and its early success is due to the main ingredients: a specialized team & customized lending products based on qualitative criteria. We have opened customer-tailored agencies in several important medical centers in the country: Cluj-Napoca, Iași, Târgu Mureș and Oradea, which are staffed, besides banking specialists, with physicians. In only 3 months more than 400 loans totaling EUR 15 million were granted.

Banca Transilvania knows that today's complex financial and regulatory environment can make the physicians' job of managing their medical practice a difficult task. We understand the every day challenges of doctors and we are offering solutions to allow them to more efficiently run their practice and make their job easier. Accordingly, we have created a series of specialized packages of products according to seniority: "Rezident", "Specialist" and "Praxis"; even more, via a specialized network of companies, we offer consultancy and support for opening medical practices or for obtaining the authorized individual status, while providing assistance during the entire activity span.



RETAIL BANKING

In brief, during 2007, we continued to enhance proximity to our clients, achieving at the same time sustainable improvement in results.

Optimizing customer satisfaction was and still is one of our declared strategic objectives. We believe that our nationwide branch network, combined with an appropriate product range is key to it.

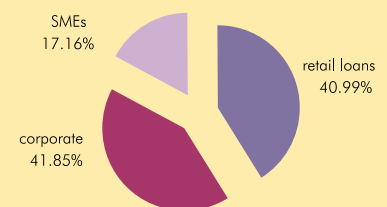
Following the recently introduced "active client" internal definition, Banca Transilvania had at the end of 2007, 912,000 active retail clients, 50% more than at the end of the previous year.

Strong growth was recorded in 2007 with regard to the retail loan portfolio, which mounted to RON 3.6 billion from RON 2.1 billion one year ago. Retail loans represented, at the end of 2007, 41% of BT's total loans.

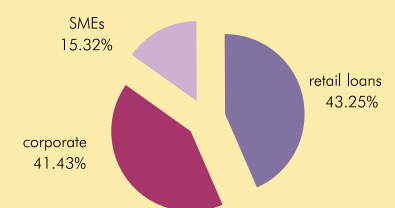
On the liability side, the aggregate amount of sight and term retail deposits equaled EUR 1,750 million, weighting 55% of total deposits from clients.

The main objective for 2008 is to consolidate our market share and to capitalize on our investments in retail banking – with a focus on cards and consumer loans.

Loan portfolio structure in 2007



Loan portfolio structure in 2006



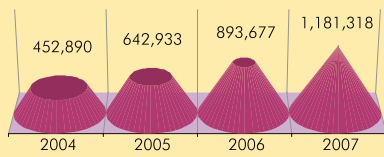
Did you know that...

- ...every 1.5 seconds ... a person withdraws money from a BT ATM?
- ...every 1.14 seconds ... a BT card is used for transactions?
- ...every 5.48 seconds ... a BT card is used for shopping?

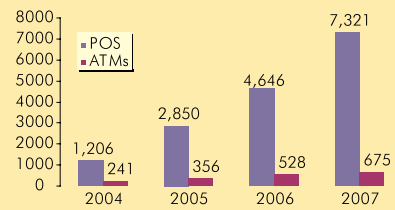
CARDS

At the end of 2007, Banca Transilvania had 1,180,000 active cards, thus recording a market share of 11%. Two new products were added to the bank's card portfolio, namely Visa Platinum and a co-branded card issued by BT in partnership with Centrofarm pharmacy network.

Number of BT cards issued

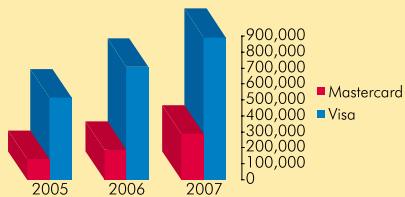


Number of ATM's and POS

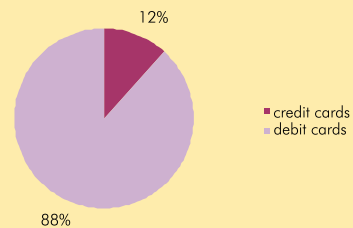


2007 was a successful year where cards are concerned, Banca Transilvania being ranked first in terms of premium cards and MasterCard transaction volumes.

