otpbank

annual report

2009

annual report 2009

Summary

Message from the Chairman of the Supervisory Board

2009 represented a special year in the institution's history. OTP Bank Romania celebrated five years on the local market and, once again, ended the year on profit, even though the global economic context was a difficult one. Still, it was a year of consolidation and stability, very important objectives considering the international climate.

The management took the proper decisions that helped the bank grow responsibly. A new banking unit was opened in Covasna, the national territorial branch network thus reaching a number of 106 banking units.

In what regards social responsibility, besides the usual activities, the bank also developed the children's corner program. Thus, children corners were designed at national level, in 42 out of 106 units, so that the little ones can feel comfortable when they arrive at OTP Bank with their parents.

Moreover, OTPdirekt has recorded a dynamic growth, while for the MSE clients, new useful and flexible management solutions were launched in the form of three new packages, adjusted to the profile and needs of each company.

In 2009, OTP Bank Romania continued strengthening its position on the local market. If 2008 was marked by the first profitable year in the bank's history, in 2009, OTP Bank Romania ended the second consecutive year with positive results, despite the economic climate that put us all in a fierce battle.

The trust its clients and partners paid in OTP Bank Romania has made it a safe and stable institution, with a dynamic growth and a responsible involvement in the life of the community it operates in. 2009 brought an after tax profit of EUR 4.2 million, registered by the Romanian subsidiary*:

- The operating profit was nearly doubled in 2009, compared to 2008;
- The net interest income was increased with more than 100%;
- A more than 30% increase was registered in the volume of retail and corporate deposits.

All these figures prove that we do the best we can to adjust to our clients' needs, as well as to innovate, in order to face the challenges imposed by a worldwide economy that made it harder for any institution to achieve growth.

We are confident that in 2010, OTP Group and OTP Bank Romania in particular will manage once again to take advantage of the market challenges and turn them into real opportunities.

Pongrácz Antal, Dr.
Chairman of the Supervisory Board

* According to the 2009 OTP Group level consolidated financial report. Thus, the above mentioned results present significant adjustments in relation to the local level results.


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financial highlights

*OTP GROUP**

	According to Audited Annual Report	According to Audited Annual Report	
Profit and Loss Account (in RON thousands)	**2008****	**2009****	**Charge %**
Net interest income	6,407,224	8,928,397	39.3%
Net interest income after provisioning	4,774,212	5,154,689	8.0%
Non-interest Income	6,999,671	3,597,185	-48.6%
Total income (with net fees)	11,092,041	8,185,375	-26.2%
Operating cost	7,071,864	5,604,530	-20.7%
Profit before tax	4,020,177	2,580,845	-35.8%
Profit after tax	3,532,262	2,273,895	-35.6%
Balance Sheet (in RON thousands)	**2008****	**2009****	**Charge %**
Total assets	140,834,363	152,258,100	8.1%
Loans and advances to customers	105,250,779	106,821,261	1.5%
Retail loans	63,991,319	64,808,334	1.3%
Corporate loans	38,111,641	38,495,774	1.0%
Municipal loans	3,147,819	3,517,154	11.7%
Interbank loans and advances	8,923,280	10,219,931	14.5%
Deposits from customers	79,051,283	88,792,148	12.3%
Retail deposits	53,731,290	59,249,482	10.3%
Corporate deposits	20,543,345	24,177,198	17.7%
Municipal deposits	4,191,209	4,694,371	12.0%
Issued securities	23,542,447	22,012,712	-6.5%
Provisions for possible loan losses	4,069,403	7,716,252	89.6%
Shareholders' equity	15,770,215	18,598,586	17.9%

* In RON thousands, using the NBR year-end exchange rates.
** According to the 2007 and 2008 audited annual reports

*Main indicators of OTP Bank Romania S.A.**

	2008	2009	Change
ROAA %	0.3%	-0.3%	-0.6%
ROAE %	2.7%	-2.7%	-5.4%
Cost/income ratio %	77.9%	92.8%	15.0%
Capital adequacy ratio % (unconsolidated, RAS)	14.0%	14.4%	0.4%

Market share	2008	2009	Charge %
Assets	1.10%	0.93%	-0.2%
Retail deposits	0.67%	0.89%	0.2%
Retail loans	2.81%	2.78%	0.0%
Corporate deposits	0.79%	0.90%	0.1%
Corporate loans	2.04%	1.82%	-0.2%

*Main financial data of OTP Bank Romania S.A.**

	2008	2009	Change
Gross loans	2,462,729	2,189,579	-11.1%
Individuals	938,814	851,834	-9.3%
Legal Entities	1,523,915	1,337,745	-12.2%
Provisions	-66,024	-101,016	53.0%
Net loans	2,396,705	2,088,563	-12.9%
Deposits	2,090,675	2,621,694	25.4%
Liabilities to credit institutions	684,393	72,340	-89.4%
Loans from OTP Bank	2,195	0	-100.0%
Loans from EXIMBANK SA	32,175	11,777	-63.4%
Loans from MF	5,658	4,637	-18.0%
Loans from EBRD	39,913	39,262	-1.6%
Due to banks	604,452	16,112	-97.3%
Shareholders' equity	376,177	395,441	5.1%
Subscribed capital	432,909	462,909	6.93%
Total assets	3,331,433	3,337,583	-6.10%
Profit before tax	12,194	-8,328	
Profit after tax	9,922	-10,435	

Return on Average Assets (ROAA) Ratio has been calculated as loss after income tax over average assets using averages of year-end figures.
Return on Average Equity (ROAE) Ratio has been calculated as loss after income tax interest over average
Cost/income ratio: total noninterest expenses as a percentage of net interest revenues before provision for loan losses plus noninterest revenues

* In RON thousands

*Loans and provisions**

	2008	2009	%
Gross loans	2,462,729	2,189,579	-11%
Provisions	66,024	101,016	53%
Net loans	2,396,705	2,088,563	-13%

*Gross loans**

December 31th, 2009	Individuals	Legal entities	Total
Total	1,337,745	851,834	2,189,579

December 31th, 2008	Individuals	Legal entities	Total
Total	938,814	1,523,915	2,462,729

*Impairment provisions**

December 31th, 2009	Individuals	Legal entities	Total
Total	41,563	59,453	101,016

December 31th, 2008	Individuals	Legal entities	Total
Total	32,282	33,742	66,024

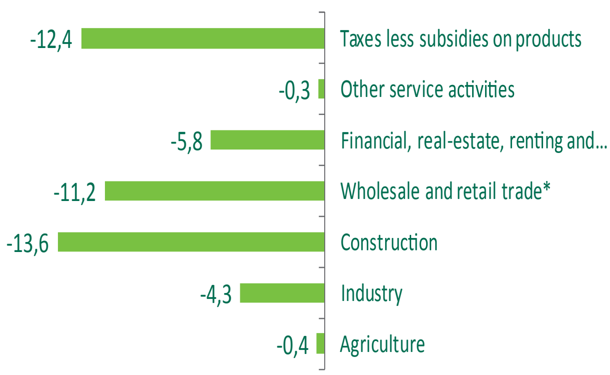
* In RON thousands. OTP Bank Romania

Macroeconomic and financial environment

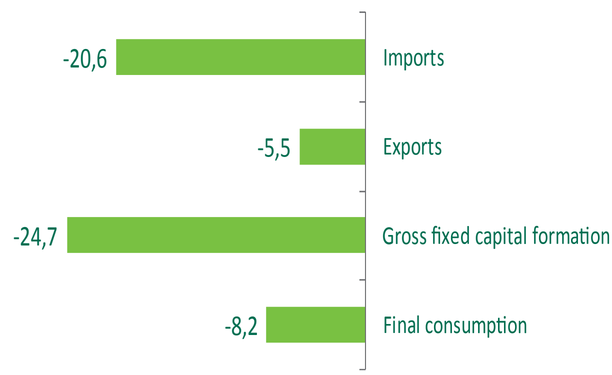
Economic activity overview

2009 marked a year of sudden economic drop from +7.3% in 2008 to -7.1%, but at the same time emphasized the need for slowing down the pace of consumption, especially since it was mainly financed by debts. The past year also urged economic agents to rethink their business models and, for the future, to keep a closer eye on increasing productivity and competition. Unfortunately, gross capital formation also suffered, with possible medium-term negative effects on productivity.

Growth rates of GDP components by production method (2009 vs. 2008)



Growth rates of GDP components by expenses method (2009 vs. 2008)

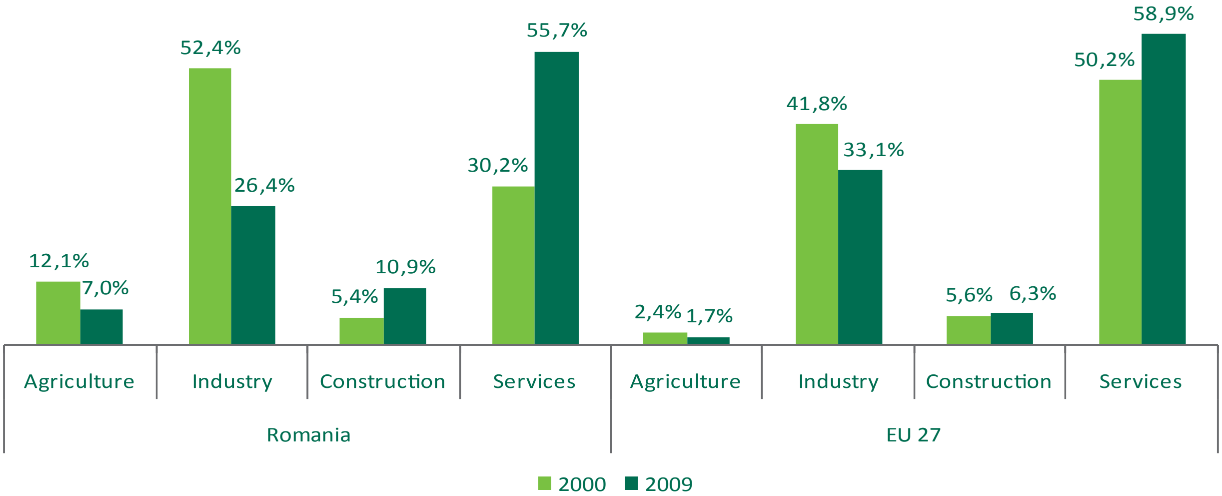


Source: National Institute of Statistics
Note: *it includes repair of motor vehicles and household goods, hotels and restaurants; transport and communications.

From the supply side, the sector that posted the highest drop was by far the construction sector (-13.6% YoY). Many projects started in previous years stopped on the back of the economic incertitude and increased funding costs. The next most affected sector was the services sector (-7.9% YoY), out of which the retail activity stands out with a slump of 11.2%. Looking at GDP formation, the weight of agriculture in total GDP decreased in the past 10 years from 10% to 7%, while other sectors increased (services and constructions). However, a further structural change might be needed since currently the services weight in GDP is almost double compared to the industry, and a significant part of services comes from retail activities. For comparison, at EU level, retail services make up to 35% of the value added coming from services, whereas in Romania the weight of retail services in total services is 42%.

On the demand side, consumption fell by 8.2%, while public consumption boosted by only 1.2%, therefore not enough to lessen the fall in GDP. Investments (gross fixed capital formation) plunged by 25.3% (YoY) given that equipment dropped by 45.5% (YoY).

Sectors' contribution to GDP formation in 2009



Source: Eurostat, internal calculations

Finally, the IMF financial package negotiated in 2009 sent a good sign on external markets about Romania's effort to adjust public spending and determination in regard with fiscal consolidation. As a consequence, CDS for Romania decreased to around 290 bps in December, 2009 from 660 bps in December, 2008.

Unemployment, productivity, salary

The unemployment rate jumped from 4% in 2008 to 6.3% in 2009, the number of unemployed persons reaching 709 thousands in December, 2009, while the employed were at 4.4 mn. This trend is not likely to reverse in 2010. The decrease in the number of employees was apparently not enough to maintain constant labor productivity which decreased by 3.1% YoY in 2009. Also, according to Eurostat, in 2009, productivity in Romania was 47.5% of the average EU productivity, down from 50.2% in 2008. The real monthly net wage growth rate was of 2.1% in 2009, after it had been 14% in 2008, but the adjustment could continue also in 2010, in order for the economy to restart on a growth path.

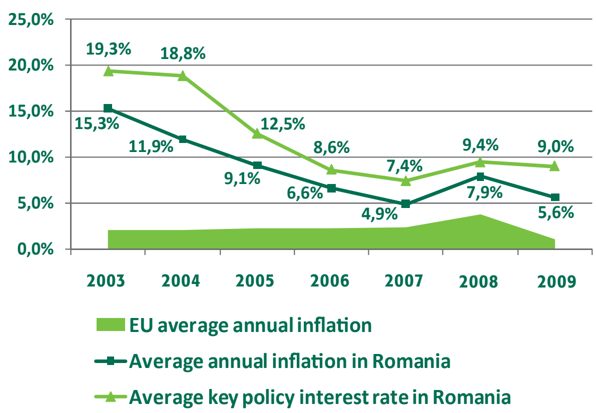
Monetary policy and banking environment

In 2009, NBR took active measures to stimulate lending. Consequently, it decreased the **key policy rate** 5 times, from 10.25% to 8%, reduced the level of mandatory reserve ratio for liabilities in foreign currencies, from 40% to 25% and to 0% for the ones with a maturity longer than 2 years. Also, for RON denominated liabilities, the **mandatory reserve ratio** dropped from 18% to 15%. Still, despite these measures, non-governmental loans (in RON) basically stagnated and average loan interest rates for RON denominated loans reached 17.3%, which was actually an increase of approximate 200bps compared to 2008. At the same time, the credit quality deteriorated and **NPL ratio** jumped from 6.5% in December, 2008 to 14.7% in December, 2009. Banking assets posted a modest growth of 5% YoY, 5 times less than in 2008.

Inflation targeting continued in 2009, average inflation declining to 5.6% from 7.9% in 2008, helped by low demand, lower wage growth (in nominal terms, only 7.7% in 2009 vs. 22.9% in 2008) and lack of hikes in agri-food prices due to a good agricultural year. An upward pressure came from the surge in fuel price and tobacco products, which made up to more than one third of the expansion in CPI. Also, by the end of the year, upward pressure may result from a pick-up in economic activity combined with the winter holidays season.

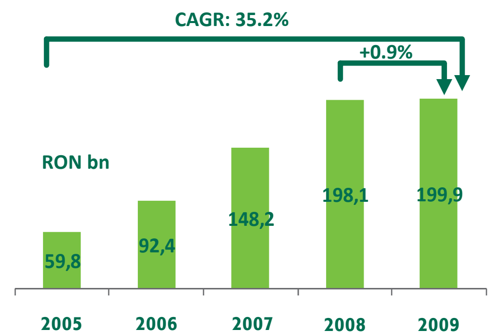
On the back of increased international reserves that NBR held in 2009 (EUR 30.6 bn in December, 2009 vs. EUR 28.3 bn in December, 2008), RON depreciated by 6% against EUR (vs. 10% in 2008), reaching a parity of 4.23 on December 31st, 2009.

Evolution of inflation in Romania compared to inflation in EU (2003-2009)



Source: Eurostat

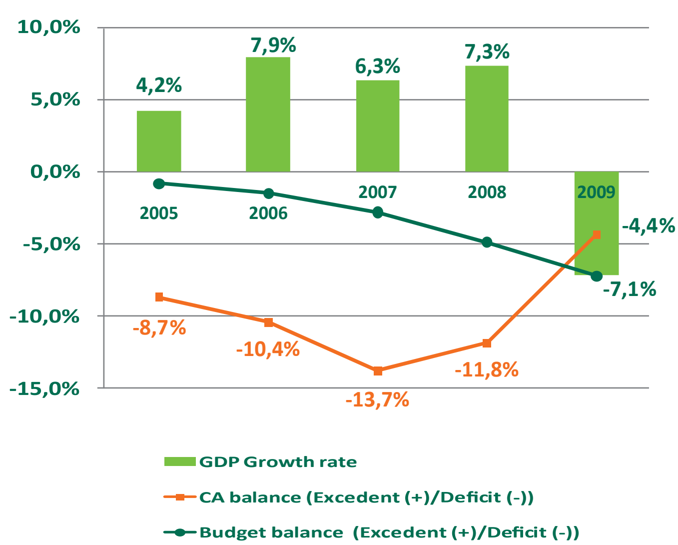
Non-governmental loans evolution between 2005 -2009



Source: NBR, internal calculations

Deficits: General government balance and balance of payments

In the past 5 years, Romania had a twin deficit (but also before this period), which along with a steady GDP growth rates were signs of a heated economy. Recession helped ease the current account deficit to 4.4% in 2009, down from 11.8% in 2008. The trade deficit reduced even more than the CA: from 13.7% in 2008, to 5.8%, given that exports fell by 14% while imports declined by 32%. An unexpected evolution came from FDI investments which were at EUR 4.9 bn in 2009 (down by some 50% from 2008) and covered 97% of the CA deficit.



Source: NBR, Intellinews, internal calculations

As to the budget deficit, it is one of the most important quantitative targets that Romania agreed upon signing of the stand-by agreement with the IMF. Therefore, 2010 should be a year when we should see a reversal in the budget deficit trend: according to the agreement, it should drop from 7.3% in 2009, to 5.9%. On one hand, missing this target might decrease investors' confidence and lead to a higher financing cost. On the other hand, the fulfillment of the criteria and the meeting the budget deficit target with social costs could boost investors' confidence in the economy and lead to a mild appreciation of the domestic currency.

Outlook 2010

External financial package: The international financial support consists of EUR 19.9 bn out of which EUR 12.9 bn coming from the IMF, in initially agreed 8 tranches, for 2 years. Up to the current date, 4 tranches were delivered by the IMF, amounting EUR 9.3 bn, the EU disbursed up to now EUR 2.5 bn (In July, 2009 and March, 2010) and the World Bank EUR 0.3 bn (September, 2009). The last tranche in the agreement is set for March, 2011. Of all the quantitative and qualitative criteria, only one was not met: the stock in general government arrears are still higher than the limit (RON 1.27 bn). The next tranches to be delivered in 2010 are set for June, September and December. The IMF's stance regarding state's support of the economy is that it should continue until growth becomes irreversible.

Country risk: As a result of the progress of the IMF financing program, the two rating agencies which modified Romania's outlook to negative in 2008, Fitch and S&P, changed it to stable in February and March 2010, respectively. S&P's rating for long term foreign currency debt is currently at "BB+", same rating as Fitch. Moody's maintained its country rating throughout the entire year: Baa3/stable. The impact of rating's improvement was seen in Romania's ability to attract funding at 5.17% in EUR in March 2010, the lowest rate up to now.

Central Bank: As stated on many occasions, NBR will gradually decrease the key policy interest rate. Up to the date of the current writing (29th April, 2010), NBR has already cut the key policy interest rate 3 times to 6.5% and it is expected to go below 6% in the next 5 meetings on monetary policy.

Inflation: Disinflation process is likely to continue in the absence of pressures coming from a strong pick-up of internal demand. However, there are risks regarding administered and agricultural prices. The targeted inflation for 2010 is 3.5% with a +/-1 percentage point variation band. NBR expects a 3.5% inflation rate in 2010 and 2.7% in 2011.

Growth: The main sources for growth in 2010 are likely to include the continuation of cheaper goods' exports (such as Dacia automobiles), depending on external demand for such goods. Meanwhile, internal demand remains modest given that unemployment will continuously rise and lending uptake will be modest. This unemployment outlook probably led to the last IMF forecast of a 0.8% real GDP growth rate in 2010, revised downwards from 1.3%. However, this may offer the opportunity for increased productivity later on, a fact which may have led the IMF to its 2011 real growth forecast for Romania, namely a 5.5% rate (the highest in the EU).

business results

Business Results

***OTP Bank Romania** is a subsidiary of OTP Bank – the largest independent Central-Eastern-European banking group. OTP Bank provides universal financial services in Hungary, Romania, Montenegro, Croatia, Bulgaria, Russia, Ukraine, Slovakia and Serbia, currently for more than 12 million clients, through almost 1500 banking units, its ATM network and via electronic channels.*

HISTORY OF OTP BANK ROMANIA

• In 2004, OTP Group purchased 99.99% of RoBank, 0.01% belonging to other companies, members of OTP Group.

• RoBank had received the authorization to function as an universal bank in Romania, in December, 1995. Four years later, RoBank was selected from a list of 10 Romanian banks for the calculation of the daily BUBID/ BUBOR rates, while in 2000, RoBank signed an agreement with EBRD to participate in the Foreign Trade Facilitation Program, a project worth USD 100 million. In 2003, RoBank entered an agreement with Eximbank, regarding financing and pre-financing of export production. During the same year, the bank participated in the World Bank project for the financing of rural areas, granting subloans up to USD 1 million for funding financing projects in all segments of the rural economy.

• At the end of the third quarter of 2007, the total assets of OTP Bank Romania increased by 15.9%, up to HUF 236.4 billion (EUR 930.706.800). The incurred losses were remarkably lower than in the second quarter of the year. Moreover, the net interest income increased significantly up to 93%, due to the bank's strengthening of its deposit base.

• In only one month, December, 2007, 20 new branches were opened, OTP Bank Romania reaching the significant number of 104 branches.

• 2008 was the first profitable year in the history of the company. Thus, OTP Bank Romania recorded an operating income increase of 65.5%, compared to 2007.

• 2008 was also marked by a significant increase of assets, loans and deposits' volumes. Compared to 2007, the total assets have increased with 24%, the volume of loans rose by almost 50%, while the deposits' volume has increased with 20%.

• In 2008, OTP Bank Romania has achieved a national coverage, once opening the 105 banking unit, in Giurgiu, the only county where OTP Bank Romania wasn't present until then.

• In 2009, OTP Bank Romania ended the second consecutive year with positive results, despite the still delicate situation on the financial-banking market. The

Romanian subsidiary showed an outstanding performance, as the operating profit nearly doubled in 2009, compared to 2008. The remarkable result was supported by a strong total income growth of 20% versus the previous year and an increase of the net interest income by more than 100%.

• In 2009, OTP Bank Romania also continued the stabilization process by upgrading the 14 bank points at the level of fully operational agencies. In August, the number 106 unit was opened in Covasna.

OTP BANK ROMANIA'S APPROACH

OTP Bank Romania, member of OTP Group – the largest independent bank in Central and Eastern Europe, is an universal bank which provides high quality financial products and a complete range of banking services, to both individual clients and legal entities.

Ever since its entrance on the Romanian market, OTP Bank Romania has set the basis for a responsible development and its intentions are to guide potential customers towards fair offers and services that meet the highest standards.

As a member of an innovative group, OTP Bank Romania was the first bank in Romania to launch new banking products and services on the local market: the first unique transparent credit card, the first bank to introduce innovative mortgage products, the first co-branded credit card with a gas retailer – OTP-MOL, as well as savings/SME packages.

As a leading investment services innovator, OTP Asset Management Romania is one of the top 5 fund managers on the local market. In 2009, OTP Asset Management and OTP Bank Romania have launched two investment funds with guaranteed capital, set up through stock exchange systems and listed: OTP WiseRO, the first closed investment fund with guaranteed capital, set up through stock exchange systems and listed and OTP Green Energy, an absolute premiere on the Romanian market, which offers access to an innovative investment sector with a highly growth potential.

