

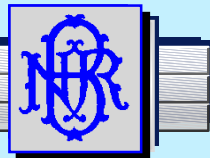
Forum Invest Economic Summit

The Romanian Banking System Catching up on Europe

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NATIONAL BANK OF ROMANIA



Background

Indicators	U.M.	2001	2002	2003	2004p
Real GDP	%	5.0	4.9	4.9	6.6*
Forex reserves - months of goods and services imports		4.0	4.2	3.9	4.4
Current Account Balance as Share of GDP	%	-5.5	-3.4	-5.7	-5.5
CPI (Dec./Dec.)	%	30.3	17.8	14.1	9.0

*) H1: 6.6%

Credit Institutions - 2004

Commercial banks	31
Foreign branches	8
Credit co-operatives	1
Building societies	1
Total	41

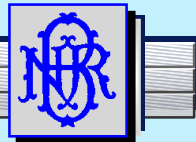
Banking Sector Concentration (Top 5 Commercial Banks)

percent of total

Indicators	June 2004
Assets	61.2
Loans	58.2
Government securities	58.4
Deposits	61.5
Own equity	62.3

Large Foreign Banks Operating in Romania

- Citibank
- Groupe Société Générale
- HVB
- ING Bank
- ABN Amro Bank
- SANPAOLO IMI Bank
- UniCredit



Banks by Ownership

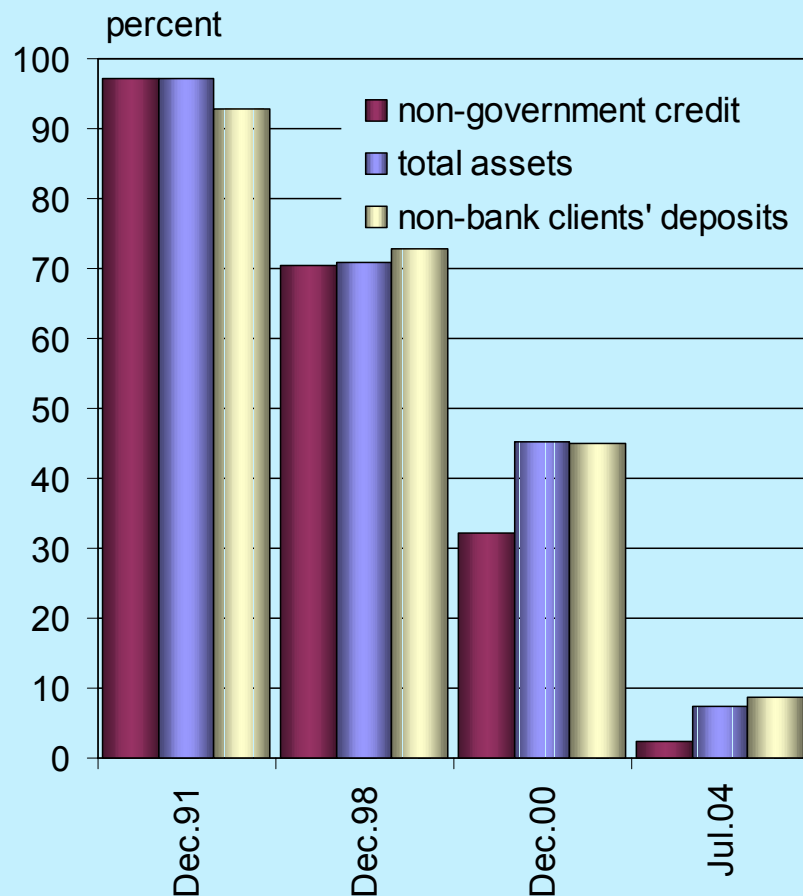
	June 2004
Banks	31
<i>of which:</i>	
- with majority state equity	2
- with majority private equity, <i>of which:</i>	29
- with majority domestic equity	7
- with majority foreign equity	22
Foreign branches	8
Total	39

Foreign Ownership by Country of Origin

June 2004

	percent of total foreign equity	percent of total bank equity
Austria	33.5	22.8
Greece	15.2	10.3
Italy	9.5	6.5
The Netherlands	9.2	6.2
France	8.6	5.9
EBRD	5.1	3.5
USA	4.7	3.2
IFC	3.7	2.5
Germany	3.2	2.2
Turkey	1.8	1.2
Other	5.5	3.6
Total	100.0	67.9

