



INTERNATIONAL MONETARY FUND
REGIONAL OFFICE FOR ROMANIA AND BULGARIA
Nr. 7, Halelor Street, Second floor, Sector 3, Bucharest

Tel # (4021)3115833 Fax # (4021) 3181410 Web-site www.fmi.ro

Joint IMF- EC Press Release—Bank Coordination Initiative for Romania

August 10, 2009

Following up on an agreement in March and May this year, the parent banks of the nine largest foreign-owned banks incorporated in Romania have all signed letters committing their respective groups' overall exposure to Romania and increasing the capital of their bank subsidiary to maintain a 10 percent capital adequacy ratio throughout Romania's Economic Program.

Last week, further progress was achieved on the implementation of the Bank Coordination Initiative for Romania. The parent banks of the nine largest foreign-owned banks incorporated in Romania (Erste Group Bank, Raiffeisen International, Eurobank EFG, National Bank of Greece, Société Generale, Alpha Bank, Volksbank, Piraeus Bank, and UniCredit Group), with a market share of around 70 percent, finalized and signed the bilateral commitment letters based on a model agreed upon in Brussels on May 19^{1/}, to fulfil the objectives agreed upon in Vienna on March 26^{2/}. The letters confirm two key commitments from the parent banks in support of the Romanian economy: namely to maintain their respective groups' overall exposure to Romania; and to increase the capital of their subsidiaries to maintain a 10 percent capital adequacy ratio throughout the program period.

As part of the first review of Romania's Economic Program supported by the international financial institutions and the European Union, a joint team from the International Monetary Fund (IMF) and the European Commission (EC) has reviewed the status of these commitments. Exposures were broadly observed with some temporary deviations stemming from specific large transactions around the reporting dates. Foreign banks' financial commitment towards Romania was further consolidated and expanded through the "Club loan" extended by a group of banks to the Romanian Government in July.

On August 6, officials of the National Bank of Romania, the IMF and the EC met with local representatives of the nine banks in Bucharest to take stock of the experience accumulated so far and discuss the next steps of this critically important initiative, which ensures the stability of a key share of the bank funding available to Romania and thus provides strong assurances about the continued good financial standing of its banking system.

The success of Romania's macroeconomic reform program and the sustainability of its balance of payments depend significantly on the continued active involvement of foreign banks in Romania. The reform program contributes to macroeconomic stability, including price stability, and thereby to a decline in the risk-premium. Then competition will ensure that banks' lending rates will also decrease.

1/ <http://www.imf.org/external/np/sec/pr/2009/pr09178.htm> or
[EUROPA - Press Releases - The European Commission and the International Monetary Fund welcome the reaffirmed commitments of the largest foreign banks in Romania](#)

2/ <http://www.imf.org/external/np/cm/2009/032609.htm>

Bucharest, August 10, 2009