OTP Bank Romania has encouraged the retention of talent. We have a young dedicated team involved in an ongoing development process.

The customer approach is defined by closeness, responsiveness, transparency and real flexibility.

OTP Bank Romania's competitive advantage is built upon local and regional understanding of clients' needs, the quality and efficiency of its diverse services and on its customers' trust. We rely on the talent, trust and commitment of our staff, whose success we recognize and motivate through permanent development programs.

The support of the group has helped OTP Bank Romania grow dynamically, but at the same time cautiously and responsibly, in accordance with the challenges that regularly appear in the Romanian banking market. OTP Bank Romania has a strong local character, adapted to the particular needs of the Romanian market.

After 5 years of presence on the local market, OTP Bank Romania began a consolidation and stabilization process, which is considered to be a very important goal in the current international economic climate.

QUALITY ASSURANCE PROJECTS

Business Process Management Directorate statement

OTP Bank Romania has a special focus on innovation and continuous quality and productivity improving in order to better satisfy customers' needs and to drive organic growth. In the past 3 years, we have developed the main elements of what will become in 2010 the Quality Management System of OTP Bank Romania.

In order to reach this goal, in 2009 we have continued the efforts to enhance the quality and performance of core business activities. The business process management (BPM) system that allows continuous monitoring and improvement of the processes is now supported by an IT service oriented architecture and service level agreements (SLAs) for business, operations and IT areas. The BPM principles and methodologies, like Lean Six Sigma, are embedded in the product development stage and the business flows are defined and analyzed before and after the implementation, focusing on providing a quality customer experience.

In terms of business continuity, OTP Bank Romania focused on securing the data communication services continuity (including ATMs), through internal SLAs and enhancing security for avoiding IT&C systems vulnerability and operational risks.

In 2009, we continued to develop our Quality improvement competition that had started in 2007, by stimulating and identifying creative ideas from all our employees. The main benefits of all the implemented ideas turned into reduced outstanding loans, reduced costs and significant savings.

2009 was also a successful year in terms of project management: all the projects were driven and monitored based on a specific methodology focused on clients' impact, costs, benefits and resource allocation. The strategic projects were coordinated by the members of the Project Management Department, as a strong guarantee for success. All the other project managers were supported and guided by the Project Management Department, in a professional manner and the success rate of the projects increased significantly.

The results of business process management system implementation, project management methodology, quality orientation approach and processes improvement, led to more than 1.5 million EUR worth of benefits in terms of cost, time reduction and business enhancements.

Our work helps develop a goal oriented culture within the entire organization, built on delivering process and project management excellence and the best customer experience. Successfully implementing the bank's business strategy depends on the performance of the critical business processes, on running efficient projects and on motivating employees to develop improvement initiatives at all of the organization levels.

Treasury Directorate statement

During 2009, the Treasury Directorate of OTP Bank Romania has continued to work with professionalism on increasing the trading turnover, as well as diversifying the types of products available for customers.

Having previously focused on improving OTP Bank Romania's funding structure and liquidity, the Treasury Directorate focused on managing the existing liquidity, while preserving the prudent investor principles.

We have managed to increase the volume of investments in T-Bills and T-Bonds issued by the Ministry of Finance, in a difficult and risk aversion environment. Such a development was in line both with the market evolution and with the safety strategy adopted by the bank. Major parts of these placements are "eligible assets" for Repo deals with the National Bank of Romania (NBR), in case of liquidity shortfalls.

This had the added benefit of conforming to the requirements of the Central Bank (NBR) as well as the Government's, who considered that owning a buffer of government securities is an important part of a commercial bank's safety strategy, as they are "eligible assets" for Repo deals with NBR in case of liquidity shortfalls.

Another type of investments were the monetary funds possessing issued by several large banks in the Romanian market, thus taking advantage of the higher yield paid off by these types of instruments (mainly based on fixed income components: T-Bills and deposits).

During 2009, the Treasury Directorate started the Securities project and obtained NBR's approval for secondary market trading with the customers. The goal of the project is to develop the offered products to our clients, including the transactions with T-Bills and T-bonds.

Related to the product portfolio offered to our customers, we also managed to highly increase the volume of derivatives trading with our customers.

IT Projects quality assurance

During 2009, the IT and Logistics Division continued to enhance the service quality offered to both internal and external clients, services which offer even more support to the business processes in the unfavorable environment caused by the global crisis.

The IT services were focused on improving the response time in solving different business requests and on assuring a competitive advantage with respect to the scheduled time and the approved budget for the new implemented business processes. All the provided services were concluded in order to enhance the bank's activity, efficiency and productivity in a difficult and competitive economic climate.

In economic terms, 2009 was a difficult year, marked mostly by the global financial crisis, which affected both Romania and most of the European countries. Mainly for that reason, our bank has adjusted its strategy to adapt to these new conditions, in terms of resources, financing and adjustment of solvency and liquidity to the limits imposed by the worsening of the loan portfolio.

In 2009, the IT and Logistics Division staff took action to consolidate and optimize the last year's achievements, to introduce new IT facilities, systems and software applications, to monitor business processes and workflows to eliminate redundancies and to reduce energy consumption (Green IT). The most important task, in 2009, was to keep under a strict control the operational expenses and investment costs.

In order to achieve the 2009 targets, the IT&Logistics Division has established the following major goals: implementation of new banking products (as part of our differentiation strategy); flexibility and quick reaction to changes and business needs, increasing the security, availability and reliability of the systems. A new concept was also introduced: the operational excellence. Furthermore, the cost management and the cost efficiency were also decisive terms in 2009. The IT infrastructure was aligned to the newest and latest technology; the operational risk management was reduced to a minimum acceptable level and kept under strict control. The necessity for a quick adaptation to the changes requested by our business was materialized in finding solutions to respond to these realities, with evident lower costs.

The objectives mentioned above were achieved through the implementation of some major projects, aimed to make the bank's business more efficient, projects that were introduced at OTP Group level or enforced by different Romanian authorities/ audit missions (both from Romanian and Hungarian sides).

Influenced by the macro-economic conditions, the main software developments, during 2009, were based on solutions to help customers in difficulty to repay their debts to the bank (providing customers that have not been able to repay loans for objective reasons with several solutions like timetables and rescheduling loans or practical ways to mitigate our provisions on outstanding loans) to adjust the solvency and liquidity indices by attracting resources (hybrid deposits or deposits with flexible maturities, savings in mutual funds, deposit certificates with discount). New products were implemented as derivatives developed by the capital market activity. Another aim was to implement IT solutions in order to support a more stringent client monitoring as part of the Know Your Client program (timetables for credit monitoring activities, monitor insurance policies).

In addition to that, 2009 was a good year to develop or to consolidate some applications to be ready for the economic recovery period, reducing operating costs through better control over the bank profitability at various levels, such as document management application for loans, automation of aggregated reports with information from multiple applications, moving the intensive resource consuming applications to a new hardware platform. Beside this line, as an internal administration tool, a profitability computation was developed at cost centers, lines of business levels in SAP, the invoice workflow automation of the operative expenses, implementation of an e-learning application to reduce employees training expenses.

A number of other projects started in 2008 were also continued in 2009, in order to ensure and to guarantee the continuity of business processes in case of failure or disasters (BCP&DRP plans), through redesigning and upgrading the technical and organizational infrastructure requested by the internal audit and NBR audit (technical recertification of SEP, security certification for the Internet Banking system mainly to prevent phishing attacks, aligning applications under the Payment System Directive, core-banking application interfacing with Kondor+, other internal SLAs for more services type).

Some other projects were developed mainly to increase the bank's efficiency and productivity (development of headcount calculation model for Operations Directorate, fine-tuning of FTE calculation and quarterly revision of branch staffing needs, taking into account the branch operations type and their historical volumes), or to reduce the cost at every level. The reputational and compliance risk was decreased as much as possible by implementing specific money laundering prevention projects such as Norkom, BarnOwl.

The main vision of IT and Logistics Division – to transform the services provided and the infrastructure to a business driver, to support the business needs at expected time, with acceptable price, using the right assets from the available sources – has became a reality in 2009.

TARGETS

"For the second consecutive time, OTP Bank Romania has closed the year with a profit*"

2009 was a difficult year for every business area, marked by uncertainty and doubts. In that very context, OTP Bank Romania continued the consolidation process, at the same time maintaining its strong position in the local market.

The proper decisions taken in the proper moments helped us contribute to the banking market's evolution and also develop cautiously and responsibly.
Thus, despite the delicate financial climate, OTP Bank Romania has closed its second consecutive year with positive results, showing an after tax profit of EUR 4.2 million. Moreover, the operating profit almost doubled in 2009 compared to 2008, which is considered an outstanding performance for the Romanian subsidiary.

* According to the 2009 OTP Group level consolidated financial report. Thus, the above mentioned results present significant adjustments in relation to the local level results.

Figures such as 33% increase in the balance of retail and corporate deposits compared to 2008 and 11% improvement of the operating result only in the fourth quarter show that 2009 was a good year for the bank, OTP Bank Romania recording significant accomplishments.

In December, 2009, the mother bank prepared the RON 30 million capital increase of OTP Bank Romania, which is a proof of the trust the shareholders have in the company's stability.

This year, OTP Bank Romania will continue its responsible development strategy. The achievements recorded these past two years determine us to try achieving and reporting at least the same favorable results, in 2010 as well. As always, we will do our best to meet our clients' needs.

Diósi László
General Director,
Chairman of the Management Board
OTP Bank Romania

OBJECTIVES

Ever since entering on the Romanian market, five years ago, OTP Bank has been keen on implementing of an universal banking strategy, with various specializations.

Three sources come to emphasize the universal nature of the bank: first, OTP Group – being one of the most important financial groups in Central and Eastern Europe, with a 60 years old tradition on the Hungarian banking market; second, the innovative banking Group to reside in Romania and third, the equal emphasis of corporate and retail banking.

Within our universal banking strategy, we differentiate ourselves through the means of expertise in a series of client segments/ product groups, such as SMEs, corporate services, investment services, liabilities, OTPdirekt and bank cards.

One of our most important objectives is to continue increasing our awareness and market share as a middle-sized player on the Romanian financial market.

ACCOUNT MANAGEMENT, SALES NETWORK AND BANK TRANSACTIONS

In August, 2009, OTP Bank Romania opened the number 106 banking unit in Covasna. The opening of this new territorial unit emphasizes the bank's stability on the local market, proving that OTP Bank Romania is a safe and solid institution, despite the difficult financial climate.

In 2009, OTP Bank Romania also upgraded all the 14 bank points at the level of fully operational agencies (cash operations were permitted on these territorial units), which stands as a further proof in this manner.

Moreover, in that given uncertain year, OTP Bank Romania managed not to close any territorial units, by orienting sales force activity to intensify the collection of liabilities from the market, the collection of overdue amounts from loans grated to individuals and legal entities companies (especially micro and small companies) and the attraction of new legal entities clients, by offering them tailor-made products such as SME packages. At the end of 2009, the national network of OTP Bank Romania, numbered 106 territorial banking units.

Domestic Settlement, international and cash transactions

The main project of 2009 was the implementation of the European Payment Service Directive, which was transposed into a national specific law, which means that we have to adjust our products, processes, documentation, pricing schemes in order to comply with all new provisions of the Directive. The Directive is applicable for payment services in RON, EUR and EU/EEA currencies within EU and EEA countries. This new law, which has as a main objective to create a single payment market in the EU and to increase the transparency for customers and also the consumer protection, was successfully implemented in OTP Bank Romania S.A. for payment services (such as credit transfers, cash transactions etc). This way, the quality of the services provided to individual clients was increased, by implementing the provisions related to: execution times, cut-off times, value dating, transparency of the conditions and information requirements.

International transactions

The FX outgoing payment module was improved in order to minimize the operational risk and to reduce the processing time; new swift standard MT202COV for FX outgoing payment orders inside Romania was implemented in order to increase transparency and accuracy of transactions; also, new specific modules were developed for cancellation and investigations related to outgoing payment orders and also for processing payment orders in RON outside Romania.

The documentary and clean collections activity was centralized and now these transactions are processed entirely in the head-office, including the consultancy for customers.

OTPdirekt

Internet Banking, Contact Center and SMS Alerts

OTPdirekt is a high quality service package, which fits perfectly to the modern lifestyle. It is a comfortable, fast and safe alternative that allows customers to carry out transactions and receive information about accounts without coming to the branch, in conditions of utmost security.

OTPdirekt is the service through which OTP Bank Romania offers its client the possibility to access their banking accounts 24 hours a day, through **three channels**:

1. OTPdirekt – Internet Banking (transactions and information)

Available 24 hours out of 24, 7 days a week, the Internet Banking service brings all the information about the customers' accounts at one "enter"'s distance. The commissions for payments can be two times less than those in the OTP Bank's territorial units, while the account balance interrogation and the account statement are free of charge.

The following functions are available only with a click:
transfers in RON or foreign currency to beneficiaries who have accounts at any bank opened in Romania or abroad;
standing orders;
periodical payments;
exchanges/transfers between the same person's accounts;
opening/viewing/closing deposits;
account balance generated in files that can be printed or saved on the user's computer;
creating models of domestic payments, models of foreign currency payments;
sending messages to the bank, with different demands.

2. OTPdirekt – Contact Center (transactions and information)

With OTPdirekt Contact Center one phone call is enough to find out any information regarding OTP Bank or to order transactions and operations on your accounts.

The Bank representatives can be reached free of charge in the Romtelecom network, by calling the number 0800 88 22 88. The Contact Center can also be reached with a normal call charge in the Vodafone and Orange networks at *OTPBANK (*6872265). In order to contact the Contact Center from other networks (then the ones previously mentioned) customers can dial +4021 308 57 10.
The Contact Center can be reached from Monday to Friday, starting 08:30 until 17:30 (local Romanian time).

Besides the general information regarding OTP Bank, through OTPdirekt Contact Center, with one phone call customers can find out anything they want about the Bank's financial products and services, about exchange rates, standard commissions and many others. If a customer already has an OTP Bank account, then he can choose:

- to obtain specific information (private) regarding his financial status (accounts, deposits, credits, taxes, commissions, special offers etc.)
- to perform transactions/operations (only for OTPdirekt clients), like: opening current accounts, transfers in RON or foreign currencies, exchanges, card blocking, opening/closing deposits, closing/ending/ modifing/suspending an Intra – Banking Direct Debit contract, making foreign exchanges at a negotiated exchange rate etc.

3. OTPdirekt – SMS Alerts (only information)

Through this service, the information regarding the customers' bank accounts and cards can be available in real time on the mobile phone by means of SMS alerts. Thus, the customers are informed in real time about the balance of the account at the beginning of the banking day (Account Balance alert), all debiting/ crediting operations taking place in the customers' account (Account Control alert), as well as any other major activity performed using the card – cash withdrawal, payments at merchants' locations or on the Internet, wrong PIN code, insufficient funds including the available balance after each card transaction (Card Control alert). Due to the fact that the Card Control alert is unique, we can say that OTP Bank Romania continues its series of innovations on the domestic banking market.

The number of OTPdirekt – Internet Banking&Contact Center users, as of December 31st, 2009, was 17714, divided as follows:
- Private persons including staff: 9890
- Legal entities: 7824

The number of OTPdirekt – SMS Alerts contracts on December 31st, 2009, was of 8215, divided as follows:
- Private persons including staff: 5176
- Legal entities: 3039

The number of SMS messages sent to the clients during 2009 is 551938.

The number of calls at the Contact Center number in 2009 reached 24574. The number of transactions through OTPdirekt - Contact Center is 507 and through OTPdirekt - Internet Banking is 584244. The transaction volume through OTPdirekt was:

- Contact Center: 4244741.5 Euro
- Internet Banking: 1338607681 Euro

BANK CARD BUSINESS

In 2009, OTP Bank Romania focused on the quality improvement of the card related products and services offered to its customers.

Following the strategy to increase debit cards issuance and to enhance the risk-free products, OTP Bank Romania extended the range of debit card services, by concluding an agreement with the "National House of Pensions and Other Social Insurance Rights" and started to issue pension cards, as well. Also, the existing salary card products have been enhanced with additional facilities for performing cash withdrawal in the domestic ATM network, at lower cost for the cardholders, which allowed the bank to increase its salary card base with over 40% (EOY 2009 vs. 2008).

The end of 2009 marked the start of the EMV certification project on chip card issuance, with MasterCard and VISA international card organizations (the implementation will be completed around mid-2010).

As of the end of 2009, after 4 years since the launch of the card program, OTP Bank Romania managed to issue a total number of over 146,600 cards on the Romanian market, as follows: 122,000 debit cards, 9,800 credit cards and 14,800 business cards.

On the accepting network side, the acquiring network of the bank consisted, as of the end 2009, of:

- 991 POS terminals, installed at merchant locations;
- 135 ATM machines, evenly spread all across Romania, including 25 multi-functional terminals with "cash-out" and "cash-in" capabilities;
- Currently, OTP Bank Romania offers one of the most complete card product portfolios on the Romanian market, consisting of the following products:
- MasterCard "Flat" debit cards (RON&EUR)
- MasterCard "Standard" debit cards (RON and EUR)
- Visa Business "Silver" and Visa Business „Electron" debit cards
- MasterCard "All Inclusive" and Visa "Transparent" credit card
- Visa Electron "Junior Plus" and Visa Electron "Junior Max" debit cards.
- VISA Electron "Sapientia" co-branded debit card
- MasterCard "Hockey" affinity debit card
- Visa "Gold" credit card
- MasterCard "OTP-MOL" co-branded credit card
- MasterCard Platinum credit card

The economic environment had a significant impact on bank's cards activity, resulting in the decrease of the card issuance (especially in the case of credit cards) and the decline of the number of transactions performed and of the average ticket value. The Romanian legislators adopted the Payment Service Directive (mandated by the EU), which mainly impacted the card business, at revenues level and customer-bank contract clauses.

PRODUCTS FOR INDIVIDUALS (LIABILITIES AND LOANS)

OTP Bank Romania SA offers the following **loans for individuals**:

Personal Loan. It is a retail loan aimed at financing holidays, studies, conferences and other needs of the customer, without collaterals. We accept a wide variety of eligible incomes and we offer the loan in RON, EUR and CHF, with different interest rates. The minimum credit amount is EUR 150 (or equivalent) and the maximum is EUR 10,000 (or equivalent).
On December 31st, 2009 the outstanding balance was RON 291,728,697 (annual change -30%).

Car Loan. The car loan, available in RON, EUR and CHF, is a retail loan aimed at financing new or second-hand cars, as well as new scooters and new motorbikes. The minimum credit amount is EUR 1,000 (or equiv.) and the maximum is EUR 30,000 (or equiv.). The second-hand cars must have maximum 50.000 km usage and not more than 4 years. The minimum down-payment is 20% for new cars and 25% for old cars.
On December 31st, 2009 the outstanding balance is RON 1,520,643.20 (annual change of -26%)

Personal Loan with Mortgage. It is a product aimed at financing studies, holidays/trips, medical treatments, conferences/symposiums abroad, agriculture and other general needs of the borrower. There are three available currencies: EUR, RON and CHF, with a minimum credit amount of EUR 1,000 (or equivalent) and a maximum of EUR 1,000,000 (or equivalent). The granting period is between 6 and 360 months. The accepted collaterals are a 1st rank mortgage on a property (it is acceptable an inferior

mortgage rank only if the superior ranks are in favor of OTP Bank Romania SA). Maximum amount of financing was 50% at the beginning of 2009, then reached 60% and 70% of the property's value, in the last moths of 2009, due to the market evolution. Also, some income types temporarily excluded in 2008 were reintroduced in the eligible income list of OTP Bank Romania, but with certain criteria to be met by the clients.
On December 31st, 2009 the outstanding balance was RON 1,596,979,590 (annual change of +5%).

Mortgage Loan for acquisition. This loan can be used for the following purposes: houses/flats acquisition and acquisition of land for construction reasons. There are three available currencies: RON, EUR and CHF. The minimum credit amount is EUR 1,000 (or equivalent) and maximum is EUR 1,000,000 (or equivalent). The minimum granting period is 6 months and the maximum is 360 months. The collateral accepted is 1st rank mortgage on the purchased property and property insurance assigned in favor of OTP Bank Romania SA. Also, starting with August 2009, OTP Bank Romania has been offering the First House mortgage loans, included in the First House governmental program, designed to relaunch the constructions and house aquisitions market in Romania. The First House loans are guaranteed by the Romanian state and have a 4% maximum margin for EUR loans and 2.5% margin for RON loans.

Mortgage Loan for Construction Purposes. It can be used for financing construction projects developed with constructions companies approved by the bank or under client's own administration. There are three available currencies: RON, EUR and CHF and the minimum credit amount is EUR 10,000 (or equiv.) and maximum is EUR 200,000 (or equiv.). The minimum of the granting period is 60 months and maximum 360 months. The maximum amount of financing is 70% of the Construction Project's Value. The collateral accepted is 1st rank mortgage on the land and construction, life insurance, construction and property insurance.
On December 31st, 2009 the outstanding balance for mortgage loans was RON 871,168,633 (annual change of +3%)

Overdraft. It meets the short term universal expenses**.** The customer benefits from all the advantages that a credit offers with maximum flexibility. The client must monthly reimburse only the interest calculated on the used funds. The Overdraft's maximum amount is RON 20,000.
At the end of December 2009, the outstanding balance was EUR 2,475,170 (annual change of 126%).

OTP Bank Romania SA offers the following **savings products**:

Term deposit. This is an account opened on the basis of the contract in which the customers can deposit money for a fixed period of time; in this way, the client has the possibility to increase his savings due to the influence of capitalized interest rate. The deposit account can be opened in RON, EUR, USD, HUF, GBP and CHF. There are no commissions at opening, closing or withdrawing, in case the withdrawn is made at maturity. The interest is fixed until the maturity of the deposit. There are standard deposits with maturity of 1 week, 1 month, 2 months, 3 months, 4 months, 6 months, 9 months, 12 months for all currencies and 18 months, 24 months only for RON term deposits. Minimum amount for opening is RON/USD/EUR/CHF/GBP 100 and HUF 25,000. For standard deposits there are three maturity options: automatic renewal with interest capitalization, automatic renewal without capitalization and automatic deposit liquidation.
On December 31st, 2009 the outstanding balance was EUR 174.206.988 (annual change +70,53%).

Savings Account is a sight deposit. The interest rate is progressive, depending on the amount deposited. Thus, for a higher amount, the client receives a higher interest. It has

the advantage of obtaining a higher level of interest rate compared to the current account. It has also flexibility and limited restrictions regarding the funds access. There are 4 available currencies: RON, EUR, USD and HUF. The customers are allowed to cash deposit and withdraw without restrictions. Inter/intra-banking transfers are allowed. From this account, customers can only transfer to the owned current accounts opened at OTP Bank Romania SA.
On December 31st, 2009 the outstanding balance was EUR 16.818.582 (annual change -18,19%).

Junior Account is a savings account opened for a child's benefit, with additional attached facilities. It is available in RON, EUR, USD and HUF. The interest rate is progressive, depending on the amount deposited. At a larger amount the client receives a higher interest. It has the advantage of obtaining a higher level of interest rate compared to the current account and lower commissions.

- **Junior Start** is designed for children under 14 years old;
- **Junior Plus** is created for people aged between 14 and 18 years. The customer has the possibility to obtain a Junior Plus debit card;
- **Junior Max** is created for people aged between 18 and 25 years. The client has the possibility to obtain a Junior Max debit card.