MASTERCARD vs VISA



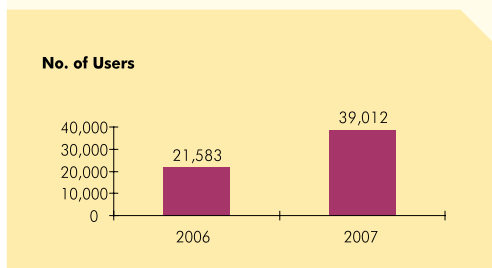
Credit cards vs. debit cards 2007



INTERNET BANKING - BT 24

As use of the Internet continues to increase in Romania, more and more banking customers turn to on-line products and services. Internet banking services offered by Banca Transilvania - BT 24 was further improved every year, following our customer requests and recommendations, broadening use options, promptness in executing operations, as well as higher relevance of displayed information. These enhanced capabilities allow for a more efficient cash management for our clients.

We record each year significant customer increase rates: in 2007, the number of internet-banking users doubled compared to the year before, reaching over 50,000 associate users for a number of close to 40,000 subscribers. The emergent relevance of on-line payment services is demonstrated by the 2.5 times increase in the number of processed operations in 2007 compared to 2006.



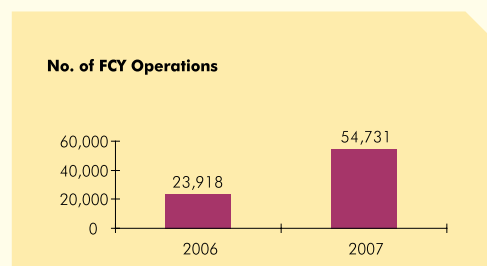
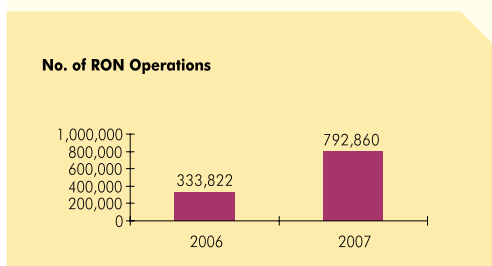
Relaxează-te.
Adoptă la Internet o soluție financiară
cu adevărat confortabilă.

BT 24
Soluții financiare prin
INTERNET!

- Internet banking
- Internet trading

www.banca-transilvania.ro
021 31 00 00 00

Interest for online banking will continue to grow over the next years within a market with significant development potential, becoming much more than a simple customer retention tool.



RISK MANAGEMENT

The evolution of the international economic environment in the year 2007 was marked by events with a destabilizing impact on banks and capital markets, started by the sub-prime mortgage crisis in the United States.

In this context, risk management became a matter of the utmost importance for financial institutions, each bank involved trying to implement compensatory measures, so as to counterbalance possible loss.

Even though the banking system in Romania was not directly exposed to the sub-prime mortgage crisis, it experienced spillover effects: corrections in equity market, spreads widening, exchange rate fluctuations.

Within this context, combining general market developments with the rapid growth of Banca Transilvania in the past years, increasing risks are to be faced. Therefore, the activity of identifying, measuring, monitoring and controlling risks continues to be of major importance for the bank's management.

As changes are continuous in an emerging environment, risk categories are constantly reviewed in Banca Transilvania, which is trying to improve and refine its risk management and control instruments. The bank's risk management system is subject to regular reviews by management, internal and external auditors and supervisors.

Types of risk

Banca Transilvania divides the monitoring and controlling process associated with risk management in the following major categories:

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk

The principles of risk management in Banca Transilvania are:

- ensuring the financial stability of Banca Transilvania by minimizing the potential adverse effects of different potential risks on capital and income
- independence of risk management and legal departments from front office, ensuring proper segregation of duties
- portfolio diversification to avoid concentration
- overall approach of risks faced by the Bank.

The decision-making process for addressing credit, market, liquidity and operational risk is strengthened by the Risk Management Committee, which bases its activity on specific risk monitoring sub-committees such as ALCO, Credit Risk Committee and Operational Risk Committee.



