REPORT 2012
on transparency and public disclosure requirements

As per NBR–NSC Regulation no.25/30/2006
amended and added by NBR-NSC Regulations no.21/26/2010 and no.23/15/2011
and NBR Regulation no.25/10.12.2010

Banca Comercială Română SA

Incorporated in Romania
Trade Register J40/90/1991
Unique Registration Code 361757
Bank Register RB-PJR-40-008/18.02.1999

www.bcr.ro

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1. Introduction

The purpose of this Report is to ensure the compliance with the National Bank of Romania's requirements[1]as regards an adequate level of transparency through public disclosure on capital and risk assessment processes in order to strengthen market discipline and stimulate credit institutions to improve their market strategy, risk control and internal management organization.

The data and information provided is necessary for National Bank of Romania's assessment of the compliance with the provisions foreseen in the Emergency Ordinance no.99/03.12.2006 on credit institutions and capital adequacy.

The Report also incorporates pertaining information to Financial Statements posted on Banca Comerciala Romana's website in the Investor Relations section, as well as complementary information related to the risk management objectives and policies of the bank.

Complementary information will cover the following areas of interest:

- management structure and organizational structure;
- the structure of rewards/wages;
- the nature and the extent of transactions with persons in special relationship with the bank;
- management of internal control system functions;
- strategies and processes to manage each risk category;
- the structure and organization of the relevant risk management function or other appropriate arrangements;
- the scope and nature of risk reporting and measurement systems;
- the policies for hedging and mitigating risk as well as the strategies and processes for monitoring the continuing effectiveness of hedges and mitigators.

This Report is prepared on a stand-alone and consolidated basis (IFRS) according to NBR's Regulations. All information herein is presented as of December 31, 2012 unless otherwise stated.

There are no differences between accountancy consolidation and prudential perimeters.

Banca Comerciala Romana uses the global consolidation method.

[1]NBR –NSC Regulation no.25/30/2006 updated by NBR-NSC Regulations no.21/26/2010 , no.23/15/2011 and NBR Regulation 25/10.12.2010 based on EO 99/2006, transposing the EU Directives 2006/48/EC "***relating to the taking up and pursuit of the business of credit institutions***" and 2006/49/EC"***on the capital adequacy of investment firms and credit institutions***"

1.1 Management structure and organizational structure of Banca Comerciala Romana SA

Banca Comerciala Romana SA (BCR) is a joint-stock company administered under a dualist system, located in Bucharest Blvd. Elisabeta no.5, registered with the Trade Registry under no.J40/90/1991, and a member of Erste Group which consists of banks and financial services companies.

The management structure of BCR, both oversight function bodies, such as **Supervisory Board,** and management bodies such as **General Meeting of Shareholders**, and **Management Board** is described in detail on the bank's website Section: About us/Corporate Governance.

Relevant and comprehensive information with regard to the functions and responsibilities of these management bodies,along with corporate governance principles and policies, Code of Ethics and the Charter of the bank, are found in this sub-section.

The BCR's territorial network as of 01 June 2013 is grouped according to the two main customer segments, i.e. retail and corporate.

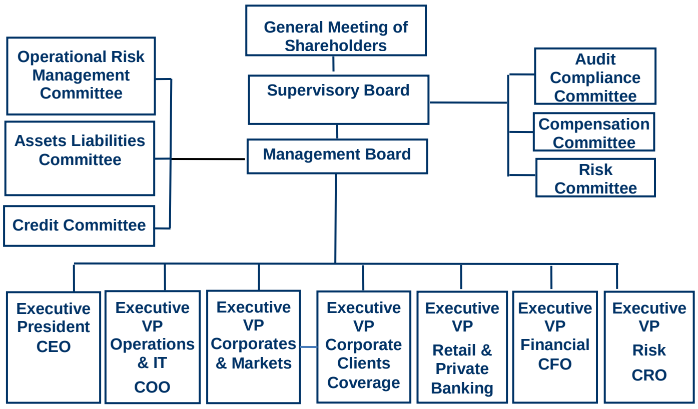
The retail segment is structured into 12 geographical areas (see the map below) and it comprises a total number of 562 territorial units out of which: 169 branches and 393 agencies which support individuals, freelancers and micro-enterprises.

The corporate segment is divided into 8 geographical regions covering the entire country, as follows: Centre area, North-East, North-West, South-East, South, South-West, West and Bucharest.

Corporate segment comprises a number of 41 territorial Corporate Business Centres which support the Small and Medium Enterprises (SME) and two Divisions within BCR's Headquarters which support the large enterprises clients (LC and GLC).

By the end of August 2013 the corporate segment managing SME's will be remodeled and it will be structured into 10 geographical areas that will include 21 Corporate Business Centres and 23 Mobile Teams.

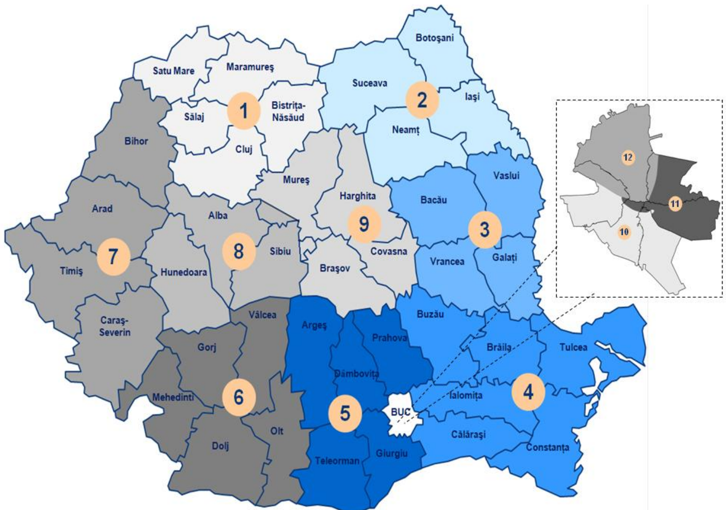
Organisational chart of BCR Head Office
- 01 June 2013 -



Organization of BCR territorial network

Retail Segment as of 01 June 2013:

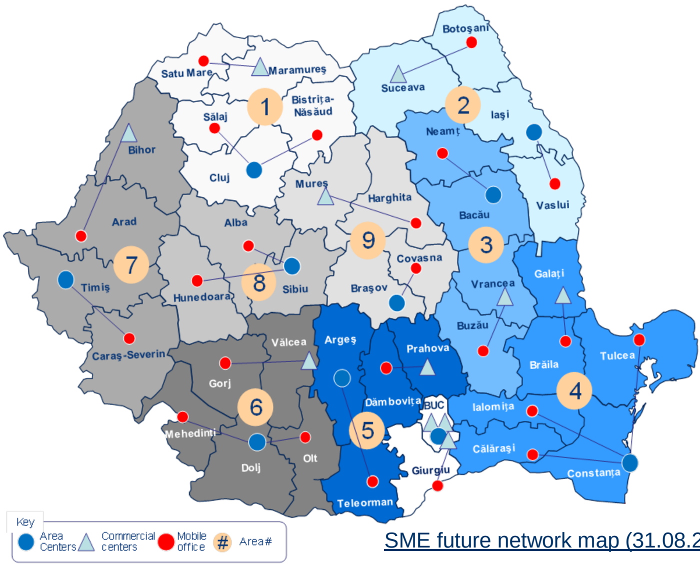
Region	No. Agencies	No. Branches
Area 1	43	14
Area 2	39	15
Area 3	31	13
Area 4	33	18
Area 5	37	17
Area 6	31	13
Area 7	44	12
Area 8	35	15
Area 9	30	15
Area 10	22	12
Area 11	25	11
Area 12	23	14



Retail network map as of 01.06.2013

Corporate Segment as of 01June 2013:

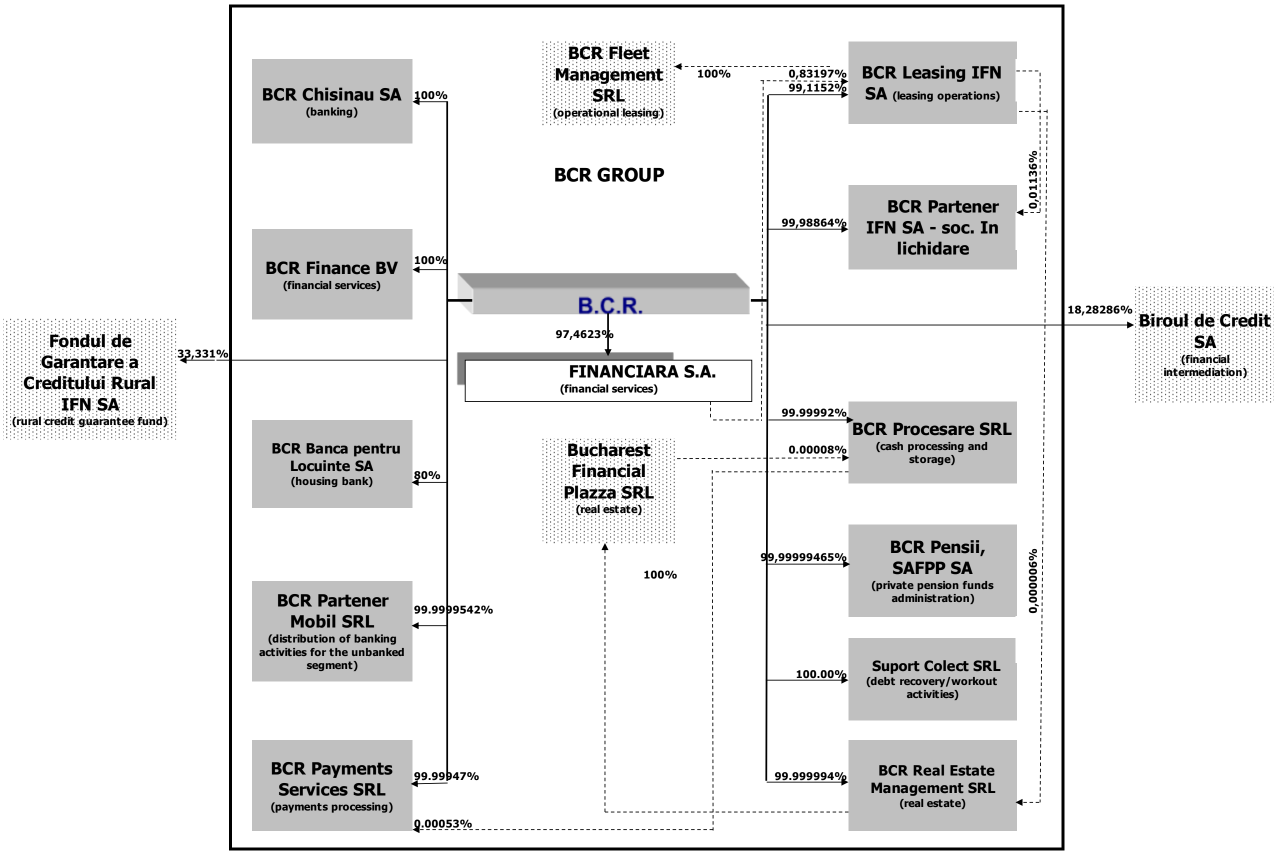
Region	No.Corporate Business Centres
Bucharest	6
Centre	5
North-East	6
North-West	6
South-Est	5
South	5
South-West	4
West	4