Current Account has no restrictions to the funds, cash operations or money transfers during the schedule with the clients. For amounts placed on the current account the customer receives a sight interest. It can be opened in RON, EUR, USD, HUF, GBP and CHF. Statements of account are sent monthly (3 RON/month) to the address mentioned by the clients that requested this facility. The client has an automatic credit reimbursement on behalf of OTP Bank Romania S.A. from any current account owned by him. The customer can attach the following services: Overdraft, OTP Express, Debit Card and OTPdirekt.
On December 31st, 2009 the outstanding balance was EUR 13,520,692 (annual change -13,46%).

OTP Express service allows Forint, Euro and US Dollar transfers to partners in Hungary or to any bank from OTP GROUP and the money could get to the destination in the same day with extremely favorable costs.

General provisions:

The number of the Bank's customers (individuals) grew from 159,109 to 179,560 over the course of 2009 (achieving a substantial – 11.39% – growth) and the number of issued bankcards more than 26% over the previous year, reaching 146,590. The number of retail (individuals + legal entities) current accounts managed by the Bank exceeded 289,160 at year-end, while the number of corporate accounts had surpassed 3,820.

The Bank continued to expand its sales network, opening 1 new territorial unit in 2009 and operating 106 territorial units at year-end.

The number of the Bank's ATMs also increased significantly in 2009, reaching 132 by the end of the year. The number of employees was 1001 persons at the end of 2009, which were 64 less than a year earlier.

PRODUCTS FOR RETAIL LEGAL ENTITIES

The Retail Division within OTP Bank Romania administrates all legal entities clients with yearly turnover up to 2 million Euro and which do not exceed any limit established for corporate legal entities by the internal credit risk assumption regulation. The range of products offered by OTP Bank Romania to retail legal entities was continuously monitored and updated during 2009, in order to promptly react to the changing market conditions. A series of new products were launched and various tools have been developed in order to better fit the bank's strategy, out of which:

- **Consignment account for court enforcement officers:** an account opened by the court enforcement officers, in order to perform cash deposit or bank transfer consignment operations during the foreclosure reinforcement procedures.
- **Flexible maturity deposits:** deposits for which the interest rate is computed based on a pre-established formula, which takes into account the standard interest rates applicable for two standard maturities immediately close to the flexible maturity.
- **Guarantee deposit for proper fulfillment of contracts:** a cash collateral deposit opened by a contractor with the Bank, in order to assure the beneficiary of the quantitative, qualitative and the time frame provisions fulfillment as settled within the contract.
- **Packages of products and services – Confort, Electronic, Gold:** a bundle of products and services structured to meet clients' needs and business volumes. The packages include current account services (maintenance, transactions), banking products (cards, deposits, direct debit), internet banking and other financial services (insurances).
- **Fixed margin loan guaranteed with cash collateral.** The interest rate is calculated as a fixed margin added to the interest rate paid for the collateral deposit.
- **Overdraft.**

OTP Bank Romania also focused on improving the quality of the loan portfolio, through active monitoring and took additional measures to protect and enhance loan quality as well as offering support to the clients in order to overcome their temporarily financial difficulties. The core element of these measures was the Debtor Protection Program, supported by a comprehensive collection activity, focused on debt recovery (performed with the direct contribution of our entire branch network) and the implementation of a monitoring scorecard with the support of the ShoreBank International LTD, the company which provides technical assistance within the EU/EBRD SME Finance Facility.

Meanwhile, OTP Bank Romania hasn't neglected the fact that the market would recover and we started a data mining and segmentation analysis (performed also with the support of ShoreBank International LTD) which gave us a better understanding of clients' needs and provided valuable information to be used in order to improve our SME strategy and product development activity.

Considering the evolution of the economical environment and other external factors, the main directions for 2010 will be the following:

- Client research, in order to complete the data mining and segmentation analysis;
- Reactivation of inactive clients;
- Development of a new clients acquisition strategy;
- Improvement of the internal processes regarding loan approval and issuance of letters of guarantee with cash collateral;
- Development of new products, such as the short term loan with fixed interest margin and free purpose loan;
- Update of the existing products, in order to be better adapted to the current market situation and to the clients' needs. The products planned to be revised are: the current account packages, the cash ceiling and facility for invoices, cheques and promissory notes, the non-cash ceiling and facility.

PRIVATE BANKING

OTP Bank Romania's Private Banking activities were launched officially as of the end of February, 2008, capitalizing on the wide expertise of OTP Bank Hungary and envisaging to address the special needs of the affluent and high net worth individuals.

OTP Private Banking is an elite financial service addressed to customers who invest through OTP Bank Romania more than EUR 50,000 or cash a minimum monthly income of EUR 5,000 in a current account opened with OTP Bank Romania. The first banking unit offering these facilities in Romania is located in an elegant building in the old downtown of Bucharest.

For OTP Bank Romania, Private Banking means professional assistance, financial solutions tailored to risk tolerance and the liquidity needs of each customer and prompt personal transactions, under conditions of maximum confidentiality. The offer is flexible and starts from the premise that each customer is unique.

CORPORATE BANKING

Despite the fact that the first signs of the international crisis appeared during the second half of 2008, the Corporate business line managed to foresee the upcoming turmoil and took the relevant preventive measures, so that to mitigate any risks, both for the bank and its customers.

Given the tougher economic conditions of the Romanian business environment, triggered by the unprecedented and severe global financial crisis, the corporate banking activity focused on maintaining the quality of the existing loan portfolio, by closely monitoring of the customers' standing and by supporting promptly and proactively their financial and operational needs.

The strategy and credit policies were adapted shortly to the new market conditions, being driven by a strict control, close and attentive monitoring of the existing portfolio. As a direct consequence, the main activity of the corporate sales team during the first 9 months of 2009 was to monitor the existing credit portfolio and maintain the economic health of the clients by adjusting the credit structures to the new conditions. The concept of the client service was strengthened, based on cross sales, personalized approach, flexibility and fast solutions.

The main actions taken by the Corporate Division were to:

- follow up the customers with high credit exposures, especially those active in the most affected industries, or with a higher risk profiles;
- assess the crisis impact on the clients' business activities;
- monitor the current activity;
- find creative solutions and to offer the necessary financial consultancy to the clients with financial difficulties,
- reschedule or restructure the existing credit exposure with our bank, or other types of financial packages, in order to offer the best shield for their affected cash flows.
- attract liquidities from corporate clients, based on cash management solutions and good interest rates, or combined packages.

The increase of loan volumes restarted by the last quarter of 2009, but with accent on profitable business generation, rather than volumes increase for acquiring a larger market share. Keeping the quality of the loans portfolio was always applied for both existing and new loans.

When granting new loans, the following considerations were followed:

- We targeted the sectors responding to basic needs, whilst the sectors seriously affected by the crisis were avoided; nevertheless, the approach was on case by case basis and the financing decision was taken based on a mix of information, including: the clients'/ transactions' risk

profile and also by considering the cross selling opportunities (Retail, Private Banking, Treasury, Asset Management);
• Focus on trade finance transactions which provide high turnovers and cash management opportunities;
• We took into consideration mainly short term facilities, cross selling conditions, exposure magnitude not very large and financing terms correlated with the risk policy of the bank;
• The financing pricing reflected the risk profile of the client and/ or of the transaction.
• Keeping the approach of strict loan portfolio monitoring;
• Maintenance and development of the business with key clients, where our bank represents or may become the main financial services provider; assurance of a constant flow of incomes for us and benefit of the potential of increasing the business relationship with our bank, on medium term;
• Increase of the cross sales, intensification of the other non-risk products sales (i.e. cash management and F/X), which may enable the retention of liabilities with our bank.

The main results obtained in 2009 by the Corporate business line were:
• Maintenance of the loan portfolio quality;
• Support of our clients' businesses, based on innovative and personalized financial solutions, in order to help them pass over this difficult period generated by the crisis;
• Keeping a low level of the risk cost;
• Incomes increase, generated by the loan products;
• Cross sales increase;
• Cash management products development, which may enable the retention of liabilities with our bank;
• Creation of useful instruments for the sale force, as products manuals, in order to help them know better the cash management solutions and lending activity;
• Making work teams formed by persons from each organizational unit involved: corporate sales, credit analyst, credit administrator and legal adviser, in order to ensure an efficient management of the corporate loan portfolio.

Although during this year of crisis the banking system registered loss of activity, a positive trend is triggered by our pragmatic way of doing business; our team strategy is to continue being a very active player in the market by adapting ourselves to the market requirements in due time or to anticipate changes, in order to identify the best ways of performing business management and come with the best solutions for our customers.

TREASURY

Originating in the US mortgage market and appearing in the second part of 2007, the financial and credit market crisis spread at all economic levels. It intensified throughout 2008, developing into a severe global downturn and continued to plague the markets, by inducing volatility, in 2009. A dramatic fall in trading volumes for previously highly liquid markets was accompanied by a sharp contraction in asset market prices. Also, the tenor of the inter-bank lending market was dramatically reduced as the failure or near-failure of

several major US and Western European banks. Some short-term funding remained available, but it was largely restricted to tenors within one month. Markets for asset securitization saw significantly higher haircuts for collateralized assets and, in some cases, were entirely frozen. As the level of credit default swap spreads, sky-rocketed access to other longer-term funds was also severely constrained leading to a financing costs surge of unprecedented steepness in the past decades.

In 2009, the macroeconomic situation of Romania has changed significantly, in line with the development in the international environment as well as the effects of the Presidential election campaign. The previously high-growth environment turned into a steep decline.
Romania's central bank, after having halted its rate hiking cycle after seven consecutive hikes, operated a number of rate-cuts, totalling 225 bps for the year 2009.
Most banks did not increase their tenors and limits to the pre-crisis levels which had contracted significantly as a direct consequence of the financial turmoil.

In 2009 OTP Bank Romania continued its product development plans. In February, 2009, the Treasury Directorate launched the margin trading for RON vs. foreign currency pairs. Through a combination of good spreads and intelligent leverage, the client has the opportunity to trade the selected currency pairs while keeping a good return potential. As required by the existing regulations, clients have to be interviewed prior to signing the contract, in order to determine their level of understanding the traded instruments and the involved risks.

Related to the product portfolio offered to our customers, we also managed to improve it over the past year, through widening its scope by the addition of new derivatives, especially in the derivative types most requested by our clients (as well as laying the ground-work for trading FX options and secondary market deals on state bonds with customers). Also, the Capital Markets Directorate (which provides securities services such as brokerage or public offers to our clientele) became operational.

In order to ensure an optimum liquidity management in the slow-lending environment created by the 2007 – 2008 turmoil, the OTP Bank Romania Treasury Directorate was preoccupied, during 2009, with identifying low risk uses for any excess liquidity, as well as ensuring adequate returns, consistent with the existing cost of funds and the prevailing market conditions at any given time.

The implementation of a dynamic medium and long term funding strategy resulted in optimum funding levels for the bank. The liquidity indicators were also kept at or near an optimum level, a very important aspect taking into consideration the volatile international financial environment, as the crisis effects continued to influence most of the world markets (including Romania).

The Treasury Directorate increased the volume of derivatives transactions portfolio and diversified the type of traded products, including the continued use of CIRS transactions in relation to its funding strategy.

OTP GROUP SUBSIDIARIES PRESENT IN ROMANIA

OTP Asset Management Romania

OTP Asset Management Romania, member of OTP Group and operational since April 2008, is positioned as an innovative and active player on the local mutual funds market.

Presently, OTP Asset Management Romania manages three open end mutual funds, as well as three closed end capital guaranteed funds. The company is currently the 5th player in the market with respect to assets under management and continues to maintain this position through new products launched.

During 2009, OTP Asset Management Romania developed two capital guaranteed funds and run two successful IPOs.
Both funds achieved again the innovation spirit on the Romanian market. Thus, OTP WiseRO, designed to track the performance of S&P500 and OTP Green Energy, a fund created to gain from the performance of the most important European companies involved in the green energy sector, brought the appreciation of investors and of the capital markets actors.

Within "The Capital Markets Gala", the annual event awarding the best performers on the local market, organized by the Brokers Association, OTP Asset Management Romania received, among other two important prizes, the highest distinction of the Gala *"The award for Excellency for contribution to the development of capital market in Romania"*.

For the future, the company intends to maintain its position among the most important asset management companies in the market and continue along its strategy to bring innovative products to satisfy investors' needs.

OTP Consulting Romania

OTP Consulting Romania was established by OTP Bank Romania and the consultancy company OTP Hungaro Projekt from Hungary. The experience gained by OTP Hungaro Projekt in preparing and managing projects for companies and local administrations, as well as the experience of the consultants from OTP Consulting and OTP Bank Romania, guarantees offering a high quality assistance to the Romanian clients, which confront with similar issues after adhering to the European Union as the other clients from the region.

OTP Consulting Romania offers a wide range of services, being able to offer its clients complex solutions for the local development, including trainings and technical assistance, support in identifying new projects and financing sources, consultancy services in drawing up the projects, as well as project management services.

OTP Consulting Romania does not offer only project solutions, but also assistance in implementing the projects, being able to also support the beneficiary's personnel development in project management.

By the end of 2009, the company had a turnover growth of 256%, compared to 2008. 2009 was the first full profitable year for OTP Consulting Romania, in three years.

2009 was the year of elaborating applications for local authorities and SMEs, in order for them to access EU funds.
The company developed about 90 applications for financing projects worth nearly 200 million EUR. The success rate of the projects developed by the company is 85 % so far.

OTP Broker de Intermedieri Financiare

OTP Broker de Pensii Private SRL was established by OTP BANK Romania SA, as an unique shareholder of the company, on July 13th, 2007. The activity of the company was, at that time, marketing of the pension fund under private administration.
According with the legislation in force, starting with April, 2008 the company had to change the activity into "financial intermediation" and the company's name was changed as well, into "OTP Broker de Intermedieri Financiare SRL". The actual object of activity is auxiliary activities to financial intermediation, except from insurance and pension funding.
Starting with December, 2008, when a new General Manager was appointed, the company was restructured and a new strategy was implemented.

In 2009, the strategy of the company was to hire experienced consultants in sales activities and to refocus its existing employees and consultants' efforts to attract customers, in order to buy different products and services provided by the bank (SMS alert, SME packages, all types of deposits, SME loans). During the entire year, the company's sales force was trained in order to improve their selling skills and product knowledge and, in the same time, the customers' level of satisfaction.
The employees received hints for offering - on a higher-quality level - the entire range of products and services from OTP Bank Romania to the customers. This action determined the increasing of the cross-selling ratio on existing and new customers, based on the information collected directly from the market.
The other measures that were implemented by the management were to streamline the companies' structure of income and expenses and to approve internal regulation and procedures necessary in order to have the legal framework for developing a coherent activity.

In conclusion, due to the actions mentioned before, the company obtained profit from the operational activity, in a year in which the economic environment was affected by the crisis.

OTP Leasing Romania

OTP Leasing Romania IFN S.A. entered the local market in August, 2007, offering car and equipments leasing products.

The products that OTP Leasing Romania offers come to meet the entire market's needs and can be distinguished by the transparent and competitive interest rates, fast approval of the leasing requests and also by high quality post-selling services.
The majority shareholders of OTP Leasing Romania are Merkantil Bank Hungary, member of Merkantil Group (70%) and OTP Bank Romania (30%).

OTP Fond de Pensii

OTP Group is present in Romania on both the private pension and the facultative pension funds markets. OTP Fond de Pensii was authorized in August, 2007, has a social capital of EUR 8 million and owns a nation-wide network.

The private mandatory pension fund managed by OTP Fond de Pensii is "OTP Fond de Pensii Administrat Privat". The fund was established in order to increase the placed capital by long term investments in a mixed structure of assets, with different risk profiles and performances, as well as by prudentially diversifying both, between assets categories and inside assets categories, according to the law limits, so that to provide a private pension to each participant.

On September 9th, 2009 Private Pension System Supervisory Commission (CSSPP) decided the preliminary merge authorization of the Private Administrated Pension Fund OTP, with BCR Fond de Pensii Administrat Privat (the aquirer).

ACTIVITIES OF OTHER BANK FOREIGN SUBSIDIARIES

OTP Group, the largest independent Central-Eastern-European banking group, provides universal financial services in 9

countries (Hungary, Romania, Montenegro, Croatia, Bulgaria, Russia, Ukraine, Slovakia and Serbia), currently for more than 12 million clients, through almost 1500 banking units, its ATM network and via electronic channels.

IFRS REPORTS OF THE MAIN SUBSIDIARIES*

*According to the Documentation for the Company's Annual General Meeting, published in Budapest, on 30th April, 2010, by OTP Bank Plc.

DSK GROUP (BULGARIA)

Performance of DSK Group:

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	31,021	24,797	-20%
Pre-tax profit	34,481	27,693	-20%
Operating profit	45,056	54,199	20%
Total income	71,207	84,757	19%
Net interest income	53,064	67,615	27%
Net fees and commissions	16,983	15,555	-8&
Other net non-interest income	1,161	1,587	37%
Operating expenses	-26,151	-30,557	17%
Provision for loan losses	-9,825	-25,855	169%
Other provision	-951	-651	-31%
Main components of balance sheet (closing balances, HUF million)	**2008**	**2009**	**Change (%)**
Total assets	1,171,645	1,207,328	3%
Gross customer loans	1,014,993	1,027,820	1%
Retail loans	816,257	831,729	2%
Corporate loans	198,636	196,091	-1%
Allowances for loan losses	-39,074	-61,810	58%
Deposits from customers	722,880	801,112	11%
Retail deposits	628,576	698,399	10%
Corporate deposits	96,304	112,713	17%
Subordinated debt	92,680	95,049	3%
Total shareholders' equity	166,045	193,214	17%
Indicators (%)	**2008**	**2009**	**Change (%-point)**
90+days past due loans/gross customer loans	3.0%	7.0%	4.0%
Cost of risk/average gross loans	1.08%	2.53%	1.45%
Total provisions/90+ days past due loans	127.9%	85.8%	-12.1%
ROA	2.8%	2.1%	-0.7%
ROE	21.5%	13.8%	-7.6%
Net interest margin	4.82%	5.68%	0.86%
Cost/income ration	36.7%	36.1%	-0.7%
Gross loans to deposits	140%	128%	-12%

DSK Group's 2009 net profit of HUF 24.8 billion represents 20% decline y-o-y. Decreasing profit is mainly the result of the 169% y-o-y growth of risk costs. At the same time operating profit without risk costs expanded by 20% compared to the base period as a combined effect of a strong net interest income (+27% y-o-y), slightly diminishing commissions (-8%) and operating costs growing by 17%. An intensive debtor protection program was launched since August, 2009 – altogether 6.2% of the household loan book was involved in the program by end-2009. Due to this process, the development of the risk cost was favorable in 2H 2009.

Ratio of DPD90+ loans increased from 3.0% to 7.0% y-o-y. There were favorable developments in 4Q, the DPD90+ ratio decreased in all segment but SME loans. Besides the rescheduling, the sale of HUF 3.1 billion DPD90+ loans (BGN 22.3 million) in 4Q also improved the DPD90+ ratio in the consumer loans segment. The financial result of the transaction was minimal; the HUF 0.2 billion profit on sale lowered the risk costs.

The provision coverage of DPD90+ loans dropped by 42%-points from the level of the last year (from 128% to 86%), due to the increasing non-performing portfolio, but this ratio is still considered to be relatively high among Group members.

With respect to profit development of DSK Bank in 2009, the strong growth of total revenue base was highly favorable (+19% y-o-y). Net interest income increased by 27% y-o-y: the repricing of the retail loan portfolio at the end of 2008 and the fallback of wholesale funding costs during the year 2009 counterbalanced the negative effect of increasing deposit costs, thus net interest margin increased by 86 bps y-o-y (2008: 4.82% vs. 2009: 5.68%). The decline of net commission income (-8% y-o-y) reflected the weaker lending activity: in case of the Bulgarian subsidiary the ratio of lending related commission income is relatively significant, representing almost 36% of total net F&C (2009) and showed a decrease of 33% y-o-y. As for the other two dominant commission types, i.e. deposit- and card-related commissions (their proportion is 37% and 16% respectively): 2009 income increased by 15% y-o-y in case of deposit-related income, while card related income showed a 10% increase on a yearly base. The profit dynamism was mainly influenced by the weaker HUF exchange rate in 2009, because in BGN terms the change was more moderate on a yearly base (+4% and -1% respectively).

Operating costs were under stringent control: cost-income ratio was lower than the level realized in 2008 (2009: 36.1%, -0.7%-points y-o-y). The growth of operating costs was much lower in BGN terms only 5% on a yearly base (+16% in HUF terms respectively): personnel expenses grew by 6%, while other expense and depreciation costs increased (+2% and +12%, respectively).

The tightening of lending conditions since autumn 2008 and the moderate credit demand resulted in a stagnating loan portfolio in 2009 (in BGN -1%). Significant portfolio shrinkage was observed only in the SME segment (-14%), where the negative effects of the credit crisis are still heavily influencing the credit demand. Mortgage loans however increased by 1%, whereas consumer and corporate loans dropped by 1% and 3% respectively in local currency. The reason for the shrinking market share of the household loan portfolio (from 31.2% to 29.3% y-o-y) is that competitors tend to repurchase the previously outsourced portfolios in growing scales.

After slight erosion in 4Q 2008 and 1Q 2009, the deposit base of the Bank has been gradually expanding since 2Q 2009 (y-o-y +8% growth in BGN). The favorable trend is on one hand due to pricing steps, on the other hand to continuous product development and sales incentive programs. Thus the decrease of loan-to-deposit ratio has been going on since 1Q 2009 (2009: 128%, -12%-points y-o-y). Notwithstanding the fact that the retail deposit market showed signs of normalization during 2H 2009 (the banking sector average of interest paid on retail deposits started sinking after 2Q 2009) the pace of DSK's household deposit base growth even accelerated in 2H 2009: altogether the portfolio grew by 9% y-o-y (in BGN). Corporate deposits performed well in the first three quarters of 2009, mainly due to pension funds' deposit making, whereas in 4Q some deposits were withdrawn by municipalities, as a result the portfolio increased by 14% y-o-y in local currency.
As a consequence of these efforts and despite of the fierce competition, the Bank managed to keep its market share stable in the retail deposit segment, whereas in the corporate segment even managed to improve it.
On the liability side there was no major capital market transaction in 2009: the volume of subordinated debt remained flat y-o-y in BGN.

*OTP BANK RUSSIA**

*From 2Q 2008, figures are based on the aggregated financial statements of OAO OTP Bank and the newly acquired Donskoy Narodny Bank.