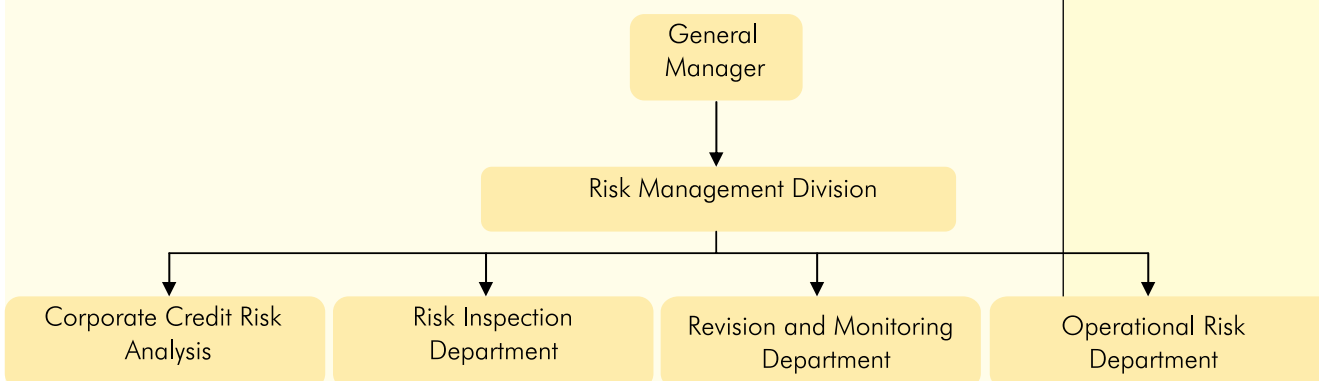
Credit Risk

In 2007, the Board reviewed and adopted the objectives and the strategy for risk management for the period 2007-2009. These are going to be periodically reviewed by the Board and the Management Committee.

Banca Transilvania's objective for 2007-2009 concerning credit risk management is to continuously improve the risk profile by:

- improving the internal procedures regarding risk management,
- adopting a pro-active management style,
- improving the risk monitoring procedures and tools,
- developing capital application tools in line with Basel II,
- improving the internal procedures to prevent money laundering.

Following the regulations and recommendations of Romania's National Bank, in November 2007 Banca Transilvania successfully completed the first capital allocation according to Basel II requirements (a test computation compulsory for the whole Romanian banking system). Several offers were analyzed regarding software for capital allocation in line with Basel II requirements, but after carefully weighing the pros and cons, Banca Transilvania opted for in-house software development.



Market risk

Banca Transilvania's market risk profile is considered low, due to a prudent approach to all operations falling under this type of risk, as well as the numerous types of limits implemented and monitored daily in the bank's current activity. The purpose of this prudential approach is to be protected against market price, interest rates and currency rates volatilities, all of them, external and independent factors.



Market risk management encompasses activities such as:

- setting risk limits
- establishing an efficient, at least dual, control system
- instating a clear segregation of duties.

Although, Banca Transilvania does not have a Value-at-Risk system, it uses different software for the daily evaluations of all bank's positions, marking to market and signaling the reach of predefined "attention" or "critical" levels.

Currency risk in Banca Transilvania is considered low with prudent open position limits and with plain vanilla transactions.

Upon addressing interest rate risk, the bank establishes a set of strict management and monitoring principles. Interest rate risk approach is performed in the bank as a neutral position against interest rate risk of the main foreign currencies – EUR and USD and a more pro-active management only for the local currency.

Liquidity risk

Liquidity risk is stemming from the lack of marketability of an investment that cannot be sold quickly enough to prevent or minimize loss.

In line with banking standards, Banca Transilvania deals with liquidity risk by monitoring changes in the asset and liability structure, diversifying the funding base, with limited dependence on one source of funds, seeking to enhance funding flexibility and continuity, and launching new products to minimize maturity gap.

Operational risk

Managing such risk is becoming an important qualification of sound risk management practice in modern financial markets in line with Basel II requirements. Operational risk involves 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 and correct manner. It can also negatively affect the interests of the bank if dealers, lending officers or other staff exceed their authority or conduct business in an unethical or risky way. Other aspects of operational risk include major failure of information technology systems or other disasters.

The individual operational risk management approach of each bank depends on its size and sophistication, the nature and complexity of its activities. However, despite these differences, clear strategies and supervision by the Board and senior management, strong operational and internal control culture (including clear lines of responsibility and segregation of duties), effective reporting tools and contingency plans are core to all banks operational risk management structure.