SME future network map (31.08.2013)

BCR Group structure

01 June 2013



1.2 Remuneration policy and practices, the structure of remuneration and bonus payment

In BCR, the aim of the ***Reward Policy*** is to implement a reward structure that will allow BCR to attract, motivate and retain among its employees the best people who will contribute to the achievement of bank's goals and objectives.

This policy is approved by the Supervisory Board of BCR, after its approval by the Compensation Committee. The Compensation Committee is an advisory body that helps the BCR Supervisory Board in fulfilling its obligations/duties in respect to the BCR's global compensation system. The Compensation Committee members as of 31.12.2012 are Mr. Andreas Treichl (Chairman), Mr. Manfred Wimmer (vice president) and Mr. Florin Pogonaru (member).

The main principles of the BCR Reward Policy are the following:

- The Reward Policy applicable in BCR allows and promotes a sound and effective risk management, without encouraging risk-taking that exceeds the bank's risk tolerance level;
- In BCR the total remuneration amount is based on a combination between individual performance, performance of thebusiness unit and bank's performance. Individual performance assessment takes into consideration both financial and non-financial criteria;
- The total variable payment does not limit the bank's capacity to strengthen its capital base;
- The guaranteed variable payment is exceptional and occurs only in the first year of employment of the new staff;
- Payments related to the early termination of a contract reflect the performance in time and are designed in a way that does not reward failure;
- The fixed and variable components of the total remuneration are properly balanced in order to allow the implementation of a fully flexible variable remuneration policy, including

the possibility to pay no variable remuneration;

- The variable remuneration is paid only if it can be sustained according to the overall financial situation of the bank, and if it can be justified by the performance of the bank, of the business unit and of the employee in question.

The reward package of BCR comprises the following elements:

- *fixed pay (*monthly gross salary*);*
- *variable pay (*performance bonus*);*
- *benefits*.

The variable pay is conditioned by the performance; specifically, it is granted annually based on the achievement rate of the performance indicators and on the evaluation of individual competencies.

Given the different profile of sales functions in terms of diversity of promoted products and dynamics of sales activities,for front-office staff in retail territorial network, the variable pay component is granted quarterly and for front-office staff in corporate territoria lnetwork, the variable pay component is granted annually. For the sales staff, quantitative performance criteria are related to sales targets, which are transparent and continuously monitored.

BCR paid as fixed pay and variable pay the following amounts for 2012*:

(thsRON)

Staff category	Fixed pay for 2012	Variable pay for 2012
- Retail and Corporate staff from network	220,577	9,441
- Other staff categories	254,988	14,095
Total	**475,565**	**23,536**

*do not include the remuneration of the management members and staff whose actions have a significant impact on the risk profile of the credit institution.

Long term incentives are an important part of the reward package as they contribute to linking financial rewards of the individual to the bank's long term performance.

In accordance with the Group's financial possibilities, Erste Bank Group offers two long term incentive programs: Management Stock Option Plan and Employees Share Ownership Plan. The purchase of options or shares in these programs depends on the financial possibilities of Erste Bank Group.

The pay practices of BCR for personnel whose professional activities have a significant impact on the risk profile of BCR Group are detailed in the ***"Selection and reward policy of the management structure of the BCR Group"***. The purpose of this Policy is to regulate the selection and remuneration principles applicable to the management structure (supervisory function and management function) of BCR Group (BCR and its subsidiaries).

Apart from the 7 principles mentioned above, the following are added:

- The assessment of performance is established in a multi-year framework;
- Performance measurement includes an adjustment for all current and potential type of risks and takes into account the cost of capital and the necessary liquidity;
- The bonus payout is determined based on the annual performance measurement comprising: the individual performance (of the local bank) and the collective performance (group), financial and non-financial criteria evaluated for short and long term. The financial indicators combine complementary approaches: EVA, net profit, NPL coverage, cost/income ratio.

The following items are being considered in terms of performance **bonus payment structure**:

1. The minimum performance requirements are conditioning every bonus payment, both the upfront and deferred components. Minimum performance requirements shall take into account the performance at the local level and the capital adequacy requirements. The minimum local performance requirements are annually set up and approved by the Supervisory Board of BCR.

   The minimum performance criteria approved for 2012 is composed of the following two conditions: target level set for BCR Group EVA (excluding GCM) and local capital requirement (core tier 1 ratio).

2. There are deferred payment arrangements, and claw-back mechanism to ensure risk adjustments in order to correlate the reward with the sustainable performance;

3. The structure of the payout model is: 60%of the bonus payment is granted at once (meaning upfront payment) and 40% of the bonus payment is deferred over the next three years. 50% of both the upfront payments and the deferrals will be granted as

non-cash instruments, namely phantom shares, which must be retained for one year.

The payout of the deferral (cash and instrument) for each year is subject to reaching the minimum performance requirements in the respective year.

Quantitative information on the remuneration of the management's members and staff whose actions have a significant impact on the risk profile of the credit institution, for the year 2012 is detailed below:

(thsRON)

No of beneficiaries *	11
Fixed pay	11,996
Variable pay, out of which	3,587
- paid	748
- deferred, vesting criteria to be evaluated in the coming years	2,839
Deferred remuneration paid during the financial year, paid and adjusted with performance	445
Payment related to new hires	876
Payments related to the early termination of a contracts	7,062

* the number of beneficiaries include all persons who have occupied these functions in 2012.

1.3 Organization of the internal control system's functions

The Management Body (both the supervisory and the management functions) is responsible for the development and the maintenance of a proper internal control system ensuring effective and efficient operations, adequate risk control, prudent business conduct, reliable financial and nonfinancial information reported at internal and external level, as well as compliance with the ongoing laws, regulations and the institution's internal policies and procedures.

Every person in the organization has certain internal control responsibilities assigned. All employees provide information used by the internal control system or otherwise take action effecting control. Furthermore, all members of personnel are also responsible for communicating operational problems upwards, as well as infringements of the Ethics Code or ongoing policies and illegal actions.

The BCR internal control system is structured on three levels:

I. First-level, or line control, is designed to ensure the correct performance of transactions. Controls are performed by the entities that take risks and they are incorporated in specific work procedures. The responsibility of this area is delegated to Business Management.

II. The second-level, or risk management control, is the responsibility of the Risk Control Function (Risk Controlling Division, Retail Risk Management Division, Corporate Risk Management Division, Security Management and Business Continuity Division) and the Compliance Function, which includes the fraud risk control (Compliance and Financial Crime Division).

III. Third-level controls are performed by the Internal Audit Function, which assesses and regularly checks the completeness, functionality and adequacy of the Internal Control System. Internal audit is independent of both first and second-level controls.

2. The nature and the extent of the bank's related parties transactions

BCR entered into a number of banking transactions with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions and at market rates.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely its legal form.

Transactions were entered into with related parties during the regular course of business at market rates.