Performance of OTP Bank Russia:

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	8,916	3,086	-66%
Pre-tax profit	11,689	4,400	-62%
Operating profit	30,538	25,975	-15%
Total income	75,412	67,810	-10%
Net interest income	82,151	60,316	-3%
Net fees and commissions	10,165	4,701	-54%
Other net non-interest income	3,097	2,793	-10%
Operating expenses	-44,874	-41,834	-7%
Provision for loan losses	-18,998	-21,040	11%
Other provision	147	-535	-463%
Main components of balance sheet (closing balances, HUF million)	**2008**	**2009**	**Change (%)**
Total assets	529,019	579,941	10%
Gross customer loans	383,118	369,877	-3%
Retail loans	247,927	250,463	1%
Corporate loans	113,379	103,719	-9%
Car financing loans	21,813	15,695	-28%
Allowances for loan losses	-30,389	-38,493	27%
Deposits from customers	224,152	306,646	37%
Retail deposits	137,252	196,744	43%
Corporate deposits	86,901	109.902	26%
Issued securities	8,189	15,955	95%
Subordinated debt	13,657	13,607	0%
Total shareholders' equity	60,685	71,459	18%
Indicators (%)	**2008**	**2009**	**Change (%-point)**
90+days past due loans/gross customer loans	8.4%	12.4%	4.0%
Cost of risk/average gross loans	5.53%	5.59%	0.06%
Total provisions/90+ days past due loans	94.0%	83.6%	-10.4%
ROA	1.9%	0.6%	-1.3%
ROE	17.4%	4.7%	-12.8
Total income margin	15.69%	12.23%	-3.46%
Net interest margin	12.93%	10.88%	-2.06%
Cost/income ration	59.5.7%	61.7%	2.2%
Gross loans to deposits	171%	121%	-50%

Profit after tax of **OTP Bank Russia** in 2009 totaled to HUF 3.1 billion. The drop in net profits of HUF 5.8 billion is a result of the yearly 54% drop (-HUF 5.5 billion) in commission income due to the moderating transaction activity, and the yearly 11% increase (HUF -2.0 billion) in risk costs. The latter is the result of the y-o-y higher average loan book. The risk profile of the book remained stable: as a result the risk cost rate was unaffected by the crisis (2009: 5.59% vs. 2008: 5.53%). At the same time it is very positive that net interest income increased by 6% y-o-y in LCY (the 3% decrease in HUF terms is due to the strengthening of the HUF) and operating costs were declining by 7% in HUF, while being stable in local currency (+1% y-o-y in RUB).

With respect to profitability, the financial crisis divided the year into two parts. In 1H 2009 the modest POS-lending resulted in the shrinkage of total income and net interest margins and in parallel with the increase of provisioning had negative effect on the Bank's profitability (1H 2009 ROE: 0.1%). However, the second half of the year 2009 showed extremely positive developments as for net profit dynamics: two factors affected very positively both net interest and total income margins of OTP Bank Russia; furthermore, risk cost development was also favorable. As a result of the above mentioned developments, the return on equity significantly surpassed the bottom in 1H 2009 (2009: 4.7%).

The first positive factor was the pick up in POS-lending and credit card loans. In case of POS-lending, following the decline in the winter/spring period, volumes started growing during the summer period as a result of renewed customer demand. In parallel, the Bank took measures to catch up with those developments through hiring agents and signing contracts with nationwide retailers. As a consequence, POS loan disbursement grew by 58% in 3Q 2009 and by 43% in 4Q 2009 q-o-q, respectively, thus resulting in a virtually unchanged level of the total yearly origination (+0% y-o-y). In 4Q 2009, POS disbursement was higher by 3% than the all time high level realized in 4Q 2007. In case of POS business, market share in new disbursements increased continuously over the year (2Q 2009: 15%, 3Q: 23%, 4Q: 24%), and OTP Russia became the second largest player in the market. The success of credit card products was mainly due to the fine-tuned product-line launched in August and the marketing activity that was intensified afterwards. The number of newly activated cards of the fine-tuned product has exceeded the level realized in case of former campaigns.

Taking into consideration the low customer demand, characterizing the whole market, within other retail product categories as well, good performance of POS and credit card loans contributed to the fact that OTP Russia's retail loan portfolio was the third fastest growing one in the Russian market in October and November, 2009. Consequently, the volume of POS loans (which have the highest net interest margin content across OTP Group) and credit card loans increased dynamically (POS-loans: +23% y-o-y, credit card loans +8% y-o-y). Furthermore, the growth rate was influenced by significant write-offs of nonperforming loans during the year (in the amount of app. HUF 13.6 billion or RUB 2.2 billion). Adjusting the portfolio growth with these write-offs, it would be +33% y-o-y in case of POS-loans, and +18% y-o-y in case of credit card loans, respectively.

The other important factor influencing net interest margin was that due to the successful deposit collection efforts and after some regulatory changes, about USD 460 millions excess liquidity collected during 2009 was invested into higher yielding securities and interbank loans in 2H 2009.

These two factors improved significantly OTP Russia's total income and net interest margins in 2H: the former grew to around 13.4% from 12.6% and 12.2% realized in the first two quarters, NIM increased to around 12% from 11% realized in the first half of the year. However, on a yearly base both margins are showing a significant decrease (total income margin: -3.46%-points, interest margin: -2.06%-points), mainly as a consequence of above mentioned factors (stagnating POS-lending in 1H, excess liquidity, and the negative impact of HUF appreciation during the year), while deposit campaigns also had a negative impact on funding costs.

Another positive development was the decline of risk costs in the second half of the year 2009, mainly reasoned by the diminishing risk costs related to credit cards and POS loans. The Bank's risk cost rate remained stable over the year (2009: 5.59% vs. 2008: 5.53%). The ratio of DPD90+ loans has increased by +4.0%-points to 12.4% in 2009, but in the second half of the year the ratio improved, partly because of the previously mentioned write-offs, and partly due to the growing total loan book in 2H. DPD90+ coverage ratio deteriorated in 2009 (83.6%, -10.4%-points), but it's still higher than the average of the group members.

Operating costs were henceforward under stringent control after the cut-back of the headcount by 600 in the last quarter of 2008 and the cut-down on marketing spending and administrative expenses (full year costs decreased by 7% y-o-y, which is virtually a stagnation in RUB terms (+1%)). After the stagnation in 1Q, the headcount grew in 2009 due to the measures taken to increase sales volumes (number of employees at end-2009 stood at 10,295, +1,846 people y-o-y, out of the total closing headcount 4,550 people were POS-loan agents). Number of contractual agents increased to 6,127 people over the year (+884 person y-o-y), therefore the headcount of the total agent network (including agents employed by the Bank as well) amounted to 10,677, representing a y-o-y growth of 2,385 people.

The increase in other provisions in 2009 (HUF -0.5 billion) is caused by provisions made for losses in the securities portfolio.
The liquidity position of the Bank continuously improved during 2009. On the lending side, despite the positive tendencies in POS-lending and credit card loans, other retail and corporate segments still suffered from poor sales performance. The corporate loan portfolio was shrinking during the year. The deposit base, on the contrary was continuously expanding: retail deposits grew by 43% y-o-y, due to the successful promotional campaigns and product developments. Corporate deposits increased for the first time in the second half of the year (+26% y-o-y). The practice of RUB/USD conversion, that characterized the deposit side in the last quarter of 2008 and the first quarter of 2009 has stopped: proportion of FX deposits shrank in 2H 2009 (share of FX deposits within total customer deposits: 3Q 2008: 12%, 4Q 2008: 27%, 4Q 2009: 30%).

As a result of the above mentioned developments, loan-to-deposit ratio of OTP Bank Russia dropped to 121% (-50% points y-o-y). Parallel to the improvement in the liquidity position, in June 2009 the Bank paid back in full the deposit of National Bank of Russia placed at the end of last year in order to enhance the Bank's liquidity.

*OTP BANK JSC (UKRAINE)**

*From 4Q 2008 figures are based on the aggregated financial statements of OTP Bank JSC and LLC OTP Leasing Ukraine, while from 4Q 2009 the result of LLC OTP Faktoring Ukraine was also aggregated.

Performance of OTP Bank JSC (Ukraine):

Statement of recognised income (HUF million)	**2008**	**2009**	**Change (%)**
After tax profit w/o dividends, net cash transfers and one-offs	16,414	-43,650	-366%
Pre-tax profit	23,077	-44,648	-293%
Operating profit	49,987	51.033	2%
Total income	77,052	74,948	-3%
Net interest income	49,110	62,759	28%
Net fees and commissions	5,736	7,442	30%
Other net non-interest income	22,206	4,747	-79%
Operating expenses	-27,065	-23,916	-12%
Provision for loan losses	-26,433	-94,974	259%
Other provision	-477	-704	48%
Main components of balance sheet (closing balances, HUF million)	**2008**	**2009**	**Change (%)**
Total assets	847,009	711,155	-16%
Gross customer loans	763,758	670,758	-12%
Retail loans	351,838	311,158	-12%
Corporate loans	331,880	300,795	-9%
Car-financing	80,040	58,806	-27%
Allowances for loan losses	-22,882	-110,583	383%
Deposits from customers	169,888	165,764	-2%
Retail deposits	77,745	98,164	26%
Corporate deposits	89,486	67,600	-24%
Subordinated debt	20,900	40,331	50%
Total shareholders' equity	80,098	90,711	13%

Indicators (%)	2008	2009	Change (%-point)
90+days past due loans/gross customer loans	8.4%	12.4%	4.0%
Cost of risk/average gross loans	5.53%	5.59%	0.06%
Total provisions/90+ days past due loans	94.0%	83.6%	-10.4%
ROA	1.9%	0.6%	-1.3%
ROE	17.4%	4.7%	-12.8
Net interest margin	12.93%	10.88%	-2.06%
Cost/income ration	59.5.7%	61.7%	2.2%
Gross loans to deposits	171%	121%	-50%

In 2009, OTP Bank JSC made HUF 44.0 billion loss. The main reason for the loss is the higher provisioning for non-performing loans in order to boost coverage ratio, the favorable income dynamics could only partly offset this negative effect. However, when analyzing the HUF denominated income statement items, one should note that the average exchange rate of UAH vs. HUF appreciated almost 24% compared to YE2008, while as for the portfolio asset classes, the closing rate of UAH shows weakening against USD as well (-4%).

The operating result without provisions equals the level of 2008: the income from core activities shaped well with stringent control on the cost side. The income dynamics was determined by the 28% growth of net interest income (+68% in UAH) and the 30% growth of net fees and commissions income (+71% in UAH). The significant yearly decrease of non-interest income is due to basis-effect (the previous year was determined by the positive revaluation result of provisions due to UAH/USD weakening and by the significant profit realized on foreign exchange transactions).

Net interest income (NII) shaped well on yearly basis (+28% y-o-y), but the accounting of interest income related to overdue debt payment still played a role in the growth of NII. The share of accrued but not paid interest within gross interest income on loans amounted to 14% at the end of December. The growth of interest expense on deposits (in LCY +32% y-o-y) was significantly lower than the growth of interest income on loans (in LCY +49% y-o-y), although from 3Q the deposit collection recovered due to more favorable offered interest rates. The interest expense of Tier2 funding doubled on a yearly basis.
Net F&C income topped far beyond the base level (+71% y-o-y), primarily because of increasing fee income from the exchange of FX (EUR, USD) installments of corporate customers (this revenue was stemming from the difference between the official exchange rates of the National Bank of Ukraine and the interbank rates). Within net commission income, the greatest proportion thereof, deposit and transaction related commission income jumped by 42% in LCY, while card related commissions grew by 18%; these elements offset the sluggish development of commissions on loans.

In 2009, the profitability of the Bank was mainly driven by the remarkable deterioration of loan portfolio resulting in a significant growth of provisioning.

The ratio of DPD90+ loans increased in two waves reaching 22.3% by the end of 2009 (+17.6%-point y-o-y). In 1Q 2009 retail loan portfolio experienced significant deterioration, while in 3Q 2009 the corporate loan portfolio was showing a deterioration, however in the last quarter of 2009 – partially as a consequence of the stabilization of macro environment – the portfolio deterioration was moderated. The Ukrainian Bank was the first among OTP Group members launching debtor protection scheme, taking into consideration that the depreciation of UAH was significantly higher than the deprecation of other currencies in the region. Under its debtor protection program the Bank provided an opportunity to lower the monthly installments temporarily or change the previously taken USD denominated mortgage and car loans into UAH, thus the program actively supported the decrease of portfolio dynamics of non-performing loans after 1Q 2009. The share of rescheduled retail loan portfolio was showing a gradual but decelerating increase during the year and stood at 39% at the end of December 2009.

The yearly risk cost of the Bank increased to HUF 95 billion – partially as a consequence of portfolio-deterioration and in line with the intention of increasing the provision coverage of the nonperforming book –, resulting an increase in coverage from 63% to 74%.

2009 was characterized by moderate lending activity on the one hand, as a consequence of the measures taken by the National Bank of Ukraine the FX-lending practically stopped. On the other hand, lending conditions were tightened by the Bank to protect the portfolio quality. In the retail segment due to moderate demand the portfolio in LCY was below of the level at year end-2008.

On the deposit side due to the retail deposit collection campaign launched in 2009 a moderate increase of the total book was experienced (+2% y-o-y in LCY terms, -2% y-o-y in HUF terms). The retail deposit campaign in autumn offered favorable interest rate for term deposits resulting an almost HUF 10 billion (UAH 422 million) increase and brought in about 1,280 new customers. As a consequence, the retail deposit base increased by 26% y-o-y (in HUF terms). Deposits of large corporate clients declined in the first half of 2009, and though the volumes were stagnating in the second half of the year, on a yearly base they showed a contraction of 24%.

As a result of the deposit collection program the market share also started to grow (at the end of December 2009: 1.80%, +0.55%-points y-o-y). The loan-to-deposit ratio decreased with 45%-points, to 405% y-o-y. Taking into consideration that the coverage of total loan portfolio reached 16.5% at the end of December, net loan-to-deposit ratio was significantly lower (2009: 338%).
Due to the effective cost management of the Bank, the operating expenses in LCY showed a 10% increase y-o-y. As a result of firing 600 employees in the first half of the year, personnel expenses were higher by 6% y-o-y, material expenses were under strict control.

At the end of December, CAR of the Bank stood at 17.8% (the mandatory minimum level is 10%). USD 30 million subordinated debt capital granted in 3Q was registered in October, 2009 by the Ukrainian Company Registry. In 2009, the Ukrainian unit in total received USD 100 million capital injection and USD 80 million subordinated capital. Despite significant losses of the current year, shareholders' equity increased by 13% y-o-y. This capital increase was partly the result of the above mentioned capital injections, furthermore it stemmed from guarantees of OTP Bank covering exposures of the Ukrainian unit. According to IFRS standards these guarantees should be accounted as capital injection to the Ukrainian Bank. The risk cost for these guarantees (causing a tax shield effect in case of OTP Core) however was reclassified from the books of OTP Core (where it emerged) to the books of the Ukrainian unit.

OTP BANKA HRVATSKA (CROATIA)

OTP banka Hrvatska in each and every quarter posted positive results and despite doubling risk costs realized a yearly net profit of HUF 3.2 billion. Thus the yearly profit-decline (-36%) was the second lowest among foreign Group members following DSK Bank.

2009 was characterized by modest lending activity and deposit campaigns focusing on retaining market positions. As a result of the successful deposit campaigns, deposit base grew by 7%.

The stagnation of the loan book was the result of the insufficient market demand, the volume of retail loans remained at the level of year-end 2008. In 2009, both the SME and large corporate loan portfolios shrank, but that was in line with market trends. As a consequence, the loan-to-deposit ratio of the Bank remained under the balanced level (94%).

Performance of OTP banka Hrvastka:

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	5,041	3,245	-36%
Pre-tax profit	6,350	4,068	-36%
Operating profit	7,051	6,068	-14%
Total income	19,020	19,540	3%
Net interest income	13,772	13,239	-4%
Net fees and commissions	3,587	3,935	10%
Other net non-interest income	1,687	2,366	-10%
Operating expenses	-11,975	-13,472	13%
Provision for loan losses	-851	-1,947	129%
Other provision	150	-52	-135%
Main components of balance sheet (closing balances, HUF million)	**2008**	**2009**	**Change (%)**
Total assets	462,576	469,304	1%
Gross customer loans	309,564	318,477	3%
Retail loans	191,496	194,021	1%
Corporate loans	115,474	122,183	6%
Allowances for loan losses	-6,045	-9,195	52%
Deposits from customers	315,253	337,935	7%
Retail deposits	268,837	294,348	9%
Corporate deposits	46,416	43,588	-6%
Subordinated debt	0	4	
Total shareholders' equity	55,095	60,626	10%
Indicators (%)	**2008**	**2009**	**Change (%-point)**
90+days past due loans/gross customer loans	6.2%	8.9%	2.7%
Cost of risk/average gross loans	0.30%	0.62%	0.32%
Total provisions/90+ days past due loans	31.3%	32.04%	1,1%
ROA	1.1%	0.7%	-0.4%
ROE	10.6%	5.6%	-6.0%
Net interest margin	3.11%	2.84%	-0.27
Cost/income ration	62.9%	68.9%	6.0%
Gross loans to deposits	98%	94%	-4%

The headcount of the Bank decreased by 33 person (at the end of 2009 the number of employees was 1,014 person), the number of branches has not changed (105).

OTP BANKA SLOVENSKO (SLOVAKIA)

Performance of OTP Banka Slovensko:

Statement of recognised income (HUF million)	**2008**	**2009**	**Change (%)**
After tax profit w/o dividends and net cash transfer	1,431	-6,673	-566%
One-off items, after-tax[1]	-108	-244	126%
After tax profit w/o dividends, net cash transfers and one-offs	1,538	-6,429	-518%
Pre-tax profit	1,762	-6,633	-476%
Operating profit	4,017	3,289	-18%
Total income	14,496	13,731	-5%
Net interest income	10,119	10,485	4%
Net fees and commissions	3,027	2,705	-11%
Other net non-interest income	1,350	541	-80%
Operating expenses	-10,480	-10,442	0%
Provision for loan losses	-2,304	-9,029	292%
Other provision	50	-894	
Main components of balance sheet (closing balances, HUF million)	**2008**	**2009**	**Change (%)**
Total assets	429,122	375,208	-13%
Gross customer loans	314,422	273,269	-13%
Retail loans	158,234	163,779	4%
Corporate loans	156,187	109,490	-30%
Allowances for loan losses	-5,186	-13,633	163%
Deposits from customers	262,787	253,462	-4%
Retail deposits	212,412	219,597	3%
Corporate deposits	50,375	33,865	-33%
Issued securities	75,137	55,457	-26%
Subordinated debt	7.679	7.876	3%
Total shareholders' equity	30.595	24.767	-19%
Indicators (%)	**2008**	**2009**	**Change (%-point)**
90+days past due loans/gross customer loans	3.6%	8.9%	5.3%
Cost of risk/average gross loans	0.84%	3.07%	2.23%
Total provisions/90+ days past due loans	46.3%	56.1%	9.8%
ROA	0.4%	-1.6%	-2.0%
ROE	5.7%	-23.2%	-28.9%
Net interest margin	2.54%	2.61%	0.07%
Cost/income ration	72.3%	76.0%	3.8%
Gross loans to deposits	120%	108%	-12%

[1] In 2009 one-offs loss booked in relation to loan transfers and exchange rate correction in relation to these loan transfers. In 2008 the sum of other provisioning, other non-interest expense booked in relation to the sale of OTP Leasing a.s.

In 2009, **OTP Banka Slovensko** posted an after tax loss of HUF 6.4 billion. The results were influenced to a great extent by the 18% decrease of operating result. The other key driver of the results was the provision for loan losses that increased to HUF 9 billion (partly as a consequence of the deteriorating loan portfolio quality, partly because the Bank intentionally improved the coverage ratio).

The 5% decline of 2009 total income is attributable to the drop of currency exchange gain; revenues from core banking activities remained stable in HUF terms.

Gross loan volume decreased by 13% and deposits dropped by 4% in 2009, but within total customer deposits the retail deposit base expended by 3%.

During 2009, the Bank has undergone significant organizational changes: the number of employees decreased by 132 persons (-18% y-o-y) to 607, the number of branches changed to 77 since 12 selling points were closed in 2009.

OTP BANKA SRBIJA (SERBIA)

Performance of OTP banka Srbija (Serbia):

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends and net cash transfer	1,670	-8,990	-633%
One-off items, after-tax[1]	1,408	0	-100%
After tax profit w/w dividends, net cash transfers and one-offs	262	-8,990	
Pre-tax profit	519	-9,024	
Operating profit	1,796	-2,278	-227%
Total income	12,316	8,010	-35%
Net interest income	6,756	4,051	-40%
Net fees and commissions	2,329	1,954	-16%
Other net non-interest income	3,230	2,004	-38%
Operating expenses	-10,520	-10,287	-2%
Provision for loan losses	-1,743	-6,277	260%
Other provision	465	-470	-201%
Main components of balance sheet (closing balances, HUF million)	**2008**	**2009**	**Change (%)**
Total assets	142,647	127,025	-11%
Gross customer loans	94,721	89,878	-5%
Retail loans	34,336	33,607	-2%
Corporate loans	60,408	56,271	-7%
Allowances for loan losses	-5,989	-12,189	104%
Deposits from customers	33,906	32,395	-4%
Retail deposits	24,032	23,548	-2%
Corporate deposits	9,882	8,848	-10%
Subordinated debt	37,323	38,910	4%
Total shareholders' equity	38,090	27,690	-27%
Indicators (%)	**2008**	**2009**	**Change (%-point)**
90+days past due loans/gross customer loans	10.8%	33.7%	23.0%
Cost of risk/average gross loans	2.21	6.80%	4.59%
Total provisions/90+ days past due loans	58.7%	40.2%	-18.5%
ROA	0.2%	-6.7%	-6.9%
ROE	0.7%	-27.3%	-28.0%
Net interest margin	5.30%	3.00%	-2.30%
Cost/income ration	85.4%	128.4%	43.0%
Gross loans to deposits	279%	277%	-2%

[1] One-off gain on sale of investements in 2008

OTP banka Srbija realized HUF 9 billion loss in 2009. This loss was mainly caused by the increasing provision for possible loan losses (+260% y-o-y) and on the other hand by the lower total income compared to the base period (net interest income dropped by 40%, net fee and commission income by 16%), while operating costs decreased by 2% in 2009.

The ratio of DPD90+ loans reached 33.7% at end-2009, as a result of the conservative portfolio classification and portfolio clean up in the last quarter of 2009. As a consequence, the interest income booked earlier than 2009 in relation to clients whose classification changed adversely during 2009 has been released in 4Q not through the reduction of interest income, but through the increase of other costs. The provision coverage of bad loans declined to 40%.

Yearly decline of gross loans reached 5%, while customer deposit base shrank by 4% in 2009. Taking into account the moderating business activity, significant network rationalization measures have been put through in 2009: within the course of branch network rationalization 45 branches out of 95 were closed (-47%) and the headcount decreased by 399 persons to 784 (-34%) compared to YE 2008 figures.

