



BANCA TRANSILVANIA®

SWIFT: BTRLRO22

Capitalul social: 1.086.337.883 lei

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Report of the Council of Administration

Banca Transilvania

- 2009 -

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INTRODUCTION

2009 was a difficult year for the economy, experiencing a series of financial measures to adapt to the situation inherited from the previous year, the end of which was marked by the international financial crisis.

Initially it was about the failure of certain important banks in U.S. and England (some existing for over a century), that received assistance from the State, then came the real estate crisis, the economic collapse of some economic sectors (primarily the car industry) and a growing unemployment. Basically, all the elements characteristic for a period of economic decline or recession existed.

In such a difficult economic context, the strategy of BT as a bank for entrepreneurs was to continue to adapt itself to the market conditions, to identify the best ways for a sound business management and to come up with solutions for its clients. Strong international partners such as EBRD and IFC - a World Bank division continued to support BT in all respects.

International and national context

INTERNATIONAL CONTEXT

Internationally, the crisis was in full swing in early 2009, the first months being characterized by high volatility in the banking system and poor financial results in all sectors of the economy due to worsening macroeconomic situation. In these circumstances the cost of risk for banks in Eastern Europe was higher with an increasing number of default loans, especially in our region.

Subsequently, the macroeconomic data began to show signs of improvement, especially when the economies of France and Germany emerged from recession faster than expected.

Sectors such as industry and international trade showed a strong recovery trend followed by stabilization in the consumers decline while the building and the labor market continued to drop.

Even if the overall economy began to stabilize, the factors influencing the evolution of the banking system, such as nonperforming loans or lending capacity, continued to worsen and to put pressure on the results of the banking system.

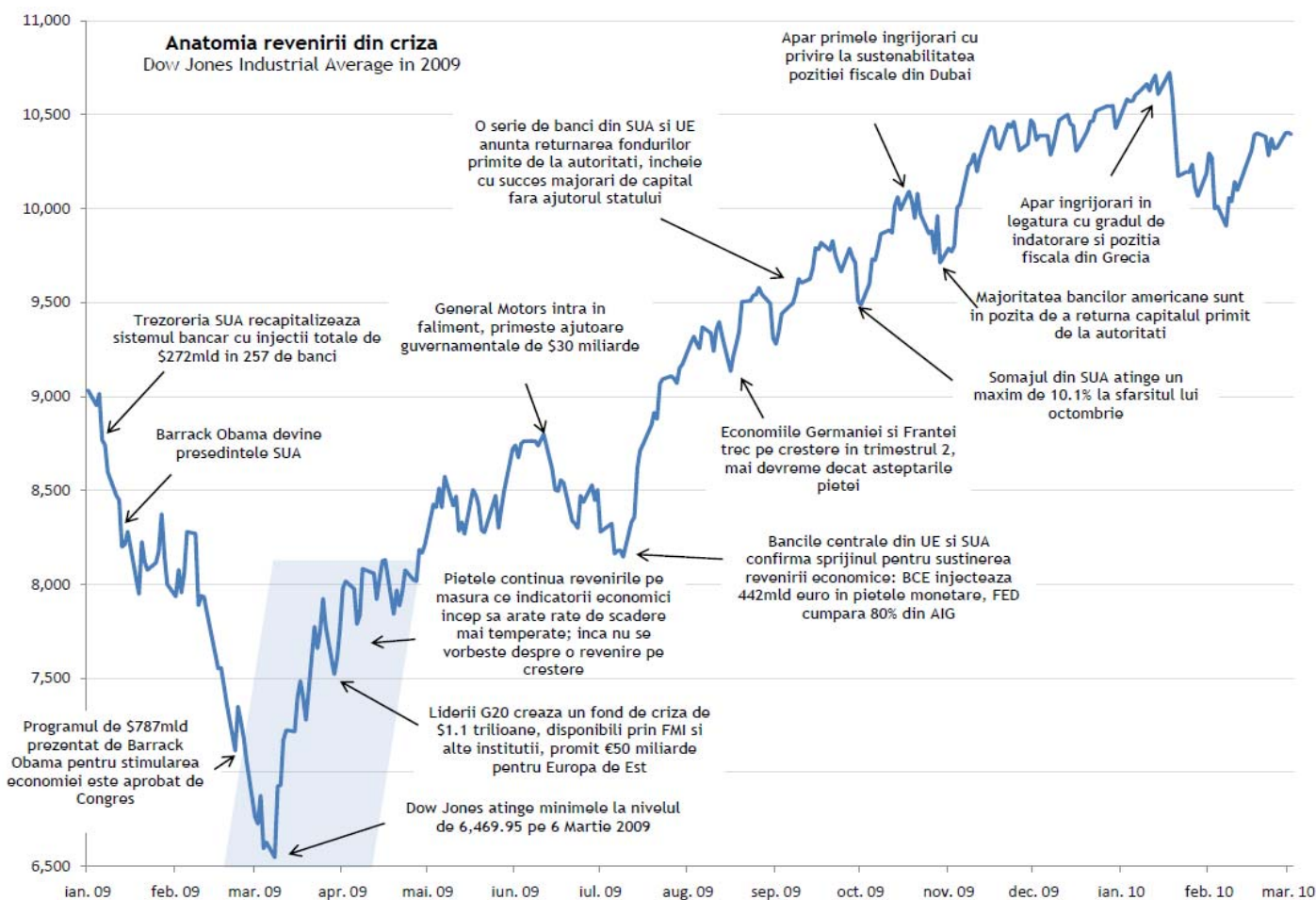
A positive factor was the effort of central banks to provide sufficient liquidity on the market by relaxing the monetary policy.

The reduction of interests and the creation of programs to ensure liquidity in the system helped

to stabilize the interbank markets where business was at a standstill at the end of 2008 after the bankruptcy of Lehman Brothers and the problems arising at many other financial institutions in U.S. and Europe.

The G-20 ministers reaffirmed their support for the world economy by maintaining incentives programs, which has increased the investors' confidence. On the European markets the third quarter was better in most cases with the ratios reaching over 50% from the lows in early March. Macro data improved in the last months of last year, especially in industries, but at the year end concerns appeared about sovereign debts, first in Dubai and later in Spain and especially in Greece, the latter causing investors to think about a negative impact on the euro zone.

The diagram below presents the main events in the world marking the beginning of economic recovery.



CONTEXT OF NATIONAL ECONOMY

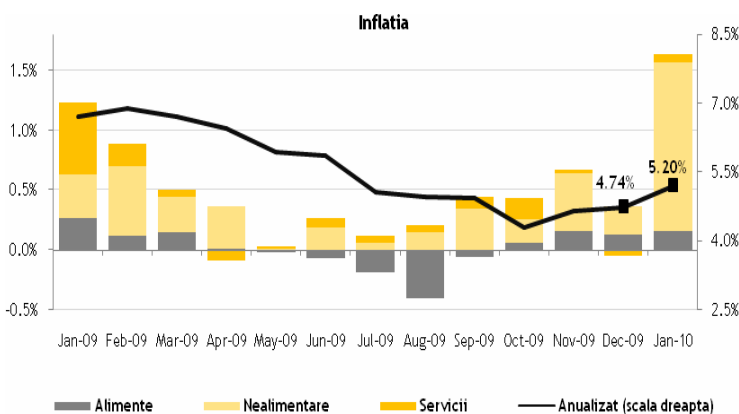
Unlike developed economies, for the local economy 2009 was a very difficult year with the economy in recession, a decline in the gross domestic product by 7.1% from a 7.1% growth in 2008 and an increase in unemployment to 7.8% from 4.4% in late 2008.

Under these circumstances, the authorities had to react in order to stabilize the economic downturn, but the option to increase government spending to cover the decline in the private sector was not viable, given that the budget deficits were already high in the previous years and the risk of fiscal slippage.

Thus, the Romanian National Bank was able to offer support measures to eliminate the leu volatility on the currency market - after a sharp depreciation in the first half of the year - and to gradually reduce the interest rate monetary policy and the minimum reserve requirements.

