REPORT 2013
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

BCR

TABLE OF CONTENTS

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, 2013 unless otherwise stated.

There are no differences between accountancy consolidation and prudential perimeters.

Banca Comerciala Romana uses the global consolidation method.

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 2014 is grouped according to the two main customer segments, i.e. retail and corporate.

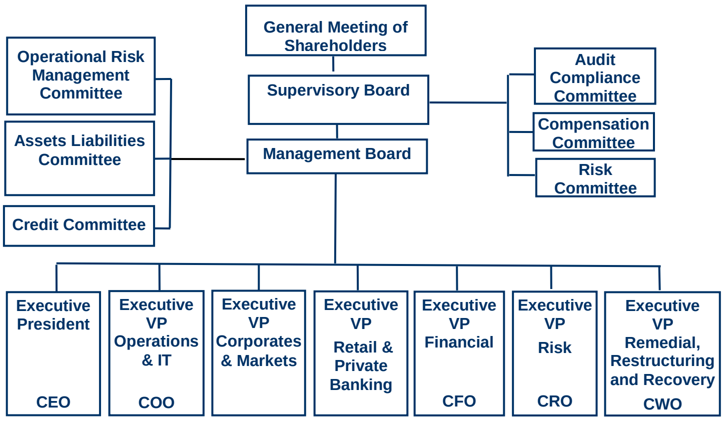
The retail segment is structured into 12 geographical areas and it comprises a total number of 550 territorial units out of which: 146 branches and 404 agencies which support individuals, freelancers and micro-enterprises.

The corporate segment is structured into 10 geographical areas, based on client density, covering the entire country: Cluj, Iasi, Vrancea, Constanta, Arges, Dolj, Timis, Sibiu, Brasov and Bucuresti.

The corporate segment is served by 21 Commercial Centres and Area Centres, 23 Mobile Teams and International Desk Department that support small and medium-sized customers (SMEs) and by two Divisions within BCR's Headquarters which support the large enterprises clients and public sector clients (Group Large Corporate and Public Sector and Infrastructure Funding).

[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***"

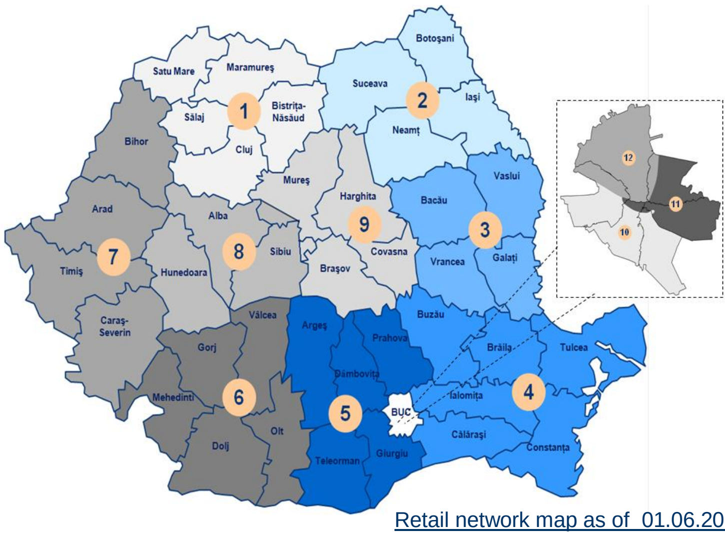
Organisational chart of BCR Head Office
- 01 June 2014 -



Organization of BCR territorial network

Retail Segment as of 01 June 2014:

Region	No. Agencies	No. Branches
Area 1	48	10
Area 2	45	9
Area 3	35	9
Area 4	33	17
Area 5	39	14
Area 6	31	11
Area 7	47	9
Area 8	33	15
Area 9	30	15
Area 10	20	12
Area 11	23	11
Area 12	20	14

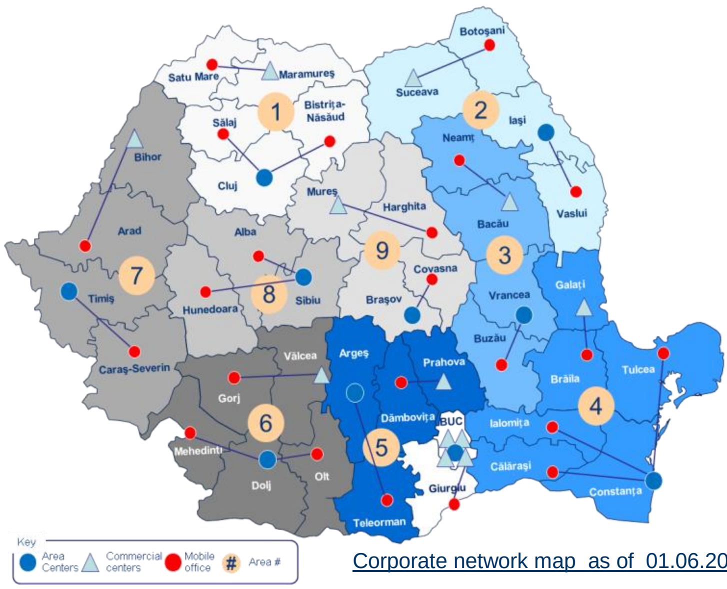


Retail network map as of 01.06.2014

Corporate Segment as of 01June 2014:

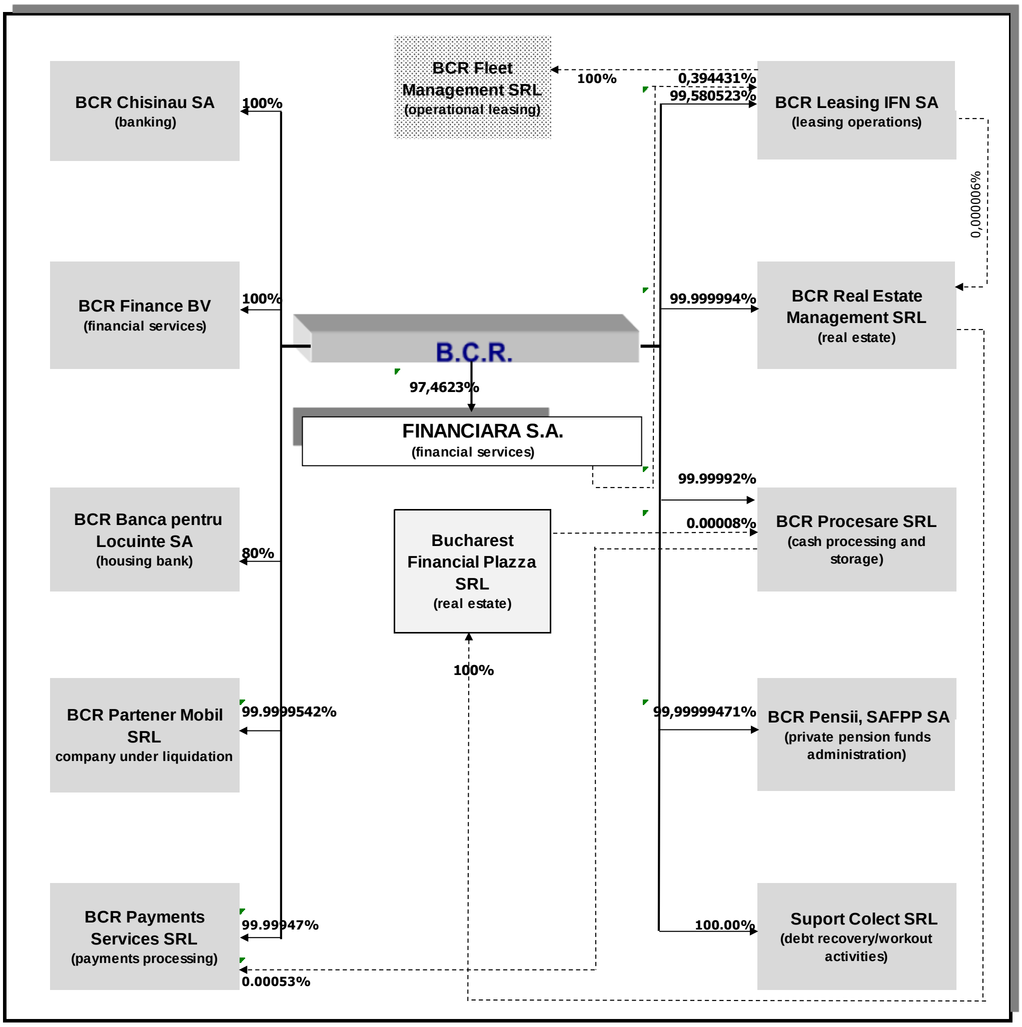
Region		No. Commercial Centres and Area Centres
Area 1	Cluj	2
Area 2	Iasi	2
Area 3	Vrancea	2
Area 4	Constanta	2
Area 5	Arges	2
Area 6	Dolj	2
Area 7	Timis	2
Area 8	Sibiu	1
Area 9	Brasov	2
Area 10	Bucuresti	4

As a rule, each area contains one Area Centre and one Commercial Centre and 2-3 Mobile Teams, excepting Bucharest Area (without Area Centre and with 4 Commercial Centres) and Sibiu Area (no Commercial Centre)



Corporate network map as of 01.06.2014

BCR Group structure
01 June 2014



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 31.12.2013 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 the business 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 sales staff in retail territorial network, the variable pay component is granted quarterly. 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 2013*:

(ths RON)

Staff category	Fixed pay for 2013	Variable pay for 2013
- Retail network staff	196,085	6,665
- Other staff categories	215,971	17,294
Total	**412,057**	**23,959**

* *does not include the remuneration of the management body members and key execution function holders.*

The pay practices of BCR for personnel whose professional activities have a significant impact on the risk profile of BCR Group (key execution function holders) 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 functions in BCR Group.

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 2013 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 key execution function holders, for the year 2013 is detailed below:

(ths RON)

Number of employees -Key execution function*	34
Total amount of fix pay	22,620
Total amount of variable pay, of which:	4,763
- in cash	2,381
- shares or other shares-related instruments (e.g. phantom shares, certificates)	2,381
-other non-cash instruments	-
Total amount of variable deferred pay, of which:	1,905
-in cash	953
-in shares or other shares-related instruments (e.g. phantom shares, certificates)	953
-in other non-cash instruments	-
Reduction amount of deferred pay of past years	-
Number of employees with a guaranteed bonus payment (e.g. sign-on bonus)	**-**
Total amount of paid guaranteed remuneration	-
Number of employees which received a payment due to early termination	**3**
Total amount of payments due to early termination	1,152
Number of employees which received voluntary pension payments	**-**
Total amount of voluntary pension payments	-

* Starting with 2013, BCR has extended the list of persons whose professional activities have a material impact on the institution's risk profile (identified staff) including both Management Board and key execution function, 2nd level management identified staff.

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.

Ensuring an internal control in BCR involves:

a) the existence of a sound internal control framework in place, ensured by:
   - clear definition of the role and responsibilities of the management body concerning the internal control;
   - identification, assessment and monitoring of significant risks;
   - control activities definition, segregation of duties assurance and conflict of interest avoidance;
   - assurance of a transparent framework for information and communication;
   - continuous monitoring of the activities and correcting the deficiencies.

b) the existence in place of independent control functions (the risk management function, compliance function and internal audit function) with direct line of reporting to the management body.

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 Management Function (Strategic Risk Management/ Risk Controlling Division, Retail Risk Management Division, Corporate Risk Management Division, Security Management and Business Continuity Division), as well as of the Compliance Function (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 from both first and second-level level of controls presented above.