CRNOGORSKA KOMERCIJALNA BANKA (MONTENEGRO)

Performance of CKB:

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	2,949	428	-85%
Pre-tax profit	3,116	430	-86%
Operating profit	5,774	7,227	25%
Total income	11,407	13,400	17%
Net interest income	6,396	10,136	58%
Net fees and commissions	4,749	2,946	-38%
Other net non-interest income	262	318	21%
Operating expenses	-5,634	-6,173	10%
Provision for loan losses	-2,495	-6,730	170%
Other provision	-162	-68	-58%
Main components of balance sheet (closing balances, HUF million)	**2008**	**2009**	**Change (%)**
Total assets	308,140	234,804	-24%
Gross customer loans	255,021	181,137	-29%
Retail loans	155,430	112,606	-28%
Corporate loans	93,904	68,531	-27%
Allowances for loan losses	-4,350	-10,362	138%
Deposits from customers	205,410	164,317	-20%
Retail deposits	92,783	90,943	-2%
Corporate deposits	110,735	73,374	-34%
Subordinated debt	3,177	7,313	130%
Total shareholders' equity	18,171	23,049	27%
Indicators (%)	**2008**	**2009**	**Change (%-point)**
90+days past due loans/gross customer loans	1.1%	10.9%	9.8%
Cost of risk/average gross loans	1.14%	3.09%	1.95%
Total provisions/90+ days past due loans	158.1%	52.7%	-105.4%
ROA	1.0%	0.2%	-0.9%
ROE	20.5%	2.1%	-18.4%
Net interest margin	2.25%	3.73%	1.48%
Cost/income ration	49.4%	46.1%	-3.3%
Gross loans to deposits	124%	110%	-14%w

In Montenegro, **Crnogorska komercijalna banka** posted a moderate HUF 0.4 billion net result for the full year. Even though net interest income showed an excellent picture (+66% y-o-y), the sharply increasing risk costs (+170% y-o-y), as well as the declining F&C results (-38% y-o-y) took its toll through weaker earnings. Total assets shrank by 24%.

After the fallback in 1H 2009, retail deposit volumes reached almost the levels of the beginning of the year (-2% y-o-y) due to successful promotional campaigns.

The loan book shrank by 29% y-o-y explained by two major reasons. On the one hand new disbursement was practically stopped after the crisis due to the scarcity of liquidity; as a consequence outstanding household and SME exposures declined throughout the whole year (-14% y-o-y and -40% y-o-y respectively). The other factor is more of a technical nature; OTP Bank purchased a HUF 26 billion corporate loan portfolio from CKB. Due to the above mentioned reasons the loan-to-deposit ratio decreased significantly from 124% to 110%.

financial statements

To the Shareholders and Board of Directors of
OTP BANK ROMANIA S.A.

Independent Auditor's Report

1. We have audited the accompanying unconsolidated financial statements of OTP Bank Romania S.A., ("the Bank") which comprise the unconsolidated statement of financial position as at December 31st, 2009, and the unconsolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 tatements 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 misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies 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 audit opinion.

Opinion

6. In our opinion, the unconsolidated financial statements give a true and fair view of the financial position of OTP Bank Romania S.A. as of December 31st, 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte Audit SRL
Bucharest, Romania
March 31st, 2010

OTP Bank Romania S.A.
Unconsolidated Income Statement and
Statement of Comprehensive Income as at December 31st, 2009

(all amounts are expressed in RON thousands, unless otherwise stated)

	Note	Year ended December 31, 2009	Year ended December 31, 2008
Interest Income	**6**	**411,982**	**316,227**
Interest Expense	**7**	**(273,506)**	**(209,698)**
Net interest income		**138,475**	**106,529**
Fee and commission income	8	85,097	70,054
Fee and commission expense	8	(12,195)	(13,501)
Net fee and commission income		**72,902**	**56,553**
Impairment losses on loans		(34,992)	(38,723)
Impairment losses on other assets		(2,516)	(493)
Impairment losses for FA		(736)	-
Impairment losses for held to maturity securities (-) / release of impairment provisions (+)		637	-
Impairment losses for investment in subsidiaries (-) / release of impairment provisions (+)		1,674	(13,667)
Impairment losses on Receivables sold for collection and fx impact		(19,963)	-
Impairment losses	**9**	**(55,896)**	**(42,883)**
Net interest income after impairment losses		**155,481**	**120,198**
Trading income, net	10	23,611	83,925
Other income	13	990	878
Income from sale of shares		7,834	1,160
Total non- interest income		**32,435**	**85,963**
Income before non-interest expense		**187,917**	**206,161**
Salaries and related expenses	11	(93,511)	(91,823)
Operating expenses	12	(62,794)	(60,582)
Other expenses	13	(39,940)	(41,563)
Total non-interest expense		**(196,244)**	**(193,968)**
Loss before income taxes		**(8,328)**	**12,194**
Income tax expense (-)/revenue (+)	27	(29)	(2,272)
Deferred Income tax expense (-)/revenue (+)		(2,078)	
Net Loss for the period		**(10,435)**	**9,922**
Basic and diluted earnings per ordinary share (face value RON 240) in RON	**29**	**(5.75)**	**6.03**

OTP Bank Romania S.A.
Unconsolidated Income Statement and
Statement of Comprehensive Income as at December 31st, 2009

(all amounts are expressed in RON thousands, unless otherwise stated)

	Note	Year ended 31-Dec-09	Year ended 31-Dec-08
Unconsolidated Statement of Comprehensive Income		**December 31, 2009**	**December 31, 2008**
Net profit/(loss) after tax		**(10,435)**	**9,922**
Other components of comprehensive income, after tax			
Revaluation of financial assets available for sale		(301)	519
Total comprehensive income/(loss) for the reporting period		**(10,736)**	**10,441**

These financial statements have been authorized for issue by the management in March 2010.

OTP BANK ROMÂNIA
Administrația Centrală
1.
Director General

Mr. László Diósi
President and CEO

Mr. Marin Ban
Economic Director

OTP Bank Romania S.A.
Unconsolidated Statement of financial position
as at December 31st, 2009

(all amounts are expressed in RON thousands, unless otherwise stated)

	Note	December 31, 2009	December 31, 2008
		(Audited)	**(Audited)**
ASSETS			
Cash	14	69,064	72,421
Current accounts and deposits at banks	15	256,729	278,651
Accounts with the National Bank of Romania	16	292,164	358,590
Securities held-to-maturity	17	384,085	14,948
Loans and advances to customers, net	18	2,088,562	2,396,705
Investment securities - Available for sale	20	80,424	28,893
Investment in Associates and Subsidiaries	21	589	589
Tangible and intangible assets, net	19	134,933	145,480
Other assets, net	23	31,032	35,156
Deferred tax asset, net	27	-	-
Total assets		**3,337,583**	**3,331,433**
LIABILITIES			
Due to Banks		16,112	604,452
Demand deposits banks	24	**7,954**	**3,251**
Term deposits banks	24	8,159	601,201
Due to customers		2,621,694	2,090,674
Demand deposits customers	25	277,220	325,509
Term deposits customers	25	2,344,473	1,765,165
Total deposits		**2,637,806**	**2,695,126**
Borrowings	26	56,228	79,941
Derivatives		**185,444**	**116,523**
Deferred tax liability, net	27	5,334	3,313
Other liabilities	28	57,330	60,352
Total liabilities		**2,942,142**	**2,955,255**
SHAREHOLDERS' EQUITY			
Share capital			
Share capital, nominal	29	**462,909**	**432,909**
Share capital restatement	5	42,751	42,751
Total share capital		505,660	475,660
Accumulated deficit	5	(110,219)	(99,483)
Total shareholders' equity		**395,441**	**376,176**

These financial statements have been authorized for issue by the management in March 2010.

OTP BANK ROMÂNIA
Administrația Centrală
1.
Director General

Mr. László Diósi
President and CEO

Mr. Marin Ban
Economic Director

OTP Bank Romania S.A.
Unconsolidated Statement of cash flows
as at December 31st, 2009

(all amounts are expressed in RON thousands, unless otherwise stated)

	Note	December 31, 2009	December 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(8,328)	12,194
Adjustments for non-cash items:			
Depreciation expense	11	22,527	19,138
Loss/(Gain) on disposals of fixed assets		91	2,654
Profit on disposal of Available-for-sale securities	8	0	(1,160)
Charge / (Release) of other provisions		957	582
Impairment losses on loans and advances to customers		34,992	38,723
Impairment losses on fixed assets		736	-
Impairment losses for investment in subsidiaries	8	(1,674)	1,565
P&L effect of derivatives income (-) / expenses (+)	26	1,260	8,448
Valuation of derivative transaction		(68,921)	(116,523)
Other adjustments		5,178	35,433
Total adjustments for non-cash items		(4,853)	(11,141)
Net profit / (loss) adjusted for non-cash items		**(13,181)**	**1,053**
Changes in operating assets and liabilities			
(Increase)/decrease of restricted cash at National Bank of Romania		66,426	320,121
(Increase)/ decrease of pledged current accounts and deposits at banks		-	-
(Increase) / decrease of loans and advances to customers		273,151	(146,131)
(Decrease) / increase of borrowings		(23,713)	(778,759)
(Increase)/ decrease of other assets		4,125	101,429
Increase / (decrease) of demand deposits		(43,587)	5,942
Increase/(decrease) of term deposits		(13,735)	442,254
Increase / (decrease) of other liabilities		(3,022)	(15,304)
Cash paid for derivatives settlement during the year		123,122	182,182
Total changes in operating assets and liabilities		382,768	111,734
Net cash provided by operating activities		**369,587**	**112,787**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase of) / proceeds from investments available for sale		(51,532)	14,418
(Purchase of) / proceeds from sale of investments held to maturity		(362,748)	(8,122)
(Purchase)/sale of tangible and intangible assets, net		(10,587)	(14,181)
(Increase) / decrease in investment in Associates	20	-	(25,639)
Net cash from/(used in) investing activities		**(424,866)**	**(33,524)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	28	30,000	-
Net cash provided by/ (used in) financing activities		**30,000**	**-**
Net increase/(decrease) in cash and cash equivalents		**(25,279)**	**79,263**
Cash and cash equivalents at beginning of period	**13**	**351,073**	**271,809**
Cash and cash equivalents at end of period	**13**	**325,794**	**351,072**

These financial statements have been authorized for issue by the management in March 2010.

Mr. László Diósi
President and CEO

Mr. Marin Ban
Economic Director

OTP Bank Romania S.A.
Unconsolidated Statement of changes in equity prepared for the period ended December 31st, 2009

(all amounts are expressed in RON thousands, unless otherwise stated)

	Share Capital RON '000	**Share capital restatement reserve RON '000**	**Retained earnings/ Accumulated deficit RON '000**	**Total RON '000**
Balance as of January 1st, 2008	**432,909**	**42,751**	**(109,924)**	**365,736**
Total comprehensive income for the period	-	-	10.441	10,441
Balance as of December 31st, 2008	**432,909**	**42,751**	**(99,483)**	**376,176**
Balance as of January 1st, 2009	**432,909**	**42,751**	**(99,483)**	**376,176**
Total comprehensive income for the period	-	-	(10,736)	(10,736)
Increase in share capital	30,000	-	-	30,000
Balance as of December 31, 2009	**462,909**	**42,751**	**(110,219)**	**395,441**

These financial statements have been authorized for issue by the management in March 2010.

OTP BANK ROMÂNIA
Administrația Centrală
1.
Director General

Mr. László Diósi
President and CEO

Mr. Marin Ban
Economic Director

1. General overview on bank and its operations

OTP BANK ROMANIA SA (hereinafter the "Bank" or "OTP Romania") was established as a private bank in 1995, under the official name "Banca Comerciala RoBank S.A." and Trade Register number J40/10296/1995.

In July 2004, OTP Bank Ltd (Hungary) became the main shareholder of the Bank and in July 2005 the Bank was officially registered with the Romanian Trade Register under the name "OTP Bank Romania S.A."

The Head Office of the Bank is seated in 66-68 Buzesti Street, District 1, Bucharest, Romania.

The Bank's tax identification number is RO 7926069

Members of Statutory and Supervisory Boards as at 31 December 2009

Management Board (MB):
László Diósi – Chairman of BD
János Komorowicz
György Bodó
Gábor Ljubičić
Ferenc Bakk

Supervisory Board (SB):
Antal Pongrácz – Chairman of SB
Zsuzsa Marti
Zsolt Szabó
Enikő Zsakó
Mihály Bácsfalvi
Szabolcs Annus

The Bank is led by the Chief Executive Officer (CEO), who also acts as Chairman of Board of Directors. In his absence, the CEO is fully represented by his representatives, ie by other members of the Bank's Board of Directors.

Object of the Business:

The Bank holds universal banking license issued by the National Bank of Romania ("NBR" or "National Bank of Romania") and carries out business in Romania.

The basic activity of the Bank is the provision of a wide range of banking and financial services to various entities, mainly to large and medium enterprises, private individuals, and institutional customers.

The Bank's core scope of business, under the banking authorization from the NBR, is as follows:

- other activities representing intermediation of money – acceptance of deposits and other repayable funds;
- lending including, inter alia: consumer credit, mortgage credit, factoring with or without recourse, financing of commercial transactions, including forfeiting;
- money transmission services;
- issuing and administering means of payment, such as credit cards, travelers' cheques and other similar means of payments, including issuing of electronic money;
- issuing guarantees and commitments;
- trading for own account and/or for account of clients, according to law, in:
    - money market instruments, such as: cheques, bills, promissory notes, certificates of deposit;
    - foreign exchange;
    - transferable securities and other financial instruments;
    - exchange and interest rate instruments;
- Consultancy related to capital structure, business strategy and other related issues, consultancy and other services related to mergers and purchase of undertakings as well as other advice services;
- Intermediation on the inter-banking market ;

- Credit reference services related to provision of data and other credit references;
- Safe custody services;
- Operations with precious metals, gems and objects thereof;
- Acquiring of participations in the capital of other entities;

The Bank is authorized to operate any other activities or services that are included in the financial field, abiding by the special laws regulating those activities, where appropriate:

- Depositing assets of investment funds and investment companies;
- Distribution of investment funds' units and investment companies' shares;
- Data processing services, database management or other such services for third parties;
- Carrying out automatic payment operations in the accounts of customers (both natural and legal entities), under the mandate granted by clients in this respect;
- Safekeeping and administration of the financial instruments;
- Participation in securities issues and other financial instruments by underwriting and selling them or by selling them and the provision of services related to such issues;
- Acting as agent in case of syndicated loan transactions and of the loans granted by non-resident banks ;
- Portfolio management and advice;
- Managing portfolio of movable and/or immovable assets, which are the property of the credit institution, but are not used for the performance of its financial activities ;
- Non-financial mandate or commission operations, especially in the account of other entities within the group the Bank relates, respectively:
  - Bank assurance activity, according to the provisions of Law 32/2000 on insurance companies and insurance supervision, with the subsequent amendments and supplements;
  - Mandate operations: acting as marketing agent for the voluntary pension funds.

Shareholders Structure:

The majority shareholder of the Bank is OTP Bank Nyrt. Hungary (Országos Takarékpénztár És Kereskedelmi Bank Részvénytársaság) is listed on the Budapest Stock Exchange and fully consolidates the Financial Statements of OTP Bank Romania S.A. The registered Head Office of the parent company is: 16 Nador Street, Budapest, 1051, Hungary.

As at December 31st, 2009, the share-holders' structure of the Bank was the following:

Shareholder's Name	Percentage of ownership	Number of shares	Amount (RON)
1. Országos Takarékpénztár és Kereskedelmi Bank Nyilvánosan Működő Részvénytársaság	99.99979262%	1,928,784	462,908,160
2. Merkantil Bank zRt.	0.000222%	4	960
Total	**100%**	**1,928,788**	**462.909.120**

Organizational Structure and Number of Employees

As at December 31st 2009, the Bank operated 7 regional centre's through 106 network units (out of which 56 branches and 50 agencies) and the registered Head Office, distributed in all counties of Romania.

The main cities are distributed with a higher number of units, as follows:

- Bucharest (22 units);
- Cluj (8 units);
- Timis, Brasov, Constanta (5 units);
- Harghita, Bihor, Mures (4 units);
- Sibiu, Covasna, Arges, Prahova (3 units);
- Dolj, Neamt, Hunedoara, Iasi, Galati, Vaslui, Bacau (2 units);

The total number of Bank's employees as of December 31st, 2009 is 1,009 (December 31st, 2008: 1,049).

2. Capital adequacy and regulatory requirements

The bank calculates capital adequacy based upon the regulations issued by the National Bank of Romania ("NBR"). In administration of its regulatory capital, the Bank aims to ensure an adequate level of business prudence and assets and liabilities monitoring, as well as to continuously maintain the Bank's regulatory capital above the minimum level required by the NBR. To accomplish this, when preparing the yearly business plan the Bank also prepares a plan of adequacy of regulatory capital considering its business objectives and applying the knowledge gained from previous experience.

In 2009, the Bank monitored the development of requirements for regulatory capital and prepared reports on the required levels of the Bank's regulatory capital on a monthly basis. These reports have been submitted to the National Bank of Romania and to the Board of Directors' meetings for periodical analysis.

The regulatory capital of the Bank's financing is stipulated by the provision of the NBR and comprises:

- the Bank's basic regulatory capital and additional regulatory capital (including subordinated debt) less the value of deductible items under a special regulation,
- supplementary regulatory capital.

As of December 31st, 2009, the capital adequacy ratio based upon the National Bank of Romania regulations was 14.35% (December 31st, 2008: 13.96%).

The bank is also subject to other regulatory requirements of the NBR, including those pertaining to lending limits, liquidity, foreign currency exposure, interest rate risk etc. Starting with January 1st 2008, the Bank applies provisions of National Bank of Romania (NBR) – National Committee of Securities (CNVM) regulations harmonized with Basel requirements, which state that the minimum capital adequacy ratio is 8%.

3. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below:

3.1 Basis of Preparation

Statement of Compliance

These unconsolidated financial statements include unconsolidated statement of financial position, unconsolidated income statement, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity, unconsolidated statement of cash flows and notes to the unconsolidated financial statements.

The unconsolidated financial statements of the Bank for the period ended 31st December 2009 and comparative data for the period ended as at December 31st, 2008 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The principal accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all periods presented.

The accompanying unconsolidated financial statements are prepared in terms of the purchasing power of the Romanian New Leu ("RON") as of December 31st, 2009 and are expressed in thousands Romanian Lei ("RON"), rounded to the nearest thousand. The Bank's management assessed the functional currency of the Bank to be RON, which is also the presentation currency of these financial statements.

In 2009, the Bank adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods commencing January 1st, 2009. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Bank's accounting policies that have affected the amounts reported for the current or prior year.

The Bank decided not to adopt any of the standards or interpretations before the date of their effectiveness which were prepared for issue as at the date of the authorization of these financial statements, but not yet effective.

At the date of the authorization of these financial statements, the following standards were in issue but not yet effective:

IASB Documents endorsed by the EU:

Standards

- Revised IFRS 3 "Business Combinations" (effective from the date of the beginning of the first fiscal year beginning after 30 June 2009);
- IFRS 1 "First-Time Adoption of International Financial Reporting Standards" (effective no later than from the beginning of the fiscal year that starts after December 31st, 2009);

Interpretations

- IFRIC 12 "Service Concession Arrangements" (effective no later than from the beginning of the first fiscal year starting after the effective date, ie March 25th, 2009);
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (effective from the date of the beginning of the first fiscal year beginning after June 30th, 2009);
- IFRIC 15 "Agreements for the Construction of Real Estate" (effective no later than from the beginning of the fiscal year that starts after December 31st, 2009);
- IFRIC 17 "Distributions of Non-cash Assets to Owners" (effective for the reporting periods beginning on or after July 1st, 2009)

Amendments

- Amendments to IAS 27 "Consolidated and Separate Financial Statements" (effective from the date of the beginning of the first fiscal year beginning after June 30th, 2009);
- Amendment to IAS 39 "Eligible Hedged Items" (effective from the date of the beginning of the first fiscal year beginning after June 30th, 2009);
- Amendment to IFRIC 18 "Transfers of Assets from Customers" (effective no later than from the beginning of the fiscal year that starts after October 31st, 2009);
- Amendments to IFRS 4 and IFRS 7 "Disclosures about Fair Value Measurements and Liquidity Risk Associated with Financial Instruments" (effective no later than from the beginning of the fiscal year, which starts after December 31st, 2009); and
- Amendment to IAS 32 "Financial Instruments: Presentation" (effective for annual periods beginning on or after January 1st, 2011).

IASB Documents not yet endorsed by the EU:

Standards

- IFRS 9 "Financial Instruments" (issued on November 12th, 2009)

Interpretations

- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (issued on November 26th, 2009)
- Modification to IFRIC 14 "Minimum Funding Requirements" (issued on November, 26th 2009)

Amendments

- Amendment to IFRS 2 "Share-based Payment" (issued on June 18th, 2009)
- Improvements of IFRS (issued on April 16th, 2009)
- Revised IAS 24 "Related Party Disclosures" (issue on November 4th, 2009)
- Amendments to IFRS 1 "First Time Adoption of IFRS" (issued on July 23rd, 2009 and January 28th, 2010)

The adoption of these standards and interpretations in future periods is not expected to have a material impact on the Bank's profit or equity.

3.2 Key sources of estimation uncertainty

The presentation of financial statements in conformity with IFRS requires the management of the Bank to make judgments about estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and future changes in the economic conditions, business strategies, regulatory requirements, accounting rules or/ and other factors could result in a change in estimates that could have a material impact on the reported financial position and results of operations.

Significant areas of subjective judgment include:

- Provisioning for incurred credit losses and identified contingencies involve many uncertainties about the outcome of those risks and require the management of the Bank to make many subjective judgments in estimating the loss amounts.
- Where no legal requirements are available, the amounts recognized as provisions for other liabilities and other assets are based on the management's judgments and represent the best estimate of receivables/ expenditures required to settle an asset/ liability of uncertain timing or amount resulting from a right/obligation.
- Income tax rules and regulations have undergone significant changes in recent years and there are little historical precedent or interpretative rulings on a number of complex issues affecting the banking industry. Also, tax authorities have broad powers in interpreting the application of the tax laws and regulations in the course of its examination of taxpayers. Accordingly there is a high level of inherent uncertainty about the ultimate outcome of examinations by the tax authorities.
- In connection with the current economic environment, based on currently available information the management has considered all relevant factors which could have effect on valuation and impairment of assets and liabilities in these financial statements, impact on the liquidity, funding of operations of the Bank and other effects these may have on financial statements. All such impacts, if any, have been reflected in these financial statements. There is a high level of uncertainty about future development which could result in material change in market value of securities and increased impairment of assets. The management of the Bank continues to monitor the situation and further possible impact of financial crisis and economic slowdown on its operations.

3.3 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.4 Separate and consolidated financial statements

The Bank is part of the consolidation group of OTP Group. Consolidated financial statements for all groups of consolidation group entities are prepared by Országos Takarékpénztár és Kereskedelmi Bank Nyilvánosan Működő Részvénytársaság, the parent company with its seat at Nádor utca 16, 1051 Budapest, Hungary ("OTP Bank Nyrt."). OTP Bank Nyrt. is also an immediate consolidating entity of the Bank.

3.4.1. Subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent). Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

According to IAS 27 (Consolidated and separate financial Statements), a parent need not present consolidated financial statements if and only if:

- the parent is itself a wholly-owned subsidiary, or the parent is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not preparing consolidated financial statements;
- the parent's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- the parent did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market;
- the ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use that comply with International Financial Reporting Standards.

All conditions mentioned above are met and ultimate parent company OTP Bank PLC is in the process of finalizing the preparation of interim consolidated financial statements as at December 31st, 2009 which will be available for public use on internet address: *www.otpbank.hu* as of April 2010

3.4.2. Associates

An associate is an entity over which the Bank has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The associate is presented at cost less impairment as all conditions for such presentation are met as mentioned in the note 3.4.1. For details related to Bank's subsidiaries and Affiliates please refer to Note 21.

3.5 Foreign currency translation

Transactions denominated in foreign currency are recorded at the exchange rate ruling at the transaction date.