The Romanian economic environment was characterized by the following coordinates during 2009:

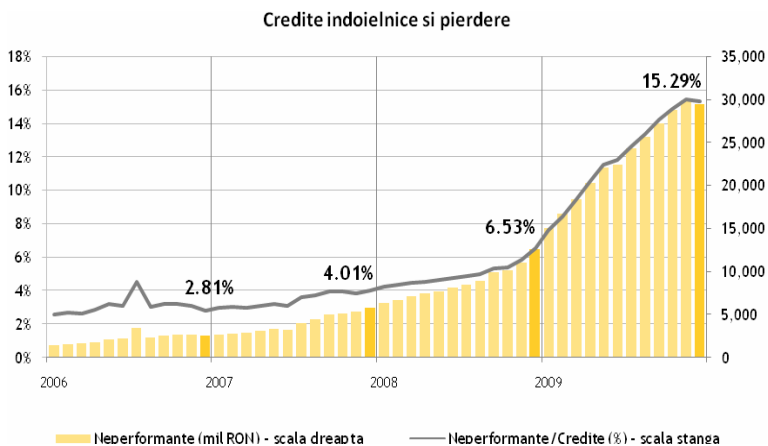
- The Romanian banks' solvency, calculated as a ratio between equity and net exposure, rose in 2009 from 13.76% to 14.00%. Moreover, the commercial banks in Romania committed not to drop this ratio below 10%, the minimum accepted under the NBR standards being 8%).
- The annual inflation rate in 2009 was 4.74%, down from 6.3% in 2008 as shown in the chart below:



In December Romania was the second in the inflation classification of the UE states, recording a rise in prices of 4,7%, while the European average of inflation was 1,4%.

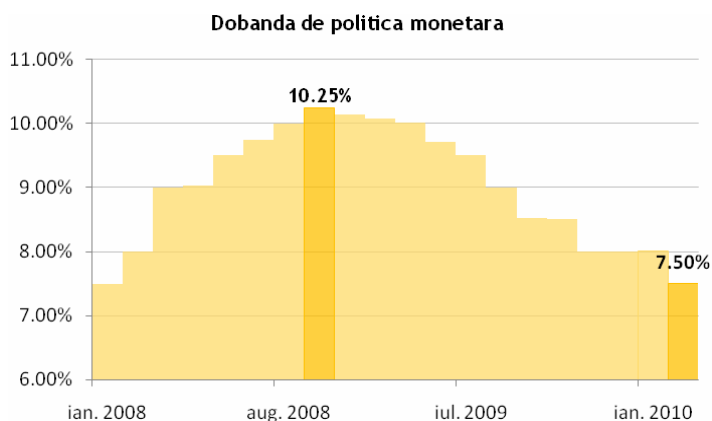
- The current account deficit declined in 2009 compared to 2008 by 68.7% to 5.05 billion euros;
- In 2009, the assets in the banking system increased with more than 16 billion lei (from 314.4 billion lei to 330.6 billion lei).
- The loans/deposits ratio of banks also dropped from 122.03% to 112.8%, which shows a

slowdown in lending and a slight tendency in savings.



The weight of the doubtful and losses (and related interests) in total loans increased more than two times in the banking system to 15,25% in December 2009 (14,69% BT).

- The national currency continued to depreciate during 2009: the annual depreciation against euro was 6.1% (11% in 2008), the minimum value being 4.0296 RON / EUR and the maximum of 4.3127 RON / EUR. On 31.12.2009, the RON/ EUR exchange rate was 4.2282; the depreciation against the U.S. dollar was 3.6% (16% in 2008), the minimum value being 2.7883 RON / USD and the maximum value of 3.4257 RON / USD. On 31.12.2009, the RON/USD exchange rate was 2.9361.
- In 2009 the Central Bank reduced the minimum reserve requirements applicable to the liabilities in lei of the credit institutions from 18% to 15%, while the level of the minimum reserve requirements for liabilities in foreign currency with maturities of under two years from 40% to 25% and for those with residual maturity of over two years from 40% to zero to support the governmental funding on the internal market.



In 2009, the Central Bank reduced the reference interest five times from 10,25% to 8%. In March 2010, the level of the NBR reference interest was 7,25%/year.

- the level of deposits guaranteed by the Guarantee Fund for bank deposits was changed, currently, the guarantee upper limit per depositor and credit institution is equal to the equivalent in lei of 50,000 euro, the contribution of credit institutions to the Guarantee Fund being increased from 0.1% to 0.2% of total guaranteed deposits.

YEAR 2009: Objectives vs. Achievements

The analysis of the results obtained in 2009, based on the financial statements prepared in accordance with NBR Order no.13/2008 (with subsequent amendments), compared with those of 2008 are presented below:

QUANTITY OBJECTIVES in 2009	PROPOSED	ACHIEVED
Assets as at 31 12 2009	20 bn. lei up with 18% from 2008	19.47 bn
Resources from clients	Up with 25% from 2008	Up with 24% from 2008
Credit Portfolio	13 bn lei up with 16% from 2008	12,17 bn lei up with 8,5% from 2008
Cards issued by the end of 2009	1.800.000	1.706.838
POS's	15.000	11.628 POS's
BT 24 in 2009	100.000 users	127.052 users
The first program with anti-crisis products (based on 3 pillars)	<ul style="list-style-type: none"> - Credit restructuring facilities - SME bank subscription - Romanian Entrepreneur's Club 	<p>Realized</p> <ul style="list-style-type: none"> Credit restructuring facility for companies - 15% of total loan portfolio - "Already secured credit for SME's " launched together with National Guarantee Fund for SME's - In January - „Get through winter” facility
Other anti-crisis products	<ul style="list-style-type: none"> - operations product - lending product 	<ul style="list-style-type: none"> - More than 3500 new clients in 2009; - Two new credit products for medical; - 22% increase in placements
Consolidation of the medical sector's position on the market	<ul style="list-style-type: none"> -Increase in the number of clients -New products dedicated to the medical sector 	
Gross profit	85 mil lei	86,02 mil lei
Investment budget	5,05 mil EUR + VAT	4,05 mil EUR , VAT included

QUALITY OBJECTIVES REALIZED in 2009

- Focus on costs cut and increasing economic efficiency: on 31.12.2009 the cost / income ratio was 55% better than that on 31.12.2008 when it was 70%;
- Balanced and disciplined growth in lending: well structured credit portfolio mainly in RON: 58.44% accounts for loans to companies and 41.56% are loans to individuals;
- Maintaining a favorable liquidity level: loans/deposits ratio was 0.81 on 31.12.2009, a sub-unit value which demonstrates a very good liquidity;
- The quality of loan portfolio: total gross investments in loans are 12.171 million lei up with 8.5% from 31.12.2008; bad loans represented 4.8% of loan portfolio;
- Professional training adapted to current economic reality;
- Retention and motivation of key staff;
- Review of products and processes aimed at optimizing costs and improving performance;
- Intensification of risk inspections: audit, lending, operational;
- Introduction of performance criteria for the employees work;
- Continuation of the activity developed by the Romanian Entrepreneur's Club;
- Expansion of utilities (EON, RCS / RDS, Cosmote);
- Upgrade /replacement of BT24 electronic products and the application for the card management;
- Upgrading the technical platform (hardware) for Banking Computer Application (Core-Banking) and the application for the card management;
- The issue of chip cards.

The activity of Banca Transilvania received the recognition of the community also by the awards of the last year, namely:

- Diploma of Excellence for the project "Cluj has Soul" (Media Awards of Excellence Cluj-Napoca);
- "Effie Silver" for the effectiveness of the campaign for the product of "Bank subscription (Effie Awards, Bucharest);
- "Bank with Highest Number of enrolled E-commerce Merchants" - in 2009 - BT attracted the largest number of clients - online shop for implementing and using card the payments with cards for goods and services (E-commerce Awards, Bucharest);
- "Bank of the Year" for the performances obtained in 2008 in the field of cards, (No-Cash Awards, Bucharest);
- Third place in the Top of Donors for responsibility projects (classification made by the Forbes magazine and the Forum of Donors in Romania);

- Green Bank Award for the active support of environmental projects (Review Awards Gala Infomediu Europe, Bucharest);
- Brand of the Year (Gall of VIP superlatives, Bucharest).

The activity and the results of Banca Transilvania were analyzed in 2009 by the Fitch agency which maintained the rating of Banca Transilvania at "BB-" with stable perspective.

The Credit rating agency considered that the rating for long-term debts in foreign currency is determined by the intrinsic power of Banca Transilvania. According to Fitch, the BT profitability is balanced by the significant improvement of the brand at national level, the diversified credit portfolio, the diversified funding sources and the considerable liquidity of Banca Transilvania.

Performances on business lines in 2009

On December 31, 2009, the bank's activity was focused on the main business lines: large companies, small and medium enterprises (SME), Retail, Medical Division and Treasury respectively. Classifying the legal persons into the category of large companies (corporations) or SME's is regulated by internal rules that set conditions for the classification of clients on business segments.