The nature of the related party relationship for those related parties with whom BCR entered into significant transactions or had significant balances outstanding at 31 December 2012 are detailed below:

2.1 Transactions with shareholders

The following transactions were carried out with BCR's shareholders: EGB Ceps Holding GmbH and SIF Oltenia SA:

IFRS (ths RON)	**31.12.2011**	**31.12.2012**
ASSETS	**211,301**	**148,482**
Due from banks	100,224	72,381
Financial assets designated at fair value through profit or loss	8,069	-
Investments securities available for sale	11,641	-
Derivative financial instruments	46,879	71,527
Other assets	44,488	4,574
LIABILITIES	**22,064,732**	**21.428.160**
Deposits from customers	-	-
Loans from banks and other financial institutions	18,095,332	17,360,109

Derivative financial instruments	1,851,069	1,673,320
Subordinated liabilities	1,849,672	2,305,702
Other liabilities	268,659	89,029
GUARANTEES GRANTED	**772,886**	**256,869**

2.2 Transactions with management

IFRS (ths RON)	**31.12.2011**	**31.12.2012**
ASSETS	**1,828**	**836**
Loans	1,828	836
LIABILITIES	**4,384**	**4,614**
Deposits and current accounts	4,384	4,614

2.3 Transactions with companies members of Erste Group

IFRS (ths RON)	**31.12.2011**	**31.12.2012**
ASSETS	**43,362**	**3,142**
Due from banks	2,551	-
Loans and advances to customers	40,811	-
Other assets	-	3.142
LIABILITIES	**248,782**	**251,316**
Deposits by banks	219,340	223,483
Loans from banks and other financial institutions	-	-
Due to customers	29,442	10,433
Other liabilities	-	17,400

2.4 Transactions with subsidiaries

IFRS (ths RON)	**31.12.2011**	**31.12.2012**
ASSETS	**1,516,945**	**1,722,499**
Due from banks	58,312	63,549
Loans and advances to customers	1,457,048	1,657,294
Other assets	1,584	1,655
LIABILITIES	**399,307**	**424,455**
Deposits by banks	50,661	63,312
Deposits from customers	338,314	357,805
Other liabilities& provisions	10,332	3,338

3. Capital management

3.1 BCR individual original Own Funds as of 01.01.2012[2]/31.12.2012

The amount of Tier I and Tier II capital, having mentioned each computed and deductible item separately, has been determined according to the provisions of NBR-NSC Regulation no.18/23/2006 with subsequent amendments and supplements:

INDICATOR	**01.01.2012**	**31.12.2012**
	AMOUNT (ths RON)	
TIER I CAPITAL	**7,762,436**	**7,001,249**
Eligible capital, thereof:	**2,880,659**	**3,347,981**
- Subscribed and paid-up share capital	2,880,659	2,952,555
-Share premium	0	395,426
Eligible reserves, thereof:	**4,812,335**	**3,594,695**
- Reserves	4,861,956	4,848,478
- Net profit for the current year	0	(1,214,833)
- Valuation differences that are eligible for classification as own funds TIER I	(49,621)	(38,950)
Other component items of the own funds Tier I	**280,404**	**335,633**
Other deductions from the own funds level I	**(210,962)**	**(277,060)**
- Intangible assets	(165,324)	(234,826)
- Other specific deductions for Romania related to Tier I capital	(45,638)	(42,234)
TIER II CAPITAL	**2,234,250**	**2,615,120**
Base Tier II capital	**280,968**	**338,035**
- Adjustments made to valuation differences in computation of oen funds Tier I and which are included in the own funds Tier II	565	2.402
- Other component intems of the own funds Base Tier II capital	280,403	335,633
Additional Tier II capital	**1,953,282**	**2,277,085**
- Subordinated loans	**1,953,282**	**2.277.085**

Deductible items from the Tier I and II capital, according to the provisions of Art. 25 of the NBR-NSC Regulation no.18/23/2006, with subsequent amendments and supplements, are shown separately as provided at Art.25(1) from the Regulation therein.

INDICATOR	**01.01.2012**	**31.12.2012**
	AMOUNT (ths RON)	
Deductible items from Tier I and Tier II capital, out of which:	**(4,362,014)**	**(4,839,382)**
- Tier I capital	(2,181,007)	(2,419,691)
- Tier II capital	(2,181,007)	(2,419,691)
Name of the deductible component items	**01.01.2012**	**31.12.2012**
	AMOUNT (ths RON)	
-Shares and other holdings in other credit and financial institutions amounting to more than 10% of their share capital	(777,566)	(588,748)
-Subordinated claims and instruments which a credit or financial institution holds in	(30,000)	(40,000)

[2] 01.01.2012 is the date from which accounting regulations in accordance with IFRS (International Financial Reporting Standards) are applicable , therefore accounting balances as at 31.12.2011 being restated according to IFRS.

respect of holdings amounting to more than 10% of their share capital		
-Participations which a credit institution holds in insurance undertakings, reinsurance undertakings and insurance holding companies	(14,031)	(15,225)
Deductible items from own funds Tier I and from Tier II, specific to Romania	(3,540,417)	(4,195,409)

The total amount of eligible own funds, subsequent to the application within the limits provided at Art. 24 and also to the deduction of items provided at Art. 25 of the NBR-NSC Regulation no. 18/23/2006, with subsequent amendments and supplements:

INDICATOR	01.01.2012	31.12.2012
	AMOUNT (ths RON)	
TOTAL OWN FUNDS	**5,634,672**	**4,776,987**

3.2 Observing the requirements regarding credit institutions and capital adequacy[3]

Starting with 2010, BCR has been using the **Internal Capital Adequacy Assessment Process (ICAAP),** in compliance with the standards of the Erste Group and NBR regulations, in order to determine the bank's capital necessity, as well as its structure and distribution pattern, in order to cover all the material risks entailed by transactions and banking operations.

The economic capital is the capital amount necessary to cover unexpected losses in a one year time horizon.

Economic capital is computed as the sum of capital requirements for the risk categories deemed significant in ICAAP (credit risk, market risk and operational risk) and covers the bank's unexpected losses only.

Credit risk is computed based on an 8% RWA percentage, in compliance with the Basel 2 regulations. In order to assess credit risk, BCR uses the standardized method for statutory reports. For ICAAP purposes, as of Q1 2011, BCR uses the IRB method to determine its capital requirement for credit risk.

Market risk - BCR determines a capital requirement for market risk as follows:

- using the VaR methodology (1 year, 99.9%) for the interest rate risk of the banking book (IRRBB) and

- the standardized method for the FX position.

Operational risk - to compute operational risk, BCR uses the AMA method at bank level and the BIA method for its subsidiaries.

The bank's **Coverage potential** for ICAAP purposes is defined on five levels, based on the balance sheet structure:

- **Coverage potential I** – includes the year-to-date net profit, after taxes. These profits are the main coverage source for the losses occurring during the respective period;
- **Coverage potential II –** mainly consists of equity components (capitals and reserves) plus minority interest, minus goodwill from our investments and IRB excess/shortfall.
- **Coverage potential III –** is made up of hybrid capitals;
- **Coverage potential IV –** is made up of long-term subordinated debts (maturities of over 2 years);
- **Coverage potential V –** is made up of short-term hybrid funds and other subordinated debts only (maturities under 2 years).

Given the volatility of the funds included in Coverage Potential V, this is not considered in the computation of the maximum risk exposure limit (MREL). Consequently, this indicator is made up of coverage potentials I-IV only.

The maximum risk exposure limit (MREL) is monitored via a traffic light system with three stages:

a) green: the exposure is at a comfortable distance from MREL;

b) yellow: the exposure level at which the bank must take active measures - strengthen its capital or decrease its risk exposure;

c) red: activated when MREL is reached.

BCR currently computes its regulatory capital adequacy ratio based on NBR-NSC Regulation no. 14/19/2006, on a monthly basis (IFRS with prudential filters, bank only), as well as twice a year, at BCR Group level (IFRS standards).

The regulatory capital requirements computed based on the bank's final financial statements as of 31.12.2012 for the credit risk, market risk and operational risk were as follows:

[3] As per art.126(1) and art.148 EO 99/2006, as well as art.2 of NBR-CNVM Regulation no.13/18/2006 on the minimum capital requirements

31.12.2012 (ths RON)	Bank IFRS with prudential filters	Group BCR (IFRS)
TOTAL CAPITAL REQUIREMENTS	3,044,816	3,675,384
Credit risk- standard approach	***2,515,858***	***3,108,593***
Central governments or central banks	897	5,740
Regional administrations or local authorities	95,548	96,093
Administrative bodies and entities with non lucrative purposes	29,105	30,908
Institutions	33,968	28,289
Companies	1,091,110	1,133,535
Retail	672,986	741,346
Collateralized with real estate assets	433,208	454,739
Overdue	92,782	447,344
Other assets	66,254	170,599
Position, foreign exchange and commodity risks under standardised approach	***17,892***	***32,591***
Position risk afferent to traded debt instruments	6,722	6,722
Position risk afferent to equity	739	739
FX risk	10,431	25,130
Operational risk	***511,066***	***534,200***
Basic approach		36,015
Advanced assessment approach	511,066	498,185

4. Risk Management

4.1 General overview

Risks are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits, approval competences (pouvoirs), separation of responsibilities and other controls.

In order to have an appropriate management of the significant risks, BCR uses:

- ✓ **a system of procedures for transactions authorization**, which consists of competences/authority limits (pouvoirs) for granting loans and other related credit products;
- ✓ **a system for setting up risk limits** in compliance with the bank's global risk profile, capital adequacy, liquidity, loan portfolio quality etc;
- ✓ **a system of reporting the risk exposure** and the other issues/aspects related to risks;
- ✓ **a system of procedures for unexpected situations/crisis** regarding significant risks, including measures necessary to be undertaken by the bank;
- ✓ **a system of procedures that prevents an inadequate information usage**, in order to avoid the bank's reputation damage, the disclosure of secret and confidential information and the usage of information for the employees' personal benefits;
- ✓ **staff recruitment and salaries criteria**, which presume high standards in respect of qualification, expertise and integrity;
- ✓ **staff training programs**.

BCR undertakes the necessary steps in order to ensure and maintain an adequate information system for the identification, measurement, monitoring and reporting of the significant risks, for the whole bank and for each department or business unit.

BCR set up an appropriate separation of responsibilities for all the bank's organizational levels, in order to avoid the conflict of interest in front office, risk management and back office activities.

4.2 BCR risk management policies and objectives

In order to unfold safe and prudent activities, ensure adequate capital and liquidity level, profitability and portfolio quality, BCR established policies, approaches and exposures to each significant risk based on an acceptable ratio (for the bank) between the risks taken and the estimated profit (per portfolio, activities and transactions).

One of the main focuses of retail risk for 2013 is to support a healthy business growth via: client segmentation (based on ratings and a history of customer relationship), the implementation of risk based pricing (high risk - high price, low risk – low price), product risk parameters based on probability of default and profitability, standardized and controlled processes, proper fraud management and an adequate portfolio monitoring system (Management Information System – MIS).