Exchange differences resulting from the settlement of transactions denominated in foreign currency are included in income statement at the date of settlement using the exchange rate ruling on that date.

Monetary assets and liabilities denominated in foreign currency are expressed in RON at the balance sheet date.
For reference purposes we present below the exchange rates applicable at the end of the reporting periods for major foreign currencies:

	CHF	USD	EUR	100 HUF
Exchange rate as at December 31, 2009	2.8496	2.9361	4.2282	1.5608
Exchange rate as at December 31, 2008	2.6717	2.8342	3.9852	1.5034

Unrealized foreign currency gains and losses arising from the translation of monetary assets and liabilities are reflected in the income statement (Please see Note 10).

3.6 Interest Income and Expense

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.7 Fee and commission income and expense

Fees and commissions are recognized as income or expense in the profit or loss account on accrual basis, as they are earned.

Fees and commission income consist mainly of fees received for foreign currency transactions, loans and issuing of guarantees and letters of credit. Fee and commission expenses mainly comprise of commissions from interbank and cards transactions value's' commissions, legal fees or insurance premiums charges.

Revenue from various services the Bank performs is recognized when the following conditions are satisfied:

- persuasive evidence of an arrangement exists;
- the services have been rendered;
- the fee or commission is fixed or determinable;
- Collectability is reasonable assured.

The recognition of revenue for **financial service fees** depends on the purposes for which the fees are assessed and the basis of accounting for any associated financial instrument.

Therefore, in accordance with IAS 18, the difference is made between:

- **fees that are integral part of the effective interest rate of a financial instrument;**

Such fees are generally deferred and recognized as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value with the change in fair value recognized in profit or loss the fees are recognized as revenue when the instrument is initially recognized.

This category includes origination fees received by the entity relating to the creation or acquisition of a financial asset, such as: evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents and closing the transaction.

- **fees earned as services are provided**

All fees within this group are deferred in balance sheet as other liabilities and amortized on straight-line basis over related period (as fee revenues).

The service-related fees include, in particular, fees charged by an entity for servicing a loan. For example, in case of revolving lines of credit (where the borrower has the option to make multiple borrowings up to a specified maximum amount, to repay portions of those borrowings, and then re-borrow under the same contract) net fees are recognized as fee revenues on a straight-line basis over the period the revolving line of credit is active.

- **fees earned on the execution of a significant act.**

This treatment is applicable to wide range of standard banking services and related fees (money transfers, foreign currency exchange, etc.) and fees charged due to additional services performed upon client's request (fee for an agreement copy, fee for agreement change upon borrower's request etc.). Such fees are treated as one-off fees related to specific service that is provided by the Bank and therefore accounted for on cash basis.

3.8 Financial assets

3.8 .1 Classification

According to IAS 39 (Financial Instruments: Recognition and Measurement) the Bank classifies its financial assets into the following categories:

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market

- **Treasury securities – held to maturity**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity.

- **Investment securities – available for sale**

Available-for-sale financial assets are non-derivative financial assets that the Bank intends to hold for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rate, exchange rates or equity prices.

3.8.2 Financial instruments - initial recognition, measurement and de-recognition

The Bank initially recognizes its financial assets at their fair value plus transaction costs (for the financial assets not carried at fair value through profit and loss) that are directly attributable to the acquisition or issue of the financial asset.

Financial assets are derecognized when the Bank's rights to receive cash flows have expired or when it has substantially transferred all risks and rewards of ownership.

Accordingly, purchase of held-to-maturity and purchase and sale of available for sale financial assets are recognized on the trade date (the date when the Bank commits the purchase or sell), and loans are recognized when cash is advanced to the borrowers.

3.8.3 Subsequent measurement and fair value

After initial recognition, a Bank shall measure financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets:

- loans and receivables as defined in Note 3.8.1, which shall be measured at amortized cost using the effective interest rate method;
- held-to-maturity investments as defined in Note 3.8.1, which shall be measured at amortized cost using the effective interest rate method;
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which shall be measured at cost. Investments quoted are measured at fair value which represent quoted price on Stock Exchange.

3.9 Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The policy related to impairment of loans is specifically disclosed in caption Loans and advances to customers.

With the exception of Available-for-Sale (AFS) equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

3.10 Loans and advances to customers

At the origination of a financial instrument, it is assumed that the Bank concludes transaction on market terms; therefore value at which it will be initially recognized in books will be equal to the net cash flow paid or received by the Bank. Loans and receivables are subsequently measured at amortized cost using the effective interest method, and are subject to impairment testing.

When financial assets are impaired by credit losses the Bank records the impairment in a separate account – a provision account rather than directly reducing the carrying amount of the asset.

Consequently, loans are presented on the balance sheet at their outstanding unpaid principal balances net of charge offs, unamortized premiums or discounts, net deferred fees or costs on originated loans and the allowance for loan losses.

Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction. All loans and advances are recognized when cash is advanced to borrowers.

3.10.1 Impairment of loans

OTP Bank Romania establishes loans loss allowances and provisions using a methodology of impairment identification and measurement in accordance with IFRS requirements (IAS 39).

3.10.2. Specific provision

According to paragraph 64 of IAS 39, the Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant.

For determining whether a specific exposure is individually significant (for the risk management process or/and financial reporting), first there were established materiality thresholds.

Objective evidence about impairment includes observable data that comes to the attention of the Bank.

The created provision corresponds to the difference between the carrying amount of the exposure and the net present value of estimated future cash flows, assuming that the exposure will default and undergo a collateral collection process. These cash flows account for projected principal and interest payments made by the borrower, collateral collection, reduced by any costs related to the collection process. In order to calculate their present value, expected cash flows are discounted using the effective interest rate.
If the Bank determines that no objective evidence of impairment exists for an individually assessed exposure, it includes the exposure in a group of assets with similar credit risk characteristics and collectively assesses them for impairment.
The exposures that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment of impairment.

3.10.3. Collective provision

As per IAS 39, the Bank calculates the required loan loss provision collectively for loans that are not individually significant as well as for loans that are individually significant but for which no objective evidence of impairment exists at the balance sheet date. This is achieved by including the loans in a group with other loans which have similar credit risk characteristics.

Based on current approach to the credit risk in the Bank, it has been decided that main division of exposures would be into the following portfolios:
• Corporate clients,
• Retail,
• SME.

Subsequently, it was determined that retail portfolio consists of several products that have different risk profile mainly due to the loan purpose and collateral type. Therefore, based on the experience of the Bank's retail credit exposures are further divided into three sub portfolios:

- Personal loans;
- Mortgage loans;
- Overdrafts and credit cards;

Additionally, each sub portfolio is divided into five more homogenous groups (buckets) based on the number of days overdue, the last bucket representing the default bucket, as follows: 0DPD, 1-30 DPD, 31-60 DPD, 61-90 DPD, Default.

The collective assessment is based on transaction approach, meaning that each loan is taken into consideration separately no matter how many loans a specific client has.

For collective assessment of impairment, the amount of impairment loss expected by the Bank is computed on each separate exposure using a formula based on the below mentioned parameters, as follows:

Probability of default

For a given bucket, probability of default represents the ratio of clients for which default occurred during a given time horizon to the total number of clients which are not in default at the beginning of that horizon.

Recovery indicator

The recovery indicator parameter informs what fraction of transactions that have been in default, exited default in a natural manner (without collateral collection) during a given t-month horizon.

Loss Amount

Loss Amount (LA) in collective assessment relates to loss of the Bank in case of defaulting and non-returning to the normal (non-default) situation. Such cases mainly involve necessity of hard collection process and strictly depend on collaterals.

Exposure at default

The exposure at default (EAD) represents the amount the bank can expect to loose, on average, over the period of time in which it extends credits. This estimate includes on-balance items as well as off-balance items (free lines, contingent claims and potential future exposure), the latter typically weighted by the so-called CCF (credit conversion factor).

Gross amortized cost

EAD for balance sheet exposure is represented by the gross amortized cost (GAC) that is the carrying amount of loan that would have been if the impairment had not been recognized.

3.11 Tangible and intangible assets

Property, plant and equipment that qualify for recognition as tangible assets are initially measured at cost. Subsequent to initial recognition as assets, land, buildings and other fixed assets are stated at their restated cost less accumulated depreciation value and accumulated impairment losses.

Intangible assets are measured at restated cost less accumulated amortization, over their estimated useful life ranging from 2 to 5 years. Intangibles represent licenses and purchased or in-house developed software. The Bank mainly includes in this category the software developments which are amortized over a period of 3 years, having an annual amortization rate of 33%.

Depreciation/amortization of tangible and intangible assets is charged to the income statement line "Operating expenses". Depreciation/amortization commences in the following month after such assets are put into use. Land and works of art are not depreciated.

Assets-in-progress are not depreciated until they are placed into use. Maintenance and repairs are expensed when incurred and improvements are capitalized.

All tangible and intangible assets except for land are depreciated using the straight-line method to allocate their costs to their residual value over their estimated useful lives, as presented below:

Type of Assets	Useful life in years	Depreciation rate per annum in %
ATMs	8	12.5%
Telecommunication equipment	5	20%
Fixture, fittings and office equipment	3	33%
Computers	3	33%
Heavy bank program (safes)	20	5%
Transportation means	4	25%
Air-conditioning facilities	5-8	20% - 12.5%
Buildings and structures	10	10%

The carrying values of property, equipment and software are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

At the balance sheet date the Bank reviews the carrying value of its non-current tangible assets, estimated useful life and method of depreciation. The Bank also reassesses the recoverable amount in order to determine the extend (of any) of the impairment loss. Where the carrying of premises and equipments is greater than the estimated recoverable amount, it is written down immediately to the estimated recoverable amount through the income statement. Where the estimated recoverable amount exceeds the carrying amount of an asset, a provision for impairment loss is released through the income statement.

At balance sheet date, the Bank assesses as well whether there is any indication that an impairment loss recognized in prior periods for an asset may no longer exist or has decreased. If any such indication exists, the entity estimates the recoverable amount of that asset. If the estimated recoverable amount exceeds the carrying value of an asset, a reversal of an impairment loss is recognized in the income statement.

3.12 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of an asset to the lessee. Title may or may not eventually be transferred.
No leased Assets are held by the Bank as at December 31st, 2009.

3.13 Interest bearing Borrowings and borrowing costs

Borrowings are recognized initially at cost less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost, with any difference between cost and redemption value being recognized in income over the period of the borrowings.
Costs for the amounts borrowed are recognized in profit and loss in the period in which they occur.

3.14 Derivative Financial Instruments

In the ordinary course of business, the Bank is a party to contracts for derivative financial instruments, which represent a very low initial investment compared to the notional value of the contract. Generally, derivative financial instruments include currency forward and swap agreements. The Bank mainly uses these financial instruments for business purposes and to hedge its currency exposures associated with transactions in financial markets.

Derivative financial instruments are initially recognised at acquisition cost, which includes transaction expenses and which is subsequently re-measured to fair value. Fair values of derivatives are determined using valuation techniques by discounting future cash flows by a rate derived from the market yield curve and foreign currency translations using the ECB rates valid on the calculation day. Fair values of derivative transactions are determined in parts.

Changes in the fair value of derivative financial instruments that are not defined as hedging derivatives are recognised in the statement of income in "Trading income, net".

3.15 Taxation

The current tax is the amount of income taxes payable in respect of the taxable profit reported in the statutory financial

statements, computed in accordance with Romanian tax rules and accrued for in the period to which it relates.

Deferred tax is provided for in full, using the liability method, on temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts in the financial statements (Please see Note 28 for details).

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 16%. (2008:16%).

3.16 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or

(b) a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements, but are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank.

A contingent asset is not recognized in the accompanying financial statements but is disclosed when an inflow of economic benefits is probable.

3.17 Provisions

A provision is recognized when the Bank has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect in financial statements of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

3.18 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand, current accounts and deposits at banks, placements with banks and with the National Bank of Romania and treasury bills issued by the Government of Romania with an original maturity of less than 90 days, if any. Restricted assets, including compulsory reserves, are excluded.

3.19 Related parties

Counterparty is considered related to the Bank if:

(a) directly, or indirectly through one or more intermediaries, the party:
  (i) controls, is controlled by, or is under common control with, the bank (this includes parents, subsidiaries and fellow subsidiaries);
  (ii) has an interest in the Bank that gives it significant influence over the Bank; or
  (iii) has joint control over the bank;
(b) the party is an associate of the bank (as mentioned in Note 3.4.2);
(c) the party is a joint venture in which the Bank is a venturer;
(d) the party is a member of the key management personnel of the bank or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the bank, or of any entity that is a related party of the Bank.

3.20 Employee benefits

Short-term employee benefits:
Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expenses when the services are rendered.

Post-retirement benefits:
The Bank pays the contribution to the Romanian State funds on behalf of its employees for health care, pension and unemployment benefits.
The Bank's contributions relating to defined contribution plans are charged to income statement in the period to which they relate.

3.21 Comparatives

Where necessary, certain reclassifications have been made to December 31, 2008 balances to conform to the presentation as of December 31, 2009.

3.22 Subsequent events

Post-reporting date events that provide additional information about the Bank's position as of the balance sheet date (adjusting events) are reflected in the financial statements. Post- reporting date events that are not adjusting events are disclosed in the notes when they have material effect over the financial statements.

3.23 Going concern

These financial statements have been prepared on a going concern basis. The Bank's ability to continue as a going concern is dependent on its ability to generate sufficient future cash flows and profit in order to meet capital requirements, finance normal operations and to comply with regulatory requirements.
The Bank is in the process of a transformation with objective to create a modern full service, profitable commercial bank with a significant market share. This development involves investments to modernizing the IT system, launching new customized products on the market and investment in human resources.

During December 2009, the mother company paid-up an amount of RON 30,000,000 for increasing its participation to the Bank's share capital.

Management is confident that financial support will be provided by the shareholders, if required, and that the Bank will be able to generate sufficient future cash flow to continue its operations in the foreseeable future. These financial statements have also been prepared under the exercise of prudence to the extent that losses are recognized as soon as they are foreseeable.

3.24 Basic and diluted earnings per share

The Bank reports earnings per share attributable to the holders of ordinary shares. The Bank calculated earnings per share on ordinary shares by dividing profits attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period.

Details of Earnings per Share (EPS) are available in Note 30.

4. RISK MANAGEMENT

The primary risks associated with financial instruments that the Bank faces are :

- market risk – which refers to exposures to market factors as interest rate, exchange rates and equity markets
- credit risk
- liquidity risk

Other risks managed by bank are operational risk, reputational risk and risk due to outsourcing activities.

The "Risk Management" Note presents information related to Bank's exposure to each type of risk mentioned above, its' objectives, policies as well as assessment and management processes.
Bank's risk related policies and management approach are assessed periodically and updated to the changes that occurred on each analyzed area of activity.

4.1. Market Risk Management

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.
Considering the bank intention to initiate trading activities, the Bank's objective in market risk management is to ensure appropriate management of the risks generated by the transactional activities, through the implementation of procedures, models and adequate application of monitoring and risk control related with the transactional activities.

Market Risk Department, as part of the Risk Division, has the following responsibilities:
- To monitor the compliance with the existing limits, but also to report any exceeding to the bank's management;
- To revise and submit for approval any application/ request of new limits establishment;
- To prepare and to transmit consolidated reports regarding market risks towards / to the Risk Committee and Board of Directors.

4.1.1. Interest Risk

The interest rate risk refers to the fluctuation in the value of financial instruments due to the changes in market interest rates. This risk can have a significant adverse effect on highly leveraged businesses.
The Bank manages its interest rate risk by setting short term variable interest rates on borrowed and lent funds.
Bank's strategy for interest risk management includes continuous assessment of Treasury deals on monetary and exchange market (approved currencies and agreed/approved counterparties) as well as approved transaction limits settled by the Risk Management Committee.

The average margin of assets and liabilities is weekly computed by the Controlling, ALM&Reporting Directorate, on main currencies, and this report is delivered towards Bank's Management, corporate and retail business units, risk management and treasury, for assuring ourselves that the margin is sufficient for covering the operational expenses, credit risk and is yielding an appropriate return on economic/ regulatory capital according to the budget.

Weighted average effective interest rates (%) for loans to customers were as follows:

Loans granted to customers	December 31st, 2009				December 31st, 2008			
	CHF	EUR	RON	USD	CHF	EUR	RON	USD
Consumer	11.75	14.49	21.10	13.72	11,91	13.99	18.54	13.72
Personal loans with mortgage	6.32	6.6	15.03	N/A	6.46	8.31	14.97	N/A
Housing	6.17	5.88	15..03	N/A	6.20	8.06	14.90	N/A
Car loans	N/A	N/A	N/A	N/A	8.34	10.91	13.91	N/A
Corporate loans	5.65	5.46	13.89	5.79	5.96	7.32	19.37	6.37

In order to generate a scenario regarding the impact on profit and loss account of interest rate variations, the Bank considered as benchmark rate BUBOR for balances denominated in RON and EURIBOR for the ones denominated in foreign currencies. The effect presented below was based on assumptions of 1% variation of BUBOR rate and of 0.5% variation of EURIBOR rate.

The main components of assets subject to interest rate risk are loans granted to clients as for liabilities borrowings from financial institutions and loans from other banks as these balances are sensible to changes in interest rates due to the fact that the interest rates have variable component. Interest rates on term deposits are fixed.

The impact on profit and loss account due to potential changes in interest rates is presented below:

Balance Sheet position	Gain (loss) for period ended December 31st, 2009	Gain (loss) for period ended December 31st, 2008
Loans (+100bp RON and +50 FCY)		
- increase of 100 bp for RON and of 50 bp for FCY	72,054	93,158
- decrease of 100 bp for RON and of 50 bp for FCY	(72,054)	(93,158)
Borrowings from credit institutions		
- increase of 50 bp in interest rates	(586)	(730)
- decrease of 50 bp in interest rates	586	730
Borrowings from other financial institutions		
- increase of 100 bp in interest rates	(45)	(52)
- decrease of 100 bp in interest rates	45	52
Net effect – increase in interest rates	**71,423**	**92,376**
Net effect – decrease in interest rates	**(71,423)**	**(92,376)**

4.1.2. Currency Risk

Currency risk is the risk of loss resulting from changes in exchange rates.
The currency fluctuations induce the risk of losses in value in respect of net monetary assets.
The Bank manages its exposure to movements in exchange rates by permanently adjusting its assets and liabilities mix, based on the market movements in exchange rates. The bank may trade currencies and take positions in the followings currencies: EUR, USD, GBP, CHF, CAD, JPY, HUF, AUD, SEK, DKK, and NOK.

The currency position managed according to the internal rules and also considering the NBR regulations. There is a VAR system which monitors this position throughout OTP Group in a module Kondor+ system. Regarding the money market and currency market operations, the risk profile is a reduced one, being unitary managed by using Kondor+ and Market Risk Portal by OTP Bank Hungary.

RON figures						RON figures
			December 31st, 2009			December 31st, 2008
Currency	**Open FCY position**	**Gains (losses) incurred for a change of +1% in currency exchange rate**	**Gains (losses) incurred for a change of -1% in currency exchange rate**	**Open FCY position**	**Gains (losses) incurred for a change of +1% in currency exchange rate**	**Gains (losses) incurred for a change of -1% in currency exchange rate**
EUR	(2,765,872)	(2,793,531)	(2,738,213)	(6,616,332)	(6,682,496)	(6,550,169)
USD	(2,209,170)	(2,231,262)	(2,187,079)	(1,916,559)	(1,935,725)	(1,897,394)
GBP	236,354	238,718	233,991	(337,266)	(340,637)	(333,892)
SEK	4,089	4,130	4,048	90,241	91,144	89,339
CHF	3,313,720	3,346,857	3,280,582	(1,576,073)	(1,591,834)	(1,560,316)
DKK	49,489	49,984	48,994	145,190	146,642	143,738
JPY	16,986	17,156	16,817	23,991	24,231	23,751
AUD	45,490	45,945	45,036	17,400	17,574	17,226
CAD	10,270	10,373	10,168	24,345	24,589	24,102
NOK	6,981	7,051	6,912	21,343	21,557	21,130
HUF	(641,164)	(647,576)	(634,753)	(643,381)	(649,815)	(636,947)
TOTAL	**(1,932,826)**	**(1,952,155)**	**(1,913,497)**	**(10,767,101)**	**(10,874,770)**	**(10,659,432)**
Net gain (loss) in P&L		**(19,329)**	**19,329**		**(107,669)**	**107,669**

In the table above it is shown that there are no material net currency exposures that would give rise to significant net currency gains and losses recognized in the profit and loss account. For example, a 1% depreciation of domestic currency against foreign currencies causes a net loss of RON 19.3 thousands.

4.1.3. Equity risk

Equity risk is the risk of loss resulting from changes in the levels of equity indices and values of individual stocks.
Trading in derivatives is scheduled to commence in the second half of year 2010. Bank's **strategy** concerning derivatives trading risk management involves the monitoring of transactions limits:
- risk limits for countries and banks;
- limits for dealer-interbanking market and operations with nonbanking customers;
- limits „Stop Loss" and „Take Profit".

4.2. Credit Risk Management

The credit risk is associated to all facilities and loans granted by the Bank, being the risk that a party to a financial transaction will be unable to fulfill its obligations thus causing financial losses to the other party.
The bank's objectives regarding credit risk management are:
to improve or at least maintain the portfolio quality by monitoring the percentage of the overdue an doubtful receivables and of the loans classified as "loss" and "doubtful" in total loans portfolio and in total own funds;
Bank's strategy regarding credit risk management includes:
- implementation of credit programs based on scorecards;
- implementation of monthly reviews of the performance of the individual loan portfolio and update of the scorecards to make sure that the factors that influence non-payment are adequately controlled;
- review and periodic update of the scorecards based on analysis of the factors that generate defaults;
- review of the norms and procedures for administration of overdue and non-performing loans;
- monitoring of the exposures against the country limits set in compliance with the limits approved by OTP Hungary;
- permanent update of the list of approved counterparties; the transactions with counterparties which are not approved are not authorized.

Credit risk is managed in compliance with lending norms approved by the Board of Directors, based on the risk related type of products.

In order to avoid risk concentration, the bank structured its credit strategy trying to diversify its corporate portfolio, by industries, branches and counties. The structure of economic sector risk concentration is presented in Note 18 c). According to IFRS 7 requirements, the Bank discloses the following information:

4.2.1. Individually impaired assets

The Bank regularly re-assess all credit exposures that have already been specifically provided for, as well as all credit exposures that appear on watchlist and which are classified as individually significant.

The bank calculated provision for individually impaired loans related only to corporate business portfolio.

The breakdown of these provisions by industry is as follows :

	December 31st, 2009	**December 31st, 2008**
Agriculture	1,030	482
Construction	7,990	317
Hotels and restaurants	273	441
Other Industries (Furniture, Food and beverages, Fashion, Chemical, Forestry)	2,711	3,746
Other services	1,901	388
Others	1,525	1,510
Trade and finance	29,365	10,681
Transportation	2,391	332
Total	**47,186**	**17,897**

4.2.2. Collaterals received from customers

The Bank established limits for the granted loan amounts depending on the type of collateral.