In order to evaluate the bank's internal activities and to decide on the future allocation of resources by the bank's executives, BT presents the financial information structured on the main business lines.

The Bank managed prudently and effectively the four main business lines, adapting itself to the difficult economic conditions. The anti-crisis program of BT brought new products and services on the market, the bank's offers were adapted, the business approaches being supported by dedicated marketing & communication campaigns.

CORPORATE BANKING:

- Contrary to the economy's evolution and the problems faced by companies, the Corporate investments increased in 2009 with 10.96% over the value recorded in 2008 (4.542 million lei) to reach the volume of 5.040 million lei, which represented 43.22 % of the BT portfolio at the end of 2009;

- In 2009 the number of active Corporate clients increased with 3%, on 31 December 2009 being 11,222 clients compared to 10,919 clients existing on 31 December 2008;

- Even though the average turnover of corporate clients in accounts with BT in 2009 dropped by 9.88% compared to 2008, the income from operations increased to 70.4 million lei in 2009 from 69.7 million lei in 2008, which represents an increase of 1.03%;
- BT consolidated its position as a payment center by signing new partnerships collecting bills with various national and regional service providers such as E-ON and RCS & RDS.

SMALL AND MEDIUM ENTERPRISES (SME's):

- On 31 December 2009, the number of active SME's was 110,274, despite the bankruptcies and insolvencies recorded mostly among small size clients;
- Although the aggregate turnover of active SME clients through accounts held at BT saw a slight decline in 2009 compared to 2008, approx. 4%, there is a noticeable increase in revenues of 14% from operations, also the average revenue per active customers from operations increased from 657 lei in 2008 to 797 lei in 2009;
- The increased income from operations was largely determined by the 37% increase in the number of adherents to SME banking subscription, resulting in a total of 44,020 clients at the end of 2009;
- One of the successful products brought on the market by BT in 2009 was the co-branded credit line with the National Credit Guarantee Fund for SME's (FNGCIMM), the already guaranteed loan sold to nearly 2,500 clients;
- Consistent with the economic development and the problems of mostly small and medium size enterprises, the SME investments fell by 9% in 2009 vs. 2008 (from 1.832 mil lei to 1.672 mil lei), representing 14.34% of the loan portfolio at the end of 2009.

RETAIL BANKING:

- The retail loan portfolio in 2009 reached a value of 4.948 million lei, representing 41.6% of the BT investments up with 5.4% from the level recorded in 2008: 4.693 million lei, the restrictiveness of the lending standards in the economic context of 2009 and the need to maintain the quality of the retail loan portfolio at a level acceptable from a prudential point of view resulted in a balanced growth of investments;

- The value of resources attracted by the retail segment in 2009 was 9.920 million lei (66.4% of the resources attracted from BT customers) up with 31.7% from 2008 (7.532 million lei);
- Cards issued at the end of 2009: 1.706.838 of which 1.552.062 debit cards and 154.776 credit cards;
- ATM's: 766; POS's: 11.628;
- Internet Banking BT 24: 127.052 users and 119.316 clients;
- Growth of the credit portfolio:
 - 4.948 mil. lei in 2009 vs. 4.693 mil. lei in 2008;
 - Clients with credits 510.857 in 2009 vs. 451.884 in 2008, of which clients with card credits 328.390 in 2009;
- Active Retail clients on 31 dec. 2009: 1.249.765 up with 9% vs. 31 dec. 2008: 1.146.046.

MEDICAL DIVISION:

- In 2009, the Medical Division consolidated its market position in the health sector and managed to have a 22% increase in placements, reaching a balance of 513.5 million lei and to attract a total of over 3,500 new clients working in the medical field;
- The Division diversified its portfolio of credit products, expanding its offering by including dental technicians, in addition to that, in 2009 BT promoted two new credit products - for practitioners and medium-size clinics.

At the end of the year, the International Finance Corporation (IFC), a division of the World Bank and BT signed a financing agreement in value of 50 million euros, an amount dedicated to the private health care sector.

- BT has become the Official Bank of the Romanian Society of Cardiology, one of the most prestigious medical societies;
- The Medical College in Romania gave Banca Transilvania the award for the "Best initiative in the banking sector" at the Gala Medica in 2009.

OPERATIONAL/IT PERFORMANCES

- Increase and consolidation of the market share, materialized in several important segments (payments to Treasury, cards, debt instruments, Western Union operations) by reaching values close to 15%;
- Continuing to reduce the operational costs;
- Replacement of the application for cards management started in 2009 and completed in the first half of 2010;
- Replacement of the application for BT24 Internet Banking , the selection began in 2009 continued in 2010 with the start of implementation;
- Acquisition of Exadata V2 equipment from Oracle & Sun to increase the performance in the Data Warehouse and MIS, transaction completed in January 2010.

NETWORK of Banca Transilvania as at 31 December 2009

Units in operation: 515 (of which 63 branches) + Head office BT, respectively the Regional Centre in Bucharest.

In order to cut costs, the BT network expanded in 2009 with only 2 units and closed 19 branches, which were unprofitable. At the end of 2009 the bank had 766 ATM's and 11,628 POS's.

HUMAN RESOURCES

The priority of the year was to make business more efficient by resizing the team in answer to the new economic conditions and to reduce the costs with the staff. The Easter and Christmas bonuses were "frozen" as well as the performance bonuses for 2008 and the salaries were adjusted to inflation.

The costs with the training and professional development were minimized.

- On 31.12.2009, the total number of employees: 6095 of which active 5285 (down with 9.9% from December 2008);
- A total of 683 employees left BT, of which 111 were fired after their jobs were dismantled, 125 left with the agreement of the parties at the request of BT and other employees left the bank voluntarily;
- 809 employees were suspended their employment contracts on grounds of maternity;
- 337 people were retained of whom 310 in the second semester (mostly for replacing the persons on maternity leave);
- The personnel costs were cut with 10% compared to 2008;

- The percent of women / men: 76.3% female / male 23.7%;
- The average age of employees in Banca Transilvania: 33.24 years;

EVOLUTION OF CLIENT BASE:

The increase in the total number of employees was 1.04 times compared to the end of 2008, from 1,775,499 to 1,856,666 clients. Individuals rose by 4.99% (from 1,592,399 to 1,671,916) and legal persons increased by 0.09% (from 183,100 to 184,741).

The active clients on business lines for whom Banca Transilvania S.A. represents the main bank are:

BT active clients	31.12.2008	31.12.2009	2009/2008
Corporate	10.919	11.222	103 %
SME	116.024	110.274	95 %
Retail	1.146.046	1.249.765	109 %
TOTAL	1.272.989	1.371.261	108 %
Of which: Medical Division	8.727	15.488	177%

Financing sources:

Banca Transilvania has an ongoing facility in value of 50 million euros from the IFC, managed by the Medical Division to finance the health sector. Due to the repeated releases from the minimum reserve requirements and the slower lending rate, the bank has a good liquidity and, currently, there are no other plans to attract any new funding in 2010, but we are prepared and have available credit lines if the economy revives.

Economic and financial results in 2009

EVOLUTION OF BALANCE SHEET

In 2009 the goal was to achieve a total number of assets of 20 billion lei. This was realized in proportion of 97.35% at the end of the year the assets totaling 19.47 billion lei, up with 14% from the last year (17.01 billion lei in 2008).

The pre-requisites envisaged in preparing the budget were: an exchange rate RON / EUR of 4.30 and an estimated inflation rate of around 6%. At the end of 2009 the official exchange rate RON / EUR was 4.2282 and the inflation ratio of 4.74%.

The credit portfolio of Banca Transilvania is stable and predominantly in lei, with an exposure of less than 4% to real estate developers.

In terms of credit exposure, we aimed to diversify the portfolio to avoid the bank to have any major exposure to a certain specific credit risk (risk arising from dependence on one group of clients, a majority exposure to an industrial segment, concentration on a reduced number of products, etc.).

Structure of the credit portfolio as at 31.12.2009:

- on types of clients: 58,44 % individuals; 41,56 % legal persons;
- on types of currencies: 63,73 % in lei; 36,27 % in forex;
- on types of business:
 - 16,49% trade;
 - 27,50% industries;
 - 12,56% services;
 - 41,56% household; 1,48 % others;
- on maturity terms: 34,03 % short term; 17,49% medium term; 48,47 % long term.