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 2013 are detailed below:

2.1 Transactions with shareholders

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

IFRS (ths RON)	**31.12.2012**	**31.12.2013**
ASSETS	**148,482**	**177,629**
Due from banks	72,381	48,435
Financial assets designated at fair value through profit or loss	-	7,769
Derivative financial instruments	71,527	46,802
Other assets	4,574	74,623
LIABILITIES	**21,428,160**	**15,681,433**
Loans from banks and other financial institutions	17,360,109	12,220,919
Derivative financial instruments	1,673,320	1,143,880
Subordinated liabilities	2,305,702	2,316,634
Other liabilities	89,029	-
GUARANTEES GRANTED	**256,869**	**1,908**
GUARANTEES RECEIVED	**14,818,599**	**2,372,009**

2.2 Transactions with management

IFRS (ths RON)	**31.12.2012**	**31.12.2013**
ASSETS	**836**	**837**
Loans	836	837
LIABILITIES	**4,614**	**3,750**
Deposits and current accounts	4,614	3,750

2.3 Transactions with companies members of Erste Group

IFRS (ths RON)	**31.12.2012**	**31.12.2013**
ASSETS	**3,142**	**68,166**
Due from banks	-	7,241
Loans and advances to customers	-	56,010
Other assets	3,142	4,915
LIABILITIES	**251,316**	**68,652**
Deposits by banks	223,483	4,206
Due to customers	10,433	64,446
Other liabilities	17,400	-

2.4 Transactions with subsidiaries

IFRS (ths RON)	**31.12.2012**	**31.12.2013**
ASSETS	**1,722,499**	**1,667,524**
Due from banks	63,549	147,494
Loans and advances to customers	1,657,294	1,511,732
Other assets	1,655	8,298
LIABILITIES	**424,455**	**452,999**
Deposits by banks	63,312	69,049
Deposits from customers	357,805	377,628
Other liabilities & provisions	3,338	6,322

Related Parties are described in the Note 37 to the Financial Statements (consolidated and bank) as of 31.12.2013.

3. Capital management

3.1 BCR individual original Own Funds as of 31.12.2012/31.12.2013

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	**31.12.2012**	**31.12.2013**
	AMOUNT (ths RON)	
TIER I CAPITAL	**7,001,249**	**7,110,775**
Eligible capital, thereof:	**3,347,981**	**3,348,049**
- Subscribed and paid-up share capital	2,952,555	2,952,565
-Share premium	395,426	395,484
Eligible reserves, thereof:	**3,594,695**	**3,908,570**
- Reserves	4,848,478	3,622,814
- Net profit for the current year	(1,214,833)	335,527
- Valuation differences that are eligible for classification as own funds TIER I	(38,950)	(49,771)
Other component items of the own funds Tier I	**335,633**	**83,739**
Other deductions from the own funds level I	**(277,060)**	**(229,583)**

- Intangible assets	(234,826)	(204,564)
- Other specific deductions for Romania related to Tier I capital	(42,234)	(25,019)
TIER II CAPITAL	**2,615,120**	**2,314,893**
Base Tier II capital	**338,035**	**84,954**
- Adjustments made to valuation differences in computation of oen funds Tier I and which are included in the own funds Tier II	2,402	1,215
- Other component intems of the own funds Base Tier II capital	335,633	83,739
Additional Tier II capital	**2,277,085**	**2,229,939**
- Subordinated loans	**2,277,085**	**2,229,939**

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	31.12.2012	31.12.2013
	AMOUNT (ths RON)	
Deductible items from Tier I and Tier II capital, out of which:	**(4,839,382)**	**(5,141,153)**
- Tier I capital	(2,419,691)	(2,826,260)
- Tier II capital	(2,419,691)	(2,314,893)
Name of the deductible component items	**31.12.2012**	**31.12.2013**
	AMOUNT (ths RON)	
-Shares and other holdings in other credit and financial institutions amounting to more than 10% of their share capital	(588,748)	(465,172)
-Subordinated claims and instruments which a credit or financial institution holds in respect of holdings amounting to more than 10% of their share capital	(40,000)	(108,969)
-Participations which a credit institution holds in insurance undertakings, reinsurance undertakings and insurance holding companies	(15,225)	(15,225)
Deductible items from own funds Tier I and from Tier II, specific to Romania	(4,195,409)	(4,551,787)

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	31.12.2012	31.12.2013
	AMOUNT (ths RON)	
TOTAL OWN FUNDS	**4,776,987**	**4,284,515**

3.2 Observing the requirements regarding credit institutions and capital adequacy[2]

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

[2] 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

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 subordinated capital and supplementary capital;

The entire coverage potential has to be higher than or equal to the overall economic capital. BCR Group has defined a Maximum Risk Exposure Limit (MREL) as one of different measures to express and monitor the risk appetite.

MREL represents the amount of capital potentially needed for a stress situation to ensure the sustainability of BCR Group.

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 31.12.2013 for the credit risk, market risk and operational risk were as follows:

31.12.2013 (ths RON)	Bank IFRS with prudential filters	Group BCR (IFRS)
TOTAL CAPITAL REQUIREMENTS	**2,340,068**	**2,947,711**
Credit risk- standard approach	***1,852,517***	***2,433,507***
Central governments or central banks	0	5,896
Regional administrations or local authorities	92,524	93,430
Administrative bodies and entities with non lucrative purposes	21,317	22,697
Institutions	39,090	39,323
Companies	699,885	750,034
Retail	468,860	527,591
Collateralized with real estate assets	421,528	444,124
Overdue	65,414	392,384
Other assets	43,899	158,028
Position, foreign exchange and commodity risks under standardised approach	***7,446***	***16,225***
Position risk afferent to traded debt instruments	3,514	3,514
Position risk afferent to equity	537	537
FX risk	3,395	12,174
Operational risk	***480,105***	***497,979***
Basic approach	-	35,596
Advanced assessment approach	480,105	462,383

4. Risk Management

4.1 General overview

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

In order to manage the risks that could affect its activity and financial performance, the Bank undertakes the necessary steps to identify the risk sources, to assess and monitor the Bank's exposures, to set up risk limits for different counterparties such as countries, sovereigns, banks, financial institutions affiliated to the banking groups, corporate customers/groups of clients (including risk limits for banking groups of affiliated customers), market risk limits, liquidity limits, etc.

In 2013 BCR has implemented a comprehensive limit management framework, which assures compliance with NBR regulations regarding the limits development, monitoring and reporting process and being in line with the Risk Appetite Statement .

The limit management framework describes the methodological aspects as regards the limit development, roles and responsibilities, the processes and tools used.

The significant risks are identified and assessed for the whole bank at all organizational levels, for all the bank transactions and activities.