Examples of the recommended restrictions of loans (as percentages from the collateral value) in connections with customer ratings are shown below:

Recommended loan value (% of collateral)

Collateral type/Customer rating	**A**	**B**	**C**	**D-E**
Residential real estate	85	80	75	0
Industrial real estate	70	60	50	0
Offices building	80	75	70	0
In town land	80	75	70	0
Agriculture/ out of town land	60	50	40	0
Pledge on car	75	70	60	0
Pledge on goods	75	70	50	0

The Bank accepts as collaterals collaterals specified below:

Collateral held as of:	**December 31st, 2009**	**December 31st, 2008**
GUARANTEES	2,477,065	2,370,576
State guarantee	-	-
Bank guarantee	8,320	7,959
Guarantees from self-governments	1,970,245	1,951,988
Corporate guarantee	498,499	410,629
Promissory note and invoices assignment	494,965	406,181
Financial risk insurance from insurance	-	-
Companies	3,534	4,449
REAL ESTATE MORTGAGE	3,093,869	3,608,615
Residential Real Estate	1,092,623	1,312,598
Commercial Real Estate	2,001,246	2,296,017
PLEDGE	667,266	717,898
FINANCIAL COLLATERALS	2,413	1,810
Cash collateral	30,525	10,070
Securities	2,413	1,810
OTHER COLLATERALS	35,692	60,188
Total	**6,306,830**	**6,769,157**

4.2.3. Collaterals as result of foreclosure procedures

Collateral obtained as a results of foreclosure procedures have been included in Tangible and Intangible Assets starting with year 2007, under the "Land and Buildings" category. During year 2009 there hasn't been any movement related to these assets, as presented below:

	December 31, 2009	Additions	December 31, 2008
Gross book value	3,240	-	3,240
Impairment	(2,204)	-	(2,204)
Net balances	**1,036**	**-**	**1,036**

4.2.4. Quality of Loans receivable

The loans receivable portfolio has been structured below based on the overdue days in repayment in order to present a clear view of the quality of these financial assets.
If any portion of a loan receivable (principal amount, interest etc.) is overdue, the entire loan receivable is considered as an overdue receivable.

4.2.4.1. The quality of loans receivable (within maturity as well as overdue loans receivable):

2009	Gross loans Without Identified Impairment	Gross loans With Identified Impairment	Provision	TOTAL gross loans
within maturity	657,396,373	1,307,511,308	27,791,226	1,964,907,681
0 - 15 days	9,051,391	30,944,944	1,462,484	39,996,335
16 - 30 days	1,219,762	10,208,775	941,571	11,428,537
31 - 60 days	4,544,608	47,903,192	7,874,379	52,447,800
61 - 90 days	2,096,962	16,213,220	4,385,935	18,310,183
91 - 180 days	3,870,681	22,434,285	14,810,446	26,304,966
more than 180 days	8,758,325	67,425,173	43,750,101	76,183,498
Total gross	**686,938,102**	**1,502,640,898**	**101,016,141**	**2,189,579,000**

2008	Gross loans Without Identified Impairment	Gross loans With Identified Impairment	Provision	TOTAL gross loans
within maturity	654,081,686	1,655,874,704	22,572,927	2,309,956,389
0 - 15 days	11,690,081	51,790,781	2,599,112	63,480,863
16 - 30 days	1,993,260	8,446,157	1,513,219	10,439,417
31 - 60 days	1,098,667	18,743,517	6,325,470	19,842,183
61 - 90 days	843,905	14,001,999	6,655,916	14,845,904
91 - 180 days	5,172,139	12,066,342	8,852,487	17,238,480
more than 180 days	1,118,212	25,807,552	17,138,482	26,925,764
Total gross	**675,997,949**	**1,786,731,051**	**65,657,613**	**2,462,729,000**

4.2.4.2. Quality of loans past due but not impaired

2009	Within maturity	Overdue 1 to 30 Days	Overdue more than 30 Days	Total
Corporate	439,951,388	4,176,254	4,658,661	448,786,303
Mortgage	134,314,331	5,707,605	4,967,783	144,989,719
Consumer loans	83,130,655	387,294	9,644,132	93,162,081
	657,396,373	**10,271,153**	**19,270,576**	**686,938,102**

2008	Within maturity	Overdue 1 to 30 Days	Overdue more than 30 Days	Total
Corporate	516,579,346	4,252,859	5,827,528	526,659,733
Mortgage	136,302,892	9,343,832	2,405,394	148,052,118
Overdraft	264,642	-	-	264,642
Personal	934,805	86,650	-	1,021,455
	654,081,686	**13,683,341**	**8,232,922**	**675,997,949**

4.2.5. Aging of impaired loans

December 31, 2009 Overdue days	Provision	Loans (gross amounts)
within maturity	27,791	1,964,908
0 - 15 days	1,462	39,996
16 - 30 days	942	11,429
31 - 60 days	7,874	52,448
61 - 90 days	4,386	18,310
91 - 180 days	14,810	26,305
more than 180 days	43,750	76,183
TOTAL	**101,016**	**2,189,579**

December 31, 2008 Overdue days	Provision	Loans (gross amounts)
within maturity	22,939	2,309,957
0 - 15 days	2,599	63,481
16 - 30 days	1,513	10,439
31 - 60 days	6,325	19,842
61 - 90 days	6,656	14,846
91 - 180 days	8,852	17,238
more than 180 days	17,138	26,926
TOTAL	**66,024**	**2,462,729**

4.2.6. Analysis of restructured loans and receivables, gross

Restructured loans receivable, amounting RON 261,013 thousands gross value, represent loans for which the repayment terms have been rescheduled in order to avoid early overdue payments.

During year 2009, the Bank developed a special program for supporting retail debtors which has successfully been applied especially in order to support clients with mortgage loans.

The following table shows the quantitative analysis of the receivable that were classified as restructured loans as at the year-end:

		31-Dec-09		31-Dec-08
	Gross amount	**Provision**	**Gross amount**	**Provision**
Retail loans				
Overdue up to 30 days	30,969	325		
Overdue from 31 to 90 days	1,854	137		
Overdue more than 90 days	28	28		
Retail loans - TOTAL	**32,850**	**490**		
SME loans				
Overdue up to 30 days	53,606	1,040	5,625	341
Overdue from 31 to 90 days	5,465	1,939	1,649	514
Overdue more than 90 days	4,730	3,404	2,430	1,834
SME loans - TOTAL	**63,801**	**6,383**	**9,704**	**2,689**
Corporate loans				
Overdue up to 30 days	155,012	1,154	1,431	22
Overdue from 31 to 90 days	8,348	2,030	-	-
Overdue more than 90 days	1,002	-	1,095	554
Corporate loans - TOTAL	**164,362**	**3,184**	**2,526**	**576**
TOTAL	**261,013**	**10,057**	**12,230**	**3,265**

4.2.7. Concentration of credit risk to Romanian Government

The following table presents the Bank's credit risk to companies controlled by the Romanian Government, municipalities and similar exposures:

		December 31st, 2009		**December 31st, 2008**
	Amount	Portion of Total Assets	Amount	Portion of Total Assets
Compulsory reserve at National Bank of Romania	292,164	8.72%	358,576	11.11%
Loans and receivables, net of provisions for possible loan losses	40,879	1.22%	39,322	1.22%
Held-to-maturity financial investments	284,964	8.51%	8,536	0.26%
Total	**618,008**	**18.45%**	**406,434**	**12.59%**

4.3. Liquidity Risk Management

The liquidity risk is associated either to the difficulty of an entity to raise necessary funds in order to meet all the commitments when they fall due or to its inability to sell a financial asset quickly.

The bank's **objective** regarding the liquidity risk is to maintain an adequate level of liquidity by ensuring the optimal mix of funding and lending transactions in order to achieve the budget.

The **strategy** for reaching the bank's objective regarding the liquidity risk, includes:

- introducing new products designed both for retail and corporate types of clients based on the GAP analysis results, in order to improve loans hedging with deposits;

permanent monitoring of the value of the liquidity indicator calculated in compliance with the NBR rules;

Activities regarding liquidity management strategy include:

- Daily monitoring of the cash-flows for each currency, taking into account the following elements/items:
  - Maturity of deposits placed/attracted related both to customers, but to the financial institutions
  - Payment input/output (inclusively the ones related to the state budget)
  - Input/output related to cash transactions
  - Input/output related to foreign exchange transactions
  - Input/output related to loans
  - The results of the clearing
  - Minimum Reserve Requirement level
- Monitoring the value of the deposits attracted from the interbanking market following the limits approved by the Bank.
- Daily liquidity indicators calculation, in order to early identify a possible liquidity crisis.
- A set of reports in order to identify and measure liquidity risk.
- Stress test analysis.

4.4. Fair value of the Bank's Financial Assets and Liabilities

The fair value of the Bank's financial assets and liabilities is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, fair value estimates are made based on quoted market prices. In circumstances where the quoted market prices are not readily available, the fair value is estimated using discounted cash flow models or other pricing models as appropriate. Market inputs are used in valuation models to the maximum extent. Changes in underlying assumptions, including discount rates and estimated future cash flows, significantly impact on the estimates. Therefore, the estimated fair market values may not be realised in the current sale of the financial instrument.

Cash, Amounts due from Banks and Balances with the National Bank of Romania and Placements with Other Banks

The carrying values of cash and balances with central banks are generally deemed to approximate their fair value.

The estimated fair value of amounts due from banks that mature in 180 days or less approximates their carrying amounts. The fair value of other amounts due from banks is estimated based upon discounted cash flow analyses using interest rates currently offered for investments with similar terms (market rates adjusted to reflect credit risk). The fair value of non-performing amounts due from banks is estimated using a discounted cash flow analysis or the appraised value of the underlying collateral – level 2 of the fair value estimate. Provisions are not taken into consideration when calculating fair values.

Loans

Generally, the fair value of variable yield loans that are regularly re-valued approximates their carrying value with no significant changes in credit risks. The fair value of loans at fixed interest rates is estimated using discounted cash flow analyses, based upon interest rates currently offered for loans with similar terms to borrowers of similar credit risks. The fair value of non-performing loans to customers is estimated using a discounted cash flow analysis or the appraised value of the underlying collateral, where available. The fair value of loans does not significantly differ from their book value.

Held-to-Maturity Financial Investments

The fair value of securities recorded in the portfolio is stated at the price determined by valuation techniques based on level 2 of the fair value estimate. In government and banking bonds, whose issuers have rating comparable with the country rating, fair value is calculated using the market yield curve without credit margin. For other types of bonds the credit margin reflecting the issuer's credit risk is applied in addition to the market yield curve.

Amounts due to Banks and Deposits from the National Bank of Romania and Other Banks and Amounts due to Customers

The fair value of term deposits payable on demand represents the carrying value of amounts payable on demand as at the statement of financial position date. The fair value of term deposits at variable interest rates approximates their carrying values as at the balance sheet date. The fair value of deposits at fixed interest rates is estimated by discounting their future cash flows using rates currently offered for deposits of similar remaining maturities - level 2 of the fair value estimate.

Amounts owed to customers approximate their fair values as the vast majority of such deposits bear variable interest rates, and the management has the ability to revalue at short notice.

4.4. Fair value of financial instruments

The following table summarizes the carrying amounts of financial assets and financial liabilities presented on the Bank's balance sheet, and their fair values:

LINES OF THE BALANCE SHEET	Carrying amounts		Fair values	
	December 31st, 2009	December 31st, 2008	December 31st, 2009	December 31st, 2008
ASSETS				
Cash	69,064	72,421	69,064	72,421
Current accounts and deposits at Banks	256,729	278,651	256,729	278,651
Accounts with the National Bank of Romania	292,164	358,590	292,164	358,590
Securities held-to-maturity	384,085	14,984	384,085	14,984
Loans and advances to customers, net	2,088,562	2,396,705	2,088,562	2,396,705
Investment securities - Available for sale	80,424	28,893	80,424	28,893
LIABILITIES				
Demand deposits banks	7,954	3251	7,954	3251
Term deposits banks	8,159	601,201	8,159	601,201
Demand deposits customers	277,220	325,509	277,220	325,509
Term deposits customers	2,344,473	1,765,165	2,344,473	1,755,421
Borrowings	56,228	79,941	56,228	79,941

Methods and assumptions in consideration to the fair value of financial instruments :

- Short term financial assets and liabilities, defined as those with remaining maturities of 90 days or less – the fair value approximates their carrying amounts due to their short term maturity. The following instruments were considered predominantly short-term: on the assets side, cash, current account and deposits at banks, accounts with NBR and on the liabilities side demand deposits from banks and demand deposits from customers.
- Securities held-to-maturity – the fair value of these instruments equal their carrying amount as of December 31st, 2009 and December 31st, 2008 as being based on quotations obtained from Bucharest Stock Exchange (Please refer to Note 17 for details).

- Securities available for sale – quoted securities are presented in accompanying financial statements at their fair value.
- Loans and advances to customers, net – the fair value of loans equal their carrying amounts due to the fact that interests are repriced to market on regular basis as the loans bear variable interest rates. There are no loans with fixed interest rates granted to customers.
- Term deposits from customers – the fair value of term deposits was determined by discounting of future cash flows by market interest rates offered by the Bank as of December 31st, 2008 and December 31st, 2009 for term deposits with similar contractual maturities.
- Borrowings – the fair value of borrowings approximates to their carrying amounts due to the fact that interest rates are repriced to market on regular basis as the borrowings bear variable interest rates.

5. Reconciliation between statutory profits/(losses) with profits (losses) as per international financial reporting standards

The books and records of the Bank are maintained in accordance with Romanian Accounting Standards ("RAS") and the Banking Act. The statutory financial statements (RAS) have been prepared under the historical cost convention (except for the statutory revaluation of tangible assets). The enclosed financial statements are based on the statutory records and include adjustments and restatements for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS").

Below there is a summary of the significant differences in net loss and accumulated deficit as recorded under statutory books compared to the IFRS financial statements:

	December 31st, 2009		December 31st, 2008	
	Net profit/ (loss)	**Retained earnings/ (accumulated deficit)**	**Net profit/ (loss)**	**Retained earnings/ (accumulated deficit)**
RAS preliminary financial statements	**(20,307)**	**(51,070)**	**874**	**(34,367)**
Adjustments to restate equity items:				
- restatement of share capital	-	(42,751)	-	(42,751)
- restatement of reserves	-	-	-	4,145
	-	**(42,751)**	**-**	**(38,606)**
Adjustments to restate tangible and intangible assets:				
- restatement of tangible and intangible assets	617	1,056	282	1,674
- depreciation of tangible and intangible assets	2,356	2,920	736	5,276
- impairment of tangible assets	-	(4,775)	-	(4,775)
- impairment of intangible assets	-	(1,172)	-	(1,172)
- statutory revaluation	-	(37,131)	-	(34,149)
	1,018	**(39,103)**	**1,018**	**(33,147)**
Adjustment to investment - available for sale	-	(260)	-	618
DTL directly recognized in Equity		42		(99)
Net effect in retained earnings from FV adjustments		(218)		519
Other adjustments:				
- impairment losses for investment in subsidiaries	1,674	1,674	(1,674)	(1,674)
- (impairment for loans)/recovery from loans	9,668	22,170	10,296	8,357
- deferred tax for the period	(2,078)	(3,547)	(2,272)	(1,468)
- deferred tax related to revaluation of fixed assets recognized on statutory accounts	-	(1,745)	-	(1,745)

	December 31st, 2009		December 31st, 2008	
	Net profit/ (loss)	**Retained earnings/ (accumulated deficit)**	**Net profit/ (loss)**	**Retained earnings/ (accumulated deficit)**
- (provision) / release of provision for off-balance-sheet items	-	(340)	-	(340)
- Fair value adjustments for Derivatives	487	487	487	487
- other adjustments	1,859	5,898	1,193	2,501
- estimation for days of vacation not performed	-	-	-	-
	11,610	22,923	8,030	6,117
Net effect of adjustments	**9,871**	**(59,149)**	**9,047**	**(65,117)**
Balance under IFRS	**(10,435)**	**(110,219)**	**9,922**	**(99,484)**

6. INTEREST INCOME

	December 31st, 2009	December 31st, 2008
Interest on current loans	240,533	268,822
Interest on past due loans	-	-
Total interest on loans	**240,533**	**268,822**
Time deposits with other banks	20,396	13,582
Demand deposits and accounts with the Central Bank	11,232	15,027
Total interest on deposits with banks	**31,628**	**28,609**
Interest on treasury securities, net	17,185	1,010
Interest on derivatives, net	122,636	17,786
Total interest income	**411,982**	**316,227**

7. INTEREST EXPENSE

	December 31st, 2009	December 31st, 2008
Time deposits	254,684	150,393
Demand deposits	14,508	23,295
Total interest on customers' deposits	**269,192**	**173,688**
Interest on other borrowed funds	4,315	36,010
Total interest expense	**273,507**	**209,698**

8. FEES AND COMMISSIONS INCOME AND EXPENSES

FEES AND COMMISSIONS INCOME	December 31st, 2009	December 31st, 2008
FX payment transactions	1,531	1,806
Card related fees and commissions	3,630	3,339
Fee income from other services	4,873	6,817
Payment transfers	12,040	14,160
Cash management fees	7	-
Lending business	59,720	41,662
Deposit and turnover fees and commissions	3,295	2,270
Total fees and commissions income	**85,097**	**70,054**

FEES AND COMMISSIONS EXPENSES	December 31st, 2009	December 31st, 2008
Deposit and turnover fee and commission expenses	1,209	2,955
Expenses on card operations	3,869	2,421
Other services	1,903	3,938
Fees for experts and services	4,381	3,973
Loan commissions expenses	833	214
Total fees and commissions expenses	**12,195**	**13,501**

9. IMPAIRMENT LOSSES

	Note	December 31st, 2009	December 31st, 2008
		RON ('000)	RON ('000)
Allowance for loans and advances to customers	18	(64,223)	(154,781)
Write-offs	18	-	(5,987)
Recoveries from loans written off		-	1,004
Release of provisions	18	29,231	121,826
Foreign exchange differences	18	-	(785)
Total impairment losses on loans and advances to customers		**(34,992)**	**(38,723)**
Impairment losses on other assets			
(Allowance) for/Recoveries from other assets provision (including held for sale assets)	18	(2,516)	(442)
(Allowance) for/Recoveries from provision for investment in subsidiaries	21	1,674	(3,238)
(Allowance) for/Recoveries from provision for held to maturity securities	17	637	(480)
(Allowance) for/Recoveries from off balance sheet items provision			-
Impairment losses for FA		(736)	-
Impairment losses on Receivables sold for collection		(22,414)	-
Foreign exchange differences		2,451	-
Total Impairment losses on other assets		**(20,905)**	**(4,160)**
Total Impairment losses on loans and other assets		**(55,896)**	**(42,883)**
Impairment losses on fixed assets (charge)		**-**	**-**
TOTAL		**(55,896)**	**(42,883)**

10. FOREIGN EXCHANGE INCOME, NET

	December 31st, 2009	December 31st, 2008
Foreign exchange income	6,500,181	6,354,315
Foreign exchange expenses	(6,406,859)	(6,150,540)
Foreign exchange incomes related to derivative operations	151,704	197,282
Foreign exchange expenses related to derivative operations	(221,414)	(318,049)
Other FX (expenses)/incomes from provisions FX translations	-	917
Total trading income	**23,611**	**83,925**

11. PERSONNEL EXPENSES

	December 31st, 2009	December 31st, 2008
Salaries	70,732	69,606
Social insurance contributions	19,339	18,867
Other employee benefits	3,440	3,350
Total	**93,511**	**91,823**

12. OPERATING EXPENSES

	December 31st, 2009	December 31st, 2008
Materials and services	16,625	18,150
Depreciation and amortization	22,527	19,139
Taxes	13,769	12,375
Other operating expenses	9,873	10,918
Total	**62,794**	**60,582**

13. OTHER INCOME AND OTHER EXPENSES

OTHER INCOME

	December 31st, 2009	December 31st, 2008
Net gain from sale of assets classified as held for sale	-	-
Rent income	403	645
Disposals of tangibles and intangibles	-	-
Income from non-banking services	587	233
Other operating income	-	-
Total	**990**	**878**

OTHER EXPENSES

	December 31st, 2009	December 31st, 2008
Advertising	11,177	10,342
Administration	24,795	21,422
Insurance premiums	2,538	8,251
Other expenses	1,430	1,548
Total	**39,940**	**41,563**

14. CASH

	December 31st, 2009			December 31st, 2008		
	RON	FCY	Total	RON	FCY	Total
Cash	29,520	29,319	58,839	30,721	30,147	60,868
Cash in ATM	10,225	-	10,225	11,533	-	11,533
Total	**39,745**	**29,319**	**69,064**	**42,274**	**30,147**	**72,421**

For purposes of the statement of cash flows, the Bank considers cash on hand and current accounts at banks as cash and cash equivalents, as follows:

Cash and cash equivalents	December 31st, 2009	December 31st, 2008
Cash and cash equivalents	69,064	72,421
Current accounts and deposits at banks	256,729	278,651
Cash at the National Bank of Romania	292,164	358,590
	617,957	709,662
less Pledged deposits at banks	-	-
less Compulsory reserves at National Bank of Romania	(292,164)	(358,590)
Total cash and cash equivalents	**325,793**	**351,072**

15. CURRENT ACCOUNTS AND DEPOSITS AT BANKS

	December 31st, 2009			December 31st, 2008		
	RON	FCY	Total	RON	FCY	Total
Current accounts at banks	-	15,171	15,171	-	17,612	17,612
Deposits at banks	140,210	101,348	241,558	178,000	83,039	261,039
Total	**140,210**	**116,519**	**256,729**	**178,000**	**100,651**	**278,651**

Placements existing in Bank's accounting books as at 31 December 2009 are free of any obligation or commitment (not pledged).

The interest rates received by OTP Bank Romania S.A. for current accounts and deposits at banks as at December 31, 2009 and as of December 31, 2008 were the following:

	December 31st, 2009		December 31st, 2008	
	RON	FCY	RON	FCY
Current accounts at banks	-	-	-	-
Deposits at banks	9% - 11.75%	0.40% - 5.50%	-	5.2% - 8.2%

Currents accounts with banks are non-interest bearing deposits.

16. ACCOUNTS WITH THE NATIONAL BANK OF ROMANIA (nbr)

	December 31st, 2009			December 31st, 2008		
	RON	**FCY**	**Total**	**RON**	**FCY**	**Total**
Compulsory reserves	127,944	164,220	292,164	119,479	239,111	358,590
Current accounts	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Total	**127,944**	**164,220**	**292,164**	**119,479**	**239,111**	**358,590**

The National Bank of Romania ("NBR") requires Romanian commercial banks to maintain certain reserves ("compulsory reserve") computed in accordance with specific regulations by applying a percentage to the average balance of other borrowed funds (deposits from clients and amounts in transit) on a definite period of time and whose withdrawal are restricted.

As at December 31st, 2009, the reserve was set up at the following rates:

RON: 15% of the borrowed funds in local currency;
Foreign currency: 30% of the borrowed funds in other than local currency.

The interest rate paid by the National Bank of Romania for minimum compulsory reserve as of December 31, 2009 was as follows:

RON: 3.38% (December 31st, 2008: 5.60%)
EUR: 1.27% (December 31st, 2008: 2.80%)

17. Securities held-to-maturity

Treasury securities represent financial instruments held-to-maturity (treasury certificates), issued by the Romanian Ministry of Finance and are denominated in RON. Treasury securities held by the Bank as of December 31st, 2009 stand for RON 107,279 thousands having a residual maturity of less than 5 years. Their interest rate is between 5.25% and 11.25%.