Provisions: due to the difficult economic conditions, the credit risk provisions rose from 233 million lei to 752 million lei. The provisions determined to cover the credit risk (principal), outstanding on 31.12.2009 (663 mil lei), is 5.45% of the loans (1.84% in 2008). The increase is due on the one hand to the difficult economic conditions and the additional measures taken by the Bank for a prudential credit risk management.

On 31 12 2009 the off balance receivables were 61,04 mil. lei, representing 0,50 % of the total credit portfolio (0,55 % in 2008).

On 31 12 2009 the shareholders' equity was 1.776.436.015 lei, of which:

- share capital 1.086.337.883 lei, representing 1.086.337.883 shares in value of 1 lei/share;
- capital premiums: 97.683.960 lei;
- legal reserves: 100.899.068 lei;
- reserves for bank risks: 77.892.714 lei;
- other reserves: 328.927.707 lei;
- revaluation reserves: 25.378.216 lei.

In the fourth quarter of 2009, following the decision of the holders to convert bonds worth about of 21 million USD into shares, the share capital was increased with the amount of 26,641,700 lei (from 1,059,696,183 lei to 1,086,337,883 lei) and the own funds rose with EUR 62.9 million lei.

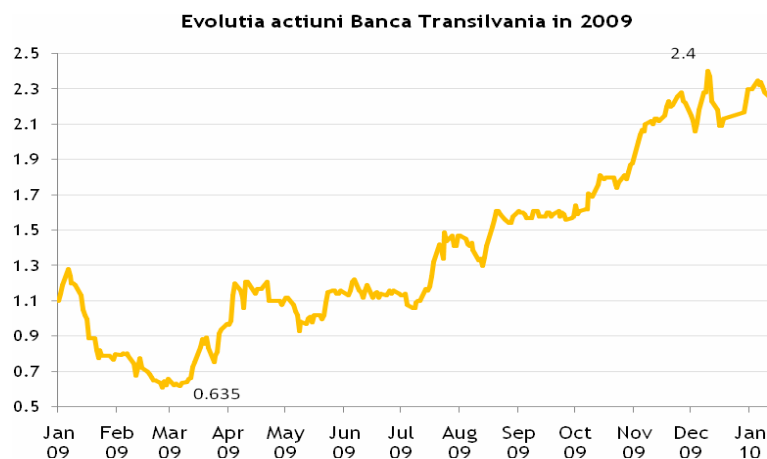
The gain from the repurchase of shares under the conversion was 10.7 million lei representing a reserve amount that can not be distributed to shareholders.

The conversion price was 1.5049 RON / share. Following this action, IFC became one of the shareholders of Banca Transilvania, holding of 3.6% of the share capital.

On 31.12.2009, the capital structure was as follows:

	31 Dec 2008	31 Dec 2009
European Bank for Reconstruction and Development (“EBRD”)	14,97%	14,61%
Romanian individuals	39,91%	31,33%
Romanian companies	21,77%	20,01%
Foreign individuals	6,01%	3,52%
Foreign companies	17,34%	30,53%
Total	100,00%	100,00%

In 2009 the evolution of BT shares is shown in the following chart:



The bank's capitalization on the stock exchange on 31 December 2009 was 2,3 billion lei (545 mil euro).

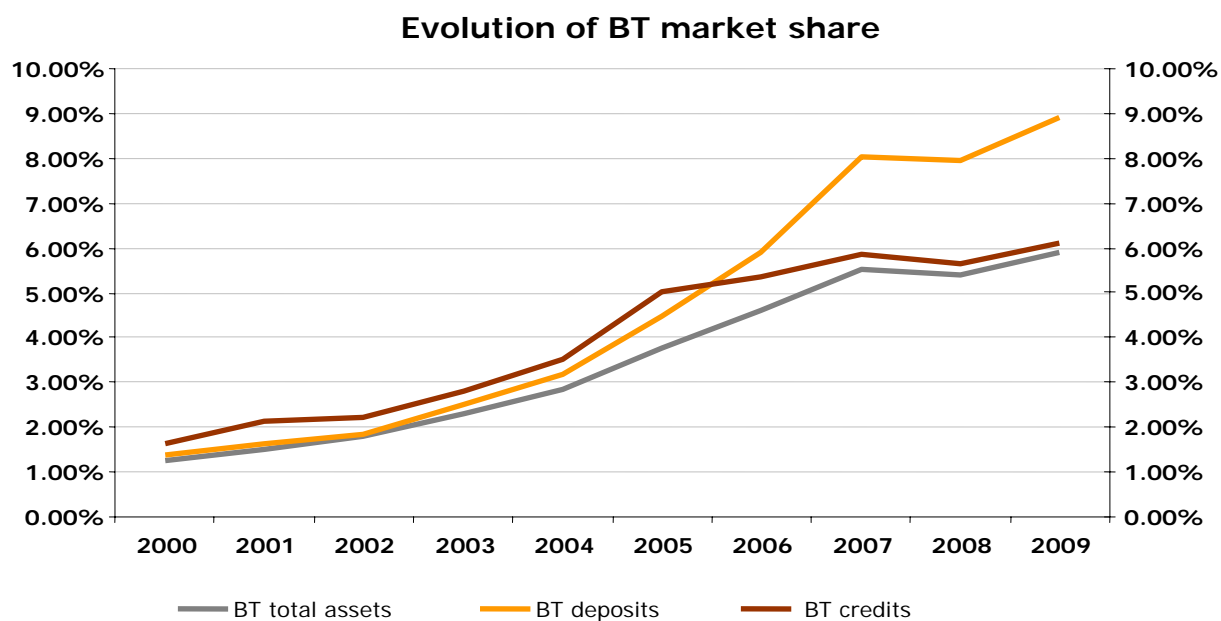
Realization of the Budget for Revenues and Expenditure:

<i>Millions LEI</i>	Budget for 2009	Achievements in 2009	% budget realization
Loans	13.000	12.171	94%
Provisions	-556	-752	135%
Immediate liquidities	5.866	4.618	79%
Securities	1.000	2.640	264%
Fixed and long term financial assets	515	433	84%
- tangible and intangible assets	359	287	80%
- participations	156	146	94%
Other assets	175	362	207%
Total assets	20.000	19.472	97%
Shareholders' equity	1.874	1.776	95%
Subordinated loan	268	254	95%
Resources from clients	15.060	14.942	99%
Resources from banks	399	650	163%
Long term borrowings	1.868	1.477	79%
Other liabilities	531	373	70%
Total Liabilities	20.000	19.472	97%

Evolution of balance sheet in 2009:

- Compared to 2007, at the end of 2009 Banca Transilvania recorded a growth of 1.14 times in assets expressed in LEI. In the same period, the growth in assets in the whole Romanian banking system was 1.31 times;
- The market share of Banca Transilvania as regards assets was 5.08 % at the end of 2009;
- In the whole banking system the nongovernmental credits increased 1.01 times while the BT credits increased 1.09 times, the market share of the bank being 6.09 %;
- As regards deposits from non banking clients, the increase in the system was 1.11 times while that of Banca Transilvania was 1.24 times, the weight on the market being 8.91 %;
- The credits / deposits ratio on 31.12.2009 was 0.81, better than that at the end of 2008, when the ratio was 0.93. The fact that this ratio remained subunit shows a high liquidity for the bank. In the banking system it was 119.16 % on 31.12.2009 (130.84% in 2008);

As regards total assets, credits and resources, the bank's position in the banking system is shown below:



The evolution of the balance sheet structures in 2008 and 2009 is the following:

Nr.	Million LEI	Achieved in 2008	Achieved in 2009	Increase 2009 / 2008
1	Loans	11.215	12.171	1,09
	Provisions	-232	-752	3,24
2	Immediate liquidities	4.449	4.618	1,04
3	Securities	871	2,640	3,03
4	Fixed assets	502	433	0,86
4.1	Tangible and intangible assets	333	287	0,86
4.2	Participations	169	146	0,86
5	Other assets	209	362	1,73
	/TOTAL ASSETS	17.014	19.472	1,14
1	Shareholders' equity	1.714	1.776	1,04
	-share capital	1.060	1.086	1,02
2	Subordinated loan	301	254	0,85
3	Resources from clients	12.048	14.942	1,24
4	Resources from banks	336	650	1,93
5	Long term borrowings	2.169	1.477	0,68
6	Other liabilities	446	373	0,84
	TOTAL LIABILITIES	17.014	19.472	1,14

PROFIT AND LOSS ACCOUNT:

The realization of the incomes, the expenses and the profit in 2009, compared to the year 2008 and the budget projections are shown below:

<i>Millions LEI</i>					
PROFIT AND LOSS ACCOUNT	Budget in 2009	Achieved in 2008	Achieved in 2009	Growth 2009/2008	% budget realization
INCOME	1.100,76	1.028,58	1.301,80	1,27	118%
Net income from securities	107,00	-37,05	230,76		216%
Net income from interests	503,72	550,78	562,41	1,02	112%
Net income from commissions	368,46	363,02	353,54	0,97	96%
Income(loss) on the forex market	110,20	131,19	124,80	0,95	113%
Other incomes	11,37	20,64	30,29	1,47	266%
EXPENSES	1.015,76	823,93	1.215,78	1,48	120%
Expenses with staff	321,50	361,59	326,00	0,90	101%
Operational expenses	237,00	259,27	246,96	0,95	104%
Expenses with advertising	11,00	15,14	9,82	0,65	89%
Expenses with depreciation	60,31	57,88	61,15	1,06	101%
Other expenses	35,95	23,56	39,15	1,66	109%
Provisions, net	350,00	106,49	532,70	5,00	152%
PROFIT / LOSS	85,00	204,66	86,02	0,42	101%
PROFIT from Asiban		470,37			

The operational income recorded a value over 1.301 mil. Lei, with 18% over the projected level.

The highest incomes were recorded on the following income categories:

- *Income from securities*: realized 216 %, respectively 230,7 mil compared to projected 107 mil, mainly due to the debt recovery from the depreciation recorded in 2008 (when the position closed at a loss of 37 mil .lei);

- *Net income from interests*: 12 % exceed of the proposed level (562 mil lei realized, 503,7 mil. lei projected). Compared to the net interest income realized in 2008, the growth was 2%;

- *Income on the forex market*: realized 124,8 mil lei with 13% over the level provided in the BVC (110 mil) and 5% below the level recorded in 2008;

- *Income from commissions*: although the total income from commissions saw a slight decline from 2008 and from the level proposed in the budget (3% respectively 4%), a positive evolution of income from commissions was remarked (up with 12% from 2008) due to the increasing number of transactions (28% from 2008).

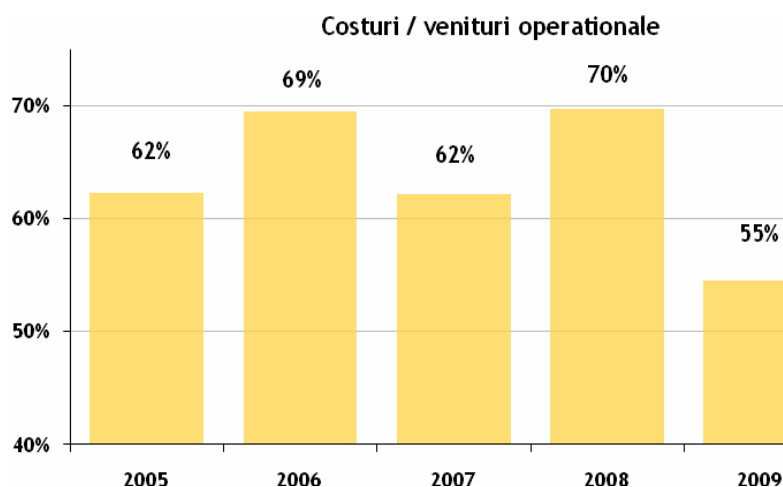
Due to weaker demands for loans on the market and difficult economic conditions, the fees from the lending activity recorded a decrease compared to 2008. In 2009, the commissions collected from credit implementation were spread over the credit tenor and at the end of 2009 the balance of deferred commissions was in amount of 143,335 lei, an amount that will affect revenues in future periods.

The operational expenses were in 2009 in amount of 683 mil. lei down with 5% from 2008, after taking cost cut measures slightly over the projected level (3%).

Expenses with staff and training: compared with 2008 the expenses with salaries were 10% lower. The 1% exceed of the budget is due exclusively to the contribution of the employer to the Social Assistance starting with 1 February 2009.

Operating expenses: recorded a 5% reduction from 2008; compared to the projected level they were exceeded with 4 %.

Other expenses: the exceed from 2008 and the budget is due to the increase from 0,1% to 0,2%, starting with the year 2009, of the contribution of the credit institution to the guarantee fund for total deposits (equiv. 50 thousand euro).



One of the BT priorities was and continues to be a very strict cost control.

On 31.12.2009 the cost/income ratio was 55% better than on 31.12.2008, when it was 70%, but also than the first half of 2009 (62%).

Net cost of credit risk: reached 533 million lei, significantly higher than in 2008, the coverage of loans with provisions being 6.1% below the average in the Romanian banking system (7.26%). The amount of 533 million lei includes besides the provisions established under the NBR regulations also specific provisions for certain clients who because of the economic conditions of 2009 show a higher credit risk (133 million lei).

This level of provisions is relatively prudent covering bad loans in proportion of 128%.

The expenses with sponsorships amounted to 5261 thousand lei, using the facility provided by the Law 571/2003, which is proposed by the Council of Administration to be continued in 2010.

In 2009, the Council of Administration, on account of art 13 letter f) in the Constitutional Act, approved to write off 107 defaults in amount of 1.003 thousand lei and 45 thousand euros for which all legal enforcement procedures were exhausted.

Gross profit realized in 2009, including the Cyprus branch, was 86,02 million lei, in line with the level proposed in the budget (85 mil. lei). Given the unfavourable economic conditions the gross profit was only 42 % from that realized in 2008.

In compliance with the legal provisions, the bank calculated and paid its fiscal obligations monthly to the state budget and special funds as well as its quarterly and bi-annual obligations to the local budget and for the tax on profit it made anticipated payments quarterly.

Banking prudential ratios (CAMPL):

Among the ratios monitored by the NBR under the prudential supervision system, the most significant for the bank's evolution are presented below:

No.	Ratio	Level	Rating	31.12.06	31.12.07	31.12.08	31.12.09
1	Liquidity ratio	Min =1		2,74	2,77	3,83	3,13
2	Solvency ratio	> 8%	1	14,56%	12,18%	15,04%	14,00
3	ROA (net profit/total assets, net value)	> 5%	1				
		4 - 4,9%	2				
		3-3,9%	3				
		0,6%-2,9%	4	1,49%	2,45%	2,33%	0,33
4	* ROE (net profit/ shareholders' equity)	> 11% 8 - 10,9%	12	17,14%	28,10%	23,16%	3,64

Note: the solvency ratio was determined by taking into calculation the profit proposed for capitalization as at 31 12 2009. The ratio value excluding the profit is 13,52%)

The level of CAMPL ratios as at 31.12.2009 is over the limits imposed by the current law.

The liquidity ratio determined on 31.12.2009 was at a level of 3.13 against the minimum 1, as provided in the NBR norm nr 1/2001.

The solvency ratio (ratio between own funds and risk-weighted assets) was 14% at the end of 2009, including profits, preserving a high level throughout 2009, even with increased provisions due to the increase in arrears.

Proposed Profit Distribution and share capital increase

The Council of Administration submits to the approval of the General Meeting of Shareholders the proposal to distribute the profit as shown in the table below and to increase the share capital with 271.584.470 lei and for each 100 shares to assign a number of 24, 99999 new shares (respectively to assign new shares corresponding to the ratio 271.584.470 lei / 1.086.337.883 shares).

Share capital increase from 1.086.337.883 lei to 1.357.922.353 lei, respectively with the amount of 271.584.470 lei from the following sources:

- Incorporation of reserves from the 2008 net profit, outstanding on 31.12.2009 in amount of 173.900.510 lei;
- Issue premiums in amount of 76.565.608 lei outstanding on 31.12.2009;
- Bonds into shares conversion premiums of 21.118.352 lei outstanding on 31.12.2009.

PROPOSED PROFIT DISTRIBUTION 2009	AMOUNTS (LEI)
Gross profit	86.021.031,22
Tax	24.085.993,49
Net profit	61.935.037,73
5% legal reserve fund from gross profit	4.301.052,00
Net profit to be distributed to reserves	57.633.985,73
PROPOSED SOURCES FOR SHARE CAPITAL INCREASE	
Share issue premiums 2008	76.565.608,00
Bond conversion premiums 2009	21.118.352,00
Reserves from net profit 2008	173.900.510,00
Total amounts to be distributed	271.584.470,00
Share capital	1.086.337.883,00
Yield / share	0,2499999

In addition to that we also propose to the GSM new contributions in cash by the shareholders registered with the Shareholding Register held by the Central Depository at the registration date (proposed date May 14, 2010) in amount of 120.000.000 lei, respectively the issue of 120.000.000 new shares, with a face value of 1 lei/share. The issue price of the shares related to this source of increase is 1 lei/share.