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 and their monitoring** 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 responsabilities, policies, norms and procedures** on internal control al bank level;
- ✓ **a policy for the administration** of outsourced activities;
- ✓ **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 staff's' 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 **segregation 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

Since 2009, retail loan portfolio quality has deteriorated due to the expansion of the economic crisis. The quality of the loan portfolio reflects an improving trend in the third quarter of 2010 and the target for 2014 is to maintain this trend. The quality of new loans granted in the last four years is better than the old portfolio (3 times better in terms of bad loans) and reflects the impact of actions taken by the BCR in terms of asset quality and adequate profitability.

Risk strategy is aligned with business strategy and with performance targets for 2014, with the aim of bringing profitable business in terms of managing the risk cost and taking into consideration customers needs.

BCR will re-organize the Corporate Credit Risk Management Division so this re-organization reflects the lending cycle, allows better segregation of responsibilities and resources can be efficiently allocated to each sub-department and team. BCR expects this re-organization to be completed in the third quarter of 2014.

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 credit authorities (pouvoirs), as well as approval of the implementation of the Management Board's approvals for granting loans with a value exceeding the credit authorities delegated.
- ⇨ **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 ORCO are:

- Pre-approves policies and procedures for the identification, assessment, monitoring, mitigation/ control and management of operational and compliance risks;
- Pre-approves operational risk management strategies and policies;
- Pre-approves that exposure limits to identified risks are within the risk appetite limits, inclusing in crisis situations;
- Pre-approves the reporting systems for operational risks and related topics;
- Pre-approves the methodologies and models adequate for operational risk assessment and exposure limitation;
- Analyzes major issues and trends that may influence the Bank's operational risk profile;
- Informs the Management Board on significant topics and evolutions which might impact Bank's operational risk profile ;
- Follows-up on the action points agreed to mitigate operational or compliance risks (NBR reports, Internal/External audit reviews, Risk Assessments, Compliance

Assessments, Fraud reports, Key Risk Indicators or major incidents reported);

- 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.** The management of retail and corporate credit risk, market risk, operational risk, liquidity as well as reputational risk, the assessment of collaterals and other risk related activities are consolidated under the Risk functional line in several divisions. Compliance and Financial Crime Division, in charge with compliance risk and fraud risk management is reporting under CEO Functional Line.

- **Internal Audit.** Risk Management processes throughout the Bank is 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 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.).

Real GDP will for the first time break above the 2008 level, while domestic demand is likely to deliver a much stronger contribution to economic growth compared to previous years. A flurry of robust readings in early 2014, from industrial production, exports, retail sales to services to companies, have added to the evidence that the economy is going to rise more quickly than initially expected for 2014. Industrial output came in at a solid 10% y/y in 1Q14, with most of the manufacturing industries deeply rooted in the positive zone. Monthly exports of goods mirrored this evolution and were up 10% in annual terms in the first three months.

Key risks to our new real GDP forecast:

An unfavorable base effect and costlier fuel prices rapidly passed on to the final consumer could keep private consumption on the ropes. If the weather turns bad, then most of the homesteads in rural areas will be stripped of a good part of their traditional income generated by cottage food production (in-kind income accounts for more than 30% of total revenues per household in the countryside, while more than 95% thereof represents 'own consumption'). The widened gap between supply and demand will rekindle the prices of vegetables and fruits, both of which have significant weights in the consumer basket.

BCR has a holistic **risk management framework** extended across all its business lines, recognizing fully the economic substance of its risk exposures and encompassing all relevant risks. The scope of risk management covers the credit, market, liquidity and operational risks, but also includes concentration, reputational, compliance, strategic risks, legal, model and IT risk.

For 2014, the bank includes also the above risks as material. In this respect, the bank implemented risk mitigation principles of the significant risks, as follows:

- Concentration risk - the bank implements a system of limits and procedures in order to identify, measure, monitor, and mitigate risk concentrations
- Reputational risk – the bank is developing an integrated framework to manage reputational risk through a framework of policies, procedures, processes and codes of conduct
- Compliance risk – the bank philosophy is to minimize risk by promoting a strong compliance culture and remains committed to a group-wide compliance program and further strengthening of control environment
- Strategic risk – the bank has in place risk mitigation principles for strategic risk (objectives, planning, forecasts)
- Legal risk – the bank developed and maintains a comprehensive legal risk management framework across the whole organization
- Model risk - BCR employs solid modeling expertise in all areas
- IT risk - BCR employs solid IT and IT Security expertise and experience

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.

BCR assesses impairment 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 31.12.2013.

5.2 “Past due” and “impaired”

Assets are considered past due when the counterparty has failed to make a payment when due.

According to NBR’s Order no.27/2010 financial assets, including related interests and amounts to be amortised which are past due but not impaired are booked in the account “Not impaired past due receivables” and receivables which are impaired at individual level are recorded in the account “Impaired receivable”.

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)	**2012**	**2013**	**2012**	**2013**
Total in balance sheet, out which:	**67,811,608**	**60,559,901**	**69,987,422**	**62,979,116**
Loans and advances to customers w/o provisions	44,566,299	37,716,448	44,861,880	37,758,620
Total -Off balance sheet	**7,016,474**	**6,371,830**	**7,041,063**	**6,198,960**
Total credit risk exposure	**74,828,082**	**66,931,731**	**77,028,485**	**69,178,076**

Credit quality per class of financial assets is as follows:

Bank 2013 (ths RON)	**TOTAL,** out of which	Loans and advances to customers
Low risk	**39,879,148**	25,800,214

Management attention	**11,581,702**	11,169,676
Sub-standard	**3,050,405**	3,050,405
Non-performing	**12,038,879**	12,038,879
TOTAL	**66,550,134**	**52,059,174**

Group 2013 (ths RON)	TOTAL,out of which	Loans and advances to customers
Low risk	**40,608,653**	24,530,783
Management attention	**11,852,578**	11,431,157
Sub-standard	**3,076,051**	3,076,051
Non-performing	**14,214,211**	14,214,211
TOTAL	**69,751,493**	**53,252,202**

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 2012 and 2013.

