

The World Bank

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Mr. First and Last Name
President
Bank
City
ROMANIA

Dear Mr. Last Name,

I am pleased to enclose the SPI Romania 2007 Annual Report that describes progress made in 12 key areas by this innovative public-private partnership for the modernization of Romania's financial sector.

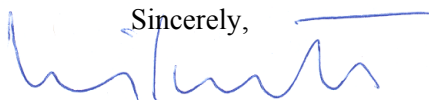
Expanding the information base of the credit bureau; preparing the technical specifications and the draft law to allow electronic settlement of debit instruments; the creation of the Bank Mediator; the definition of a pragmatic plan for adoption of IFRS standards for the computation of loan loss provisions; the preparation of a comprehensive scheme to use warrants certificates to boost rural lending; the elaboration of an action plan with concrete measures to improve financial consumer education; the revision of the Anti-Money Laundering law are the main achievements. These measures have a significant annual economic impact for Romanian banks – large and small: they will generate cost efficiencies of €73 million and expand lending opportunities by €236 million. Additional important measures are about to be finalized: the law on bank guarantees and the creation of a database to capture credit loss events.

The SPI Secretariat, consisting of two professionals supported technically by the Convergence Program, has been the engine of this remarkable accomplishment, inspiring and coordinating the work of more than 120 professionals generously mobilized by financial institutions and authorities. This work is undertaken under the joint oversight of National Bank of Romania, Ministry of Economy and Finance, National Authority for Consumer Protection and Romanian Banking Association.

Because of its public-private structure, experienced management and hard-working staff, SPI Romania has proven an effective institution where national experts can quickly and efficiently prepare proposals to align the Romanian financial sector to EU practices with limited use of foreign experts. Its 2007 operating costs have been less than €400 thousand, entirely financed by the Convergence Program. In 2008 SPI Romania, which will be funded by NBR and RBA as a new Romanian Banking Institute division, could tackle about 20 projects. In this case, the cost for each bank would be less than € two thousand per percentage point of market share.

Browsing the 2007 Annual Report will give you comfort that your contribution to the SPI Romania 2008 budget is one of the best investments that your bank can make to build a sustainable business franchise. I will be delighted to discuss with you the SPI Romania prospects before the next Annual General Assembly of the Romanian Banking Association.

Sincerely,



Luigi Passamonti

Enclosures (2)
cc: SPI Committee Members