After this increase the share capital will reach the level of 1.477.922.353 lei , respectively a number of 1.477.922.353 shares.

Corporative governance

The corporate governance is the set of responsibilities and management practices aiming to provide a strategic direction and an assurance that its goals will be achieved, namely to ensure that risks are managed properly and that company resources are used responsibly.

Banca Transilvania S.A. is a joint stock company incorporated in Romania and registered with the Trade Registry under no.J12/4155/1993 with the fiscal registration number 5022670.

The bank has its head office in Cluj-Napoca, str.G.Baritiu, nr.8, Cluj County.

The bank operates under the Law no.31/1990 on companies (as further modified) and the Governmental Order no.99/2006 for credit institutions and capital adequacy (as further modified).

According to the article 6 in the Constitutional Act of the bank, its object of activity may be summarized as being the development of banking activities.

The system to identify, assess, monitor, control and report risks as shown in the section of risk management has been developed and applied by the bank both in its internal control and management of risks in the process of financial reporting for the purpose to furnish credible, relevant and complete information to the structures involved in the decision taking process and to external users as well as to ensure compliance with the legal framework for financial reporting and the internal policies and procedures.

Governing bodies

Council of Administration

The Council of Administration is formed of 7 members elected by the General Shareholders Meeting from among its shareholders or their representatives.

The chairman of the Administration Board is by Mr. Horia CIORCILA.

The board determines the directions in the bank business and monitors their realization. According to the Constitutional Act the Council of Administration examines the strategy of the bank, its

investment plan and decides on any modifications brought to the management structure and the operations likely to affect the institution's results, the balance sheet structure or its risk profile. The Council of Administration meets at the bank's business place at least once a month.

The members of the Council of Administration and their professional background as of 31 December 2009:

- Ciorcila Horia - chairman - Polytechnic Institute in Cluj, Faculty of Computers and Automations;
- Marzanati Roberto - vice-chairman - Business Administration in Turin, Italy;
- Rekkers Robert Cornelis - CA member /general manager - University of Business Erasmus Rotterdam, Faculty of Law Rotterdam;
- Patrahau Ionut Octavian - CA member (non-executive) - Academy of Economic Sciences in Bucharest - Faculty of Finance, Credits and Accounting, Section of Finances, Banks and Stock Exchanges;
- Jeican Constantin - CA member (non-executive) - Polytechnic Institute in Cluj, Faculty of Mechanics;
- Silaghi Claudiu - CA member (non-executive) - Institute for Petrol and Gas, Faculty of chemical technology for petrol and gas;
- Grigore Gabriela - CA member (non-executive) - Faculty of Economic Sciences in Timisoara- Section for Industry, Commerce and Transportation.

Committee of leaders

The responsibilities of the Leaders' Committee are to implement the strategic decisions set by the Council of Administration, respectively the Audit Committee. It prepares the bank's strategy and submits it to CA for approval and ensures the implementation of the approved version.

The members of the Leaders' Committee are:

- General manager;
- Deputy general manager.

Executive Management Committee (CEM)

The Management Committee consists of 11 members and coordinates the implementation of the strategy determined by the Council of Administration regularly informing the Council about the implementation progress. The committee is led by the general manager and in its absence by the deputy general manager or an executive manager expressly designated for this purpose. The Executive Management Committee meets weekly or whenever it is necessary and the meeting

agenda is communicated by e-mail to its members. They have the authority to commit the bank under the law.

The Management Committee consists of the following members:

- Robert Cornelis REKKERS -general manager;
- Nicolae TARCEA- deputy general manager;
- Leontin TODERICI - executive manager -Operations (COO);
- Lucia POJOCA - executive manager /coordination in Oradea (DEO);
- Andrei DUDOIU - executive manager / coordination in Bucharest (DEB);
- Gabriela NISTOR - executive manager/ Retail ;
- Tiberiu MOISA - executive manager / Corporate&SME's.
- Calin BUCUR - executive manager /Risk Management;
- Luminita RUNCAN - executive manager /Treasury;
- Mihaela NADASAN - executive manager / Financial Institutions and International Relations;
- Nevenca DOCA - executive manager / Human Resources.

Committee for management of bank risks

The committee is appointed by the Council of Administration and consists of 7 members, meeting monthly or any time it is needed to analyze the reports/materials prepared by departments and to take the appropriate decisions.

The Committee for bank risk management is formed of the general manager, the deputy general manager, the executive manager (COO), the regional executive manager (DEB); the regional executive manager (DEO); the executive manager for Risk Management; the executive manager for Treasury.

Committee for asset and liability management

The principal objective of the Committee for asset and liability management is to manage the bank's assets and liabilities. The Committee for asset and liability management is subordinated to the Management Committee and has the following membership: general manager, deputy general manager, financial manager, executive manager for Risk Management, executive manager for Retail Banking, executive manager for Corporate&SME's, executive manager for financial institutions and International relations, executive manager for Treasury, manager for Budget and Planning.

Committee for cost control

The Committee for cost control is a lever by which an adequate and efficient control system of costs is in place.

The membership of the cost control committee: CA chairman, general manager, two CA members, financial manager.

Executive Committee for costs

The executive committee for costs examines the cost level with a focus on the segments incurring the highest expenses. It informs periodically the Management Committee and the Cost Committee about the analysis results and the measures taken to cut costs.

It is subordinated to the Management Committee and has the following membership: general manager, executive manager COO, financial manager, financial analysts, investment manager.

Committee for operational risks

The main objective of the committee for bank operation risks is to manage risks in operations. The Committee for operation risks is subordinated to the Management Committee, is led by the general manager and has the following membership: general manager, deputy general manager, executive manager (COO) and the risk manager, deputy manager for card acquiring & transaction monitoring.

Credit committee

The Credit Committee determines the bank's policy and strategy in lending by putting in practice the measures determined by CA or the Management Committee. The Credit Committee at the HO level has as its main objective to define the lending policy of BT and has the following membership: general manager, deputy general manager, executive manager for risk management, executive regional manager in Bucharest (DEB); executive manager for Corporate&SME's; manager for corporate credits / manager for retail credits and the manager for credit administration.

Human resources committee

In Banca Transilvania there are two Human Resources committees:

- Human Resources committee in the head office (1)
- Human Resources committee in Bucharest (2)

Human Resources committee in the head office (1): The role of the Human Resources committee is to increase efficiency in taking decisions regarding the BT employees and is subordinated to the Executive Management Committee.

The membership of the HR committee: general manager; deputy general manager; executive

manager(COO); executive manager for Retail Banking; executive manager for corporate clients and SME's; HR manager; deputy HR manager. A representative of the employment is invited to attend the HR meetings.

Human Resources committee in Bucharest (2): The role of the Human Resources committee is to increase efficiency in taking decisions regarding the BT employees in Bucharest. It consists of: Executive Regional manager in Bucharest (DEB), Regional manager in Bucharest, manager for Business Banking, Executive manager for HR, Deputy HR manager in Bucharest, secretary of HR committee in Bucharest.

Audit committee

The Audit committee is permanently subordinated to the Council of Administration and has a consultative function. The Audit committee is elected by the Council of Administration from among its members and consists of 3 non executive members. The Audit committee meets quarterly or whenever it is necessary.

Committee for assessing the internal control

The Committee for assessing the internal Control is subordinated to the CEM and is responsible for taking corrective measures for the deficiencies found by the Audit Department, the Credit Risk Inspection Office within the Department for Risk Management, the Compliance Department and other bodies responsible for the internal control. The Committee for assessing the internal control consists of 7 members: general manager, deputy general manager, executive manager for risk management, Regional Executive Director (DEO), Regional manager in Bucharest, manager for Coordination of branch operations, Audit manager.

Operations Steering Committee

This committee is responsible for coordinating, recommending and reviewing the changes in various operational areas in order to make the BT activity efficient. The Committee is subordinated to the Executive Management Committee and is organized periodically whenever necessary. The members of the committee are: general manager, executive manager COO, executive manager for Retail Banking, executive manager for Treasury, Financial manager, Project Management manager, manager for Coordination of Branch Operations, manager for Credit Administration, IT manager, MIS manager, Compliance manager, Deputy manager for Card Operations, Deputy manager for IT Applications, Head of office for operations support.