5.4 The geographical distribution of the exposures (IFRS)

Bank (ths RON)	Total loans 31.12.2013
GLC	5,476,402
LC	4,510,971
RE	2,957,495
Large Municipalities	4,637,377
Public sector	551,570
SME + Small Municipalities*)	6,877,949
TOTAL Corporate	**25,011,764**
Micros	1,764,579
Individuals	18,593,054
TOTAL Retail	**20,357,633**
GRAND TOTAL	**45,369,397**

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

The significant exposure class was represented by Individuals segment: 41.0% out of the total loans, followed by SME and Small Municipalities segment: 15.16% out of total loans.

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

Bank (ths RON)	Retail	SME + Small Municipalities
Geographical area	**31.12.2013**	
Bucharest	5,641,000	1,184,462
Centre	2,223,471	884,419
North East	2,416,452	1,111,020
North West	2,578,182	1,458,181
South	2,056,783	786,944
South East	2,209,580	440,736
South West	1,595,580	742,140
West	1,636,585	270,048
Total	**20,357,633**	**6,877,949**

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-			
	2012	**2013**	**2012**	**2013**
Individuals (private household)	6,379,585	6,036,053	6,141,311	6,083,020
Banking and insurance	8,810,265	10,412,958	8,971,311	9,189,296
Agriculture	532,393	351,244	527,595	347,283
Production	3,499,532	2,505,330	3,471,712	2,458,128
Trade	1,259,376	900,888	1,225,031	866,580
Construction	2,280,125	1,644,606	2,201,903	1,574,980
Hotels and restaurants	56,402	32,888	52,204	29,132
Transport, communica-tion and storage	1,285,533	895,836	1,287,224	900,787
Real estate transactions	38,768	41,525	-	2,808
Public administration health social services	15,014,825	19,355,404	16,360,719	21,353,869
Others	1,649,376	1,732,463	1,698,515	2,049,768
TOTAL	**41,669,914**	**43,909,195**	**41,937,525**	**44,855,651**

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 2012 and 2013 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	
	2012	2013	2012	2013
At 1 January	**4,119,034**	**6,985,085**	**5,572,801**	**8,350,700**
Charges for the year	3,256,991	1,822,938	3,611,745	2,005,565
Recoveries	(232)	1,358	(232)	1,358
Amounts written off*	-	-	-	(36.159)
Effect of change in FX	316,086	360,456	325,229	485,626
Interest accrued on impaired loans	(398,416)	(540,032)	(445,026)	(628,544)
Amounts used*	(308,378)	(976,854)	(713,817)	(1,201,670)
At 31 December	**6,985,085**	**7,652,951**	**8,350,700**	**8,976,876**

*During 2012 and 2013 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 31.12.2013, the total collaterals received from the Ministry of Public Finances used for credit risk mitigation purposes amounted to 3,026,638,224 RON, of which 2,572,245,554 RON 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:

31.12.2013 (ths RON)	Bank IFRS with prudential filters	Group IFRS
Total exposures covered by physical eligible collaterals	**8,859,825**	**7,411,986**
***Financial collaterals**, of which on exposure categories:*	***2,104,206***	***571,932***
Regional administrations or local authorities	236	236
Administrative bodies and non-profit entities	8,903	8,903
Institutions	143,200	149,718
Companies	1,840,152	274,279
Retail	103,392	130,472
Collateralized with real estate assets	6,681	6,681
Overdue	1,643	1,643
Exposures covered by residential real estate	***6,755,619***	***6,840,054***

5.7.3 Total exposure value covered by personal collaterals :

31.12.2013 (ths RON)	Bank IFRS with prudential filtres	Group IFRS
***Total exposures covered by personal collaterals,** of which on exposure categories:*	**3,464,779**	**3,467,649**
Regional administrations or local authorities	333,295	333,295
Administrative bodies and non-profit entities	-	-
Companies	766,018	768,888
Retail	2,335,132	2,335,132
Collateralized with real estate assets	17,754	17,754
Overdue	12,580	12,580

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 valuation is performed in accordance with the International Standards of Evaluation, ANEVAR Guide for secured loans 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 obliged to make an estimation of the market value, and to determine the guarantee value of the valued asset.

Market value is the amount for which an asset (movable or real estate asset) or a liability can be exchanged, at valuation date, between firm buyer and a firm 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 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 report for the BCR clients must observe the models elaborated by the bank, sent to the external valuers when the collaboration agreement was signed. The evaluation approaches used in the evaluation report for BCR clients are:

- market approach;
- income approach (capitalization or DCF)
- Costs approach

The market value is estimated by using the above-mentioned 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:

I.	***Personal Securities***
I.1.	Surety assumed by natural persons
I.2.	Legal persons (excluding. Public sector entities and financial institutions)
I.3.	Public sector entities
I.4.	Financial institutions
II.	***Financial Collateral***
II.1.	Credit balances & securities
II.2.	Insurance companies
III.	***Real securities: movables***
III.1.	Furniture, fixtures & equipment
III.2.	Computer & telephone equipment
III.3.	Investment goods /machinery
III.4.	Motor vehicles/special vehicles
III.5.	Stocks
III.6.	Gold
III.7.	Silver, precious metals and other commodities
III.8.	Jewellery, antiques, paintings, carpets and other valuables
IV	***Leasing – Real securities: movables***
IV.1.	Furniture, fixtures & equipment proposed by the owner
IV.2.	Computer & telephone equipment proposed by the owner
IV.3.	Investment goods /machinery proposed by the owner
IV.4.	Motor vehicles/special vehicles proposed by the owner
IV.5.	Movables (leasing commitment)
V	***Real securities: Real estate***
V.1.	Private real estate
V.2.	Commercially used residential real estate
V.3.	Commercial and industrial real estate
V.4.	Agricultural and forestry real estate
V.5.	Real estate with other uses
V.6.	Land (with construction on it, but only land is pledged)
VI	***Leasing Real securities: Real estate proposed as collateral by the owner***
VI.1.	Private real estate
VI.2.	Commercially used residential real estate
VI.3.	Commercial and industrial real estate
VI.4.	Agricultural and forestry real estate
VI.5.	Real estate with other uses
VII	**Claims & rights**
VII.1.	Claims in the narrower sense
VII.2.	Assignment on incomes from wage / pension
VII.3.	Leasehold rights/rental income from leasehold land and buildings/other rights
VII.4.	Guarantees and documentary credits
VII.5.	Shares and social parts issued by unlisted companies
VII.6.	Rights
VIII	**Collateral for syndicated credit facilities – other bank**
IX	**Companies/Businesses as a whole**
IX.1.	Universality of movable and immovable assets
X	**Treasury securities**
X.1.	Securities
X.2.	Credit derivatives
X.3.	Cash deposit