In terms of corporate risk, in 2013, BCR will focus on its basic clients, low-risk industries, improving the loan collateralization and adjustment of risk prices, in accordance with the new economic environment.

In order to better control the risk position taken in relation to its corporate clients, in 2013 BCR will improve its policy on the annual review of loans. The annual review will be performed for all clients with loans maturing in more than 12 months, regardless of the financing type and not only for clients with investment and mortgage loans.

The techniques used for the mitigation of credit risk, together with the measures and actions taken for this purpose, as well as the policies and procedures implemented by the bank, must lead to the concluding of legally viable loan protection contracts that are enforceable in all relevant jurisdictions.

4.3 Risk management structure and responsibilities

- **The Supervisory Board** approves and reviews BCR's risk profile and the bank's strategy in respect of risk management.
- **The Risk Committee of the Supervisory Board** is responsible for approval of the implementation of the main lending and risk policies, procedures and internal rules, approval of the delegation of the loan approval competences (pouvoirs), as well as approval of the implementation of the Management Board's resolutions for granting loans with a value exceeding the delegated pouvoirs.
- **The Management Board** is responsible for the implementation of the risk strategies approved by the Supervisory Board, the maintenance of a proper risk exposure reporting, as well as the maintenance of the risk limits, including in case of crisis situations.
- **The Operational Risk Committee (ORCO)**

The main responsibilities of the Operational Risk Committee are:

- Pre-approves the operational risk and compliance policies, procedures and processes;
- Sets up the BCR's operational risk appetite given the existing internal and external control standards;
- Analyses the major risk issues and trends that may influence BCR's operational risk profile;
- Informs regularly the Management Board on the BCR's operational risk profile developments;
- Follows up on the action points agreed to mitigate operational or compliance risks (as per NBR reports, Internal/External audit reviews, Risk Assessments, Compliance Assessments, Fraud reports, Key Risk Indicators or major incidents reported);
- Analyses the risks entailed by new products and/or business;
- Reviews the main risk reports covering the operational and compliance risk topics;
- Enforces the development, maintenance and testing of the Business Continuity Plan.

- **Risk functional line.** Risk management activities are consolidated under the Risk Functional Line, which consists of 4 divisions: Retail Risk Management, Corporate Credit Risk Management, Risk Controlling, and Security Management and Business Continuity. Compliance and Financial Crime Division, in charge with compliance risk and fraud risk management is rsubordinated to the CEO.
- **Internal Audit.** Risk management processes throughout the bank are audited annually by the internal audit function that examines both the adequacy of the procedures and the bank's compliance with the procedures. Internal Audit discusses the results of all assessments with the management, and reports its findings and recommendations to the Audit and Compliance Committee.

4.4 Types of risks

The bank is exposed to the following types of risks:

- credit risk
- liquidity risk
- market risk
- operational risk

4.5 Risk factors that can be forecasted

The bank is subject to all the risks faced by its customers.

Risk factors mainly stem from the ongoing macroeconomic climate, as well as from the microeconomic climate (industrial branch risks) and the customer's own risks (business risk, financial risk, etc.).

The Romanian economy has the chance in 2013 to make a clean break from the Eurozone, growing more under its own steam, while the country maintains a growth differential of 1% over the single currency area. Better prospects for agriculture this year, have led us to revise upwards this year's economic growth forecast to 1.8%, from the previous 1.1%. Agriculture in Romania accounts for a significant share of the gross value added (~6-7%) and can provide stronger support for private consumption during auspicious years through an expanded cottage food industry, a trademark of Romanian agriculture. However, meeting its potential in 2013 and the coming years will remain a daunting task for the Romanian economy and more investments (with agriculture one of the top priorities) are needed to improve productivity and boost export capacities.

Thus, the main risk management objectives will focus on an active management of the portfolio, on the improvement of asset quality (keeping NPL under control) and on setting the basis for a good growth of the loan portfolio.

BCR must be ready to face all challenges in order to protect the interests of its shareholders, clients and employees, while supporting the Romanian economic environment.

5. Credit risk

5.1 Description of the approaches and methods adopted for determining value adjustments and provisions (IFRS)

The criteria used for mapping by risk grades in four different categories are as follows:

- **Low risk –** clients with internal rating between 1 - 5c for legal persons and between A1 - B2 for private individuals;
- **Management attention –** clients with internal rating between 6a - 7 for legal persons, between C1 - D1 for private individuals and clients without an internal rating;
- **Sub-standard** - clients with internal rating 8 for legal persons and D2 for private individuals;
- **Non-performing and non-performing contaminated exposure** (i.e. loans and off balance items such as: guarantees and unused commitments), based on more than 90 days overdue criterion for retail clients (exposure contaminated on product type level) and for corporate driven by the Basel II default definition (exposure contaminated on client level).

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days or whether there are any known difficulties in the cash flows of counterparties, credit rating downgrades or infringement of the original terms of the contract. The Bank assesses impairment in two areas: individually assessed allowances and collectively assessed allowances.

BCR addresses impairment assessment in two areas: **individually assessed allowances** and **collectively assessed allowances** as they are described in Note 38.5.7 "Impairment assessment" to the Consolidated and Individual Financial Statements as of 31.12.2012.

5.2 “Past due” and “impaired”

Past due are defined according to NBR’s Order no.27/2010; unpaid at maturity loans and their related interests are booked in the “Not impaired past due receivables” and “Not Impaired past due accrued interest” accounts.

Impairment of financial assets

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Non-financial assets depreciation

Assessments are done at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non-financial asset may be impaired.

If any such indication exists, or when annual impairment testing for an asset is required, an estimate of the asset’s recoverable amount is made. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

5.3 The total amount of exposures(IFRS)

The maximum total credit exposure without taking into account any collateral or credit enhancements is shown in the table below:

	Bank		Group	
(ths RON)	**2011**	**2012**	**2011**	**2012**
Total in balance sheet, out which:	**72,057,552**	**68,675,342**	**73,407,295**	**70,046,148**
Loans and advances to customers w/o provisions	46,990,434	44,566,299	47,803,525	44,861,880
Total -Off balance sheet	**9,757,198**	**7,016,474**	**9,776,371**	**7,041,063**
Total credit risk exposure	**81,814,750**	**75,691,816**	**83,183,666**	**77,087,211**

Credit quality per class of financial assets is as follows:

Bank 2012 (ths RON)	TOTAL,out of which	Loans and advances to customers
Low risk	**45,166,824**	29,863,274
Management attention	**13,260,394**	12,941,273
Sub-standard	**3,620,552**	3,617,826
Non-performing	**12,335,262**	12,335,262
TOTAL	**74,383,032**	**58,757,636**

Group 2012 (ths RON)	TOTAL,out of which	Loans and advances to customers
Low risk	**44,760,826**	**28,734,442**
Management attention	**13,544,035**	**13,250,495**
Sub-standard	**3,732,954**	**3,730,228**
Non-performing	**14,728,256**	**14,728,256**
TOTAL	**76,766,071**	**60,443,422**

The **loans and advances to customers** and off balance items (i.e. contingent liabilities such as committed credit lines and guarantees) before allowances were included.

Other items such as: financial assets designated at fair value through profit and loss, trading assets and financial investments are described in detail in Annex 1 for both BCR and Group for the years 2011 and 2012.

5.4 The geographical distribution of the exposures (IFRS)

Bank (ths RON)	Total loans 31.12.2012
GLC	**5,745,812**
LC	**7,838,836**
RE	**2,950,352**
Large Municipalities	**4,608,970**
Public sector	**591,119**
SME + Small Municipalities*)	**8,274,811**
TOTAL Corporate	**30,009,900**
Micros	**2,087,712**
Individuals	**19,453,772**
TOTAL Retail	**21,541,484**
GRAND TOTAL	**51,551,384**

Note: GLC, LC, RE and Large Municipalities are centrally managed.

The significant exposure class was represented by Individuals segment: 37.7% out of the total loans, followed by SME and Small Municipalities segment: 16.1% out of total loans.

Geographical distribution of the retail portfolio, SME and Small Municipalities:

Bank (ths RON) Geographical area	Retail	SME + Small Municipalities
	31.12.2012	
Bucharest	5,841,019	1,334,217
Centre	2,359,567	993,885
North East	2,581,506	1,357,272
North West	2,783,601	1,653,401
South	2,167,201	1,146,479
South East	2,363,665	801,083
South West	1,726,603	522,106
West	1,718,321	466,368
Total	**21,541,484**	**8,274,811**

5.5 The distribution of exposures by industry

The lending activity is focused on companies and individuals domiciled in Romania having a concentration risk within the loan portfolio as follows:

Economic Sector	Bank		Group	
	(ths RON) IFRS -net maximum exposure-			
	2011	**2012**	**2011**	**2012**
Individuals (private household)	6,174,679	6,379,585	6,031,608	6,141,311
Banking and insurance	11,985,119	9,673,999	11,129,450	8,971,311
Agriculture	448,091	532,393	1,217,769	1,287,224
Production	3,188,718	3,499,532	3,111,072	3,471,712
Trade	1,347,381	1,259,376	1,241,720	1,225,031
Construction	3,121,603	2,280,125	3,012,539	2,201,903
Hotels and restaurants	41,824	56,402	36,949	52,204
Transport, communica-tion and storage	1,247,158	1,285,533	424,518	527,595
Real estate transactions	254,259	38,768	14,563	-
Public administration health social services	13,762,387	15,014,825	14,635,596	16,360,719
Others	1,688,467	1,649,376	2,176,877	1,757,242
TOTAL	**43,259,686**	**41,669,914**	**43,032,661**	**41,996,252**

The industry analysis of the financial assets, before and after taking into account collaterals held or other enhancements is presented for both the BCR and the Group for the financial years 2011 and 2012 is described into Note 38.5.4 of the The Consolidated and Individual Financial Statements published on the BCR's Website Investors Section, Sub-section: Financial Reports.