Relations with shareholders and investors

The shareholding department issues periodical reports to inform all the bank shareholders promptly and correctly about any significant changes in the financial statements, the management membership or the bank's business.

The development of the General Meetings of Shareholders as well as the rights and obligations of the shareholders are ruled by the Law no. 31/1990 on commercial companies and the Law no. 297/ 2004 on the capital market.

Calendar of financial communications in 2010:

Each year Banca Transilvania prepares a financial communication calendar made public on the site of the Stock Exchange in Bucharest.

The calendar for the year 2010 is the following:

Presentation of annual preliminary financial results	02.02.2010
General shareholders meeting to approve the annual financial results	first convening:28.04.2010 second convening:29.04.2010
Presentation of annual financial results	29.04.2010
Presentation of financial results for the first quarter	29.04.2010
Presentation of bi-annual financial results	09.08.2010
Presentation of financial results for the third quarter	27.10.2010

Risk Management

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

- Risk identification: the bank's exposure to the business related risks in its daily operations and deals (including forex dealing, lending and capital market operations) is identified and aggregated by the risk management infrastructure of the bank: internal controls, operational monitoring, hierarchical levels for approving and validating transactions in the computer system of the bank.
- Risk appraisal: the bank performs an evaluation of identified risks by specific models and calculation methods: a system of ratios with related limits, calculation of specific risk provisions, estimation of future evolution of the assets value, etc.
- Risk monitoring and control: the policies and the procedures implemented for an effective risk management are meant to mitigate risks inherent to the bank business. The bank implemented

procedures to supervise and to approve the limits of decisions and deals by person/ unit/ product etc. Such limits are daily/ weekly/ monthly monitored depending on operations.

- Risk reporting: the internal reporting of risks is performed by departments on business lines and consolidated at the level of the whole bank. The bank management is informed permanently about the risks inherent to the bank business.

There are 5 categories of significant risks at the bank level: credit risk, liquidity risk, operational risk, market risk and reputation risks.

CREDIT RISK

The management of the credit risk is periodically updated and improved, is designed to cover all credit exposures in the banking business and includes the following basic components:

- an individual counterparty rating system
- an assessment system of transaction risks
- regional /sectorial concentration limits
- a pricing methodology based on risks
- active management of the loan portfolio;
- a methodology for monitoring / review of credit post granting
- a methodology related to credit risk provisioning

The management of credit risk consists mainly in:

- Organization of a proper system of rules and procedures in the field able to create the regulatory framework for the lending process to avoid or to minimize the risks;

-Developing/improving the procedural framework of the credit risk management (strategy, policies, norms for credit risk management); management of own funds (monitoring of aggregate exposures vs own funds), performing simulations in respect of capital requirements under Basel II and preparing internal rules in compliance with Basel II (policy and procedure) regarding capital adequacy;

- existence and periodical review of a hierarchical system for approving the exposure limits in lending;

-monitoring credit risk on business lines and aggregately at the portfolio level;

-management of critical exposures (clients with credits classified into inferior performance categories, credits with impairment signals (reduced recoverable value), etc).

- organization structure of the bank - there are departments and committees with responsibilities in the supervision and the administration of the credit risk.

LIQUIDITY RISK

The liquidity risk is generated by the necessary financing in the bank business and the asset and liability management.

The liquidity risk in 2009 had a "moderate" profile due to the structure of the bank's assets and liabilities, namely the mixture of instruments to fructify temporary liquidity exceeds and the weight of stable resources raised from clients in the total funding. The bank manages liquidities at a centralized level.

The main principles in determining the types of instruments used by the Treasury to fructify the temporary liquidity exceeds are their profitability and liquidity.

In order to improve the liquidity risk, the bank is constantly concerned with raising liquidities by treasury operations, external financing, capital markets, etc. The liquidity ratios of Banca Transilvania are maintained at values framing at least into the second category (under CAMPL system).

At the same time attention is given to:

- correlate the growth pace of resources/ placements;
- invest in assets with lower risks
- control the increase in credit portfolio;
- adequate capital allocation.

OPERATIONAL RISK

The operational risk represents the risk of loss in the development of certain processes, errors generated by the computer system, losses resulting from an inadequate activity of employees and other external events. The bank monitors continuously the operational risks relating to the current business of clients, bank practices, frauds, application of the management decisions, ethical aspects involving BT employees.

In order to reduce such risks, the bank implemented new policies, norms and procedures for the operational risk management, thus improving its specific governance.

Reducing operational risk exposures is done by the permanent update of regulatory documents to the legal regulations and market conditions, staff training, implementation of IT development and consolidation of bank security systems, the use of additional means to reduce risks (insurance policies against risks), the application of measures to limit, to mitigate the effects of operational risk incidents, the application of the recommendations and the conclusions resulting from continuous monitoring, updating the business continuity plans, their regular evaluation and test .

MARKET RISK

In order to reduce the market risk the bank adopted a prudential approach in order to protect its profits from the variations of prices, interests and exchange rates on the market, all being external and independent factors. Daily, Banca Transilvania performs an evaluation of all bank positions, marking to market its trading book portfolio and pursuing the levels defined as “needing attention” or “critical”.

REPUTATION RISK

The reputation risk is the risk of recording losses or failing to raise the estimated profits due to lack of public confidence in the integrity of the bank. The reputation risk profile was "prudently" adopted by maintaining the public's and the business partners' confidence in the integrity and the economic and financial position of the bank.

The management of the reputation risk is realized by taking steps to attract the best partners both as regards clients and suppliers, reducing barriers to new markets, ensuring an optimum pricing for products and/or services, recruiting and retaining the best employees, minimizing disputes and stringent regulations, reducing crisis situations and consolidating the bank's credibility and the confidence of shareholders, improving the relationships with the shareholders, creating a more favorable environment for investments and access to capital.

Internal and external audit

In 2009 the Department for Internal Audit audited 37 branches, 275 agencies, the departments in the HO and 6 subsidiaries realizing the whole audit plan proposed for the year 2009. At the end of 2009 the Audit Department had 21 employees.

The general audit objectives in 2009 were focused especially on the risk management and the

evaluation of the general control system on deals and/ or flows:

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

The evaluation of the control system referred both to support areas and business lines, according to the Statute of the Internal Audit and the principles in the International Audit Standards. The external auditor of the bank KPMG Audit SRL performed the annual audit of the financial statements as at 31 December 2009.

The audit opinion showed that the financial statements were prepared adequately in all significant aspects in conformity with the Order of the NBR Governor no. 13/2008, as further modified and completed, and the accounting policies described in the notes to the financial statements.

Policy within the group

Banca Transilvania is the main component in the BT financial group promoting the strategy at the group level to develop its business, to extend the range of integrated financial services offered to its clients. The group operates in complementary financial sectors: banking, investment management, consumer financing, leasing and real estate.

Members of the BT group:

The total net value of investments in the group at the end of 2009 dropped from 2008 with 13,77 %, respectively from 167 mil. lei to 144 mil. lei.

The subsidiaries in the group where BT has direct participations are:

Subsidiary	Business profile	Participation %
BT Securities SRL	Investments /brokerage	95,50%
BT Leasing IFN	Leasing	44,30%
BT Investments SRL	Investments	100,00%
BT Direct SRL	Consumer finance	93,70%
BT Building	Real estate	4,17%
BT Asset Management SAI	Management of assets	80,00%
Compania de Factoring IFN SA	Factoring	99,18%
Medicredit Leasing IFN	Leasing	57,39%
BT Evaluator SRL	Financial intermediation	9,96%
BT Consultant SRL	Financial intermediation	7,45%
BT Leasing Moldova	Leasing	100,00%

In 2009, Banca Transilvania participated by cash contribution in the capital increase of the following companies in the group:

- BT Investments: 300.000 lei in May 2009, the participation being 100%;
- BT Leasing Moldova: 300.000 euro (1.273.890 lei), equiv. 4.871.340 Moldavian lei in September, holding 100% in this company;
- Compania de Factoring: 10.000.133 lei in October, respectively December 2009 the participation dropping from 48,87% to 99,18%;

In June 2009, Banca Transilvania sold its 50% participation in value of 30,9 mil lei held at BT Aegon, making a gross profit of 13,79 mil lei.

Environmental policy

In developing its activity, Banca Transilvania complies with the legislation for the protection of environment. The Bank has environmental concerns, being guided by the "green principles" for a most responsible use of resources. In addition, BT - together with the European Bank for Reconstruction and Development - have formed a partnership in which projects are funded by companies that want to invest to reduce energy consumption.

