



Annual Report 2008

Contents

The Romanian International Bank S.A. President's Message	5
Independent Auditors' Report	
<i>Report on the financial statements</i>	6
<i>Income statement</i>	8
<i>Balance sheet</i>	9
<i>Statement of changes in equity</i>	10
<i>Cash flow statement</i>	11
<i>Notes to the financial statements</i>	13
Branches of the Romanian International Bank S.A.	60

RIB. We negotiate. Personally.

The Romanian International Bank S.A. President's Message

The year 2008 was a year of changes for the Romanian International Bank S.A. as the bank went through an ample transformation and adaptation process to the new current business context.

We started our business in 1998 and we have celebrated 10 years of existence. Ten years of development, of growth and diversifications. Over those years, together with reliable partners, we have participated in developing the business environment in Romania.

2008 represented a year of technology investments for Romanian International Bank: RIB ATMs have become EMV Compliant, the entire card portfolio started to migrate to chip cards, a complex internet banking service was launched and a modern back-up center was built. The RIB network was expanded during 2008 with 3.03%, continuing the bank network's quality consolidation process, especially by investing in human resources and by developing the service range offered to our clients.

RIB's strategic goal is, was, and shall remain that of brand awareness for its top quality products.. Quality and not quantity is a strategic challenge for RIB. Obtaining profit is not an goal in itself, except as a result of successfully applying a sound strategy.

Starting from our strategic challenge to provide prompt and quality services any time, anywhere, we shall continue to invest in the necessary people, technology and infrastructure which will lead to QUALITY.

Our financial and quality results could not have been possible without our head office and territorial branch colleagues' dedication and continuous work.

In 2008 we have also benefited from the shareholders' support and experience who, through the trust they have put in the Boards of Directors and the Steering Committee, have contributed to consolidating our institution. In order to support our partners and our clients' loyalty which lead to our positive results, we would like to thank you all!

Florin Danescu

Romanian International Bank S.A's Executive President





KPMG Romania SRL
Victoria Business Park
DN1, Soseaua Bucuresti-Ploiesti nr.
69-71
Sector 1

PO. Box 18-191
Bucharest 013685
Romania

Tel: +40 (21) 201 22 22
+ 40 (741) 800 800
Fax: + 40 (21) 201 22 11
+ 40 (741) 800 700

www.kpmg.ro

Independent Auditors` Report

The Shareholders`
Romanian International Bank S.A.

Report on the financial statements

1. We have audited the accompanying financial statements of Romanian International Bank S.A. (the "Bank"), which comprises the balance sheet as at 31 December 2008, the income statement, the statement of changes in equity and the cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

3. Our responsibility is to express an opinion on the financial statements of the Bank based on our audit. We conducted our audit in accordance with the Standards on Auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation and fair presentation of the financial statements in order to design audit pro-

cedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

6. In our opinion, the accompanying financial statements of the Bank present fairly, in all material respects, the financial position of the Bank as at 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

7. Without qualifying our opinion, we draw attention that the Bank has estimated the impairment loss provision for loans and advances to customers based on an internal developed methodology applied as of 31 December 2008, as presented in Note 3 i vii). Because of the inherent limitations mentioned in this Note related to the information management of certain important aspects of the methodology for future cash flows of the loans and advances to customers, and to the significant uncertainties on the international and local financial markets regarding assets valuation mentioned in Note 4g of the financial statements, this estimate could be significantly revised after the date of the approval of the financial statements.

Other matters

8. This report is made solely to the Bank's shareholders, as a body. Our audit work has been undertaken so that we might state to the Bank's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG Romania SRL
Bucharest, Romania
27 May 2009

Romanian International Bank SA
Financial Statements
31 December 2008
Prepared in accordance with International Financial and Reporting Standards

Income statement
for the year ended 31 December
(Presented in USD thousand)

	Note	2008	2007
Interest income		19,808	13,570
Interest expense		(10,166)	(6,375)
Net interest income	6	9,642	7,195
Fee and commission income		4,173	3,969
Fee and commission expense		(394)	(361)
Net fee and commission income	7	3,779	3,608
Net foreign exchange gain		4,770	3,143
Other operating income	8	478	334
Operating income		5,248	3,477
Operating expenses	9	(14,857)	(13,029)
Net release / (charge) on impairment losses on loans to customers	10	(3,201)	99
Profit before tax		611	1,350
Income tax expense	11	(120)	7
Net profit for the year		491	1,357

The financial statements were approved by the Board of Directors on 27 May 2009 and were signed on its behalf by:

Mr. Florin Danescu
 President

Ms. Mioara Popescu
 Vice-President

Balance sheet
As at 31 December
(Presented in USD thousand)

	Note	31 December 2008	31 December 2007
Assets			
Cash and cash equivalents	12	38,317	58,451
Placements with banks	13	22,814	38,336
Investment securities, available-for-sale	14	10,035	190
Loans to customers	15	85,587	95,177
Property and equipment	16	7,860	8,790
Intangible assets	17	743	872
Other assets	18	1,381	945
Total assets		166,737	202,761
Liabilities			
Deposits from other banks	19	-	6,770
Deposits from customers	20	144,877	172,224
Other liabilities	21	2,714	2,922
Deferred tax liabilities	11	291	220
Total liabilities		147,882	182,136
Equity			
Share capital	22	33,403	38,540
Accumulated deficit		(17,054)	(20,837)
Revaluation reserve		1,373	1,577
Other reserves	23	1,133	1,345
Total equity	28	18,855	20,625
Total liabilities and equity		166,737	202,761

The financial statements were approved by the Board of Directors on 27 May 2009 and were signed on its behalf by:

Mr. Florin Danescu
 President

Ms. Mioara Popescu
 Vice-President

Statement of changes in equity
for the year ended 31 December 2008
(Presented in USD thousand)

	Share capital	Accumulated deficit	Revaluation reserve	Other reserves	Total
Balance at 1 January 2007	38,159	(22,605)	1,502	1,384	18,440
Decrease in share capital	(1,346)	1,346	-	-	-
Net profit for the year	-	1,357	-	-	1,357
Increase in statutory legal reserves	-	(55)	-	55	-
Translation differences *)	1,727	(880)	75	(94)	828
Balance at 31 December 2007	38,540	(20,837)	1,577	1,345	20,625
Net profit for the year	-	491	-	-	491
Increase in statutory legal reserves	-	(14)	-	14	-
Translation differences *)	(5,137)	3,306	(204)	(226)	(2,261)
Balance at 31 December 2008	33,403	(17,054)	1,373	1,133	18,855

*) Please refer to Note 2 c)

Cash flow statement
for the year ended 31 December
(Presented in USD thousand)

	Note	2008	2007
Operating activities			
Net profit for the year		491	1,357
Adjustments for non-cash items:			
Depreciation and amortization	16, 17	1,244	1,344
Net charges on provisions for impairment of assets	10	3,260	806
Revenue from dividends received	8	(178)	(229)
Deferred income		(510)	(675)
Deferred tax expense / (income)		120	(113)
Other items		-	8
Operating profit before changes in operating assets and liabilities		4,427	2,498
(Increase)/decrease in operating assets:			
Increase in loans to customers		(6,244)	(26,048)
Decrease in placements with banks		-	153
Decrease/(Increase) in other assets		(629)	744
Increase/(decrease) in operating liabilities:			
Increase/(decrease) in deposits from customers		(4,940)	78,649
Increase/(decrease) in deposits and loans from other banks		(6,603)	978
Decrease/(Increase) in other liabilities		115	(3,663)
Cash flows from/used in operating activities		(13,874)	53,311
Investing activities			
Net purchase of property and equipment		(680)	(1,607)
Dividends received	8	178	229
Purchase of investment securities		(11,105)	(30)
Cash flows used in investing activities		(11,607)	(1,408)
Financing activities			
Lease payments		(120)	-
Decrease in share capital		-	-
Cash flows used in financing activities		(120)	-
Effect of translation from RON to USD		(10,055)	1,578
Net increase/(decrease) in cash and cash equivalents		(35,656)	53,481
Cash and cash equivalents balances at beginning of year		96,787	43,306
Cash and cash equivalents balances at end of year		61,131	96,787

Cash flow statement (continued)
for the year ended 31 December

Cash flow from operating activities include:	Note	2008	2007
Interest received		19,729	13,408
Interest paid		(10,039)	(5,564)

Analysis of cash and cash equivalents

In USD thousand		31 December 2008	31 December 2007
Cash and cash equivalents comprise:			
Cash on hand	12	5,696	7,360
Current accounts held with other banks	12	871	1,382
Balances with the National Bank of Romania	12	31,750	49,709
Placements with banks (less than 3 months)	13	22,814	38,336
Total		61,131	96,787

Notes to the financial statements

1. Reporting entity

The Romanian International Bank S.A. ("R.I.B." or the "Bank") is a bank domiciled in Romania, which was established in 1998. Currently, R.I.B. provides day-to-day banking services to corporate and individuals clients. These services include: deposit accounts, domestic and international payments, foreign exchange transactions, working capital finance, medium term lending facilities, bank guarantees, letters of credit, depository services.

The Bank operates through the Head Office located in Bucharest and through its network of 33 branches (31 December 2007: 32), located in Bucharest and in the country.

R.I.B.'s current registered office is located at 67, Unirii Boulevard, block G2A, pass I & II, Bucharest 3, Romania. The Bank's number of employees at 31 December 2008 was 353 (31 December 2007: 343).

At 31 December 2008 and 2007, the Board of Directors of the Bank comprised the following:

No.	Position	31 December 2008	31 December 2007
1	President	Florin Danescu	Ion Nitu
2	Vice-president	Valeriu Mosoeanu	Sonia Ghica
3	Vice-president	Sonia Ghica	Valeriu Mosoeanu
4	Member	Elvira Moise	Cornelia Barbu
5	Member	Daniel K. Roberts	Florin Danescu
6	Member	-	Elvira Moise
7	Member	-	Stanel Ghencea
8	Member	-	Popescu Marin
9	Member	-	Cristian Paunescu

2. Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The amortized cost of financial instruments and the estimation of impairment losses for loans to customers originated by the Bank have been accounted for as presented hereinafter.

These financial statements have been prepared on the basis of the IFRS in issue that are effective for the Bank's IFRS annual reporting date, 31 December 2008.

In estimating impairment losses for loans and advances the Bank has applied the internal methodology described in Note 3.i to assess impairment for loans and advances to customers.

2. Basis of preparation (continued)

a) Statement of compliance (continued)

Differences between IFRS and statutory accounts

The accounts of the Bank are maintained in RON in accordance with Romanian accounting law and National Bank of Romania banking regulations ("statutory accounts"). These accounts have been restated to reflect the differences between the statutory accounts and the IFRS.