Similar to other aspects of risk management, Banca Transilvania is continuously building an appropriate operational risk management environment:

- Maintaining and developing an independent management function of operational risk within Risk Management Department, with clear responsibilities;
- Maintaining and developing the necessary governance to ensure the performance base of operational risk management activities;
- Observing compliance with norms and rules imposed by national and international authorities;
- Codifying bank-level policies and procedures concerning operational risk management and controls;
- The development of strategies to identify, assess, monitor and control/mitigate operational risk;
- The design and implementation of the bank's operational risk assessment methodology;
- The design and implementation of a risk-reporting system for operational risk;
- Drafting the business continuity plan;
- Implementing best practices in the field of operational risk;
- Continuously enhancing operational risk management for better capital allocation.

Regarding capital adequacy, our bank is applying the recommendation of the regulatory institutions, but intends to further develop its operational risk measurement systems.

MARKETING

In 2007, marketing activities focused on reinforcing Banca Transilvania's image as a reliable partner, offering its clients support when needed.

Among marketing & PR activities in 2007, we would like to mention some of the most successful campaigns, which contributed to the outstanding results recorded by the bank and to the improvement of customer convenience.

We had several **promotion campaigns, for retail and SME products**, dedicated to both existing products, like mortgage loans & real estate loans for SMEs, credit cards, deposits and to newly launched products, like Visa Platinum - the first premium credit card on the domestic market.

The smile and charisma of the "Fairy Man" character, BT's marketing head figure, played its part again in different campaigns, triggering sales increases.

Proving the accomplishments recorded by the MasterCard FORTE "Domnul Dobânda" campaign in 2007, Banca Transilvania was awarded the Bronze Effie prize for the PROMOTIONS NON-FMCG PRODUCTS category, 2008 edition.

Local campaigns - the need for enhancing BT's image and sales in Bucharest led to an innovative campaign, using once again the "Fairy man" to communicate our message:



“BT – 50 units in Bucharest”. The bank’s awareness in the region increased due to the integrated outdoor campaign and its success can be measured by the impressive number of new clients. Besides this campaign in Bucharest, we used “Guerilla” marketing in different specific locations, thus improving our market position.



Co-branded activities - Co-branded cards & Western Union money transfer activities. The continuous marketing and promotional activities paid off, BT’s Western Union money transfers market share increased to 19% being a landmark success.



The Medical Division – the 4th business line, benefited from an extensive campaign. Banca Transilvania has advertised the Medical Division and the benefits offered to medical doctors using specialized publications, medical events, internet - www.diviziapentrumedici.ro, outdoor and POS promotion material.

Each opening event of a dedicated unit represents a new opportunity for Banca Transilvania to promote the Medical Division by inviting the local healthcare community.

Cluj Has Soul - Banca Transilvania’s community project, intensely advertised, used both internal and external communication channels such as: news and internal messages, local press, online publications, television, radio channels, niche websites (www.responsabilitatesociala.ro, www.csr-romania.ro, www.prwave.ro), the bank’s website - sections „News”, respectively „CSR” (www.bancatransilvania.ro), the project site (www.clujularesuflet.ro), leaflets and drop-mailing.

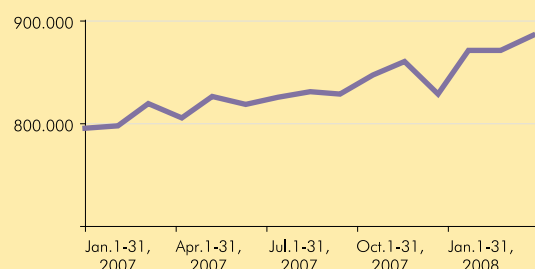


Online marketing – during 2007 BT succeeded to increase its online traffic on the main website, www.bancatransilvania.ro. The traffic counter registered more than 890.000 visitors, making BT's website one of the top 3 bank websites in Romania. The online presence was completed by three more niche websites: www.creditpecard.ro (credit cards), www.creditnevoipersonale.ro (consumer loans) and www.imobiliare-ipotecare.ro (mortgage and housing loans).