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;
- ✓ 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;
- ✓ computing and monitoring the liquidity ratios by maturity ranges, based on the future cash-flows analysis, in terms of on- and off-balance sheet assets and liabilities;
- ✓ establishing minimum limits for the liquidity ratios;
- ✓ monthly computation of certain liquidity ratios.

For every financial year the BCR prepares a 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 2012 and 2013.

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"[3] .

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-12	31-Dec-13
Own funds	4,776,987	4,284,515
The potential decline of the economic value:		
- absolute value	77,630	379,828
- % of own funds	1.63%	8.87%

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.

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 2013	Group 2013
-Listed debt instruments	2,455,008	3,194,904
-Other non listed instruments	1,968,378	1,985,187
TOTAL	**4,423,386**	**5,180,091**

(ths RON)	Bank 2012*	Group 2012*
-Listed debt instruments	1,035,070	1,035,070
-Other non listed instruments	3,172,353	3,190,267
TOTAL	**4,207,423**	**4,225,337**

*****_Bank 2012 does not include 836,811 ths RON (23,258 ths RON listed equities and 813,553 ths RON non-listed investments on subsidiaries & other investments)._
Group 2012 does not include 99,164 ths RON (23,258 ths RON listed equities, 8,545 ths RON listed investment fund units and 67,361 ths RON non-listed other investments).
These amounts were eliminated for both 2012 and 2013 being considered by Auditors not bearing risk.They are described in Note 19 to the Financial Statements.

⇨ Financial investments held to maturity:

(ths RON)	Bank 2013	Group 2013
-Debt instruments	9,009,939	10,235,256
TOTAL	**9,009,939**	**10,235,256**

(ths RON)	Bank 2012	Group 2012
-Debt instruments	9,418,386	10,757,585
TOTAL	**9,418,386**	**10,757,585**

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

8. Operational risk

Operational risk – means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. When controls are not performing adequately, operational risk can cause reputational damages, can have legal impact or can lead to financial losses.

The bank cannot eliminate all operational risks, but can manage them by setting an adequate internal control framework, by promptly indetifying them, continuous monitoring, adequate control and reporting, with the aim to implement adequate corrective measures.

The control framework includes effective seggregation of duties, access procedures, authorisation and reconciliation, personnel trening, assessment processes, and the use of internal audit.

The main objective of the operational risk management is the assurance of the internal framework allowing the identification, assessment and monitoring of operational risks, and the adoption of necessary measures aimed at operational risk loss mitigation/ control.

The management of operational risks in BCR consist of:

- ✓ Identification and assessment/ measurement of operational risks;
- ✓ monitoring, control and reporting of operational risks;

8.1 The identification, and measurement/ 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 the identification, collection and analysis of internal and external data on loss-generating operational risk events. BCR has developed and has maintained a comprehensive framework for the identification and collection of information referring to operational risk losses, whereby the entire bank's personnel has the responsibility to completely, correctly and in due time inform on operational risks. The information obtained is reconciled/ compared, for verification purposes, with informations obtained from alternative sources, such as accounting, internal or external audit reports etc.
- For the **qualitative analysis,** the bank has elaborated a methodology for the risk and control self-assessment (RCSA). RCSAs 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;
- **scenarios** analysis regarding the probability of future occurrence of significant losses.

The results of the identification 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 the last 5 years;
- **External data:** used in addition to internal data, supplementing the latter for specific value intervals for which the bank has not or has insufficient history;
- **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.

At the beginning of October 2010, the Austrian Financial Market Authority (FMA), in collaboration with the National Bank of Romania (NBR), approved the application of the Advanced Approach in the computation of the capital for covering 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

In 2011 the Holding received 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.

8.2 The monitoring, controlling and reporting of operational risk

The bank permanently monitors and controls operational risks through specific risk ratios, by monitoring the evolution of recorded events, as well as by implementing/ solving corrective measures.

Operational risk reporting to bank's management 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.

The main objective of the Operational Risk Management Committee (ORCO) is the efficient management of operational risks.

*

*   *

Annex 1

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	**-**	**23,972**	**-**	**-**	**23,972**
Reverse repurchase agreements	**-**	**30,408**	**-**	**-**	**30,408**
Derivatives financial instruments	**-**	**130,417**	**-**	**-**	**130,417**
Trading Assets					
Debt Instruments	665,785	-	-	-	665,785
	665,785	**-**	**-**	**-**	**665,785**
Loans and advances to customers*					
Corporate lending	15,532,027	8,991,629	2,138,864	9,302,105	35,964,625
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**	**58,757,635**
Financial investments – available for sale					
Listed debt instruments	786,360	248,710	-	-	1,035,070
Other non listed debt instruments	3,172,353	-	-	-	3,172,353
	3,958,713	**248,710**	**-**	**-**	**4,207,423**
Financial investments - held to maturity					
Debt instruments	9,418,386	-	-	-	9,418,386
	9,418,386	**-**	**-**	**-**	**9,418,386**
Total	**44,022,118**	**13,544,091**	**3,617,826**	**12,335,262**	**73,519,297**