Accordingly, such adjustments have been made to the statutory accounts as have been considered necessary to bring the financial statements into line, in all material respects, with IFRS.

The major changes from the statutory financial statements prepared under domestic law are:

- grouping of numerous detailed items into broader captions;
- restatement adjustments required in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies (related to the Romanian economy being hyperinflationary until 31 December 2003 - refer to note 3.a.);
- fair value and impairment adjustments required in accordance with IAS 39, Financial Instruments: Recognition and Measurement; and
- the necessary IFRS disclosure requirements.

b) Basis of measurement

The financial statements are prepared on a fair value basis for financial assets and liabilities held at fair value through profit and loss and available-for-sale instruments, except those for which a reliable measure of fair value is not available which are stated at amortized or historical cost.

Other financial assets and liabilities and non-financial assets and liabilities are stated at amortized, re-valued amount or historical cost.

c) Functional and presentation currency

The financial statements are prepared in Romanian Lei ("RON"), rounded to the nearest RON, which is the functional currency and presented in thousand USD, rounded to the nearest thousand.

The reason for using a presentation currency different from the functional currency is to meet the expectations of existing and potential providers of external financing and other stakeholders.

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Bank's management considers that the functional currency, as defined by IAS 21 "The effects of changes in Foreign Exchange Rates", is the RON.

Presentation translation

For the convenience of readers, the figures were presented in USD, following the requirement of IAS 21. According to IAS 21, since the functional currency is RON, for translation from RON to US dollar the following procedures were followed:

- assets and liabilities for all balance sheets presented (i.e., including comparatives) are translated from RON to USD at the closing rate existing at the date of each balance sheet presented: of 2.8342 RON/USD as at 31 December 2008 (2.4564 RON/USD as at 31 December 2007);
- income and expense items for each income statement (i.e. including comparatives) are translated at the exchange rates existing at the dates of the transactions or a rate that approximates the actual exchange rates (i.e. average exchange rate in 2008: 2.5189 RON/USD; average exchange rate in 2007: 2.4383 RON/USD);
- equity items other than the net profit or loss for the period that is included in the balance of accumulated profit or loss are translated at the closing rate

existing at the date of each balance sheet presented: of 2.8342 RON/USD as at 31 December 2008 (2.4564 RON/USD as at 31 December 2007);

- all exchange differences resulting from translation in accordance with above paragraphs are recognized directly in equity as translation reserves.

The restatement and presentation procedures used according to IAS 21 could result in distortion of the figures presented in USD compared with real values.

d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements made by management in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 5.

3. Significant accounting policies

The accounting policies adopted and applied by the Bank are consistent with those described in the financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2008 except for the changes arising from the application of the new and revised IFRS as presented hereinafter.

a) Accounting for the effect of hyperinflation

According to IAS 29 – Financial Reporting in Hyperinflationary Economy (“IAS 29”) and IAS 21 – The Effects of Changes in Foreign Exchange Rates (“IAS 21”), the financial statements of an enterprise whose measurement currency is the currency of a hyperinflationary economy should be stated in terms of measuring unit current at the balance sheet date i.e. non monetary items are restated using a general price index from the date of acquisition or contribution.

IAS 29 suggests that economies should be regarded as hyperinflationary if, among other factors, the cumulative inflation rate over a period of three years exceeds 100%.

The continuously decreasing inflation rates and other factors related to the characteristics of the economic environment in Romania indicate that the economy whose functional currency was adopted by the Bank ceased to be hyperinflationary, effective for financial periods starting at 1 January 2004. Therefore, the provisions of IAS 29 have no longer been adopted in preparing these financial statements

Accordingly, the amounts expressed in measuring unit current at 31 December 2003 are treated as the basis for the carrying amounts in these consolidated financial statements and do not represent appraised value, replacement cost, or any other measure of the current value of assets or the prices at which transactions would take place currently.

b) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the settlement date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to RON at the foreign exchange rate ruling at that date. Foreign exchange differences arising on revaluation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to RON at foreign exchange rates ruling at the dates the fair value was determined.

The exchange rates of major foreign currencies were as follows:

Currencies	31 December 2008	31 December 2007	% increase/ (decrease)
US Dollar (USD)	1: RON 2.8342	1: RON 2.4564	15%
Euro (EUR)	1: RON 3.9852	1: RON 3.6102	10%

3. Significant accounting policies (continued)

c) Interest income and expenses

Interest income and expenses for financial instruments are recognized in the income statement at amortized cost using the linear method for loans to customers and the effective interest rate method for the other financial instruments.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attribut-

able to the acquisition, issue or disposal of a financial asset or liability.

The linear method is a method of calculating the amortized cost of loans to customers whereby upfront fees received between parties to the contract that should be integral part of the effective interest rate, are amortized linearly and recognized as interest income over the relevant period.

The linear amortization method used to determine the amortized cost for loans to customers represents the management's best estimate for the value of the corresponding amortization and the financial effect generated is not significantly different than that provided by the application of the effective interest method.

d) Fees and commission income

Fees and commission income arise on financial services provided by the Bank including loan origination, commitment fees, card fees, cash management services.

Fees and commissions directly attributable to the financial asset or liability origination, both income and expense, that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate other than those fees and commissions generated

from the origination of loans to customers, which are deferred and recognized using the linear amortization method.

Loan commitments fees that are likely to be drawn down, are deferred, together with the related direct costs, and are recognized as an adjustment to the effective interest rate of the loan.

Other fees and commission income arising on the financial services provided by the Bank is recognized in the income statement on the accrual basis i.e. when the corresponding service is provided. Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

e) Dividends

Dividend income is recognized in the income statement on the date that the dividend is declared. Income from equity investments and other non-fixed income investments is recognized as dividend income when it accrues.

Dividends are treated as an appropriation of profit in the period they are declared and approved by the General Assembly of Shareholders. The only profit available for distribution is the profit for the year recorded in the Romanian statutory accounts, which differs from the profit in these financial statements, prepared in accordance with IFRS, due to the differences between the applicable Romanian Accounting Regulations and IFRS.

f) Net foreign exchange gain

This comprises gains less losses related to trading assets and liabilities and includes all realised and unrealised fair value changes and foreign exchange differences.

g) Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

h) Taxation

Income tax for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of prior periods.

Deferred tax is provided for using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided for is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The tax rate used to calculate the current and deferred tax position at 31 December 2008 is 16% (31 December 2007: 16%).

3. Significant accounting policies (continued)

h) Taxation (continued)

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

i) Financial assets and liabilities

i) Classification

The Bank classifies its financial instruments into the following categories:

(a) Financial assets or financial liabilities at fair value through profit or loss

This category has two sub-categories: financial assets or financial liabilities held for trading, and those designated at fair value through profit or loss at inception. A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if so designated by management. As at 31 December 2008 and 31 December 2007 the Bank did not classify any financial instruments into this category.

(b) Held-to-maturity investment

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank's management has the positive intention and ability to hold to maturity. If the Bank were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity, the entire category would be reclassified as available for sale and for a two year period the Bank would not utilize the held to maturity classification. As at 31 December 2008 and 31 December 2007 the Bank did not classify any financial instruments into this category.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are

not quoted in an active market, other than those that the Bank intends to sell immediately or in the near term, those that the Bank, upon initial recognition, designates as at fair value through profit and loss, those that the Bank, upon initial recognition, designates as available for sale or those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration. Loans and receivables comprise loans to banks and customers.

(d) Available-for-sale financial assets

Available-for-sale financial assets are those financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss, (b) held-to-maturity investments or (c) loans and receivables. Available-for-sale financial assets comprise investment securities and debt securities.

ii) Recognition

The Bank initially recognises loans and advances, deposits; debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

iii) Derecognizing

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or when the Bank has transferred substantially all risks and rewards of the ownership. Financial liabilities are derecognised when its contractual obligations are discharged or cancelled or expired.

iv) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is

a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

v) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the linear method for loans to customers and the effective interest rate method for other financial instruments of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The linear amortised method used by the Bank to determine the amortised cost of loans to customers represents the management's best estimate for the value of the corresponding amortization and the financial effect generated is not significantly different from that provided by using effective interest method.

vi) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques. The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction.

Where discounted cash flow techniques are used, estimated future cash flows are based on manage-

ment's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date. Where a fair value cannot be reliably estimated, unquoted equity instruments that do not have a quoted market price in an active market are measured at cost and periodically tested for impairment.

**vii) Identification and measurement of impairment
Assets carried at amortised cost**

The Bank assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets carried at amortised cost are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognised.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If a loan, receivable or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is

the current effective interest rate determined under the contract. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed either directly or by adjusting an allowance account. The amount of the reversal is recognized in profit or loss.

Loans to customers

The Bank, based on its internal impairment assessment methodology, has included observable data on the following loss events that comes to its attention as objective evidence that loans to customers or groups of loans to customers are impaired:

(a) significant financial difficulty of the borrower determined in accordance with the Bank's internal rating system;

(b) a breach of contract, such as a default or delinquency in interest or principal payments of the borrowers (individually and in the same group of borrowers);

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider such as the rescheduling of the interest or principal payments;

The Bank first assesses whether objective evidence of impairment exists as described above, individually for loans to customers that are individually significant, and individually or collectively for loans that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the loans to

customers in a group of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans to customers that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. The calculation of the present value of the estimated future cash flows of a collateralized loan reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, loans to customers are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms (on the basis of the industry for corporate customers and loan type for retail customers).

Management considers that these characteristics chosen are the best estimate of similar credit risk characteristics relevant to the estimation of future cash flows for groups of such loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of loans to customers that are collectively evaluated for impairment are estimated on the basis of historical loss experience for loans with credit risk characteristics similar to those in the group.

The Bank has developed a methodology for assessing impairment on the loans to customers and applied it as at 31 December 2008. The methodology was limited by the lack of information regarding the timing and amounts of the expected future cash flows from the borrowers.

The Bank reviews on a regular basis the methodology and assumptions used for estimating future cash flows in order to reduce any differences between loss estimates and actual loss experience (for example, the historical loss experience used as basis for the collective assessment of impairment of loans may be adjusted to reflect such differences between loss estimates and actual loss experience).

Due to the inherent limitation regarding historical experience in obtaining information regarding the loans individually impaired, the loss ratios, the complexity of the methodology used and the significant changes on the local and international markets regarding the valuation of financial assets described under 4g, the estimated amount of depreciation may differ from the one obtained if the Bank had an informatics organizer to support the methodology of estimating loss related to loans and advances to customers and net lease investment.