Share of Majority State-owned Banks in Total Banks



share in total banks (%); July 2004

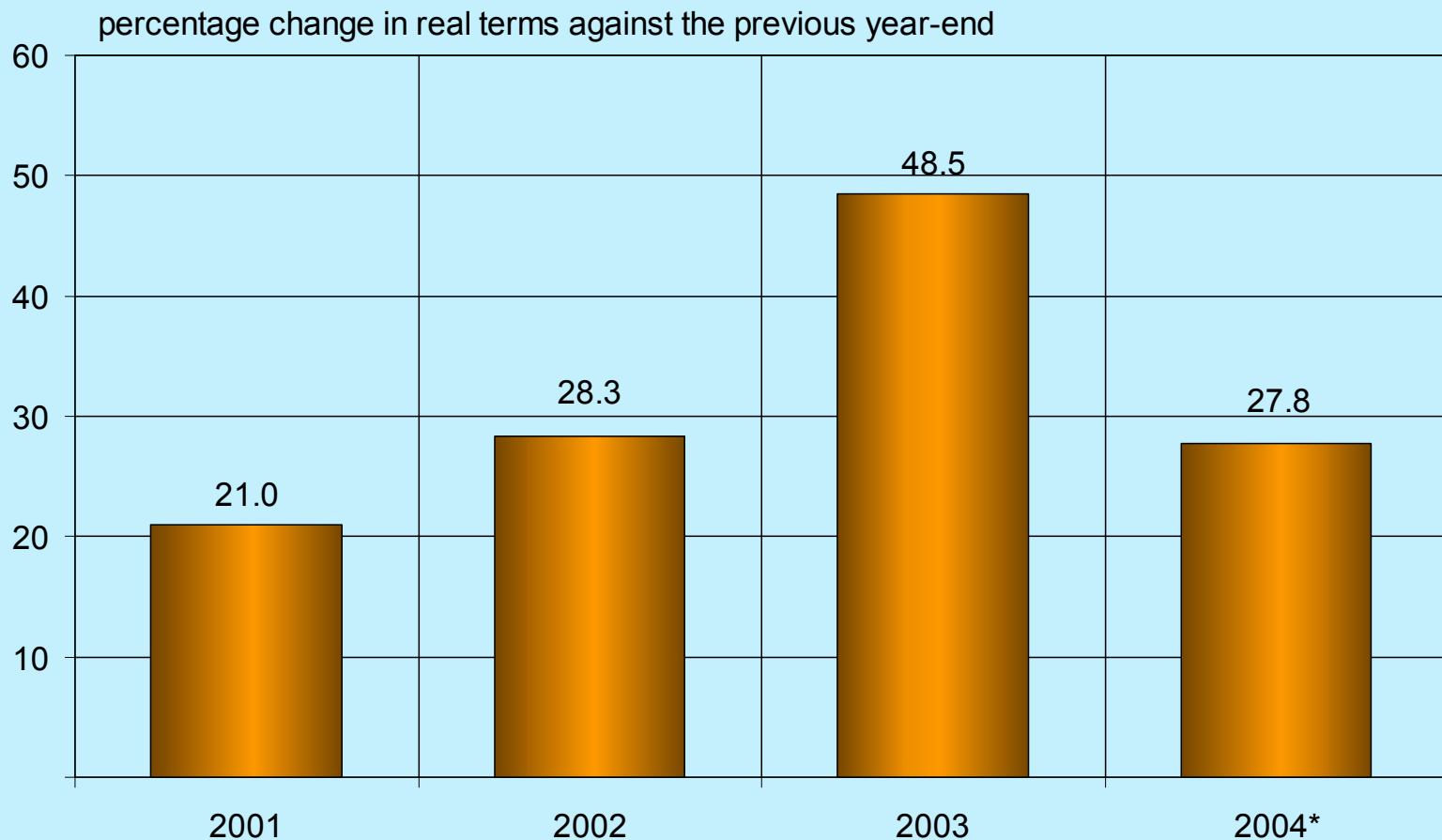
	Total assets	Non-govt. credit	Non-bank clients' deposits
Banks with majority foreign equity	60.4	67.4	55.4
Banks with majority domestic private equity	32.3	30.1	35.9
Banks with majority domestic state-owned equity	7.3	2.5	8.7

Two Banks up for Privatisation: BCR and CEC

percent

Indicators	BCR	CEC	Total
State equity / Total equity	33.0	100	X
Total assets / Total assets of banking system	27.5	6.1	33.6
Household deposits / Total household deposits of banking system	30.8	15.8	46.6