Bank 2013

RON Thousand	Low Risk	Management attention	Sub-standard	Non-performing	Total
Due from banks	**555,301**	**73,727**	**-**	**-**	**629,028**
Financial assets designated at fair value through profit or loss	**-**	**22,086**	**-**	**-**	**22,086**
Derivatives financial instruments	**-**	**80,179**	**-**	**-**	**80,179**
Trading Assets					
Debt Instruments	326,342	-	-	-	326,342
	326,342	**-**	**-**	**-**	**326,342**
Loans and advances to customers*					
Corporate lending	12,502,714	7,613,667	1,581,075	9,043,295	30,740,751
Small business lending (Micros)	589,470	93,283	93,870	1,050,844	1,827,467
Consumer lending	4,104,444	1,251,919	448,515	446,385	6,251,263
Residential mortgages	8,603,586	2,210,807	926,945	1,498,355	13,239,693
	25,800,214	**11,169,676**	**3,050,405**	**12,038,879**	**52,059,174**
Financial investments – available for sale					
Listed debt instruments	2,218,974	236,034	-	-	2,455,008
Other non listed debt instruments	1,968,378	-	-	-	1,968,378
	4,187,352	**236,034**	**-**	**-**	**4,423,386**
Financial investments - held to maturity					
Debt instruments	9,009,939	-	-	-	9,009,939
	9,009,939	**-**	**-**	**-**	**9,009,939**
Total	**39,879,148**	**11,581,702**	**3,050,405**	**12,038,879**	**66,550,134**

*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 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	**-**	**23,972**	**-**	**-**	**23,972**
Reverse repurchase agreements	**-**	**30,408**	**-**	**-**	**30,408**
Derivatives financial instruments	**-**	**132,254**	**-**	**-**	**132,254**
Trading Assets					
Debt Instruments	665,785	-	-	-	665,785
	665,785	**-**	**-**	**-**	**665,785**
Loans and advances to customers*					
Corporate lending	14,184,957	9,207,386	2,208,428	10,025,653	35,626,424
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**	**60,443,421**
Financial investments – available for sale					
Listed debt instruments	786,360	248,710	-	-	1,035,070
Other non listed debt instruments	3,190,267	-	-	-	3,190,267
	3,976,627	**248,710**	**-**	**-**	**4,225,337**
Financial investments - held to maturity					
Debt instruments	10,757,585	-	-	-	10,757,585
	10,757,585	**-**	**-**	**-**	**10,757,585**
Total	**44,371,973**	**13,809,526**	**3,730,228**	**14,728,256**	**76,639,983**

Group 2013

RON Thousand	Low Risk	Management attention	Sub-standard	Non-performing	Total
Due from banks	**572,215**	**81,287**	**-**	**-**	**653,502**
Financial assets designated at fair value through profit or loss	**-**	**22,086**	**-**	**-**	**22,086**
Derivatives financial instruments	**-**	**82,014**	**-**	**-**	**82,014**
Trading Assets					
Debt Instruments	326,342	-	-	-	326,342
	326,342	**-**	**-**	**-**	**326,342**
Loans and advances to customers*					
Corporate lending	10,807,085	7,783,356	1,593,753	9,817,586	30,001,780
Small business lending (Micros)	714,313	162,393	106,095	1,355,690	2,338,491
Consumer lending	4,111,817	1,251,934	448,515	1,107,799	6,920,065
Residential mortgages	8,897,568	2,233,474	927,688	1,933,136	13,991,866
	24,530,783	**11,431,157**	**3,076,051**	**14,214,211**	**53,252,202**
Financial investments – available for sale					
Listed debt instruments	2,958,870	236,034	-	-	3,194,904
Other non listed debt instruments	1,985,187	-	-	-	1,985,187
	4,944,057	**236,034**	**-**	**-**	**5,180,091**
Financial investments - held to maturity					
Debt instruments	10,235,256	-	-	-	10,235,256
	10,235,256	**-**	**-**	**-**	**10,235,256**
Total	**40,608,653**	**11,852,578**	**3,076,051**	**14,214,211**	**69,751,493**

* 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 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
Subordinated liabilities	-	-	-	-	823,191	2,479,981	3,303,172	3,303,172
Total undiscounted financial liabilities	**10,085,227**	**21,836,018**	**10,480,867**	**42,402,112**	**16,216,177**	**7,565,592**	**23,781,770**	**66,183,881**

The second table summarizes the maturity profile of the financial liabilities at 31 December 2012 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the tables do not reflect the expected cash-flows indicated by the Bank's deposit retention history.

Annex 2 (continued)

Bank 2013

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	9,359,009	-	-	9,359,009	-	-	-	9,359,009
Due from banks	438,021	180,969	10,038	629,028	-	-	-	629,028
Derivative financial instruments	-	12,074	4,478	16,552	41,138	22,489	63,627	80,179
Financial assets held for trading	-	104,785	218,951	323,736	2,606	4,475	7,081	330,817
Financial assets designated at fair value through profit or loss	-	-	-	-	-	34,351	34,351	34,351
Loans and advances to customers, net	1,513,254	1,447,602	3,554,164	6,515,020	8,740,732	22,460,696	31,201,428	37,716,448
Financial investments – available-for-sale	-	73,487	542,872	616,359	3,652,802	809,575	4,462,377	5,078,736
Financial investments – held-to-maturity	-	604,458	1,536,342	2,140,800	5,854,189	1,014,950	6,869,139	9,009,939
Investment in associate	-	-	-		-	7,509	7,509	7,509
Property and equipment	-	-	-	-	-	314,334	314,334	314,334
Goodwill and other intangible assets	-	-	-	-	-	206,146	206,146	206,146
Current tax assets	-	89,042	-	89,042	-	-	-	89,042
Deferred tax assets	-	-	-	-	-	314,563	314,563	314,563
Other assets	-	339,862	-	339,862	-	-	-	339,862
TOTAL ASSETS	**11,310,284**	**2,852,279**	**5,866,845**	**20,029,408**	**18,291,467**	**25,189,088**	**43,480,555**	**63,509,963**
LIABILITIES AND EQUITY								
Due to banks	802,232	174,153	2,584,472	3,560,857	8,735,136	2,244,131	10,979,267	14,540,124
Derivative financial instruments	-	26,285	544,154	570,439	570,568	12,320	582,888	1,153,327
Due to customers	12,401,911	18,172,142	4,702,950	35,277,003	420,395	96,202	516,597	35,793,600
Debt issued and other borrowed funds	-	170,822	192,945	363,767	427,278	325,299	752,577	1,116,344
Other liabilities	-	508,678	-	508,678	-	-	-	508,678
Provisions	-	-	-	-	394,157	-	394,157	394,157
Subordinated liabilities	-	-	-	-	1,537,249	986,634	2,523,883	2,523,883
TOTAL LIABILITIES	**13,204,143**	**19,052,080**	**8,024,521**	**40,280,744**	**12,084,783**	**3,664,586**	**15,749,369**	**56,030,113**
Net	**(1,893,859)**	**(16,199,801)**	**(2,157,676)**	**(20,251,336)**	**6,206,684**	**21,524,502**	**27,731,186**	**7,479,850**