Social contribution activities

As a responsible corporate citizen, Banca Transilvania sustained a wide range of activities, particularly in the field of education, social work, culture and sports, supporting more than 150 welfare projects.

Traffic Evolution 2007



PR – part of Banca Transilvania's integrated communication.

Public Relations & Communication in Banca Transilvania are an integrated component of the Marketing Division, which ensure constant and coherent contact with the public regarding the bank's activity, a tool for image building and maintaining brand awareness.

During 2007, besides the regular press releases and communications, more than 70 events were organized. We refer to press conferences, where new products and services were revealed or important partnerships made public - Banca Transilvania's entrance on the private pensions market, through the joint-venture with the Dutch company Aegon N.V., official openings of BT and Medical Division units, as well as the launch of BT Café™ in Cluj-Napoca. One important event in 2007 was marked by the inauguration of Banca Transilvania Financial Group Headquarters in Cluj-Napoca and another by the opening of BT's unit number 400. As for BT Golf Cup™, the 5th tournament enjoyed an even larger success than the previous ones.

Communication is key to Banca Transilvania in an continuous effort to increase transparency, towards our shareholders, clients and employees.



CORPORATE SOCIAL RESPONSIBILITY

Banca Transilvania became involved in the life of communities it belongs to, by building a long term commitment, distinguished via involvement, dialogue, transparency and ethics.

Cluj Has Soul proved to be one of the most rewarding projects initiated by Banca Transilvania, a social commitment campaign without local precedent, in terms of complexity and approach.

The aim is to bring hope and happiness to teenagers coming from poor families or living in childcare institutions, for whom worries and deprivations have replaced the joy of life.

In order to support this initiative, Banca Transilvania chose as partner the Romanian Foundation for Children, Community and Family in Cluj (www.frccf.org.ro) one of the most famous non-governmental Romanian organizations, whose purpose of activity is child care.

Banca Transilvania managed to establish a day care center, **3 Gh. Doja Street, Cluj-Napoca, becoming not just an ordinary address**, but a home for many underprivileged teens, where educational, professional and self-improvement training programs were offered so that every teenager could become more self-confident and prepared, not only for work, but more importantly for life.



Banca Transilvania will continue to undertake social contribution activities with the aim of creating a better society for all of us and future generations.

In 2007, Banca Transilvania obtained the "Award for Solving Social Issues" during the "Corporate Social Responsibility Awards" Gala.

Environmental Preservation Initiatives

Banca Transilvania is making continuous efforts to further environmental preservation, contributing to the general well being of the society. Accordingly, we are trying to reduce the negative environmental impacts through resource conservation, energy saving and waste reduction and we are constantly making efforts to improve our contribution to environmental preservation.

In line with the above, Banca Transilvania is focusing on two major initiatives:

- Paper consumption reduction – aiming for a paperless office
- Energy saving - mainly electric power

Recognizing the importance of responsible and sustainable development, Banca Transilvania is making efforts to reduce the levels of environmental risks posed by our own activities, understanding that waste reduction, energy saving and paper recycling lead to a better, cleaner environment, thus also inducing similar behavior to its customers.

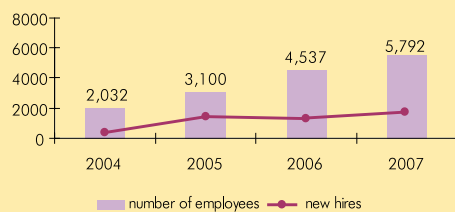


HUMAN RESOURCES

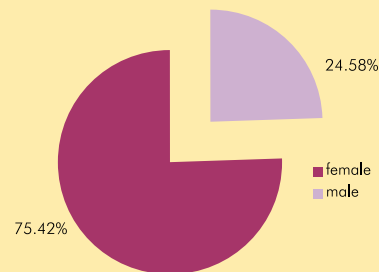
The HR related strategy for 2007 came to confirm once again the bank's mission statement – "to be an employer of choice for all its employees".

This achievement has been verified as well by the impressive pace of new hires during 2007, in line with the strong increase of the bank's network. Banca Transilvania reached a total number of 5,792 employees, the following graphs showing the distribution between female and male, as well as the average age of BT's employees in 2007.