Available for sale financial assets

For financial assets classified as available-for-sale, when a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale in-

creases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

viii) Designation at fair value through profit and loss

The Bank designates financial assets and liabilities at fair value through profit and loss when either:

- the assets and liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

The Bank did not designate any financial asset or liability in this category as at 31 December 2008 and 31 December 2007.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with National Bank of Romania and nostro accounts with banks and are carried at amortized cost in the balance sheet. For the purposes of the statement of cash flows, cash and cash equivalents comprise: cash balances on hand, cash deposited with National Bank of Romania, nostro accounts with banks, placements with National Bank of Romania and with other banks with less than 90 days original maturity, deposit certificates issued by the National Bank of Romania and accrued interest receivable on deposit certificates issued by National Bank of Romania.

k) Placements with banks

Placements with banks are classified as loans and receivables. Consequently, placements with banks are stated at amortized cost, less specific provision for impairment losses (refer to accounting policy 3.i.)

l) Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either held-to-maturity or available for sale.

(i) Held-to-maturity

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortized cost using the effective interest method. If the Bank were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity, the entire category would be reclassified as available for sale and for a two year period the Bank would not utilize the held to maturity classification. As at 31 December 2008 the Bank had no financial instruments classified as held-to-maturity investments.

(ii) Available-for-sale

Available-for-sale investments are non-derivative investments that are designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available for sale investments are carried at fair value. Fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is recognised in profit or loss.

m) Loans and advances to banks and customers

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term. Loans are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the linear method. The linear amortisation method represents the management's best estimate for the value of the corresponding amortisation and the financial effect generated is not significantly different from that provided by using effective interest method.

n) Property and equipment*Recognition and measurement*

Items of property and equipment are measured at cost or at revalued amount less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of items of property and equipment, and major components that are accounted for separately. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Buildings	50 years
Equipment	3 – 20 years
Motor vehicles	5 years
Other tangible fixed assets	3 – 30 years

Depreciation method, useful lives and residual values are reassessed annually.

Revaluation model

The Bank uses the revaluation model for the class of owned buildings. The revaluation model requires that the revaluations are done with a sufficient regularity. The Bank values its building portfolio once every three years with independent property valuator, member of the National Association of Romanian Valuers ("ANEVAR") and each year an impairment assessment is conducted with internal valuers members of ANEVAR.

The accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

If an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading of revaluation surplus. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. The revaluation surplus is presented net of the deferred tax impact (note 11).

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. The decrease shall be debited directly to equity under the heading of revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

o) Intangible assets

Computer software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life.

Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimate useful life of software is five years.

p) Impairment of non – financial assets

The carrying amount of the Bank's assets, other than deferred tax assets, is reviewed at each balance sheet date to determine whether there is any objective indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

The Bank reviews the carrying amount of land and buildings at each balance sheet date. For the items of land and buildings where there is any objective evidence of impairment, the Bank considered the greater of the net selling price and value in use as the recoverable amount.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

q) Deposits, borrowings from banks and subordinated liabilities

Deposits, borrowings from banks and subordinated liabilities are the Bank's sources of debt funding.

When the Bank sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as deposit, and the underlying asset continues to be recognized in the Bank's financial statements.

Deposits and borrowings such as loans from banks and other financial institutions are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs occurred. Borrowings and other liabilities evidenced by paper are subsequently stated at amortized cost.

r) Employee benefits

Short term service benefits

Short-term employee benefits include wages, salaries, bonuses and social security contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

The Bank, in the normal course of business makes payments to the Romanian State funds on behalf

of its Romanian employees for pension, health care and unemployment benefit. All employees of the Bank are members and are also legally obliged to make defined contributions (included in the social security contributions) to the Romanian State pension plan (a State defined contribution plan). All relevant contributions to the Romanian State pension plan are recognized as an expense in the income statement as incurred. The Bank does not have any further obligations.

The Bank does not operate any independent pension scheme and, consequently, have no obligation in respect of pensions. The Bank does not operate any other post retirement benefit plan. The Bank has no obligation to provide further services to current or former employees.

s) Provisions

A provision is recognised in the balance sheet when the Bank has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

t) Financial guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guar-

antee has become probable). Financial guarantees are included within off balance sheet.

u) Standards, interpretations and amendments to published International Financial Reporting Standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Bank's accounting periods beginning on or after 1 January 2009 or later periods but which the Bank has not early adopted.

Management considered the following new standards, amendments and interpretations to existing standards:

- Amendment to IFRS 2 "Share-based Payment" (effective from 1 January 2009). The amendments to the Standard clarify the definition of vesting conditions and introduce the concept of non-vesting conditions. Non-vesting conditions are to be reflected in grant-date fair value and failure to meet non-vesting conditions will generally result in treatment as a cancellation. The Bank is currently analyzing the impact of applying this standard.
- Revised IFRS 3 "Business Combinations" (effective for annual periods beginning on or after 1 July 2009). The scope of the revised Standard has been amended and the definition of a business has been expanded. The revised Standard also includes a number of other potentially significant changes including: a) all items of consideration transferred by the acquirer are recognized and measured at fair value as of the acquisition date, including contingent consideration; b) subsequent change in contingent consideration will be recognized in profit or loss; c) transaction costs, other than share and debt issuance costs, will be expensed as incurred; d) the acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill), or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquire, on a transaction-by-transaction basis.

As the revised Standard should not be applied to business combinations prior to the date of adoption, the revised Standard is expected to have no impact on the financial statements with respect to business combinations that occur before the date of adoption of the revised Standard.

- IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009). The revised Standard removes the option to expense borrowing costs and requires the capitalization of borrowing costs that relate to qualifying assets (those that take a substantial period of time to get ready for use or sale). Currently this is not applicable to the Bank as there are no qualifying assets.
- IFRS 8, "Operating segments" (effective from 1 January 2009). The Standard introduces the "management approach" to segment reporting and requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Bank's management in deciding how to allocate resources and in assessing performance. The Bank is currently analyzing the impact of applying this standard.
- Revised IAS 1 "Presentation of Financial Statements" (effective from 1 January 2009). The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income (effectively combining the income statement and all non-owner changes in equity in a single statement), or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Bank is currently evaluating whether to present a single statement of comprehensive income, or two separate statements.
- Amendments to IAS 27, Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 January 2009). The amendments remove the definition of "cost method" currently set out in IAS 27, and instead require all dividends from a subsidiary, jointly controlled entity or associate to be recognized as income in the separate financial statements of the investor when the right to receive the dividend is established. In addition, the amendments provide guidance when the receipt of dividend income is deemed to be an indicator of impairment. The Bank is currently evaluating the potential effect on the future consolidated financial statements.
- Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). In the revised Standard the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest. The Bank is currently evaluating the potential effect on the future consolidated financial statements
- Amendments to IAS 32 Financial Instruments: Presentation, and IAS 1, Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009). The amendments introduce an exemption to the principle otherwise applied in IAS 32 for the classification of instruments as equity; the amendments allow certain puttable instruments issued by an entity that would normally be classified as liabilities to be classified as equity if, and only if, they meet certain conditions. The amendments are not relevant to the Bank's financial statements as none of the Bank entities have in the past issued puttable instruments that would be affected by the amendments.

- Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 July 2009). The amended Standard clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. In designating a hedging relationship the risks or portions must be separately identifiable and reliably measurable; however inflation cannot be designated, except in limited circumstances. The amendments to IAS 39 are not relevant to the Bank's operations as the Bank does not apply hedge accounting.
- IAS 40, Investment Property revised (effective for annual periods beginning on or after 1 January 2009). IAS 40 is amended to include property under construction or development for future use as investment property in its definition of "investment property". This results in such property being within the scope of IAS 40; previously it was within the scope of IAS 16. The Bank expects to adopt the amendments to IAS 40 prospectively from 1 January 2009.
- IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008). The Interpretation explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem those award credits. Such entities are required to allocate some of the proceeds of the initial sale to the award credits and recognize these proceeds as revenue only when they have fulfilled their obligations. The Bank does not expect the Interpretation to have any impact on the financial statements.
- IFRIC 15 Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009). IFRIC 15 clarifies that revenue arising from agreements for the construction of real estate is recognized by reference to the stage of completion of the contract activity in the following cases:
 1. The agreement meets the definition of a construction contract in accordance with IAS 11.3;
 2. The agreement is only for the rendering of services in accordance with IAS 18 (e.g., the entity is not required to supply construction materials); and
 3. The agreement is for the sale of goods but the revenue recognition criteria of IAS 18.14 are met continuously as construction progresses.
 In all other cases, revenue is recognized when all of the revenue recognition criteria of IAS 18.14 are satisfied (e.g., upon completion of construction or upon delivery). IFRIC 15 is not relevant to the Bank's operations as the Bank does not provide real estate construction services or develop real estate for sale.
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008). The Interpretation explains the type of exposure that may be hedged, where in the Bank the hedged item may be held, whether the method of consolidation affects hedge effectiveness, the form the hedged instrument may take and which amounts are reclassified from equity to profit or loss on disposal of the foreign operation. The Standard is not applicable to the Bank.
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective prospectively for annual periods beginning on or after 15 July 2009). The Interpretation applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. In accordance with the Interpretation a liability to pay a dividend shall be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity and shall be measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be remeasured at each reporting date, with any changes in the carrying amount recognized in equity as adjustments to the amount of the distribution. When the dividend payable is settled the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable shall be recognized in profit or loss. As the

interpretation is applicable only from the date of application, it will not impact on the financial statements for periods prior to the date of adoption of the interpretation.

4. Risk management policies

a) Introduction and overview

The Bank has exposure to the following risks from its use of financial instruments:

- credit risk
- interest rate risk
- currency risk
- liquidity risk
- taxation risks
- operational risks

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Management Board and the Asset and Liability (ALCO), Credit and Risk committees, which are responsible for developing and monitoring Bank's risk management policies in their specified areas. All committees report regularly to the Management Board.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Bank's Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

b) Credit risk

The Bank is exposed to credit risk through its trading, lending and investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or it issues guarantees.

Credit risk associated with trading and investing activities is managed through the Bank's market risk management process. The risk is mitigated through selecting counterparties of good credit standing and monitoring their activities and ratings and through the use of exposure limits and when appropriate, obtaining collateral.

The Bank's primary exposure to credit risk arises through its loans and advances to customers. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the balance sheet. The Bank is exposed to credit risk on various other financial assets, including debt investments; the current credit exposure in respect of these instruments is equal to the carrying amount of these in the balance sheet. In addition, the Bank is exposed to off balance sheet credit risk through commitments to extend credit and guarantees issued (see note 26).