Non-Government Credit



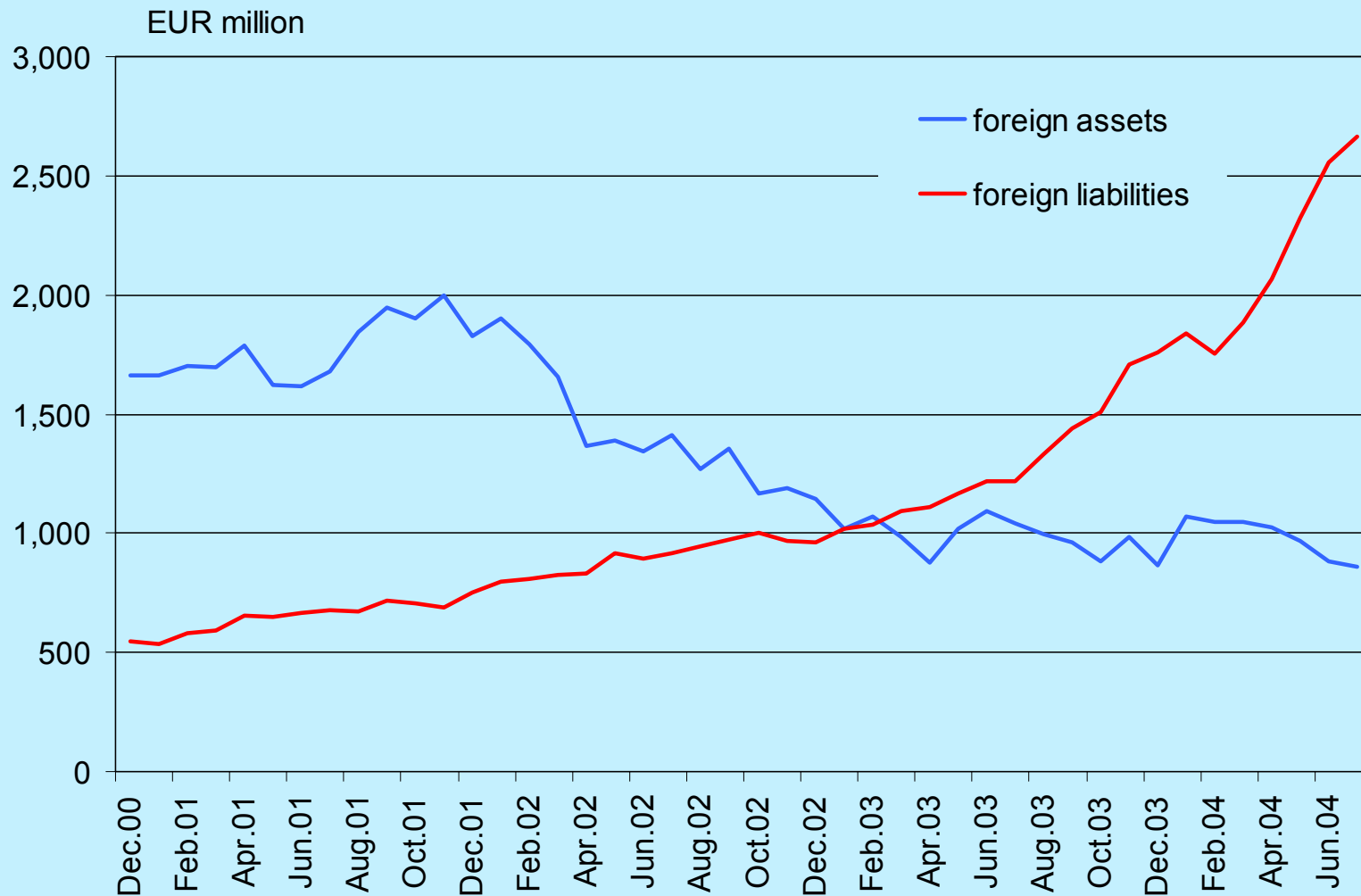
*) 7-month annualised rate

Financial Highlights

percent

Indicators	2004 H1
1. Solvency ratio	20.3
2. Return on equity	20.1
3. Overdue and doubtful loans / Total loans	0.6

Foreign Assets and Liabilities of Credit Institutions



Recent Developments

- Adoption of amended package of bank legislation (Banking Law, Law on the NBR Statute, Bank Bankruptcy Law, Law on Deposit Insurance Fund) harmonised with EU *acquis*
- Credit Bureau (operational since August 15, 2004)
- Upgrade of the Credit Registry of the NBR

Current Challenges

- **Most important: rapidly increasing the banking intermediation while maintaining the soundness of the banking sector**
- **Preparing for Basel 2**
- **New products: derivatives, securitisation**