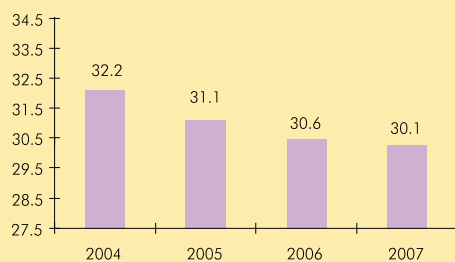
Headcount evolution



Female vs male



Average age evolution



Regarding the efforts to conduct a staff related strategy appropriate for the bank's growth, BT's management combined remuneration policies with training facilities and career opportunities, developing a corporate culture which imprints a sense of belonging to the bank's family.

BT ACADEMY

To enhance the effectiveness of our personnel and create a corporate culture of excellence, Banca Transilvania set up BT Academy, a special entity meant to provide training and education, available to the bank's employees.

Training

To help our staff acquire both practical knowledge and skills necessary for effectively filling each position, we provide a full range of training courses. The purpose behind the courses is to support the bank's business models and enhance our entire portfolio of products and services, in order to provide customers with competent and comprehensive advice.



In 2006, a training initiative was developed, with a sales related program – “Sales Academy” continued in 2007 on different levels for all business lines. The program covers three sections:

- 1) **Integrated Training for Sales in Agencies** an in - house program with a number of 300 employees participating and with the purpose of developing an adequate qualified pool of employees, the trainer being Banca Transilvania’s Deputy CEO, Ionut Patrahau;
- 2) **sales techniques** to develop and broaden individual expertise in line with the job profile, a number of 770 employees consolidated their sales approach in the day-to-day routine;
- 3) **commercial negotiations** for 60 corporate seniors.

In addition, a series of corporate and retail dedicated courses were provided for the staff, being specifically tailored for each department. Consequently, 130 colleagues from the Corporate Banking Department (analysts and relationship managers) attended financial analysis courses for a better management of credit risk, 390 Retail Service Providers focused on Western Union training programs and 220 junior Retail Bankers attended customer care seminars.

Apprenticeships and Mentoring Courses

Training young employees for banking careers has been a priority of Banca Transilvania, therefore we offered a training session called *ABC of Operations*, a 5-day course organized for 1,100 employees in 8 centers – Cluj (2), Bucharest (2), Oradea, Timișoara, Craiova, Constanța, Galați and Iași. The program supplied knowledge about the banking sector - payment system, clearing system, loans, cards, risk management, treasury products and trade finance - with the purpose of supporting the personnel in recognizing and using their potential, in order to deliver excellent services and high level performance. The course was mentored by in-house trainers, experienced front office personnel of the bank, who had the capacity to equip the trainees with standard banking knowledge and skills.

Leadership

In 2007, we launched a leadership program for the development of middle and top management, offering MBAs, negotiation sessions, English courses, and Kaizen philosophy sessions, for 300 managers. Our goal was to provide the staff with a challenging and rewarding working environment and what better way than to make changes starting from the top.

We trust that our continuous investments to increase employee proficiency will lead to corporate excellence and performance for the entire Group.



OPERATIONS AND IT

Banca Transilvania continues to develop the operational system in order to sustain the bank's business during expansion, to improve the quality of services, to minimize risks and to enhance productivity.

Banca Transilvania highly values the expansion and enhancement of technological infrastructure, adopting a firm orientation towards efficiency and data security.

Thus, in 2007 the bank marked the following achievements:

Acceptance of chip cards – Banca Transilvania's ATMs and POSs were programed to read information saved on chip cards, thus ensuring increased safety for accepted transactions.

Developing the Call Center – service developed to optimize the customers' access to banking information.

Implementation of secured electronic commerce (E-commerce) – a modern and secure service offered to retailers, exploiting a market segment which developed exponentially over the past years.

New credit cards processing application – facilitates the introduction of data for all credit card agreements at branch level, streamlining the processing flow.

Application to monitor debit and credit cards issuing process - card issuing process becomes much more transparent, BT branches and agencies managing to have an optimal control of involved flows and operations.

Growing and diversifying BT's technological infrastructure, network architecture, privacy issues and security standards will still be present on our target list in 2008.

Core-banking - Banca Transilvania's objective to grow up to 2.5 million customers and 10 million accounts by 2009 needs to be supported by an efficient, cost-effective and secure system. This is one of the key reasons why the Bank is planning to invest in a new generation core-banking system, ensuring business agility, operational efficiency with a lower TCO.