In order to minimise this risk, procedures are in place to screen the customers before granting the loans and to monitor their ability to repay the principal and interest during the duration of the loans and to the establishment of exposure limits.

Concentrations of credit risk that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The major concentrations of credit risk arise by individual counterparty and by type of customer in relation to the Bank's loans (see note 15).

The Board of Directors has delegated the responsibility for the management and oversight of credit risk to its Risk Committee. The Risk Division, reporting to the Prime Vice-President, is responsible for the following credit risk activities:

- *Formulating credit policies*, in consultation with the Credit Committee, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements
- *Formulating the authorisation structure* (to be approved by the Board of Directors) for the approval and renewal of credit facilities. Authorisation limits are allocated to four levels of credit approvers. Larger facilities require approval by the Credit Committee or the Board of Directors as appropriate.
- *Reviewing and assessing credit risk*. Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being approved or recommended for approval by the Board of Directors and/or committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- *Limiting concentrations* of exposure to counterparties, geographies and industries (for loans and advances).
- *Reviewing compliance* of business units (branches and agencies) with agreed exposure limits, including those for selected industries and product types.

- *Providing advice*, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk

Each branch/agency is required to implement Bank's credit policies and procedures. Each branch is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Regular audits of branches/agencies and Bank credit processes are undertaken by Internal Audit.

The loans to banks and investment securities were neither impaired nor past due.

The Bank's overall risk exposure can be divided according to the amount of identifiable impairment into two main categories: Individually impaired and collectively assessed for impairment according to the internal rating of the Bank and the past due status.

The Bank uses ratings associated with financial performance and debt service for the individually tested loans as well as for the collective assessed ones. According to Bank policies, each credit risk grade can be associated with a certain rating, starting with the lowest risk rating (1) to the category of loans with the worst financial performance or debt service (9).

The credit risk exposures for loans at 31 December 2008 and 2007 are presented below:

Loans and advances granted to customers		
<i>In USD thousand</i>	31 December 2008	31 December 2007
<i>Individually impaired</i>		
Grade 4	1,166	1,857
Grade 5	1,989	1,497
Grade 6	31	-
Grade 7	264	-
Grade 8	1,152	1,126
Grade 9	<u>9,711</u>	<u>90</u>
Gross amount	14,313	4,570
Allowance for impairment	<u>(3,642)</u>	<u>(918)</u>
Carrying amount	<u>10,671</u>	<u>3,652</u>
<i>Value of collaterals held against individually impaired loans and advances</i>		
Property	11,150	2,577
Equipment and vehicles	1,885	1,037
Inventories	510	814
Financial insurance policy	<u>296</u>	<u>91</u>
Total	<u>13,841</u>	<u>4,519</u>
<i>Past due but not individually impaired</i>		
Grade 3	375	-
Grade 4	7,502	2,560
Grade 5	605	1,640
Grade 6	-	-
Grade 7	1,847	80
Grade 8	568	952
Grade 9	<u>591</u>	<u>-</u>
Gross amount	11,488	5,232
Allowance for impairment	<u>(48)</u>	<u>(33)</u>
Carrying amount	<u>11,440</u>	<u>5,199</u>
<i>The gross amount of past due but not individually impaired has the following overdue days structure:</i>		
0-30 days	9,883	4,025
30-60 days	883	237
60-90 days	396	46
90-180 days	200	908
180 days +	<u>126</u>	<u>16</u>
Gross amount	<u>11,488</u>	<u>5,232</u>
<i>Collectively impaired</i>		
Grade 1	29,014	43,808
Grade 2	30,640	34,998
Grade 3	1,914	7,860
Grade 4	<u>2,349</u>	<u>100</u>
Gross amount	63,917	86,766
Allowance for impairment	<u>(441)</u>	<u>(440)</u>
Carrying amount	<u>63,476</u>	<u>86,326</u>
Total carrying amount	<u>85,587</u>	<u>95,177</u>

4. Risk management policies (continued)

b) Credit risk (continued)

Individually impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s).

Individually impaired exposures (non-performing loans) comprise all exposures overdue more than 60 days and financial performance D or E according to the internal rating of the Bank.

Past due but not individually impaired loans

Loans and securities where contractual interest or principal payments are past due but the Bank believes that individual impairment is not appropriate on the basis of the level of security/collateral available and / or the stage of collection of amounts owed to the Bank.

Collectively impaired loans and securities

Loans and securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together loans and securities with similar risk characteristics.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after

restructuring. The loans with renegotiated terms as at 31 December 2008 amounts to USD 9,405 thousands (31 December 2007: USD 4,108 thousands).

Allowances for impairment

The Bank establishes an allowance for impairment losses based on the internal methodology as described in note 3.i).

Write-off policy

The Bank writes off a loan (and any related allowances for impairment losses) when Bank's credit management department determines that the loans / securities are uncollectible. This determination is reached after considering relevant information and the appropriate documentation.

Due to the limitation of the current information systems the Bank does not have the necessary information to disclose the credit quality of the loans which are past due but not individually impaired and neither past due nor individually impaired.

The major concentrations of credit risk arise by type of customer in relation to the Bank's loans, advances, credit commitments and guarantees issued.

Concentrations of credit risk that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The major concentrations of credit risk arise by individual counterparty and by type of customer in relation to the Bank's loans and advances, commitments to extend credit and guarantees issued.

Total on and off balance sheet economic sector risk concentrations are presented in the table below:

<i>In USD thousand</i>	31 December 2008	31 December 2007
Ecological activities	3,045	3,547
Trade	19,591	21,305
Construction	10,391	9,651
Agriculture (processing industry)	34	13,749
Agriculture (production)	6,253	7,423
Leasing	6,799	7,903
Sundry services and other activities	32,470	19,513
Real estate services	2,306	4,039
Cards	4,132	4,349
Individuals	12,119	13,941
TOTAL	97,140	105,420

The amounts reflected in the table above represents the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted and any collateral or security proved to be of no value. The amounts of credit risk shown, therefore, greatly exceed expected losses, which are included in the loan loss provision.

The Bank holds collateral against loans and advances to customers in the form of pledge over cash deposits, mortgage interests over property, guarantees and other pledge over equipments and/or re-

ceivables. Collateral generally is not held over loans and advances to banks.

c) Liquidity risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

Liquidity risk arises in the general funding of the Bank's activities and in the management of the asset

positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Bank has access to a diverse funding base. Funds are raised using a broad range of instruments including deposits, borrowings and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding, and diversifying the funding base.

Treasury Department receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury Department then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole. The liquidity requirements of business units and subsidiaries are met through short-term loans from Treasury Department to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety

of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of both the Bank. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. A similar, but not identical, calculation is used to measure the Bank's compliance with the liquidity limit established by the Bank's lead regulator.

The financial assets and liabilities of the Bank analysed over the remaining period from the balance sheet date to contractual maturity are as at 31 December 2008 as follows:

	Up to 3 months	3 Months to 1 Year	1 Year to 5 years	Over 5 Years	No fixed maturity	Total
<i>Presented in USD thousand</i>						
Assets						
Cash and cash equivalents	38,317	-	-	-	-	38,317
Placements with banks	22,814	-	-	-	-	22,814
Investment securities available for sale	9948	-	-	-	87	10,035
Loans to customers	11,648	34,020	24,033	15,886	-	85,587
Other assets	1,381	-	-	-	-	1,381
Total financial assets	84,108	34,020	24,033	15,886	87	158,134
Liabilities						
Deposits from customers	124,599	18,375	1,903	-	-	144,877
Deposits from other banks	-	-	-	-	-	-
Other liabilities	2,714	-	-	-	-	2,714
Total financial liabilities	127,313	18,375	1,903	-	-	147,591
Maturity surplus/(shortfall)	(43,205)	15,645	22,130	15,886	87	10,543

The financial assets and liabilities of the Bank analyzed over the remaining period from the balance sheet date to contractual maturity are at 31 December 2007 as follows:

	Up to 3 months	3 Months to 1 Year	1 Year to 5 years	Over 5 Years	No fixed maturity	Total
<i>Presented in USD thousand</i>						
Assets						
Cash and cash equivalents	58,451	-	-	-	-	58,451
Placements with banks	38,336	-	-	-	-	38,336
Investment securities available for sale	-	-	-	-	190	190
Loans to customers	10,718	45,853	25,449	13,157	-	95,177
Other assets	945	-	-	-	-	945
Total assets	108,450	45,853	25,449	13,157	190	193,099
Liabilities						
Customer deposits	144,084	27,116	1,024	-	-	172,224
Deposits from other banks	6,770	-	-	-	-	6,770
Other liabilities	2,804	56	282	-	-	3,142
Total liabilities	153,658	27,172	1,306	-	-	182,136
Maturity surplus/(shortfall)	(45,208)	18,681	24,143	13,157	190	10,963

d) Interest rate risk

The Bank incurs interest rate risk principally in the form of exposure to adverse changes in the market interest rates to the extent that interest-earning assets and interest-earning liabilities mature or re-price at different times or in differing amounts. The main sources of interest rate risk are imperfect correlation between the maturity (for fixed interest rates) or re-pricing date (for floating interest rates) of the interest-bearing assets and liabilities, adverse evolution of the slope and shape of the yield curve (the unparallel evolution of the interest rate yields of the interest-earning assets and interest-earning liabilities), and imperfect correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar re-pricing characteristics.

Asset-liability risk management activities are conducted in the context of the Bank's sensitivity to interest rate changes. In general, the Bank is slightly liability sensitive because its interest earning assets have a longer duration and re-price less frequently than interest-bearing liabilities. This means that in declining interest rate environments, margins earned will change as liabilities re-price.

However the actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within re-pricing periods and among currencies.

For the assessment and management of interest rate risk the Bank uses the interest rate gap model and quantifies the impact of a given modification of the interest rate level on the Bank's net interest income on a 1 year timeframe. The interest rate risk against interest rate gap limits as at 31 December 2008 and 31 December 2007 were as follows:

Presented in USD thousand	31 December 2008	31 December 2007
100 bp parallel increase	211	487
100 bp parallel decrease	(211)	(487)
200 bp parallel increase	421	975
200 bp parallel decrease	(421)	(975)

The interest rates related to the local currency and the major foreign currencies as at 31 December 2008 and 31 December 2007 were as follows:

Currencies	Interest rate	31 December 2008	31 December 2007
Leu (RON)	BUBOR 3 months	15.46%	8.38%
Euro (EUR)	Euribor 3 months	2.89%	4.68%
Euro (EUR)	Euribor 6 months	2.97%	4.71%
US Dollar (USD)	Libor 6 months	1.75%	4.91%

The Bank minimizes this risk by setting the rates for most of its interest-bearing assets and liabilities at or about current market rates. The Bank attempts to maintain a net positive position for interest-bearing financial instruments. In order to avoid the re-pricing risk, the Bank grants credits and offers deposits with fixed interest rates (according to current pricings).