5.6 The reconciliation of changes in the value adjustments and provisions for impaired exposures (IFRS)

Allowances for impairment losses:

(ths RON)	Bank		Group	
	2011	2012	2011	2012
At 1 January	**3,446,949**	**4,119,034**	**4,844,910**	**5,572,801**
Charges for the year	2,002,622	3,256,991	2,095,342	3,611,745
Recoveries	-	3,595	-	52,003
Amounts written off*	(1,033,460)	(308,378)	(1,073,548)	(713,817)
Effect of change in FX	35,943	312,259	39,117	272,994
Interest accrued on impaired loans	(333,020)	(398,416)	(333,020)	(445,026)
At 31 December	**4,119,034**	**6,985,085**	**5,572,801**	**8,350,700**

*During 2012 and 2011 BCR sold doubtful loans to collection companies outside BCR Group.

5.7 Credit risk mitigation techniques

5.7.1 Market or credit risk concentrations in credit mitigation operations

BCR registers credit risk concentrations in its risk mitigation operations towards the Romanian state.Thus, on 31.12.2012, the total collaterals received from the Ministry of Public Finances used for credit risk mitigation purposes amounted to 3,086,429,744RON, 2,489,610,387RON of which were used for the First House program.

5.7.2 Total exposure value covered by eligible financial collaterals and by other eligible physical collaterals used for credit mitigation purposes:

31.12.2012 (ths RON)	Bank IFRS with prudential filters	Group IFRS
Total exposures covered by physical eligible collaterals	6,926,784	5,201,911
***Financial collaterals**, of which on exposure categories:*	***2,527,268***	***731,126***
Regional administrations or local authorities	236	236
Institutions	257,850	262,279
Companies	2,235,468	405,381
Retail	33,714	57,957
Collateralized with real estate assets		5,272
Exposures covered by residential real estate	***4,399,517***	***4,470,784***

5.7.3 Total exposure value covered by personal collaterals :

31.12.2012 (ths RON)	Bank IFRS with prudential filtres	Group IFRS
Total exposures covered by personal collaterals, *of which on exposure categories:*	**3,456,627**	**3,374,715**
Regional administrations or local authorities	339,357	339,357
Administrative bodies and non-profit entities	15,312	15,312
Companies	607,777	607,777
Retail	2,494,181	2,412,269

5.8 Policies and processes for collateral valuation and management

In order for an asset to be accepted by the bank as guarantee for a loan it is necessary to determine the market value and the guarantee value beforehand.

This is a mandatory condition based on which the level of coverage of the loan with guarantees can be determined.

The market value is estimated through an evaluation undertaken by a specialized external company.

The evaluation is undertaken, in accordance with the International Standards of Evaluation, and internal procedures, when the loan is granted, during the lifetime of the loan and in case of foreclosure of the respective collaterals.

The evaluator is obligated to make an estimation of the market value, to mention the possible risks in case of foreclosure and to determine the guarantee value of the evaluated asset.

Market value is the amount for which a property (movable or immovable asset) can be exchanged, between firm buyer and seller, in a transaction with an objectively determined price, after an appropriate marketing activity, in which the involved parties have acted wittingly, prudent and without constraint.

Evaluation report – the document in which the market value and guarantee value of an asset proposed as collateral is estimated.

Guarantee value – amount of money which could be obtained by the bank in case it would have to capitalize the assets brought as guarantees in accordance with the legal regulations.

The evaluation report for the BCR clients must observe the models elaborated by the bank, sent to the external evaluators when the collaboration agreement was signed.

The evaluation methods used in the evaluation report for BCR clients are:

- comparison method
- income method
- extraction method
- cost method

The market value is estimated by using the abovementioned methods.

For the substantiation of the credit decision a **depreciation margin as set by the bank is applied to the market value** and the guarantee value is obtained.

5.8.1 Description of the main types of collateral taken by BCR:

A.	Pledges
A.1.	Movable, tangible assets such as fixed assets (vehicles, equipment, outfits, agricultural equipment, ships, aircrafts, means of transportation, others alike);
A.2.	Movable assets such as stocks (raw materials, materials, finished products and others alike)
A. 3.	Movable assets such as stocks intangible assets (patent rights, license rights, know-how rights, factory and commerce trademarks) -registered in the books and in SOIT (OSIM) -not registered in the books
A.4.	Shares and equity interests issued by companies; -shares listed in the 1st category at BSE (BVB); -shares and equity interests other than the ones mentioned above
A.6.	a. Assignment of receivables b. Assignment of cash-ins
A.7.	Securities such as stocks issued by the Local Public Administration or companies: -stocks issued by the Local Public Administration; -stocks issued by companies;
A.8.	Fund units issued by other entities
A.9	Movable assets, leased or subject to a leasing operation
A.11.	Collateral deposit in BCR, certificates of deposit at BCR to bearer with password and certificates of deposit with discount at BCR
A.12.	Deposits made in other banks
A.13.	Public securities issued by the Ministry of Economy and Finances
A.14.	Incomes from the budget of the local public administration
A.15.	Pledge on the credit balance of the current account/accounts opened in BCR and/or other banks
B	Personal guarantees
B.1.	Guarantees issued by the Romanian state or by the authorities of the local public administration
B.2.	Bank guarantee letter
B.3.	Company guarantee
B.4.	Surety assumed by natural persons
B.5.	Debt securities (promissory notes, bills of exchange) issued in favour of BCR
B.6.	Debt securities (promissory notes, bills of exchange) issued by third parties and guaranteed in favour of BCR::
B.7.	Guarantees issued by insurance companies accepted by BCR (financial risk of non-payment of the loan instalments)
B.8	Guarantee from a guarantee fund
C	Pledges on future assets
C.1.	Future movable assets (equipment, vehicles, including ships and aircrafts under construction) financed through BCR loans
C.2.	(Future) Agricultural crops of cereals and technical plants
D	Security interests in real
D.1.	Real estate properties such as open lands on which constructions can be built, plantations or forests can be created
D.2.	Real estate properties – land and constructions

6. Liquidity risk – The residual maturity breakdown of exposures

BCR assesses its liquidity by:

- ✓ analysing the structure of assets, in terms of their liquidity and marketability;
- ✓ analysing liabilities (in terms of their volatility) and off-balance sheet elements (implying potential ins/outs of funds);
- ✓ analysing main currencies liquidity, both individually and aggregated.

In order to evaluate and control the liquidity risk of the bank's portfolio, the BCR employs the Asset and Liability Management (ALM), focused on suitably determining the appropriate balance sheet structure, by correlating resources and placements in terms of their structure and maturity.

For every financial year the BCR preparesa strategy for managing liquidity under normal circumstances encompassing the main objectives of the Bank, with the purpose to maintain an adequate portfolio liquidity, by re-evaluating it in line with the business environment requirements as well as a contingency funding plan that is a strategy for managing liquidity in crisis situations, comprising the measures required to successfully overcome a potential crisis.

The Annex 2 presents the evolution of the ratio of liquid assets to customers (banking and non-banking customers) liabilities analysed according to when they are expected to be recovered or settled both for the Group and the BCR for financial years 2011 and 2012.

7. Market risk

The main market risk factor affecting the bank's investments portfolio is the interest rate risk. The market risk factors of the trading book portfolio are the interest rate risk, share price risk and FX risk.

BCR has a Market Risk Handbook regulating the identification of market risk factors, the determining of market risk exposure limits, the monitoring of compliance with the limits set, as well as the reporting processes (including limit exceeding procedures).

7.1 Exposure to interest rate risk on positions not included in the trading book

As of September 2010, BCR has been reporting “Potential changes in the economic value of the bank due to interest rate changes”[4] .

This report refers to potential changes in the economic value of credit institutions due to interest rate changes.

The standard shock inflicted upon the bank’s interest amounts to 200 basis points, in both directions, regardless of currency.

Changing the potential economic value of the bank as a result of changing interest rates:

(ths RON)	31-Dec-11	31-Dec-12
Own funds	5,867,625	4.776.987
The potential decline of the economic value:		
- absolute value	197,152	77.630
- % of own funds	3.36%	1.63%

7.2 The system of market risk exposure limits

Structure of the market risk limits system in the TB portfolio:

- PVBP limit for the securities portfolio (FI TB);
- “1 day, 99%” VaR limit for the FI TB portfolio;
- delta limit for shares positions;
- “1 day, 99%” VaR limit for the shares portfolio;
- PVBP limit for the money market portfolio managed by the Financial Markets Division;
- 1 day, 99%” VaR limit for the money market portfolio managed by the Financial Markets Division;
- 1 day, 99%” VaR limit for the portfolio made up of: FI TB plus the MM portfolio managed by the Financial Markets Division;
- 1 day, 99%” VaR limit for the entire trading book.

S/L (stop loss) limits for the FI TB portfolio and for the shares portfolio:

- annual S/L limit, set as the maximum between 70% of the budget and the VaR limit;
- monthly S/L limit, set as 25% of the annual S/L limit.

[4]As per the provisions of NBR RegulationNo. 16/2012and NBR Order No.6/2010

BCR has also set market risk exposure limits for the securities portfolio managed by the Balance Sheet Management Division (FI BB):

- PVBP limit for the FI BB portfolio;
- 1 day, 99%” VaR limit for the FI BB portfolio.

All the limits mentioned at point 7.2 are monitored on a daily basis and their utilization degree is the object of a daily report.