The selection process of core-banking solutions started in May 2007. In this respect, BT screened the core-banking system market and finally short-listed three vendors, who are world leaders in terms of core-banking solutions. In order to better estimate the business impact and the customization effort involved, the Bank is conducting a limited gap analysis with the finalists, a decision being expected in June 2008.



FINANCIAL GROUP BANCA TRANSILVANIA



Financial Group Structure

JOINT VENTURES

 **Compania de Factoring**
a partnership
with Intermarket Bank Austria

 
pensii private
a partnership
Banca Transilvania & Aegon N.V.

SUBSIDIARIES

 **BT ASSET MANAGEMENT S.A.I.**

 **BT SECURITIES**

 **BT LEASING™**

 **BT DIRECT**


MEDICREDIT LEASING IFN S.A.

BT Leasing Transilvania IFN S.A.

BT Leasing IFN S.A. continued to pursue a growth path in 2007 with significant earnings, benefiting from Banca Transilvania's support. It is worth mentioning that assets increased to RON 258,706,212 and net profit reached RON 5,413,555, growing by 65% year on year.

As part of its strategy to improve market position, BT Leasing continued to make investments in new and promising lines of business, launching new products in 2007- among these "Leasing 1 ORĂ", a financing solution offered to small entrepreneurs.

In 2007 the company managed to improve customer service due to a rise in the number of service units – 34 – and succeeded in streamlining the business processes, thus optimizing cost structures and increasing efficiency.

Financial highlights 2007 (RAS)

	2007	RON 2006
Assets	258,706,212	130,434,569
Equity	21,579,412	16,165,858
(of which) Share Capital	19,837,566	14,980,753
Debts	237,126,799	114,268,711
Total Operating Income	27,903,375	18,295,974
Total Operating Expenses	22,939,247	15,163,871
Net Profit	5,413,555	3,276,360



BT Securities S.A.

BT Securities S.A. recorded another successful year in 2007, despite the significant fluctuations in share prices and transaction volumes recorded on the domestic stock market.

BT Securities S.A. experienced a 51% turnover increase in 2007 versus 2006 (rising from RON 11,534,853 to RON 17,416,158), as well as a 39% net profit increase (from RON 4,144,707 to RON 5,774,648).

A high focus was placed on consolidating market position, furthering the positive image and improving the consultancy and assistance component of the activity. As a result, the transaction volume rose by 70.23% from RON 1,128,495,960 in 2006 to RON 1,921,010,470 in 2007.

In 2007, the national network was extended from 12 to 23 agencies, with year end results for new agencies reaching over 9% of total profits.

The Internet based BT Trade platform was enriched with extended functions and optimizations, for the purpose of providing best services and all necessary information at any given time, to improve client's satisfaction. Among the best improvements are the reduction in access time to data bases and the capacity increase to accommodate a growing number of processed transactions.

Position in the market

	Bucharest Stock Exchange	Sibiu Monetary Financial and Commodities Exchange
2006	5	3
2007	6	5

Market share

2006	5.65%
2007	5.07%

Highlights 2007, RAS

RON	2006	2007
Operational Profit	3,532,165	4,422,099
Financial Profit	1,314,673	2,334,691
Gross Profit	4,846,838	6,756,790
Tax on Profit	702,131	982,142
Net Profit	4,144,707	5,774,648



BT Asset Management SAI S.A.

BT Asset Management SAI S.A. started its activity in the second part of 2005 focusing on two main business lines: management of individual investment accounts and fund management.

In 2007, BT Asset Management registered a turnover of over RON 2,800,000, a rise of 165% against 2006 (RON 1,066,580).

On 31.12.2007, by means of its investment funds - BT Maxim, BT Clasic and BT Index -, BT Asset Management had a market share of 15.44% in the segment of open investment funds, occupying the second position in terms of managed assets value.

At the end of 2007, the company was managing assets amounting to RON 177,229,000, 194% higher than in 2006.