The following table shows the interest rates per annum obtained or offered by the Bank for its interest-bearing assets and liabilities during the financial year 2008:

	RON		USD		EUR	
	Range		Range		Range	
	Min. %	Max. %	Min. %	Max. %	Min. %	Max. %
Assets						
Current account with the National Bank of Romania	2.60	5.60	0.80	1.30	1.25	2.80
Placements with banks	6.20	50.00	2.25	10.00	4.50	7.50
Investment securities, available-for-sale	14.23	14.24	-	-	-	-
Loans and advances to customers	7.50	25.50	7.00	14.00	5.50	14.60
Liabilities						
Deposits from banks	8.70	17.00	3.00	6.10	5.45	7.00
Deposits from customers	3.50	20.00	1.25	5.75	1.50	6.65

The following table shows the interest rates per annum obtained or offered by the Bank for its interest-bearing assets and liabilities during the financial year 2007:

	RON		USD		EUR	
	Range		Range		Range	
	Min. %	Max. %	Min. %	Max. %	Min. %	Max. %
Assets						
Current account with the National Bank of Romania	1.90	2.50	1.00	1.20	0.80	1.35
Placements with banks	1.00	28.00	3.50	6.90	4.10	6.00
Investment securities, available-for-sale	6.74	7.48	-	-	-	-
Loans and advances to customers	7.50	26.00	5.00	12	5.5	13.6
Liabilities						
Deposits from banks	2.80	13.00	6.30	6.40	5.2	6.2
Deposits from customers	0.25	8.55	1.25	5.50	1.25	5.40

A summary of the Bank's interest rate gap position on the financial assets and liabilities as at 31 December 2008 is as follows:

	Up to 3 months	3 Months to 1 Year	1 Year to 5 years	Over 5 Years	No fixed maturity	Total
<i>Presented in USD thousand</i>						
Assets						
Cash and cash equivalents	38,317	-	-	-	-	38,317
Placements with banks	22,814	-	-	-	-	22,814
Investment securities available for sale	9,948	-	-	-	87	10,035
Loans to customers	11,648	34,020	24,033	15,886	-	85,587
Other assets	1,381	-	-	-	-	1,381
Total financial assets	84,108	34,020	24,033	15,886	87	158,134
Liabilities						
Customer deposits	124,599	18,375	1,903	-	-	144,877
Deposits from other banks	-	-	-	-	-	-
Other liabilities	2,714	-	-	-	-	2,714
Total financial liabilities	127,313	18,375	1,903	-	-	147,591
Total interest sensitivity gap	(43,205)	15,645	22,130	15,886	87	10,543

Loans granted to customers are bearing an interest rate variable in relation with market conditions changes.

A summary of the Bank's interest rate gap position on the financial assets and liabilities as at 31 December 2007 is as follows:

	Up to 3 months	3 Months to 1 Year	1 Year to 5 years	Over 5 Years	No fixed maturity	Total
<i>Presented in USD thousand</i>						
Assets						
Cash and cash equivalents	58,451	-	-	-	-	58,451
Placements with banks	38,336	-	-	-	-	38,336
Investment securities available for sale	-	-	-	-	190	190
Loans to customers	10,718	45,853	25,449	13,157	-	95,177
Other assets	945	-	-	-	-	945
Total assets	108,450	45,853	25,449	13,157	190	193,099
Liabilities						
Customer deposits	144,084	27,116	1,024	-	-	172,224
Deposits from other banks	6,770	-	-	-	-	6,770
Other liabilities	2,804	56	282	-	-	3,142
Total liabilities	153,658	27,172	1,306	-	-	182,136
Total interest sensitivity gap	(45,208)	18,681	24,143	13,157	190	10,963

e) Currency risk

The Bank is exposed to currency risk through transactions in foreign currencies against RON. There is also a balance sheet risk that the net monetary liabilities in foreign currencies will take a higher value when translated into RON as a result of currency movements.

The principal foreign currencies held by the Bank are EUR and USD. The Bank manages its exposure to movements in exchange rates by modifying its assets and liabilities mix.

Open foreign exchange positions represent a source of foreign exchange risk. In order to avoid losses arising from adverse movements in exchange rates, the Bank has a policy of maintaining an overall closed foreign exchange position.

The net monetary assets and liabilities held in RON and in foreign currencies at 31 December 2008 are presented below:

	RON	USD	EUR	Other	Total
Presented in USD thousand					
Assets					
Cash and cash equivalents	15,453	728	21,414	722	38,317
Placements with banks	14,849	3,746	4,219	-	22,814
Loans to customers	67,610	4,791	13,186	-	85,587
Investment securities, available for sale	10,035	-	-	-	10,035
Other assets	1,005	25	30	320	1,381
Total assets	108,953	9,290	38,849	1,042	158,134
Liabilities					
Deposits from other banks	-	-	-	-	-
Deposits from customers	97,280	9,241	38,014	341	144,877
Other liabilities	1,197	747	552	218	2,714
Total liabilities	98,477	9,988	38,566	559	147,591
Net assets	10,574	(699)	284	482	10,543

The net monetary assets and liabilities held in RON and in foreign currencies at 31 December 2007 are presented below:

	RON	USD	EUR	Other	Total
Presented in USD thousand					
Assets					
Cash and cash equivalents	34,676	543	22,880	352	58,451
Placements with banks	31,674	377	5,947	338	38,336
Loans to customers	73,281	5,582	16,314	-	95,177
Investment securities, available for sale	190	-	-	-	190
Other assets	722	216	2	5	945
Total assets	140,543	6,718	45,143	695	193,099
Liabilities					
Deposits from other banks	239	642	5,889	-	6,770
Deposits from customers	128,189	5,857	37,771	407	172,224
Other liabilities	2,298	445	399	-	3,142
Total liabilities	130,726	6,944	44,059	407	182,136
Net assets	9,817	(226)	1,084	288	10,963

For the assessment of foreign exchange risk the Bank quantifies the impact of a given modification of the exchange rate level on the net trading income. The foreign exchange risk against the variation of foreign exchange as at 31 December 2008 and 31 December 2007 are as follows:

Presented in USD thousand	31 December 2008	31 December 2007
10% increase	(41)	86
10% decrease	41	(86)
20% increase	(81)	172
20% decrease	81	(172)

f) Taxation risk

On 1 January 2007 Romania became a member of the European Union ("EU") and therefore has to apply detailed and complex rules on the basis of the EU Treaties, Regulations and Directives. The Company has to conform to EU legislation from 1 January 2007 and, therefore, it has prepared to apply the changes arising from the EU legislation. These changes have been implemented, however the tax authorities have up to 5 years to audit the way these changes were implemented.

Interpretation of the text and practical implementation procedures of the newly enforced EU tax regulations could vary, and there is a risk that certain transactions, for example, could be viewed differently by the tax authorities as compared to the Company's treatment.

Furthermore, the Romanian Government has a number of agencies that are authorized to conduct audits (controls) of companies operating in Romania. These controls are similar in nature to tax audits performed by tax authorities in many countries, but may extend not only to tax matters but to other legal and regulatory matters in which the applicable agency may be interested. It is likely that the Company will continue to be subject to regular controls as new laws and regulations are issued.

g) Operating environment

The process of risk repricing during 2007 and 2008 in the international financial markets severely affected the performance of those markets, including

the Romanian financial and banking market, and fostered heightened uncertainty with regard to economic developments going forward.

The ongoing global credit and liquidity crisis which commenced in the middle of 2008 has resulted in, among other things, lower level and difficult access to the capital market funding, lower liquidity levels across the Romanian banking sector, and higher interbank lending rates. The significant losses experienced in the global financial market could affect the ability of the Group to obtain new borrowings and refinance its existing borrowings at terms and conditions similar to those applied to earlier transactions.

Identification and valuation of investments influenced by a lending market with low liquidities, the determination of compliance with debt agreement and other contract covenants, and the evaluation of significant uncertainties, bring their own challenges.

The Bank's debtors may also be affected by the lower liquidity situation which could in turn impact their ability to repay their outstanding loans. Deteriorating operating conditions for borrowers may also have an impact on the management cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has reflected revised estimates of expected future cash flows in its impairment assessment.

Such ongoing concerns that the deteriorating financial conditions could contribute, at a later stage to a further retrenchment in confidence, prompted a coordinated effort of governments and central banks

to adopt special measures aimed at countering a vicious circle of growing risk aversion and to helping minimizing the effects of the financial crisis and finally restoring normal market functioning.

Management is unable to predict all developments which could have an impact on the Romanian banking sector and consequently what effect, if any, they could have on these financial statements.

Management is unable to reliably estimate the effects on the Bank's financial statements of any further deterioration in the liquidity of the financial markets, devaluation of financial assets influenced by the illiquid credit market conditions and the increased volatility in the currency and equity markets.

Management believes it is taking all the necessary measures to support the sustainability and growth of the Bank's business in the current circumstances by:

- preparing liquidity crisis strategy and establishing specific measures to address potential liquidity crisis;
- daily monitoring its liquidity position;
- forecasting on short-term basis its net liquidity position;
- monitoring incoming and outgoing cash flows on daily basis and assessing the effects on its borrowers of the limited access to funding and the sustainability of growing businesses in Romania.

The national economy is constantly presenting the characteristic of an emergent market: significant current account deficit, the difference between Romania and the other states UE members, a market undeveloped, low infrastructure and fluctuations in the exchange rate.

h) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risk such those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Bank's operations and are faced by all business entities.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards

The Internal Audit Department monitors the compliance with Bank's standards by periodical reviews. The results of the internal audit reports are discussed with the management of the units involved and a summary is received by the Audit Committee and the Board of Directors. The Risk Division is responsible for monitoring the operational risks and preparing reports to be submitted to the Board of Directors and other bodies involved.

i) Capital management

The Bank's regulator, NBR (National Bank of Romania), sets and monitors capital requirements. In implementing current capital requirements NBR requires the Bank to maintain a prescribed ratio of total capital to total risk – weighted assets (8%).