7.3 Exposures in equities not included in the trading book (IFRS)

⇨ Financial investments available for sale:

(ths RON)	Bank 2012	Group 2012
-Treasury bills	2,485,779	2,503,693
-Listed equities and bonds	23,258	31,803
-Non-listed investments	2,535,197	1,789,005
TOTAL	**5,044,234**	**4,324,501**

(ths RON)	Bank 2011*	Group 2011
-Treasury bills	4,894,420	4,926,365
-Listed equities and bonds	273,483	279,191
-Non-listed investments	1,040,819	38,944
TOTAL	**6,208,722**	**5,244,500**

**Does not include RON 50 million additional impairment of participations. Total financial investments AfS in Balance Sheet for Bank 2011: RON ths 6,158,721*

⇨ Financial investments held to maturity:

(ths RON)	Bank 2012	Group 2012
-Treasury bills	-	124,038
-Listed debt securities	7,623,938	8,825,767
-Unlisted bonds	1,794,448	1,807,780
TOTAL	**9,418,386**	**10,757,585**

(ths RON)	Bank 2011	Group 2011
-Treasury bills	-	100,963
-Listed debt securities	5,409,481	6,151,343
-Unlisted bonds	1,746,127	1,759,516
TOTAL	**7,155,608**	**8,011,822**

8. Operational risk

Operational risk – approach used for the assessment of capital requirement / operational risk management at BCR level.

At the beginning of October 2010, the Austrian Financial Market Authority (FMA), in collaboration with the National Bank of Romania (NBR), have approved the application of the Advanced Approach in the computation of the capital necessary to cover operational risk (AMA) at BCR level.

In compliance with this approval, BCR computes its capital requirement for operational risk based on the formula below:

Capital requirement = max {AMA; 75 %*BIA}

where BIA = Basic indicator approach

It is worth mentioning that at the end of July 2011, the Holding received the FMA approval for capital charge calculation including the recognition of the mitigating effect of insurances.

In order to determine its capital requirement based on the advanced approach (AMA), BCR uses the statistic model elaborated at Erste Group level.

The main objective of operational risk management is to ensure an adequate internal framework for the identification, assessment, monitoring of operational risks, as well as for taking all necessary measures to mitigate the losses generated by these risks (operational losses).

The Operational Risk Management Committee (ORCO) was established at BCR level in 2011, with the purpose of adequately managing operational risks.

The management of operational risks at BCR level consists of the following steps:

- ✓ The identification, measurement and assessment of operational risks;
- ✓ The quantification of operational risks;
- ✓ The monitoring, controlling and reporting of operational risks;

8.1 The identification, measurement and assessment of operational risks

Operational risk is influenced by a wide range of factors that must be considered when determining the bank's exposure to operational risk. These factors may be grouped on categories (e.g. economic and business environment, business, processes and systems, etc.). In order to consider all these factors, BCR has implemented a selection of qualitative and quantitative instruments:

- **The quantitative analysis** of operational risk, which includes internal and external data collections of ORE-s generating losses;
- For the **qualitative analysis**, the bank has elaborated a methodology for the self-assessment of the internal control system (RCSA). RCSA-s are performed regularly, so that the bank is able to identify the main operational risk sources and undertake the adequate risk mitigation measures, preventing or mitigating the losses stemming from the emergence of operational risks;
- **The monitoring and regular reporting** of operational risk indicators (KRI), enabling the bank to detect any change in its exposure to operational risk in due time;
- In addition to the collecting of data on ORE that generated losses, the bank analyzes **scenarios** regarding the future occurrence of significant losses.

8.2 The quantification of operational risk

The results of the identification, measurement and assessment of operational risk are consolidated for the computation of the capital requirements covering operational risk.

In order to model operational risk, BCR uses the distribution of losses generated by the operational risk method (Loss Distribution Approach - LDA) elaborated at Erste Group level.

The model used for the computation of the capital requirement includes the following factors:

- **Internal data:** for the assessment of the parameters of the LDA model, the bank uses a set of historical data covering 5 years;
- **External data:** used in addition to internal data, supplementing the latter;
- **Scenario analysis:** used to supplement the data regarding the losses generated by operational risk; they refer to events that have major impact and low frequency;
- **Business environment** and control factors: factors reflecting changes in the business environment or the bank's risk profile, monitored via RCSA-s and KRI-s, incorporated in the LDA model via scenario analyses.

BCR computes the capital requirements for operational risk considering the risk transfer mechanisms (insurances) used for mitigation purposes.

8.3 The monitoring, controlling and reporting of operational risk

Operational risk reporting is a major component of the risk management framework.

Reporting is essential in the process of acknowledging the losses generated by operational risk and the bank's exposure to this risk type, enabling the institution to perform an adequate management of operational risk.

Regular reporting provides detailed information on operational risk at BCR level, both at local management level (ORCO; Management Board; Risk Committee of the Supervisory Council) and at Erste Group level.

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Annex 1

Bank 2011

RON Thousand	Low Risk	Management attention	Sub-standard	Non-performing	Total
Due from banks	**851,300**	**155,057**	**-**	**-**	**1,006,357**
Financial assets designated at fair value through profit or loss	**7,447**	**34,507**	**-**	**-**	**41,954**
Trading Assets					
Treasury bills	698,693	-	-	-	698,693
Listed bonds	1,887	1,118	-	-	3,005
	700,579	**1,118**	**-**	**-**	**701,698**
Loans and advances to customers*					
Corporate lending	16,400,430	14,672,031	1,465,946	6,293,054	38,831,461
Small business lending (Micros)	690,375	426,527	195,642	1,024,784	2,337,328
Consumer lending	3,734,294	2,088,265	443,342	788,509	7,054,410
Residential mortgages	6,493,355	4,262,548	1,077,228	777,300	12,610,431
Other	203,173	-	-	-	203,173
	27,521,627	**21,449,371**	**3,182,158**	**8,883,647**	**61,036,803**
Financial investments – available for sale					
Treasury bills	4,894,420	-	-	-	4,894,420
Listed equities and bons	124,477	146,704	-	2,302	273,483
Non-listed investments	480,569	560,249	-	-	1,040,819
	5,499,466	**706,953**	**-**	**2,302**	**6,208,721**
Financial investments - held to maturity					
Listed debt securities	5,409,481	-	-	-	5,409,481
Unlisted bonds	1,746,127	-	-	-	1,746,127
	7,155,608	**-**	**-**	**-**	**7,155,608**
Total	**41,736,028**	**22,347,007**	**3,182,158**	**8,885,949**	**76,151,141**

Bank 2012

RON Thousand	Low Risk	Management attention	Sub-standard	Non-performing	Total
Due from banks	**115,960**	**169,311**	**-**	**-**	**285,271**
Financial assets designated at fair value through profit or loss	**8,325**	**36,411**	**-**	**-**	**44,736**
Reverse repurchase agreements	**-**	**30,408**	**-**	**-**	**30,408**
Derivatives financial instruments	**71,527**	**58,890**	**-**	**-**	**130,417**
Trading Assets					
Treasury bills	665,520	-	-	-	665,520
Listed bonds	3,296	3,128	-	-	6,424
	668,816	**3,128**	**-**	**-**	**671,944**
Loans and advances to customers*					
Corporate lending	15,532,027	8,991,629	2,138,864	9,302,105	35,964,626
Small business lending (Micros)	866,093	133,078	135,948	1,078,820	2,213,939
Consumer lending	4,118,012	1,781,026	490,717	605,824	6,995,579
Residential mortgages	9,118,708	2,035,540	852,297	1,348,513	13,355,058
Other	228,434	-	-	-	228,434
	29,863,274	**12,941,273**	**3,617,826**	**12,335,262**	**58,757,636**
Financial investments – available for sale					
Treasury bills	2,485,779	-	-	-	2,485,779
Listed equities and bonds	2,286	20,972	-	-	23,258
Non-listed investments	2,532,471	-	2,726	-	2,535,197
	5,020,536	**20,972**	**2,726**	**-**	**5,044,234**
Financial investments - held to maturity					
Listed debt securities	7,623,938	-	-	-	7,623,938
Unlisted bonds	1,794,448	-	-	-	1,794,448
	9,418,386	**-**	**-**	**-**	**9,418,386**
Total	**45,166,824**	**13,260,394**	**3,620,552**	**12,335,262**	**74,383,032**

*Loans and advances to customers and undrawn credit and loans commitments, promissory notes and guarantees/liabilities out of assets pledged as collateral security before allowances.