Financial highlights, 2007 (RAS)

	2007	RON 2006
Operational income	2,869,132	1,066,580
Operational expenses	1,482,795	754,697
Operational profit (loss)	1,386,337	311,883
Financial income	4,441,533	821,831
Financial expenses	90,013	188,493
Financial profit (2)	4,351,520	633,338
Gross result (1+2)	5,737,857	945,221



Compania de Factoring IFN S.A.

Compania de Factoring IFN S.A. is a joint venture established in 2006 by Intermarket Bank AG and Banca Transilvania.

The company runs its business through its main office located in Bucharest, and its sales force in Cluj, Arad and Suceava, providing factoring services, collection and financing of receivables, debt management and default risk insurance. The main clients are small enterprises with a turnover of less than Euro 10 million (over 97% of their portfolio) and medium size enterprises with a turnover of more than Euro 10 million (3%), for which the following range of products was designed, to suit their specific economic needs:

- **Factoring**
 - only financing of receivables
- **Plus Factoring**
 - financing of receivables plus debt management
- **Premium Factoring**
 - financing of receivables plus credit insurance and debt management
- **Export Factoring**
 - financing of export receivables plus 100% credit insurance and debt management
- **Import Factoring**
 - risk coverage

In 2007, the institution was ranked 4th among the main factoring market players, with a market share of 8% of the EUR 1,420 mil total market volume.

Financial highlights, 2007 (RAS)

Thousand RON

	2007	2006
Assets	108,442	20,771
Shareholders' Equity	6,913	6,183
Share Capital	7,000	7,000
Profit	1,734	(817)



BT Direct IFN S.A.

BT Direct IFN S.A. is another subsidiary of Banca Transilvania, member of Banca Transilvania Financial Group, which focuses on consumer finance.

The portfolio for 2007 consists of more than 6,500 consumer loans totaling RON 14.1 million, representing a 21.5% increase versus 2006.

BT Direct has extended its partner network, which currently encompasses 355 partner stores, thus enhancing its competitive advantages summarized as follows:

- efficiency in assessing customers' credit worthiness;
- life and product insurance;
- discount on interest related to Loan-to-Value;
- speedy processing of loan applications;

Highlights 2007, RAS

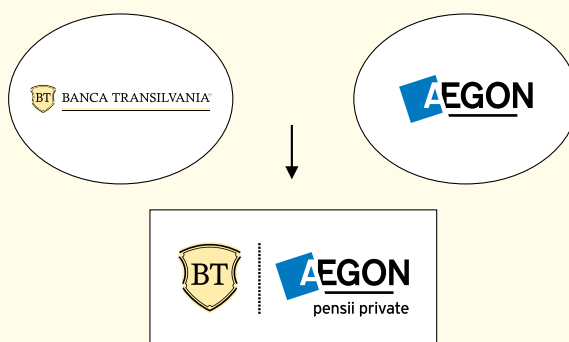
	2007	RON 2006
Assets	26,400,000	18,516,264
Share Capital	18,700,000	16,400,000
Total income	20,922,053	13,615,748
Gross Profit	6,659,548	2,832,829
Tax on profit	978,637	417,470
Net Profit	5,680,911	2,415,359



BT Aegon Fond de Pensii S.A.

BT Aegon Fond de Pensii S.A. is the newest entity within BT Financial Group, being founded in July 2007 as a joint venture between Banca Transilvania SA and Aegon N.V., The Netherlands. Through this partnership, Banca Transilvania extended its portfolio of products and services, entering the competition on the Romanian private pension market.

BT AEGON = Banca Transilvania (50%) + AEGON (50%)



BT Aegon Fond de Pensii S.A. is a pension fund manager operating in the mandatory private pensions arena (2nd Pillar) and managing VITAL privately administered pension fund. At national level, the distribution network of BT Aegon Fond de Pensii S.A. consists of 6239 individual agents and 11 company agents authorized in the sale of privately administered pensions.

In terms of 2007 achievements, BT Aegon became one of the first seven companies in the field, with more than 130,000 clients.

Financial highlights, 2007 (RAS)

RON	
Assets	33,700,901
(of which) Current assets	8,801,158
Debts	11,228,079
Share Capital	36,247,300
(of which) Shareholders' Equity	22,472,822
Total Income	112,890
Total Expenses	13,887,368
Gross Profit	(13,774,478)
Tax on profit	0
Net Profit	(13,774,478)