The Bank's regulatory capital is analyzed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, legal, statutory and other reserves, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes;
- Tier 2 capitals, which includes qualifying subordinated liabilities, other long term debt, fair value reserves for fixed assets and other regulatory adjustments.

Various limits are applied to elements of the capital base. Qualifying tier 2 capital cannot exceed tier 1 capital; qualifying term subordinated loan and preference shares capital may not exceed 50 percent of tier 1 capital.

The Bank complied with all externally imposed capital requirements throughout the period.

The Bank's regulatory capital position* at 31 December 2008 was as follows:

Presented in USD thousand	2008	2007
	Basel II**	Basel I
Tier 1 capital		
Ordinary share capital	18,522	21,371
Retained earnings	(2,058)	(3,601)
Less intangible assets	(705)	(875)
Other regulatory adjustments (equity investments)	(16)	(7)
Total	15,743	16,888
Tier 2 capital		
Revaluation reserve (fixed assets)	1,342	1,541
Qualifying subordinated liabilities	-	-
Other regulatory adjustments (equity investments)	(16)	(7)
Total	1,326	1,534
Total regulatory capital	17,069	18,422
Capital request	9,011	n/a
Risk-weighted assets	n/a	115,761
Capital request for credit risk	7,486	n/a
Capital request for operational risk	1,525	n/a
Capital request for market risk	-	n/a
Excedent of regulatory capital	8,058	n/a
Capital ratios		
Solvability ratio	15.15%	15.91%
Total tier 1 capital expressed as a percentage of Capital request	13.98%	14.6%

*) The numbers are based on statutory figures as reported in the solvency reports submitted to the National Bank of Romania.

**) Since January 2008 in compliance with the applicable legislation in force, the Bank has been applying Basel II Capital Adequacy. Therefore the figures related to 2007 are calculated according to Basel I, while the figures for 2008 are calculated according to Basel II.

The regulatory capital allocation is detailed below.

(b) Credit Risk: Until 31 December 2007, the Bank calculates regulatory capital according to Basel I stipulations. Starting with 2008, Basel II stipulations regarding capital allocation are compulsory for Romanian banking system, the Bank choosing the Standardized Approach for credit risk.

(c) Market Risk: Capital allocation for the foreign currency risk is calculated according to the Standardized Approach, in the context of Basel II implementation.

(d) Operational Risk: Starting with 2008 the Bank calculates the capital requirement for operational risk according to Basic Indicator Approach, in the context of Basel II implementation.

5. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment losses on loans to customers

In determining whether an impairment loss should be recorded, the Bank makes judgments as to whether there is any observable data indicating that there is objective evidence of impairment that has an impact on the estimated future cash flows from an individual loan or from portfolio of loans. Management uses estimates based on historical loss experience for loans with similar credit risk characteristics; in the same time the calculation of the present value of future cash flows requires judgment by the management.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows for both individual and collective assessment differs by +/-5 percent, the provision for impairment losses on loans would be estimated USD 87 thousand higher (31 December 2007: USD 22 thousand) or USD 87 thousand lower (31 December 2007: USD 22 thousand).

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The management uses its judgment to select the valuation method and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Bank uses discounted cash flow analysis for the financial assets at fair value through profit and loss and for available-for-sale financial instruments that were not traded in active markets.

As of 31 December 2008, the Bank had investment securities in non-listed companies (see note 14) and debt securities for which the fair value was considered to approximate the carrying amount.

6. Net interest income

	2008	2007
<i>Presented in USD thousand</i>		
Interest income		
Interest and similar income arising from:		
Current accounts and placements with banks	4,218	1,924
Discount certificates issued by the National Bank of Romania	117	141
Loans to customers	15,473	11,505
Total interest income	19,808	13,570
Interest expense and similar charges		
Interest expense and similar charges arising from:		
Current accounts and term deposits from customers	10,116	6,304
Current accounts, deposits placed by banks	50	71
Total interest expense and similar charges	10,166	6,375
Net interest income	9,642	7,195

7. Net fee and commission income

	2008	2007
<i>Presented in USD thousand</i>		
Loan administration fees	1,814	1,734
Other commission income	80	88
Income on customers' transactions	2,279	2,147
Commissions expense for inter-banking operations	(394)	(361)
Net fee and commission income	3,779	3,608

8. Other operating income

	2008	2007
<i>Presented in USD thousand</i>		
Dividends income	178	229
Sundry income	300	105
Total	478	334

9. Operating expenses

	2008	2007
<i>Presented in USD thousand</i>		
Salaries and other personnel costs	6,877	6,232
Depreciation and amortization	1,244	1,344
Rent expenses	2,128	1,339
Communication expenses	1,011	803
Fuel and other materials	99	538
Security expenses	354	284
Maintenance	624	221
Energy and water	263	215
Protocol and advertising	192	203
Other operating costs	2,065	1,850
Total	14,857	13,029

10. Net (release) / charge on impairment losses

	2008	2007
<i>Presented in USD thousand</i>		
Net charge of impairment losses on loans (see note 15)	3,264	836
Write-offs	3	7
Recoveries from receivables previously written off	(59)	(905)
Release of provisions for financial non-current assets	(7)	(37)
Net release / (charge) on impairment losses	3,201	(99)

11. Taxation

Deferred tax assets and deferred tax liabilities at 31 December 2008 are attributable to the items detailed in the table below:

	31 December 2008	31 December 2008	31 December 2008
	Assets	Liabilities	Net
<i>Presented in USD thousand</i>			
Provision for impairment losses	-	99	99
Property and equipment (other than buildings owned)	-	1,104	1,104
Depreciation of property and equipment	(985)	-	(985)
Revaluation of buildings owned	-	1,543	1,543
Other items	-	60	60
Total temporary difference			1,821
Deferred tax liability at 16%			292

Deferred tax assets and deferred tax liabilities at 31 December 2007 are attributable to the items detailed in the table below:

	31 December 2007	31 December 2007	31 December 2007
	Assets	Liabilities	Net
<i>Presented in USD thousand</i>			
Provision for impairment losses	(45)	-	(45)
Property and equipment (other than buildings owned)	-	1,394	1,394
Depreciation of property and equipment	(1,874)	-	(1,874)
Revaluation of buildings owned	-	1,826	1,826
Other items	-	71	71
Total			1,372
Deferred tax liability at 16%			220

The movement on tax liabilities at 31 December 2008 and 31 December 2007 is as follows:

<i>In EUR</i>	2008	2007
Deferred tax liability as at 1 January	220	213
Deferred tax (income) / expense	120	(7)
Effect of change in exchange rate	(48)	14
Deferred tax liability as at 31 December	292	220

	2008	2007
<i>Presented in USD thousand</i>		
Profit before tax	611	1,350
Taxation at statutory rate of 16% (2007: 16%)	(98)	(216)
Non-deductible expenses	775	217
Non-taxable revenues	(171)	263
Origination and reversal of temporary differences	(506)	(696)
Tax effect of other non-temporary differences	(120)	7
Taxation in the income statement	(120)	7

12. Cash and cash equivalents

	31 December 2008	31 December 2007
<i>Presented in USD thousand</i>		
Cash on hand	5,696	7,360
Current accounts held with other banks	871	1,382
Balances with the National Bank of Romania	31,750	49,709
Total	38,317	58,451

At 31 December 2008 the balances with the National Bank of Romania of USD 31,717 thousand (31 December 2007: USD 49,709 thousand) represent the minimum reserve requirements; these funds are not available for the Bank's daily business. At 31 December 2008 the reserve was set up at 18% (31 December 2007: 20% per annum) for RON and 40% (31 December 2007: 40%) for USD and EURO denominated funds attracted.

Current accounts held with other banks are at immediate disposal of the Bank and unencumbered.

13. Placements with banks

<i>Presented in USD thousand</i>	31 December 2008	31 December 2007
Sight deposits		
Banca Italo – Romena SPA – Bucharest Branch	2,823	
Banca Transilvania S.A.	-	2,850
Banca Comerciala CARPATICA S.A.	3,528	-
Banca C.R. Firenze Romania S.A.	-	2,731
Banca Romana pentru Dezvoltare – Groupe Societe Generale S.A.	2,823	-
Banca C.R. Firenze Romania S.A.	2,812	
Piraeus Bank Romania S.A.	3,600	-
MKB Romexterra Bank S.A.	2,823	3,098
Garanti Bank International NV – Romania Branch	2,823	2,850
Egnatia Bank Romania	1,405	2,850
Anglo-Romanian Bank Ltd. – Bucharest Branch	-	3,053
Libra Bank	-	2,035
Total sight deposits	22,637	19,467
Term deposits		
National Bank of Romania	-	-
Piraeus Bank Romania S.A.	-	2,939
Banca Comerciala CARPATICA S.A.	-	2,850
Banca Romana pentru Dezvoltare – Groupe Societe Generale S.A.	-	3,664
ING Bank N.V. Bucharest Branch	-	2,850
Banca Romaneasca Member of National Bank of Greece Group S.A.	-	814
Bancpost S.A.	-	2,850
Egnatia Bank Romania	-	2,850
Total term deposits	-	18,817
Collateral deposits		
Midland Bank PLC	170	-
Total collateral deposits	170	-
Total principal	22,807	38,284
Accrued interest	7	52
Total placements with banks	22,814	38,336

Sight and term deposits are at the immediate disposal of the Bank and unencumbered.

14. Investment securities, available-for-sale

The Bank held the following investment securities available-for-sale at the year-end:

Name	Nature of business	Amount of participation	31 December 2008	Amount of participation	31 December 2007
		Presented in USD thousand	Shareholding	Presented in USD thousand	Shareholding
Transfond SA	Settlement and clearing interbanking transfers	117	2.38000%	135	2.38000%
SNCCD S.A.	Settlement and clearing OTC market	11	11.23304%	19	11.23304%
Biroul de Credit SA	Credit rating for individuals	1	0.09869%	2	0.09869%
MasterCard International	Cards processing	19	0.00046%	21	0.00046%
SC RIB Team Broker de Asigurare SRL	Insurance Broker	2	20.00%	13	20.00%
Total equity Investments		149		190	
Bonds issued by the Government of Romania		9,885		-	
Total investment securities		10,035		190	

The unquoted equity securities classified as available-for-sale are stated at their restated cost and periodically tested for impairment. The Bank's management believes that their carrying values are not materially different from their fair value.

As at 31 December 2008, the Bank included in investment securities, available for sale bonds issued by the Ministry of Public Finance with maturity between 5 March 2009 and 27 November 2009 and interest rates between 14.23% and 14.24%.