Corporative social responsibility

Banca Transilvania, as part of the community continued to be involved socially also in 2009 regardless of the economic context. The bank's target in this regard was to respect its commitment of social responsibility in a transparent and ethical way.

The most important social involvement project of BT continued in 2009 to be "Cluj has a Soul", dedicated to young people from families with modest incomes and from social assistance system. Created in partnership with the Romanian Foundation for Children, Community and Family - Cluj (FRCCF), since 2007 the project has assisted over 500 teenagers for them to get socially (re) integrated and to realize personal and professional development plans. Moreover, nearly 70 adolescents advised by the Foundation team managed to find a job.

Beside the material support, last year BT got involved to determine as many people as possible to direct 2% of the income to the Foundation. In addition to that, in the period from September to December 2009, BT launched a campaign to donate 1 leu for each payment with the BT cards to the Foundation account.

More than 450,000 lei were donated to the Foundation account by citizens using cards for purchases and various payments.

BT was ranked the third in the Top Donors in 2009 according to the Forbes magazine.

Other information about financial statements and the development of the economic and financial activity

The financial statements for the year 2009 were prepared in compliance with the Law no. 82/1991, as further modified and updated, the Order of the NBR No. 13/2008, as further modified and completed, for approving the accounting rules in compliance with the European directives applicable to credit institutions, non-banking financial institutions and the Guarantee Fund for deposits, as further modified and completed with the Order no. 11/2009 and other NBR rules in the field.

The legal obligations as regards the organization and the conduct of accounting records, the compliance with accounting principles, methods and rules were met.

Currently, the preventive financial control is organized according to the legal provisions in force. The obligations to the state and local budget, special funds were correctly determined and the related payments were made.

The financial operations during the 2009 exercise were correctly recorded based on documents legally prepared.

We should add that the balance sheet, the profit and loss account, the treasury statements, the modifications in the shareholders' equity, the accounting policies and the explanatory notes were prepared in compliance with the provisions in the exhibit to the Order 13/2008, as further modified and completed and the items in the balance sheets correspond with the data in the trial balance and truthfully reflect the assets determined under the annual inventory.

The inventory process was carried out according to the Accounting Law no. 82/1991, as further modified and completed, the Governmental Order no. 99/2006, as further modified and completed, the Order no.1753/2004, as further modified and completed, its results being truthfully reflected in the balance sheet.

The revenues, the expenses and the financial results in the year 2009 are fairly reflected in the profit and loss account and the net profit distribution was proposed according to the legal provisions in force.

Information about the probable evolution of the bank in 2010:

Quantity objectives for 2010

- Rise in the asset level with 16 %;
- Increase in the gross profit with 74 %;
- Increase in client resources with 18%;
- Increase in credit portfolio with 17%;
- Cards issued at the end of 2010: 1.800.000;
- POS's at retailers: 15.000;
- BT 24 in 2010: 150.000 users;
- Anti-crisis products for SME's;
- Credit restructuring;
- Already guaranteed credit - in collaboration with FNGIMM;
- Extension of Banca for Utilities - (E-ON, RCS / RDS, Cosmote);
- Start of lending to the agricultural and zootechnical sectors;
- SME products dedicated to access not reimbursable financing from EU and Ministry of Finance
- Launch of noncredit products;
- Resuming a moderate expansion of the bank network;
- Introduction of factoring services;
- Allocation of an investment budget of 23,8 mil. euro.

Quality objectives for 2010

- Continuous focus on reducing expenses and increasing economic efficiency;
- Asset quality and net cost reduction of the credit risk;
- Maintaining the cost/income ratio at a low level;
- Appropriate risk management and organization structure of the bank to ensure extensive and complete controls so as to reduce the significant inherent risks;
- Maintaining an adequate level of capital (min. 12%), liquidity and general financial ratios;
- Addressing large clients that are more robust and capable to generate a high profitability;
- Increasing the education and the sophistication level of the corporate sales force through the Intelligent Army Program;
- Creation of a more effective model for cross-selling;
- Start of a new card management application and facilities in the management of loyalty points for the card use and early prevention of card fraud;
- Expansion of card issue with chips under Visa logo;
- Continuation of the implementation process of a new Internet Banking solution focusing on the

diversification of the security mechanisms;

- Quality in the information provided to the management by using BI technologies and Exadata equipment;
- Review of the opportunity to begin the implementation of a new core-banking solution.

Investment plan for 2010

Investment budget for 2010:

• Branches	3,57 mil. EUR
• Hardware	2,62 mil. EUR
• Software	1,31 mil. EUR
• Cards	1,43 mil. EUR
• Vehicles	0,30 mil. EUR
• Others	0,77 mil. EUR
• Guarantee execution - buildings	5,00 mil. EUR
• IT CORE	7,14 mil. EUR
• Internet Banking BT24	1,66 mil. EUR
Bank investments	23,80 mil. EUR
<u>Investments in subsidiaries</u>	<u>10,50 mil. EUR</u>
Total investments including VAT	34,30 mil. EUR

PROPOSED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR 2010

In designing the ratios for the year 2010 we considered an average inflation rate of 4% at the 4.15 EUR/RON exchange rate and the 1.40 EUR/USD rate.

We propose an increase in assets of 1.16 times against the level recorded in 2009 (up to EUR 5.42 billion). In the structure of assets the loans will have a weight of 63.3%, immediate liquidities of 23.66% and investment in securities of 14.3%.

Regarding the structure of liabilities projected for 2010 a growth was envisaged to attract resources from non-bank clients of 1.18 times compared to 2009 with a weight of total liabilities of 78.5%, an increase in long term loans of 1.18 times and an increase of 1.14 times in the equity.

The Budget ratios for 2010 submitted for approval by GSM are designed to support the business objectives and are proposed in correlation with specific regulations of prudence and banking supervision.

Elements of balance sheet and income statement proposed for 2010 are presented in the following situation:

BUDGET OF REVENUES AND EXPENDITURE (BVC) 2010

Millions lei

BALANCE SHEET	Realized 2009	Projected 2010	Increases vs. 2009
Immediate liquidities	4.618	5.323	1,15
Securities	2.671	3.220	1,21
Provisions for securities	(31)	(20)	0,64
Loans to clients	12.171	14.250	1,17
Provisions for credits	(752)	(1.345)	1,79
Fixed assets	287	385	1,34
Participations	146	190	1,29
Other assets	362	497	1,37
Total Assets	19.472	22.500	1,16
Shareholders equity	1.776	2.028	1,14
Subordinated loan	254	249	0,98
Sources raised from clients	14.942	17.663	1,18
LT Borrowings	1.477	1.748	1,18
Resources from banks	650	343	0,53
Other assets	373	469	1,25
Total Liabilities	19.472	22.500	1,16
PROFIT & LOSS ACCOUNT	Realized 2009	Projected 2010	Increases vs. 2009
Net income from securities	230,76	250,00	1,08
Net income from interests	562,41	718,00	1,28
Net income from commissions	353,54	388,00	1,10
Profit/loss on the forex market	124,80	125,00	1,00
Other incomes	30,29	20,00	0,67
INCOME	1.301,80	1.501,00	1,15
Expenses with staff	326,00	366,10	1,12
Operating expenses	246,96	274,00	1,11
Advertising	9,82	15,00	1,50
Depreciation	61,15	65,00	1,06
Other expenses	39,15	37,90	0,97
Provisions	532,70	593,00	1,11
TOTAL EXPENSES	1.215,78	1.351,00	1,11
GROSS PROFIT	86,02	150,00	1,74
exchange rate Euro / Ron December	4.2282	4.150	
exchange rate Euro / Ron average	4.2373	4.150	

Considering all this presented in the report, we submit to discussion the activity developed by the bank in 2009 and we propose to the General Meeting of Shareholders to approve the following statements:

- Statutory and IFRS financial statements (balance sheet, profit and loss account, the statements for treasury flows, the modifications in the shareholders' equity, the accounting policies and the explanatory notes) prepared in compliance with the NBR Order nr.13/2008, as further modified and completed, the BNR Order no. 16/2009, the Accounting Law no. 82/1991, the Gov.Order 99/2006 together with the report of the Board and the Independent Auditor's Report
- Distribution of the 2009 profit;
- Proposed share capital increase;
- Proposed Budget for revenues and expenditures and the Investment plan for the year 2010.

Council of administration
Chairman
HORIA CIORCILA