Bank 2013

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	803,656	174,926	2,641,819	3,620,401	9,665,498	2,642,494	12,307,992	15,928,393
Derivative financial instruments	-	26,285	544,154	570,439	570,568	12,320	582,888	1,153,327
Due to customers	12,402,577	18,236,954	4,786,817	35,426,348	456,380	109,926	566,306	35,992,654
Debt issued and other borrowed funds	-	171,011	194,012	365,023	438,440	329,556	767,996	1,133,019
Subordinated liabilities	-	-	-	-	1,833,995	1,304,062	3,138,057	3,138,057
Total undiscounted financial liabilities	**13,206,233**	**18,609,176**	**8,166,802**	**39,982,211**	**12,964,881**	**4,398,358**	**17,363,239**	**57,345,450**

The second table summarizes the maturity profile of the financial liabilities at 31 December 2013 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table do not reflect the expected cash-flows indicated by the Bank's deposit retention history.

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
Subordinated liabilities	-	-	-	-	823,191	2,479,981	3,303,172	3,303,172
Total undiscounted financial liabilities	**9,989,446**	**21,988,379**	**11,763,202**	**43,741,027**	**18,101,160**	**7,568,083**	**25,669,243**	**69,410,270**

The second table summarizes the maturity profile of the financial liabilities at 31 December 2012 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the tables do not reflect the expected cash-flows indicated by the Group's deposit retention history.

Annex 2 (continued)

Group 2013

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	9,378,257	21,096	-	9,399,353	-	-	-	9,399,353
Due from banks	414,575	219,962	18,965	653,502	-	-	-	653,502
Derivative financial instruments	-	12,074	6,313	18,387	41,138	22,489	63,627	82,014
Financial assets held for trading	-	104,785	218,951	323,736	2,606	4,475	7,081	330,817
Financial assets designated at fair value through profit or loss	-	-	-	-	-	34,351	34,351	34,351
Loans and advances to customers, net	1,216,216	1,382,366	3,680,605	6,279,187	10,022,501	21,456,932	31,479,433	37,758,620
Financial investments – available-for-sale	-	95,859	644,770	740,629	4,295,645	245,039	4,540,684	5,281,313
Financial investments – held-to-maturity	-	759,982	1,838,491	2,598,473	6,621,833	1,014,950	7,636,783	10,235,256
Investment in associate	-	-	-	-	-	14,297	14,297	14,297
Property and equipment	-	-	-	-	-	1,363,104	1,363,104	1,363,104
Goodwill and other intangible assets	-	-	-	-	-	387,352	387,352	387,352
Current tax assets	-	89,273	-	89,273	-	-	-	89,273
Deferred tax assets	-	-	-	-	-	315,314	315,314	315,314
Other assets	769	363,591	226,998	591,358	12,654	72,786	85,440	676,798
Assets held for sale	-	-	107,433	107,433	-	-	-	107,433
TOTAL ASSETS	**11,009,817**	**3,048,988**	**6,742,526**	**20,801,331**	**20,996,377**	**24,931,089**	**45,927,466**	**66,728,797**
LIABILITIES AND EQUITY								
Due to banks	803,379	198,389	3,550,484	4,552,252	8,744,107	2,617,196	11,361,303	15,913,555
Derivative financial instruments	-	26,285	544,154	570,439	570,568	12,320	582,888	1,153,327
Due to customers	12,371,331	18,371,355	4,848,251	35,590,937	1,805,874	98,135	1,904,009	37,494,946
Debt issued and other borrowed funds	-	170,822	329,498	500,320	427,278	325,299	752,577	1,252,897
Current tax liabilities	-	2,228	-	2,228	-	-	-	2,228
Deferred tax liabilities	-	-	-	-	-	3,820	3,820	3,820
Other liabilities	-	552,766	9,017	561,783	47	-	47	561,830
Provisions	-	-	-	-	399,061	-	399,061	399,061
Subordinated liabilities	-	-	-	-	1,537,249	986,634	2,523,883	2,523,883
TOTAL LIABILITIES	**13,174,710**	**19,321,845**	**9,281,404**	**41,777,959**	**13,484,184**	**4,043,404**	**17,527,588**	**59,305,547**
Net	**(2,164,893)**	**(16,272,857)**	**(2,538,878)**	**(20,976,628)**	**7,512,193**	**20,887,685**	**28,399,878**	**7,423,250**

Group 2013

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	804,805	199,269	3,629,266	4,633,340	9,675,425	3,081,783	12,757,208	17,390,548
Derivative financial instruments	-	26,285	544,154	570,439	570,568	12,320	582,888	1,153,327
Due to customers	12,388,980	18,436,878	4,934,709	35,760,567	1,960,452	112,135	2,072,587	37,833,154
Debt issued and other borrowed funds	-	171,011	331,321	502,332	475,224	329,641	804,865	1,307,197
Subordinated liabilities	-	-	-	-	1,833,995	1,304,062	3,138,057	3,138,057
Total undiscounted financial liabilities	**13,193,785**	**18,833,443**	**9,439,450**	**41,466,678**	**14,515,664**	**4,839,941**	**19,355,605**	**60,822,283**

The second table summarizes the maturity profile of the financial liabilities at 31 December 2013 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the tables do not reflect the expected cash-flows indicated by the Group's deposit retention history.

LIST OF ABBREVIATIONS:

ALM:	Asset and Liability Management
AMA:	Advanced Measurement Approach
ANEVAR:	National Association of Authorized Evaluators from Romania
BIA:	Basic Indicator Approach
DCF:	Discounted cash flow method
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