15. Loans to customers

The Bank's commercial lending is concentrated on companies and individuals domiciled in Romania. Economic sector risk concentrations within the customer loan portfolio as at 31 December 2008 and 31 December 2007 were as follows:

	31 December 2008	31 December 2007
<i>Presented in USD thousand</i>		
Ecological activities	3,021	3,506
Trade	18,155	20,182
Construction	9,474	8,564
Agriculture	5,701	19,776
Leasing	6,380	7,408
Sundry services and other activities	30,534	17,163
Real estate services	2,153	4,000
Cards	2,184	2,044
Individuals	12,116	13,925
Total loans to customers before provisions	89,718	96,568
Less provision for impairment losses on loans	(4,131)	(1,391)
Net loans to customers	85,587	95,177

The provision for impairment losses on loans to customers can be further analyzed as follows:

	31 December 2008	31 December 2007
<i>Presented in USD thousand</i>		
Balance at beginning of the year	1,391	522
Effect of exchange differences	(524)	33
Net change for the period	3,264	836
Balance at end of the year	4,131	1,391

16. Property and equipment

Presented in USD thousand	Buildings and leasehold improvements	Equipment, fixtures and fittings	Assets in the course of construction	Vehicles	Total
Cost					
At 1 January 2007	7,161	3,129	273	711	11,274
Additions	610	1,443	1,579	207	3,839
Disposals / transfers	-	(497)		(91)	(2,387)
			(1,799)		
Effect of change in exchange rate RON/USD	457	178	14	60	709
At 31 December 2007	8,228	4,253	67	887	13,435
At 1 January 2008	8,228	4,253	67	887	13,435
Additions	85	636	714	1	1,436
Disposals / transfers	-	(84)	(722)	(95)	(901)
Effect of change in exchange rate RON/USD	(1,105)	(628)	(14)	(134)	(1,881)
At 31 December 2008	7,208	4,177	45	659	12,089
Accumulated depreciation					
At 1 January 2007	1,190	2,009	-	349	3,548
Charge for the year	412	637	-	131	1,180
Disposals	-	(369)	-	(91)	(460)
Effect of change in exchange rate	233	122	-	15	370
At 31 December 2007	1,835	2,399	-	404	4,638
At 1 January 2008	1,835	2,399	-	404	4,638
Charge for the year	293	583	-	139	1,015
Disposals	0	(79)	-	(95)	(174)
Effect of change in exchange rate	(276)	(902)	-	(72)	(1,250)
At 31 December 2008	1,852	2,001	-	376	4,229
Provision for impairment losses					
At 31 December 2007	-	7	-	-	7
At 31 December 2008	-	-	-	-	-
Carrying amounts					
At 1 January 2007	5,971	1,085	273	362	7,691
At 31 December 2007	6,393	1,847	67	483	8,790
At 1 January 2008	6,393	1,847	67	483	8,790
At 31 December 2008	5,356	2,176	45	283	7,860

16. Property and equipment (continued)

As at 31 December 2008 a number of 34 tangible assets (31 December 2007: 26) with a gross amount of USD 533 thousand (31 December 2007: 459) and a net amount of RON 473 thousand (31 December 2007: 440) were acquired as part of the financial leasing contracts.

17. Intangible assets

<i>Presented in USD thousand</i>	Total
Cost	
At 1 January 2007	997
Additions	971
Disposals	(506)
Effect of change in exchange rate RON/USD	42
At 31 December 2007	1,504
At 1 January 2008	1,504
Additions	188
Disposals	(13)
Effect of change in exchange rate RON/USD	(220)
At 31 December 2008	1,459
Accumulated amortization	
At 1 January 2007	449
Charge for the year	164
Disposals	-
Effect of change in exchange rate RON/USD	19
At 31 December 2007	632
At 1 January 2008	632
Charge for the year	229
Disposals	(13)
Effect of change in exchange rate RON/USD	(132)
At 31 December 2008	716
Carrying amount	
At 1 January 2007	548
At 31 December 2007	872
At 1 January 2008	872
At 31 December 2008	743

18. Other assets

	31 December 2008	31 December 2007
<i>Presented in USD thousand</i>		
Prepaid expenses	325	189
Sundry debtors	409	88
Tax Receivables	333	397
Deposits for paid guarantees	24	174
Other assets	290	97
Total other assets	1,381	945

19. Deposits from other banks

As at 31 December 2008 and 31 December 2007, the deposits from other banks were:

	31 December 2008	31 December 2007
<i>Presented in USD thousand</i>		
Banca Transilvania S.A.	-	881
Casa de Economii si Consemnatiuni	-	2,939
OTP Bank Romania S.A.	-	2,939
Total	-	6,759
Accrued interest	-	11
Total deposits from other banks	-	6,770

20. Deposits from customers

	31 December 2008	31 December 2007
<i>Presented in USD thousand</i>		
Payable on demand		
Current accounts	28,674	30,156
Sight deposits	1,225	2,191
Total payable on demand	29,899	32,347
Term deposits and savings		
Term deposits up to one month	62,463	57,819
Term deposits for three months	29,152	33,357
Term deposits for six months	7,501	19,996
Term deposits for one year	9,434	22,103
Deposits for issuing of letters of guarantees	1,118	847
Collateral deposits	3,729	4,300
Total payable on term	113,397	138,422
Total	143,296	170,769
Accrued interest	1,581	1,455
Total deposits from other banks	144,877	172,224

21. Other liabilities

	31 December 2008	31 December 2007
<i>Presented in USD thousand</i>		
Amounts in course of settlement	1,593	1,718
Financial lease payables	371	357
Other liabilities	750	847
Total	2,714	2,922

22. Share capital

The statutory issued capital of the Bank is represented by 524,951,507 (2007: 524,951,507) ordinary shares of RON 0.10 each. The shareholders of the Bank at 31 December 2008 and 31 December 2007 were as follows:

	31 December 2008	31 December 2007
	%	%
Daniel Kendrick Roberts, US citizen	89.27	89.27
Florina Liviana Roberts, US citizen	0.15	0.15
Tiberiu Bica Postelnicu, Romanian citizen	7.97	7.97
Ion Nitu, Romanian citizen	1.00	1.00
Eduard Alin Nitu, Romanian citizen	1.00	1.00
Ion Ghica, Romanian citizen	0.57	0.57
Sonia Ghica, Romanian citizen	0.02	0.02
Valeriu Mosoeanu, Romanian citizen	0.02	0.02
Total	100	100

23. Other reserves

	31 December 2008	31 December 2007
<i>Presented in USD thousand</i>		
Statutory reserve	148	156
General banking risk reserve	1,039	1,199
Translation Reserve (please see Note 2. c)	(54)	(10)
Total	1,133	1,345

i) *Other reserves*, which includes statutory reserves in accordance with local banking regulations that require 5% of the Bank's net profit to be transferred to a non-distributable statutory reserve until such time this reserve represent 20% of the Bank's share capital.

23. Reserves (continued)

ii) The general banking risks reserve, which includes amounts set aside in accordance with local banking regulations for future losses and other unforeseen risks or contingencies. The general banking risks reserve is appropriated from the statutory gross profit at a rate of 1% of the balance of the assets carrying specific banking risks.

24. Related party transactions

The Bank engaged in transactions with the management, shareholders or companies related to the shareholders of the Bank by attracting deposits from them with the market interest rate for the respective periods and necessary internal approvals.

Loans to employees and directors are granted at preferential rates being in compliance with stipulations of NBR norms regarding the surveillance of solvability and big exposures of the credit institutions no 12/2003.

During the years ended 31 December 2008 and 31 December 2007, the following transactions were carried out with the management and several shareholders of the Bank:

	2008	2007
<i>Presented in USD thousand</i>		
Current accounts	427	75
Term deposits	727	2,334
Outstanding payables	1,154	2,409
Loans granted	155	127
Current accounts	-	-
Outstanding receivables	155	127
Interest expense on current accounts and deposits	29	13
Interest expense on loan attracted	-	-
Total expenses with related parties	29	13
Interest income on credits granted	7	9
Total income with related parties	7	9

As at 31 December 2008 the Bank has a credit line commitment in amount of USD 2 million (31 December 2007: USD 2 million) from Merchants Bank of California.

25. Fair value of financial instruments

Fair value is the amount for which an instrument could be exchanged between knowledgeable and willing parties in an arms length transaction. It represents a general approximation of possible value and may never be effectively realized.

The following is a summary of the carrying amounts and fair values of each class of assets and liabilities that are not presented on the Bank's balance sheet as at 31 December 2008 at their fair value.

<i>Presented in USD thousand</i>	Carrying amount	Fair value
Assets		
Placements with other banks	22,814	22,814
Investment securities	10,035	10,035
Loans to customers (net)	89,718	88,177
Liabilities		
Deposits from customers	144,877	144,891

The following is a summary of the carrying amounts and fair values of each class of assets and liabilities that are not presented on the Bank's balance sheet as at 31 December 2007 at their fair value.

<i>Presented in USD thousand</i>	Carrying amount	Fair value
Assets		
Placements with other banks	38,336	38,336
Investment securities	190	190
Loans to customers (net)	96,568	97,423
Liabilities		
Deposits from other banks	6,770	6,770
Deposits from customers	172,224	172,258

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

Placements with banks: The Bank's short-term placements with banks include current accounts and deposits with banks. The fair value of floating rate placements and overnight deposits is their carrying amount. Fixed interest bearing deposits mature in less than three months and it is assumed that their fair values are not significantly different from its carrying value and are convertible into cash or are settled without significant transaction costs.

Loans to customers: These are net of provisions for impairment losses. For loans that have floating rate interest cash flows or maturing within one year it is assumed that their fair value is not significantly different from carrying value. The estimated fair value of loans with fixed rate interest cash flows and with changes in credit status since inception are estimated based on discounted cash flows at current market rates. Loan repayments are assumed to occur at contractual repayment dates.

Investment securities: These include available-for-sale equity investments and deposit certificates issued by

the National Bank of Romania. The fair value of debt securities was calculated using the discounted cash flow techniques. Future cash flows are based on the contractual repayment schedule and the discount rate is the average yield obtained from the inter-banking market at the balance sheet date. Assets available-for-sale comprises of unlisted equity instruments without quoted prices and it was impossible to reliably estimate a fair value with alternative methods.

Deposits from customers: For demand deposits and deposits with no defined maturities, fair value is taken to be the amount payable on demand at the balance sheet date. For deposits maturing within one-year, it is assumed that their fair value is not significantly different from carrying value. The estimated fair value of fixed-maturity deposits, including certificates of deposit, is based on discounted cash flows using rates currently offered for deposits of similar remaining maturities.