Annex 1 (continued)

Group 2011

RON Thousand	Low Risk	Management attention	Sub-standard	Non-performing	Total
Due from banks	**933,296**	**166,914**	-	-	**1,100,210**
Financial assets designated at fair value through profit or loss	**7,447**	**34,508**	**-**	**-**	**41,955**
Trading Assets					
Treasury bills	698,693	-	-	-	698,693
Listed bonds	1,887	1,118	-	-	3,005
	700,579	**1,118**	**-**	**-**	**701,698**
Loans and advances to customers*					
Corporate lending	16,212,952	13,922,012	1,576,535	6,942,688	38,654,186
Small business lending (Micros)	1,027,816	498,051	234,314	1,629,098	3,389,280
Consumer lending	5,526,170	3,448,490	648,968	1,167,671	10,791,299
Residential mortgages	4,773,584	2,918,479	876,189	1,715,939	10,284,192
Other	203,877	-	-	-	203,877
	27,744,400	**20,787,032**	**3,336,006**	**11,455,396**	**63,322,834**
Financial investments – available for sale					
Treasury bills	4,926,365	-	-	-	4,926,365
Listed equities and bons	124,477	152,413	-	2,302	279,191
Non-listed investments	-	38,944	-	-	38,944
	5,050,842	**191,357**	**-**	**2,302**	**5,244,501**
Financial investments - held to maturity					
Treasury bills	100,963	-	-	-	100,963
Listed debt securities	6,151,343	-	-	-	6,151,343
Unlisted bonds	1,759,516	-	-	-	1,759,516
	8,011,821	**-**	**-**	**-**	**8,011,821**
Total	**42,448,386**	**21,180,929**	**3,336,006**	**11,457,698**	**78,423,020**

Group 2012

RON Thousand	Low Risk	Management attention	Sub-standard	Non-performing	Total
Due from banks	**237,534**	**123,687**	-	-	**361,221**
Financial assets designated at fair value through profit or loss	**8,325**	**36,411**	**-**	**-**	**44,736**
Reverse repurchase agreements	**-**	**30,408**	**-**	**-**	**30,408**
Derivatives financial instruments	**71,527**	**60,727**	**-**	**-**	**132,254**
Trading Assets					
Treasury bills	665,520	-	-	-	665,520
Listed bonds	3,296	3,128	-	-	6,424
	668,816	**3,128**	**-**	**-**	**671,944**
Loans and advances to customers*					
Corporate lending	14,184,957	9,207,386	2,208,428	10,025,653	35,626,425
Small business lending (Micros)	1,002,626	188,702	177,042	1,414,999	2,783,369
Consumer lending	4,118,011	1,781,957	490,717	655,579	7,046,264
Residential mortgages	9,200,414	2,072,450	854,041	2,632,025	14,758,930
Other	228,434	-	-	-	228,434
	28,734,442	**13,250,495**	**3,730,228**	**14,728,256**	**60,443,422**
Financial investments – available for sale					
Treasury bills	2,485,779	17,914	-	-	2,503,693
Listed equities and bonds	10,831	20,972	-	-	31,803
Non-listed investments	1,785,987	292	2,726	-	1,789,005
	4,282,597	**39,178**	**2,726**	**-**	**4,324,501**
Financial investments - held to maturity					
Treasury bills	124,038	-	-	-	124,038
Listed debt securities	8,825,767	-	-	-	8,825,767
Unlisted bonds	1,807,780	-	-	-	1,807,780
	10,757,585	**-**	**-**	**-**	**10,757,585**
Total	**44,760,826**	**13,544,035**	**3,732,954**	**14,728,256**	**76,766,071**

* Loans and advances to customers and off balance items (i.e. contingent liabilities such as committed credit lines and guarantees) before allowances.

Annex 2

Bank 2011

RON Thousand	Less than 3 days	Less than 3 months	3 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
ASSETS								
Cash and balances with central banks	10,290,771	-	-	10,290,771	-	-	-	10,290,771
Due from banks	243,319	705,323	-	948,642	57,565	150	57,715	1,006,357
Derivative financial instruments	8,005	3,065	6,993	18,063	39,448	27,525	66,973	85,036
Financial assets held for trading	-	515	698,178	698,693	-	3,005	3,005	701,698
Financial assets designated at fair value through profit or loss	-	-	-	-	-	41,954	41,954	41,954
Loans and advances to customers, net	1,967,462	2,900,780	5,757,946	10,626,188	8,911,134	27,453,112	36,364,246	46,990,434
Financial investments – available-for-sale	-	1,861,067	2,351,484	4,212,551	653,671	1,292,499	1,946,170	6,158,721
Financial investments – held-to-maturity	-	-	543,497	543,497	5,180,914	1,431,197	6,612,111	7,155,608
Property and equipment	-	-	-	-	-	535,398	535,398	535,398
Goodwill and other intangible assets	-	-	-	-	-	243,528	243,528	243,528
Current tax assets	-	177,284	-	177,284	-	-	-	177,284
Other assets	-	497,042	-	497,042	-	-	-	497,042
TOTAL ASSETS	**12,509,557**	**6,145,076**	**9,358,098**	**28,012,731**	**14,842,732**	**31,028,368**	**45,871,100**	**73,883,831**
LIABILITIES AND EQUITY								
Due to banks	1,448,186	766,230	3,987,748	6,202,164	10,927,482	3,612,467	14,539,949	20,742,113
Derivative financial instruments	450	8,794	598,001	607,245	1,203,539	44,104	1,247,643	1,854,888
Due to customers	9,608,920	18,689,165	3,794,285	32,092,370	6,790,118	60,274	6,850,392	38,942,762
Debt issued and other borrowed funds	-	-	81,881	81,881	436,401	482,607	919,008	1,000,889
Deferred tax liabilities	-	-	-	-	-	506,256	506,256	506,256
Other liabilities	-	666,891	-	666,891	-	-	-	666,891
Provisions	-	-	-	-	297,845	-	297,845	297,845
Subordinated liabilities	-	-	-	-	600,867	1,423,823	2,024,690	2,024,690
TOTAL LIABILITIES	**11,057,556**	**20,131,080**	**8,461,915**	**39,650,551**	**20,256,252**	**6,129,531**	**26,385,783**	**66,036,334**
Net	**1,452,001**	**(13,986,004)**	**896,183**	**(11,637,820)**	**(5,413,520)**	**24,898,837**	**19,485,317**	**7,847,497**

Bank 2011

RON Thousand	Less than 3 days	Less than 3 months	3 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Due to banks	1,452,018	771,299	4,119,646	6,342,963	12,662,374	4,568,351	17,230,725	23,573,688
Derivative financial instruments	450	8,794	598,001	607,245	1,203,539	44,104	1,247,643	1,854,888
Due to customers	9,609,762	18,782,717	3,889,250	32,281,729	7,605,859	72,343	7,678,202	39,959,931
Debt issued and other borrowed funds	-	-	83,590	83,590	1,116,805	492,673	1,609,478	1,693,068
Deferred tax liabilities	-	-	-	-	-	506,256	506,256	506,256
Other liabilities	-	666,892	-	666,892	-	-	-	666,892
Provisions	-	-	-	-	297,844	-	-	297,844
Subordinated liabilities	-	-	-	-	853,640	2,422,114	3,275,754	3,275,754
Total undiscounted financial liabilities	**11,360,074**	**20,229,702**	**8,690,487**	**40,280,263**	**23,442,217**	**8,105,841**	**31,548,058**	**71,828,321**

Annex 2 (continued)

Bank 2012

RON Thousand	Less than 3 days	Less than 3 months	3 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
ASSETS								
Cash and balances with central banks	9,153,196	-	-	9,153,196	-	-	-	9,153,196
Due from banks	193,937	28,649	23,717	246,303	38,968	-	38,968	285,271
Reverse repurchase agreements	-	30,408	-	30,408	-	-	-	30,408
Derivative financial instruments	1,055	18,188	2,859	22,102	72,123	36,192	108,315	130,417
Financial assets held for trading	-	134,088	531,678	665,766	-	6,178	6,178	671,944
Financial assets designated at fair value through profit or loss	-	-	-	-	-	44,736	44,736	44,736
Loans and advances to customers, net	2,890,793	3,047,549	4,389,595	10,327,937	9,195,080	25,043,282	34,238,362	44,566,299
Financial investments – available-for-sale	-	811,662	2,024,911	2,836,573	1,122,140	1,085,521	2,207,661	5,044,234
Financial investments – held-to-maturity	-	509,847	1,625,641	2,135,488	6,817,942	464,956	7,282,898	9,418,386
Property and equipment	-	-	-	-	-	414,557	414,557	414,557
Goodwill and other intangible assets	-	-	-	-	-	234,918	234,918	234,918
Current tax assets	-	177,283	-	177,283	-	-	-	177,283
Other assets	-	359,534	-	359,534	-	-	-	359,534
TOTAL ASSETS	**12,238,981**	**5,117,208**	**8,598,401**	**25,954,590**	**17,246,253**	**27,330,340**	**44,576,593**	**70,531,183**
LIABILITIES AND EQUITY								
Due to banks	1,919,599	1,142,940	3,901,240	6,963,779	9,472,765	3,687,130	13,159,895	20,123,674
Derivative financial instruments	1,082	129,498	442,294	572,874	1,066,766	40,223	1,106,989	1,679,863
Due to customers	8,123,854	20,387,710	6,096,586	34,608,150	1,242,415	967,910	2,210,325	36,818,475
Debt issued and other borrowed funds	32,598	30,721	55,202	118,521	679,752	413,700	1,093,452	1,211,973
Deferred tax liabilities	-	-	-	-	-	241,262	241,262	241,262
Other liabilities	-	437,591	-	437,591	-	-	-	437,591
Provisions	-	-	-	-	397,841	-	397,841	397,841
Subordinated liabilities	-	-	-	-	676,311	1,820,888	2,497,199	2,497,199
TOTAL LIABILITIES	**10,077,133**	**22,128,460**	**10,495,322**	**42,700,915**	**13,535,850**	**7,171,113**	**20,706,963**	**63,407,878**
Net	**2,161,848**	**(17,011,252)**	**(1,896,921)**	**(16,746,325)**	**3,710,403**	**20,159,227**	**23,869,630**	**7,123,305**

Bank 2012

RON Thousand	Less than 3 days	Less than 3 months	3 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Due to banks	1,924,431	1,190,213	3,740,301	6,854,945	12,242,175	3,453,591	15,695,766	22,550,711
Derivative financial instruments	1,082	129,498	442,294	572,874	1,066,766	40,223	1,106,989	1,679,863
Due to customers	8,127,108	20,485,566	6,242,897	34,855,571	1,385,534	1,153,739	2,539,273	37,394,844
Debt issued and other borrowed funds	32,606	30,740	55,376	118,722	698,512	438,058	1,136,569	1,255,292
Deferred tax liabilities	-	-	-	-	-	241,262	241,262	241,262
Other liabilities	-	437,591	-	437,591	-	-	-	437,591
Provisions	-	-	-	-	397,841	-	397,841	397,841
Subordinated liabilities	-	-	-	-	823,191	2,479,981	3,303,172	3,303,172
Total undiscounted financial liabilities	**10,085,227**	**22,273,609**	**10,480,867**	**42,839,703**	**16,614,018**	**7,806,854**	**24,420,873**	**67,260,575**