Deposits from other banks: The Bank's placements from other banks include current accounts and short term deposits from banks. The fair value of floating rate placements and overnight deposits is their carrying amount.

26. Commitments and contingencies

At any time the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and overdraft facilities and letters of guarantees. As at 31 December 2008 the contractual amounts of loan commitments amounted to USD 6,814 thousand (31 December 2007: USD 7,132 thousand) and for the letters of guarantee amounted to USD 1,668 thousand (31 December 2007: USD 1,709 thousand). The amounts reflected in the commitments to extend credit assume that amounts are fully advanced.

As at 31 December 2008 the Bank is involved in a number of 3 litigations as plaintiff (31 December 2007: 14). Taking into consideration the information related to these litigations, the Bank's management estimates that it is not necessary to record any provisions for them as of 31 December 2008.

27. Reconciliation of loss under IFRS and Romanian Accounting Standards as stipulated in Order 5/2005 issued by National Bank of Romania

	2008	2007
<i>Presented in USD thousand</i>		
Net profit under Romanian Accounting Standards	464	1,331
Depreciation and amortisation	(12)	(374)
Net change in provisions for impairment losses on loans	156	404
Other items	(117)	(4)
Net profit under IFRS	491	1,357

28. Reconciliation of equity under IFRS and Romanian Accounting Standards as stipulated in Order 5/2005 issued by National Bank of Romania

	31 December 2008	31 December 2007
<i>Presented in USD thousand</i>		
Equity under Romanian Accounting Standards	18,616	20,996
Loans related adjustments	(39)	(446)
Fixed assets related adjustments	111	(479)
Adjustments related to investments	62	71
Adjustments related to deferred tax	89	466
Other items	16	17
Equity under IFRS	18,855	20,625

29. Subsequent events

In January 2009 the Bank extended its credit line of USD 2 million with Merchants Bank of California up to 31 January 2010, a related party.

In 2009 Romania signed a Stand-By Arrangement with International Monetary Fund amounting to EUR 12,9 billion over a 5 years period. The first installment of nearly EUR 5 billion was drawn on 6 May 2009. Similar financial support amounting to EUR 7 billion will be received from the European Union and other international institutions.

On 31 March 2009, the National Bank of Romania decided to reduce the level of minimum compulsory reserves from 40% to zero for the foreign currency liabilities with the residual maturity higher than 2 years starting with 24 May - 23 June 2009 application period.

Branches of the Romanian International Bank SA

Bucharest / Country

Headquarter

Unirii 67 Avenue, Building block no G2A,
sector 3, Bucharest
Phone no: 021/318.95.15
Fax no: 021/318.95.16
E-mail: office@roib.ro

Bucharest Municipality Branch

Unirii 67 Avenue, Building block no G2A,
sector 3, Bucharest
Phone no: 021/318.95.05,
021/318.95.13, 021/318.95.18
Fax no: 021/318.95.02
E-mail: smb@roib.ro

13 SEPTEMBRIE Branch

13 Septembrie Path via 118 – 120,
Building block no 58 – 60, sector 5,
Bucharest
Phone no: 021/411.15.50
Fax no: 021/411.06.61
E-mail: 13septembrie@roib.ro

BERCENI Branch

Berceni Street, no. 49,
Building block no 128, sector 4,
Bucharest
Phone no: 021/334.41.25
Fax no: 021/301.84.83
E-mail: berceni@roib.ro

COLENTINA Branch

Colentina Road no 26,
Building block no 64, sector 2 ,
Bucharest
Phone no: 021/240.43.51
Fax no: 021/240.43.53
E-mail: colentina@roib.ro

DRUMUL TABEREI Branch

Drumul Taberei Avenue, no 80,
Building block no C 15, sector 6,
Bucharest
Phone no: 021/444.33.51
Fax no: 021/444.33.54
E-mail: taberei@roib.ro

LIVIU REBREANU Branch

Liviu Rebreanu Street, no 13 A,
Building block no N20, sector 3,
Bucharest
Phone no: 021/341.12.82
Fax no: 021/341.12.83
E-mail: rebreanu@roib.ro

MĂRGEANULUI Branch

Mărgeanului Street , no 14, Building
block no M50, sector 5, Bucharest
Phone no: 021/421.05.50,
021/421.02.60
Fax no: 021/404.81.74
E-mail: rahova@roib.ro

MILITARI Branch

Iuliu Maniu Avenue, no 55,
Building block no 17, sector 6,
Bucharest
Phone no: 021/430.30.28
Fax no: 021/430.30.21
E-mail: militari@roib.ro

MOȘILOR Branch

Calea Moșilor Avenue, no 256,
Building block no 2, sector 2,
Bucharest
Phone no: 021/210.15.35
Fax no: 021/211.37.23
E-mail: mosilor@roib.ro

PANTELIMON Branch

Pantelimon Road, no 291,
Building block no 9, sector 2,
Bucharest
Phone no: 021/255.54.52
Fax no: 021/255.54.76
E-mail: pantelimon@roib.ro

ȘTEFAN CEL MARE Branch

Viitorului Road, no 182,
Building block no 49, sector 2,
Bucharest
Phone no: 021/211.11.26
Fax no: 021/211.12.11
E-mail: viitorului@roib.ro

TITULESCU Branch

Nicolae Titulescu Avenue, no 119,
Building block no 3, sector 1,
Bucharest
Phone no: 021/223.57.81
Fax no: 021/223.57.83
E-mail: titulescu@roib.ro

VOLUNTARI Branch

Calea Moroieni Street, no 100, sector 2,
Bucharest
Phone no: 021/240.00.99
Fax no: 021/240.08.33
E-mail: voluntari@roib.ro

VOLUNTARI - DRAGONUL ROȘU Agency

Inside Mega Shop, first floor, Building B,
Dragonul Roșu Street, no 1 – 10,
Dobroiești Commune, Fundeni Village,
Ilfov County
Phone no: 031/425.11.76
Fax no: 031/425.11.76
E-mail: voluntari2@roib.ro

BACĂU Branch

Vasile Alecsandri Street, no 41, Bacău
Town, Bacău County
Phone no: 0234/51.33.81
Fax no: 0234/20.62.40
E-mail: bacau@roib.ro

BISTRIȚA Branch

Florilor Street, no 1, Bistrița Town,
Bistrița – Năsăud County
Phone no: 0263/23.50.02
Fax no: 0263/23.50.06
E-mail: bistrita@roib.ro

CLUJ Branch

Piața Unirii, no 29,
Cluj-Napoca Town, Cluj County
Phone no: 0264/43.47.90,
0264/43.47.69
Fax no: 0264/40.68.80
E-mail: cluj@roib.ro

CONSTANȚA Branch

Mircea Cel Bătrân Street, no 146 A,
Building block no MD8A,
Constanța Town, Constanța County
Phone no: 0241/66.20.20
Fax no: 0241/66.21.31
E-mail: constanta@roib.ro

CRAIOVA Branch

Calea București Street, Building block
no 13C, Craiova Town, Dolj County
Phone no: 0251/41.80.06
Fax no: 0251/40.63.64
E-mail: craiova@roib.ro

FOCȘANI Branch

Gării Boulevard, no 22,
Focșani Town, Vrancea County
Phone no: 0237/23.24.55
Fax no: 0237/21.01.22
E-mail: focsani@roib.ro

IAȘI Branch

Independenței Boulevard, no 33,
Building block no C1-5,
Iași Town, Iași County
Phone no: 0232/21.29.08
Fax no: 0232/21.28.87
E-mail: iasi@roib.ro

PITEȘTI Branch

Banu Mărăcine Street, no 1,
Pitești Town, Argeș County
Phone no: 0248/22.07.25
Fax no: 0248/22.08.91
E-mail: pitesti@roib.ro

RÂMNICU VÂLCEA Branch

Tudor Vladimirescu Boulevard, no 21,
Building block no 17, Râmnicu Vâlcea
Town, Vâlcea County
Phone no: 0250/73.44.43
Fax no: 0250/73.39.35
E-mail: valcea@roib.ro

SLOBOZIA Branch

Matei Basarab Boulevard,
Building block no U, Stair C,
Slobozia Town, Ialomița County
Phone no: 0243/23.32.58
Fax no: 0243/23.26.04
E-mail: slobozia@roib.ro

SUCEAVA Branch

Vasile Alecsandri Street, no 12,
Building block no 3,
Suceava Town, Suceava County
Phone no: 0230/22.20.60
Fax no: 0230/20.63.91
E-mail: suceava@roib.ro

TÂRGU MUREȘ Branch

Piața Trandafirilor Street, no 52,
Târgu Mureș Town, Mureș County
Phone no: 0265/21.25.85
Fax no: 0265/30.62.36
E-mail: mures@roib.ro

TIMIȘOARA Branch

Intrarea Doinei Street, no 19 – 21,
Timișoara Town, Timiș County
Phone no: 0256/20.26.30
Fax no: 0256/20.22.94
E-mail: timisoara@roib.ro

CÂMPULUNG Branch

Negru Vodă Street, no 129,
Câmpulung Town, Argeș County
Phone no: 0248/51.05.04
Fax no: 0248/51.05.16
E-mail: campulung@roib.ro

GALAȚI Branch

P-ța Siderurgiștilor Street,
Building block no PS2, Stair TR4,
Space 6, Galați Town, Galați County
Phone no: 0236/31.23.23
Fax no: 0236/31.23.33
E-mail: galati@roib.ro

DEVA Branch

1 Decembrie Street, no 6,
Building block no 2, Deva Town,
Hunedoara County
Phone no: 0254/22.30.01
Fax no: 0254/22.30.02
E-mail: deva@roib.ro

PLOIEȘTI Branch

Republicii Boulevard, no 143,
Building block no 31B2,
Ploiești Town, Prahova County
Phone no: 0244/54.40.40
Fax no: 0244/54.40.39
E-mail: ploiesti@roib.ro

PIATRA NEAMȚ Branch

P-ța Mihail Kogălniceanu, no 8,
Building block no I3,
Piatra Neamț Town, Neamț County
Phone no: 0233/23.12.90
Fax no: 0233/23.10.12
E-mail: piatraneamt@roib.ro

BRAȘOV Branch

Calea București Street, no 17,
Brașov Town, Brașov County
Phone no: 0268/31.08.99,
0268/31.09.88
Fax no: 0268/31.08.98
E-mail: brasov@roib.ro

Romanian International Bank
Bd. Unirii 67, Bl. G2A, Sector 3, Bucharest
Phone: 021/318.95.15, Fax: 021/318.95.16,
E-mail: office@roib.ro, www.roib.ro