Annex 2 (continued)

GROUP 2011

RON Thousand	Less than 3 days	Less than 3 months	3 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
ASSETS								
Cash and balances with central banks	10,324,934	-	-	10,324,934	-	-	-	10,324,934
Due from banks	245,445	797,050	-	1,042,495	57,565	150	57,715	1,100,210
Derivative financial instruments	8,005	3,065	6,993	18,063	39,448	28,976	68,424	86,487
Financial assets held for trading	-	515	698,178	698,693	-	3,005	3,005	701,698
Financial assets designated at fair value through profit or loss	-	-	-	-	-	41,954	41,954	41,954
Loans and advances to customers, net	1,976,153	3,885,716	5,977,602	11,839,471	9,314,041	26,650,013	35,964,054	47,803,525
Financial investments – available-for-sale	-	1,892,895	2,351,601	4,244,496	653,672	346,333	1,000,005	5,244,501
Financial investments – held-to-maturity	-	32,070	801,782	833,852	5,668,969	1,509,000	7,177,969	8,011,821
Property and equipment	-	-	-	-	-	1,584,721	1,584,721	1,584,721
Goodwill and other intangible assets	-	-	-	-	-	439,820	439,820	439,820
Current tax assets	-	177,428	-	177,428	-	-	-	177,428
Deferred tax assets	-	-	-	-	-	46,920	46,920	46,920
Other assets	-	882,582	30,826	913,408	3,338	52,237	55,575	968,983
Assets held for sale	-	-	212,663	212,663	-	-	-	212,663
TOTAL ASSETS	**12,554,537**	**7,671,321**	**10,079,645**	**30,305,503**	**15,737,033**	**30,703,129**	**46,440,162**	**76,745,665**
LIABILITIES AND EQUITY								
Due to banks	1,456,109	1,880,660	4,332,657	7,669,426	11,624,503	3,612,465	15,236,968	22,906,394
Derivative financial instruments	450	8,794	598,001	607,245	1,203,539	44,104	1,247,643	1,854,888
Due to customers	9,669,923	18,529,231	3,848,839	32,047,993	7,555,695	60,611	7,616,306	39,664,299
Debt issued and other borrowed funds	-	-	81,881	81,881	568,333	482,607	1,050,940	1,132,821
Current tax liabilities	-	4,071	-	4,071	-	-	-	4,071
Deferred tax liabilities	-	-	-	-	-	534,427	534,427	534,427
Other liabilities	-	765,125	6,162	771,287	708	-	708	771,995
Provisions	-	-	-	-	305,778	-	305,778	305,778
Subordinated liabilities	-	-	-	-	600,867	1,423,823	2,024,690	2,024,690
TOTAL LIABILITIES	**11,126,482**	**21,187,881**	**8,867,540**	**41,181,903**	**21,859,423**	**6,158,037**	**28,017,460**	**69,199,363**
Net	**1,428,055**	**(13,516,560)**	**1,212,105**	**(10,876,400)**	**(6,122,390)**	**24,545,092**	**18,422,702**	**7,546,302**

GROUP 2011

RON Thousand	Less than 3 days	Less than 3 months	3 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Due to banks	1,459,962	1,893,101	4,475,963	7,829,026	13,470,057	4,568,349	18,038,406	25,867,432
Derivative financial instruments	450	8,794	598,001	607,245	1,203,539	44,104	1,247,643	1,854,888
Due to customers	9,689,285	18,621,983	3,945,169	32,256,437	8,463,410	72,747	8,536,157	40,792,594
Debt issued and other borrowed funds	-	-	83,590	83,590	1,325,452	492,730	1,818,182	1,901,772
Current tax liabilities	-	4,071	-	4,071	-	-	-	4,071
Deferred tax liabilities	-	-	-	-	-	534,427	534,427	534,427
Other liabilities	-	765,126	6,162	771,288	708	-	708	771,996
Provisions	-	-	-	-	305,777	-	-	305,777
Subordinated liabilities	-	-	-	-	853,640	2,422,114	3,275,754	3,275,754
Total undiscounted financial liabilities	**11,149,697**	**21,293,075**	**9,108,885**	**41,551,657**	**25,622,583**	**8,134,471**	**33,451,277**	**75,308,711**

Annex 2 (continued)

Group 2012

RON Thousand	Less than 3 days	Less than 3 months	3 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
ASSETS								
Cash and balances with central banks	9,179,217	237	2,610	9,182,064	5,271	3	5,274	9,187,338
Due from banks	232,461	120,507	-	352,968	8,253	-	8,253	361,221
Reverse repurchase agreements	-	30,408	-	30,408	-	-	-	30,408
Derivative financial instruments	1,055	18,188	2,859	22,102	73,960	36,192	110,152	132,254
Financial assets held for trading	-	134,088	531,678	665,766	-	6,178	6,178	671,944
Financial assets designated at fair value through profit or loss	-	-	-	-	-	44,736	44,736	44,736
Loans and advances to customers, net	3,918,021	2,813,820	4,474,811	11,206,652	9,498,139	24,157,089	33,655,228	44,861,880
Financial investments – available-for-sale	-	829,868	2,024,911	2,854,779	1,122,140	347,582	1,469,722	4,324,501
Financial investments – held-to-maturity	982	556,760	1,847,624	2,405,366	7,887,262	464,957	8,352,219	10,757,585
Property and equipment	-	-	-	-	-	1,488,485	1,488,485	1,488,485
Goodwill and other intangible assets	-	-	-	-	-	429,678	429,678	429,678
Current tax assets	-	177,445	-	177,445	-	-	-	177,445
Deferred tax assets	-	-	-	-	-	35,247	35,247	35,247
Other assets	45,153	397,164	20,157	462,474	68,542	180,624	249,166	711,640
Assets held for sale	-	-	73,283	73,283	-	-	-	73,283
TOTAL ASSETS	**13,376,889**	**5,078,485**	**8,977,933**	**27,433,307**	**18,663,567**	**27,190,771**	**45,854,338**	**73,287,645**
LIABILITIES AND EQUITY								
Due to banks	1,922,721	1,253,688	5,037,778	8,214,187	9,993,360	3,687,132	13,680,492	21,894,679
Derivative financial instruments	1,082	129,498	442,294	572,874	1,066,766	40,223	1,106,989	1,679,863
Due to customers	8,012,814	20,428,431	6,204,046	34,645,291	2,259,873	969,954	3,229,827	37,875,118
Debt issued and other borrowed funds	32,598	30,721	55,202	118,521	815,495	413,700	1,229,195	1,347,716
Current tax liabilities	-	3,965	-	3,965	-	-	-	3,965
Deferred tax liabilities	-	-	-	-	-	259,848	259,848	259,848
Other liabilities	-	486,198	33,334	519,532	301	-	301	519,833
Provisions	-	-	-	-	406,893	-	406,893	406,893
Subordinated liabilities	-	-	-	-	676,311	1,820,888	2,497,199	2,497,199
TOTAL LIABILITIES	**9,969,215**	**22,332,501**	**11,772,654**	**44,074,370**	**15,218,999**	**7,191,745**	**22,410,744**	**66,485,114**
Net	**3,407,674**	**(17,254,016)**	**(2,794,721)**	**(16,641,063)**	**3,444,568**	**19,999,026**	**23,443,594**	**6,802,531**

Group 2012

RON Thousand	Less than 3 days	Less than 3 months	3 to 12 months	Subtotal less than 12 months	1 to 5 years	Over 5 years	Subtotal over 12 months	Total
Due to banks	1,927,560	1,301,658	4,912,596	8,141,815	12,841,389	3,453,593	16,294,982	24,436,797
Derivative financial instruments	1,082	129,498	442,294	572,874	1,066,766	40,223	1,106,989	1,679,863
Due to customers	8,028,198	20,526,482	6,352,936	34,907,616	2,520,197	1,156,176	3,676,373	38,583,989
Debt issued and other borrowed funds	32,606	30,740	55,376	118,722	849,617	438,109	1,287,727	1,406,449
Current tax liabilities	67	3,898	-	3,965	-	-	-	3,965
Deferred tax liabilities	-	-	-	-	-	259,848	259,848	259,848
Other liabilities	-	486,198	33,334	519,532	301	-	301	519,833
Provisions	-	-	-	-	406,893	-	406,893	406,893
Subordinated liabilities	-	-	-	-	823,191	2,479,981	3,303,172	3,303,172
Total undiscounted financial liabilities	**9,989,513**	**22,478,475**	**11,796,536**	**44,264,524**	**18,508,354**	**7,827,931**	**26,336,285**	**70,600,809**

LISTOF ABBREVIATIONS:

ALM:	Asset and Liability Management
AMA:	Advanced Measurement Approach
BIA:	Basic Indicator Approach
EVA:	Economic Value Added
GCM	Group Capital Markets
GLC:	Group Large Corporate
ICAAP:	Internal Capital Adequacy Assessment Process
IRB:	Internal Ratings Based
KRI:	Key Risk Indicators
LC:	Large Corporate
LDA:	Loss Distribution Approach
MREL:	Maximum Risk Exposure Limit
NBR:	National Bank of Romania
NPL:	Non-performing loans
NSC:	National Securities Commission
ORE:	Operational risk event
RCSA:	Risk and Control Self- Assessment
RE:	Real Estate
SME:	Small and Medium-sized Enterprise
TB:	Trading Book
VaR:	Value at Risk