During the year, the Bank invested in bonds from OTPH in amount of RON 20,259 thousands, having the maturity in July, 2010 (interest rate EURIBOR 3M + 16bp), RON 4,053 thousands with the maturity in May, 2011 (interest rate EURIBOR 3M + 16 bp) and RON 71,991 thousands with the maturity in May, 2011 (interest rate of 5.75% per year).

During November, 2009, the securities issued by Romanian Commercial Bank of RON 7.000 thousands (purchased in November 2006) attained their maturity.

The structure of bonds and other fixed-yield securities as at December 31st, 2009 and December 31st, 2008 was the following:

	December 31st, 2009	December 31st, 2008
Fixed rate Bonds	209,973	7,049
Fixed rate Treasury Bills		
- impairment provision	-	(637)
Carrying amounts	209,973	6,412
Variable rate Bonds (Treasury Bills)	174,112	8,536
- impairment provision	-	-
- carrying amounts	-	8,536
TOTAL Securities held-to-maturity	**384,085**	**14,948**

18. LOANS AND ADVANCES TO CUSTOMERS

a) Structure by currency (gross and net amounts)

Structure by currency	December 31st, 2009			December 31st, 2008		
	RON	FCY	Total	RON	FCY	Total
Loans, gross	548,248	1,641,330	2,189,579	660,003	1,802,726	2,462,729
Impairment losses on loans	(46,305)	(54,711)	(101,016)	(33,660)	(32,364)	(66,024)
Total loans and advances to customers, NET	**501,943**	**1,586,620**	**2,088,562**	**626,343**	**1,770,362**	**2,396,705**

b) Structure by type of ownership (gross amounts)

				December 31st, 2009
	Total loans	RON	FCY	%
Legal entities	1,337,745	312,658	1,025,087	61.10%
Individuals	851,834	212,351	639,483	38.90%
Total	**2,189,579**	**525,009**	**1,664,569**	**100%**

				December 31st, 2008
	Total loans	RON	FCY	%
Legal entities	1,518,552	389,859	1,128,692	61.66%
Individuals	944,178	270,690	673,488	38.34%
Total	**2,462,729**	**660,549**	**1,802,180**	**100%**

c) Impairment losses

	Tangible and intangible assets - including other assets	Investments and securities	Off balance sheet items	Loans and interest receivable	Total
	RON ('000)	RON ('000)	RON ('000)	RON ('000)	RON ('000)
Balances at January 1st, 2009	**2,752**	**5,440**	**340**	**66,024**	**74,556**
Charge/(release) during the year	4,748	(2,311)	-	64,223	65,607
Write-offs	-	-	-	-	-
Recoveries of loans not provided for	-	-	-	(29,231)	(29,231)
Foreign exchange differences	-	-	-	-	-
Balance at December 31st, 2009	**7,500**	**3,129**	**340**	**101,016**	**110,932**

	Tangible and intangible assets - including other assets	Investments and securities	Off balance sheet items	Loans and interest receivable	Total
	RON ('000)	RON ('000)	RON ('000)	RON ('000)	RON ('000)
Balances at January 1st, 2008	**3,817**	**1,773**	**340**	**27,301**	**33,231**
Charge/(release) during the year	(1,268)	(3,667)	-	32,955	35,354
Write-offs	-	-	-	(1,004)	(1,004)
Recoveries of loans not provided for	-	-	-	5,987	5,987
Foreign exchange differences	203	-	-	785	988
Balance at December 31st, 2008	**2,752**	**5,440**	**340**	**66,024**	**74,556**

19. TANGIBLE AND INTANGIBLE ASSETS, NET

	Land and buildings	Furniture and Equipment	Vehicles	Computers	Tangible assets	Construction in progress	Other intangibles	Total
Gross book value January 1st, 2009	**115,838**	**44,034**	**9,312**	**15,963**	**182,943**	**7,529**	**29,566**	**220,035**
Accumulated depreciation January 1, 2009	**(20,129)**	**(12,931)**	**(6,563)**	**(11,157)**	**(50,779)**	**-**	**(23,780)**	**(74,556)**
Net book value January 1st, 2009	**95,709**	**31,103**	**2,750**	**4,806**	**132,164**	**7,529**	**5,786**	**145,479**
Additions	240	1,964	582	1,832	4,618	25,258	7,188	37,064
Transfers from construction in progress	-	-	-	-	-	(25,025)	-	(25,025)
Disposals		(430)	(564)	(548)	(1,543)			(1,544)
Gross book value December 31st, 2009	**116,078**	**45,568**	**9,331**	**17,246**	**186,018**	**7,762**	**36,754**	**230,530**
Dep'n charge for 1 year period ended December 31, 2009	(5,539)	(6,474)	(1,517)	(2,706)	(16,236)		(6,291)	(22,527)
Accumulated depreciation of disposals		410	531	542	1,483			1,483
Accumulated depreciation December 31, 2009	**(25,668)**	**(18,994)**	**(7,548)**	**(13,320)**	**(65,531)**	**-**	**(30,071)**	**(95,598)**
Net book value December 31st, 2009	**90,409**	**26,574**	**1,782**	**3,926**	**122,690**	**7,762**	**6,684**	**134,932**
Gross book value January 1st, 2008	**107,577**	**36,129**	**8,894**	**14,423**	**164,819**	**16,378**	**25,038**	**206,233**
Accumulated depreciation January 1st, 2008	**(15,139)**	**(9,471)**	**(4,695)**	**(7,762)**	**(37,066)**	**-**	**(20,903)**	**(57,967)**
Net book value January 1st, 2008	**92,438**	**26,658**	**4,200**	**6,661**	**127,753**	**16,378**	**4,135**	**148,266**
Additions	8,640	10,407	418	1,540	21,005	51,611	4,574	77,190
Transfers from construction in progress					-	(60,460)	-	(60,460)
Disposals	(379)	(2,502)	-	-	(2,881)	-	(46)	(2,928)
Gross book value December 31st, 2008	**115,838**	**44,034**	**9,312**	**15,963**	**182,943**	**7,529**	**29,566**	**220,035**
Dep'n charge for 1 year period ended December 31, 2008	(5,080)	(5,873)	(1,868)	(3,395)	(16,216)	-	(2,922)	(19,138)
Accumulated depreciation of disposals	90	2,413	-	-	2,503	-	45	2,548
Accumulated depreciation December 31st, 2008	**(20,129)**	**(12,931)**	**(6,563)**	**(11,157)**	**(50,779)**	**-**	**(23,780)**	**(74,556)**
Net book value December 31st, 2008	**95,709**	**31,103**	**2,749**	**4,806**	**134,366**	**7,529**	**5,786**	**145,479**

20. INVESTMENT SECURITIES, AVAILABLE FOR SALE

Investments in securities represent quoted and unquoted shares classified as Available for sale, as follows:

	December 31st, 2009	December 31st, 2008
Quoted shares	-	-
Unquoted shares	**80,424**	**28,872**
SNCDD	201	201
SWIFT	81	77
OTP Asset Management SAI S.A.	674	568
Visa	0	0
Investment Fund – Comodis and Green Energy	79,468	28,047
TOTAL Available for sale investments	**80,424**	**28,893**

During 2009, the Bank increased its investment in the Investment Fund OTP ComodisRO with RON 48,079 thousands and invested in the Investment Fund OTP Green Energy. The investment Fund OTP ComodisRO is an open Investment Fund, registered with the National Securities Committee under number CSC06FDIR/400049 on February 27th,2008 and is managed by OTP Asset Management SAI S.A. The Fund has investments only in fixed-rated securities, mainly: treasury bonds, treasury certificates, with a lower than 1 year maturity.

The Investment Fund OTP Green Energy is managed by OTP Asset Management SAI S.A and the earning varies in function of the evolution of the most important European companies from renewable energy sector, based on European Renewable Energy Index Price return, offered by Societe Generale.

The Bank' intention is to hold this investment for a longer period, but if necessary, the investment units can be sold at any time, at the value available on that date (Net assets of the Fund on the selling date, divided by the number of units issued).

The address of the Administrator is OTP Asset Management Romania S.A.I. S.A. is: Bucharest, no, 83 Dacia Boulevard, district 2.

Details of unquoted investments held by the bank are as follows:

Company	Nature of business	Country of incorporation	% in share capital	
			December 31st, 2009	December 31st, 2008
SNCDD	clearing	Romania	3.75	3.75%
SWIFT	interbank financial communications	Belgium	less than 1	less than 1%
Visa	interbank financial communications	United Kingdom	less than 1	less than 1
OTP Asset Management SAI S.A.	financial services	Romania	9.90%	9.90%
Investment Fund - Comodis	investment fund	Romania	n/a	n/a

For all investments except for SWIFT and Visa, the main operations are developed in Romania.

21. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES

The movement of investments in associates and subsidiaries at the end of the year 2009 is the following:

Thousands RON equivalent	December 31st, 2008 Net book value	Acquisition / Addition	Disposals	Impairment	Release of Impairment	Reclassification to held for sale	December 31, 2009 Net book value	Percentage owned as at December 31st, 2009
S.C. OTP Leasing Romania S.A.	-	0.10	(1,673)	-	1,673		0.10	0.0%
Robinv S.A.	379	-	-	-	-		379	99.9%
OTP Broker de Intermedieri Financiare SRL	-	-	-	-	-		-	100.0%
OTP Consulting Romania SRL	210	-	-	-	-		210	74.9%
OTP Faktoring SRL	-	0.225	-	-	-		0.225	15.0%
Total	**589**	**-**	**(1,673)**	**-**	**1,673**		**589**	

The investment in "OTP Broker de Intermedieri Financiare SRL" was assessed for impairment at the end of the period the investment had an impairment provision of the same value as the investment due to the loss incurred by the company, which exceeded the paid up capital.

The net book value of investment as at December 31st, 2009 was nil.
The investment in OTP Leasing Romania SA has been sold during December 2009.
The Bank kept one share in its share capital (nominal value of RON 10).

22. OTHER ASSETS, NET

	December 31st, 2009	December 31st, 2008
Prepaid expenses	4,014	3,272
Consumables	1,361	1,165
Sundry debtors, net	9,245	6,621
Other assets	19,538	24,678
Provisions for other assets	(3,125)	(580)
Total	**31,032**	**35,156**

As at December 31st, 2009, the main part of "Sundry debtors, net" represents advances to suppliers. Settlement accounts included in caption "Other assets" amounted RON 15,050.

Provisions from possible losses from other assets relate to the loss receivables from various debtors (355 thousands RON), to litigations and other assimilated risks (2,437 thousands RON) and operational risk (333 thousands RON).

An analysis of movements in provisions for possible losses from other assets is as follows:

	December 31st, 2009	December 31st, 2008
Balance at the beginning of the year	580	178
Provisions for possible losses on other assets	2,644	1,101
Used provisions during the year	124	710
Exchange difference	25	11
At the end of year	**3,125**	**580**

23. DUE TO BANKS

	December 31st, 2009			December 31st, 2008		
	RON	**FCY**	**Total**	**RON**	**FCY**	**Total**
Demand deposits banks	7,929	25	7,954	844	2,407	3,251
Term deposits banks	1,816	6,343	8,159	-	601,201	601,201
Total	**9,745**	**6,367**	**16,112**	**844**	**603,608**	**604,452**

The annual interest rates paid by the Bank for deposits from banks ranged from 8.50% to 10.65% for RON deposits (December 31st, 2008: 8% to 10.90%) and was 0.40% for foreign currency deposits (December 31st, 2008: 3.13% to 6.90%).

24. DUE TO CUSTOMERS

	December 31st, 2009			December 31st, 2008		
	RON	**FCY**	**Total**	**RON**	**FCY**	**Total**
Demand deposits customers	174,464	102,756	277,220	233,562	91,947	325,509
Term deposits customers *	1,758,175	586,298	2,344,473	1,467,439	297,726	1,765,165
Total	**1,932,639**	**689,054**	**2,621,694**	**1,701,001**	**389,674**	**2,090,675**

According to the currency and amount of saving account opened, the Bank pays interest rates in the following ranges:

	December 31st, 2009
RON saving accounts	-
EUR saving accounts	0.00% - 4.52%
USD saving accounts	-
CHF saving accounts	0%
HUF saving accounts	0.00% - 4.15%

	December 31st, 2009
RON deposits from customers	0.00% - 19%
EUR deposits from customers	0.00 - 7.65%
USD deposits from customers	0.00% - 4.25%
CHF deposits from customers	0.75% - 1.65%
HUF deposits from customers	0.75% - 4.70%
GBP deposits from customers	2.50% - 4.40%

25. BORROWINGS

	December 31st, 2009	December 31st, 2008
Loans from European Bank for Reconstruction and Development	39,342	39,913
Loans from parent company OTP Bank RT.	-	2,195
Loans from Banca de Export - Import a Romaniei EXIMBANK SA	12,007	32,175
Loans from Ministry of Finance	4,880	5,658
	56,228	**79,941**

1. European Bank for Reconstruction and Development

The Bank signed on July 28th, 2007 a Loan contract with European Bank for Reconstruction and Development in total amount of EUR 10.000.000 with the purpose of sustaining the development of small and medium enterprises.

The Loan is intended to enable the Bank to provide mid-term financing to its Small and Medium clients, mainly for investment purposes. The Bank may finance from the Loan proceeds the following types of development projects: investment projects including purchase of machinery, purchase of real estate, working capital requirements for production purposes or provision of services and new projects or modernization or expansion of existing businesses.

2. OTP Bank RT

The remained balance of EUR 550,688 (RON equivalent of 2.1 million) has been fully reimbursed during 2009.

3. Banca de Export - Import a Romaniei EXIMBANK SA

Medium term facility agreement signed with Banca de Export - Import a Romaniei EXIMBANK SA will have its maturity during 2010.

4. Ministry of Finance

As at December 31st, 2009, there was an outstanding amount of RON 4,637,434, representing a credit facility signed with the Ministry of Finance on February 14th, 2003, having the maturity in February 2015. The loan represents a Subsidiary Loan Agreement for the Rural Financing Project.

The Bank is not part of any financial leases contracts as at 31.12.2009.

26. DERIVATIVES

The financial derivative instruments at face and fair values as at December 31st, 2009 and December 31, 2008 were as follows:

	Face Value of Assets		Face Value of Liabilities	
	December 31st, 2009	December 31st, 2008	December 31st, 2009	December 31st, 2008
Short term currency instruments	114,467	297,135	114,600	298,417
Intercompany cross currency interest rate derivatives	1,065,721	950,721	1,264,672	1,081,786
Total	**1,180,188**	**1,247,856**	**1,379,272**	**1,380,203**

	December 31st, 2009	December 31st, 2008
Fair value of derivatives	(185,444)	(116,523)
P&L effect for the period – net expense	135,547	256,036
Balance of deposits with OTP Netherlands	(1,077,000)	(962,000)
P&L effect of interest expense with deposits from OTP Netherlands - intercompany	156,067	68,045

The negative fair value of the derivative financial instruments is included in caption "Derivatives" . Changes in their fair value that do not qualify for hedge accounting are recognized in the income statement line "Trading income". The intercompany derivative transactions were originated as natural hedge for the deposit taken from related party OTP Netherlands which is nominated in RON.

27. TAXATION

The Bank has computed the deferred tax as of December 31st, 2009 using the statutory legal rate of 16% (2008: 16%).

The income tax expense for the year comprises:

	December 31st, 2009	December 31st, 2008
Current income tax expense	(29)	-
Deferred income tax revenue/(expense)	(2,078)	(2,272)
Total income tax revenue / (expense)	**(2,107)**	**(2,272)**

The deferred tax liability as of December 31st, 2009 is reconciled as follows:

	Temporary difference	Tax effect
IFRS adjustments to tangible and intangible assets	**(290)**	**(46)**
Restatement of equity investments:	343	55
Loan adjustments:		
- impairment for loans	22,170	3,547
Other adjustments		
Provision for off balance sheet items	(340)	(54)
Derivatives	-	-
Other adjustments	286	46
Additional deductible items under IAS 12	**22,169**	**3,547**
Deferred tax liability as of December 31st, 2008 - Faire-value adjustment of AFS shares	**260**	**42**
Deferred tax liability as of December 31st, 2008 related to previous adjustments for revaluation Fixed assets	**-**	**1,745**
Deferred tax liability as of December 31st, 2009 - NET	**-**	**(5,344)**

The deferred tax liability as of December 31st, 2008 is reconciled as follows:

	Temporary difference	Tax effect
IFRS adjustments to tangible and intangible assets	**(1,961)**	**(314)**
Restatement of equity investments:	343	55
Loan adjustments:		
- impairment for loans	12,502	2,000
Other adjustments		
Provision for off balance sheet items	(340)	(54)
Derivatives	487	78
Other adjustments	(2,192)	(351)
Additional deductible items under IAS 12	**9,178**	**1,469**
Deferred tax liability as of December 31st, 2008 - Faire-value adjustment of AFS shares	**618**	**99**
Deferred tax liability as of December 31st, 2008 related to previous adjustments for revaluation Fixed assets	**-**	**1,745**
Deferred tax liability as of December 31st, 2008 - NET	**-**	**(3,313)**

Movement in deferred tax

Deferred tax liability (-)/asset (+) as at 1 January	**(3,313)**	**(942)**
Deferred tax charge (-)/release(+) to profit and loss	(2,078)	(2,272)
Deferred tax charged (-)/released (+) to equity	57	(99)
Deferred tax liability (-)/asset (+) as of December 31st	**(5,334)**	**(3,313)**

RECONCILIATION OF TAX LOSSES VERSUS ACCOUNTING LOSSES

	December 31st, 2009	December 31st, 2008
Loss for the period before tax	(8,328)	12,194
Change in gain in equity	(358)	618
Total gross recognized income/ expense for the period	(8,686)	12,812
IFRS adjustments affecting profit and loss without tax effect	-	-
IFRS net change in gain in equity	(301)	519
Not taxable income	(789)	(5,556)
Not deductible expenses	8,488	4,251
Tax profit (+) / loss (-)	(629)	10,889
Current tax	(29)	-
Def tax on IFRS temporary differences		
effect of temporary differences in P&L release (+) / charge (-)	(2,078)	(2,272)
Tax on IFRS adjustments in equity	57	(99)
Total change in def tax	**(2,021)**	**(2,371)**

	December 31st, 2009	December 31st, 2008
Net Statutory loss of the period	**(20,307)**	**874**
Not taxable income	(789)	(5,556)
Not deductible expenses	8,488	4,251
Fiscal loss	**(12,608)**	**(431)**
Carried fiscal loss	(105,778)	(92,739)
Total carried forward	**(118,387)**	**(93,170)**
Income tax rate	16%	16%
Current income tax	-	-

Potential tax benefit of fiscal losses carried forward is RON 18,942 thousand (2008: RON 14,907 thousand). This potential benefit was not recognized due to uncertainties in its realization in future.

28. OTHER LIABILITIES

	December 31st, 2009	December 31st, 2008
Deferred income	42,783	51,314
Unearned income	2,292	1,440
Other liabilities	40,491	49,874
Current taxes	9,162	5,833
Sundry creditors	5,046	2,865
Provision for OFF BS items	340	340
	57,331	**60,352**

The major part of liabilities included under the caption "Other Liabilities" - RON 39,310 thousands, represents amounts to be reconciled based on interbank settlement process (promissory notes, cheques).

29. SHARE CAPITAL

	December 31st, 2009	December 31st, 2008
Share capital at the beginning of the period	**432,909**	**432,909**
Increase of share capital	30,000	-
Share capital at the end of the period	**462,909**	**432,909**

As at December 31st, 2009, the Bank's share capital amounted to RON 462,909 thousand (December 31st, 2008: RON 432,929 thousand) and consisted of 1,928,788 registered ordinary shares with face value of RON 240 per share.

All of the shares are ordinary shares and no special rights are attached to them. Voting rights per share are equivalent to the face value per share.

As at December 31st, 2009, the Bank's entire share capital was registered in the Commercial Register and fully paid in.

None of the Bank's shares are held by the Bank, its subsidiaries, or entities in which the Bank has a significant interest.

Earnings per share

Earnings/(loss) per share attributable to shares of the Bank (there are only common shares issued by the Bank) are computed as net profit for the relevant year attributable to the common shareholders divided by weighted average number of common shares outstanding during the year as follows:

	2009	2008
Profit/(loss) after tax in the accounting period	(10,435)	9,922
Average number of ordinary shares outstanding during the period	1,814,205	1,644,738
Earnings per ordinary share (face value RON 240) in RON	**(5.75)**	**6.03**

30. OFF BALANCE SHEET FINANCIAL COMMITMENTS

Issued guarantees and letters of credit

The Bank issues guarantees and letters of credit on behalf of its customers. The credit risk on guarantees is similar to that arising from granting of loans. In the event of a claim on the Bank as a result of a customer's default on a guarantee these instruments also present a degree of liquidity risk to the Bank.

All letters of credit issued by the Bank are collateralized. As at December 31st, 2009 and December 31st, 2008 the probability of material loss arising in connection with letters of credit is considered to be remote and accordingly no provision has been established.

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which, are written undertaking by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralized, and because of this carry a lower risk.

Credit commitments

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss, though not easy to quantify, is considerably less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. While there is some credit risk associated with the remainder of commitments, the risk is viewed as modest, since it result from the possibility of unused portions of loan authorizations being drawn by the customer and, seconds, from these drawings subsequently not being repaid as due.

The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

The aggregate amounts of outstanding guarantees, commitments, and other off balance sheet items as of December 31, 2009 and December 31, 2008 are the following:

	December 31st, 2009	December 31st, 2008
Import letters of credit and other commitments, out of which:	103,815	233,220
Confirmed Letters of credit	2,426	8,742
Unutilised credit limits	101,389	224,478
Letters of guarantee and other guarantees	142,322	125,180
Other financial commitments	36	642
Total guarantees and other financing commitments	**246,172**	**359,040**

As of December 31st, 2009, over the existing provision for losses from letters of guarantee no additional provision was made as well as there was no release of provisions (please see Note 9 for details).

31. CONCENTRATION OF ASSETS DUE BY GOVERNMENT AND HELD WITH THE CENTRAL BANK

The assets due by Government and the Central Bank are as follows:

	December 31st, 2009	December 31st, 2008
Amounts with the National Bank of Romania (Note 16)	292,164	358,590
Treasury Bills (including accrued interest receivable)	111,761	8,536
Total	**403,925**	**367,126**

32. BALANCE SHEET STRUCTURE BY CURRENCY

Below there is summarized the Bank's exposure to foreign currency exchange rate risk as of December 31st, 2009 and December 31st, 2008. Included in the tables are the Bank's assets and liabilities at carrying amounts, structured by local and main foreign currencies.

December 31st, 2009	EUR	USD	CHF	HUF	Other FCY	Total FCY	RON	Total
ASSETS								
Cash	19,746	2,671	3,435	2,761	706	29,319	39,745	69,064
Current accounts and deposits at banks	104,126	628	2,779	6,469	2,516	116,519	140,210	256,729
Accounts with the National Bank of Romania	164,220	-	-	-	-	164,220	127,944	292,164
Securities held-to-maturity	142,235	-	-	-	-	142,235	241,850	384,085
Loans and advances to customers, net	857,583	7,895	721,757	-	-	1,587,235	501,328	2,088,562
Investment securities – Available for sale	755	-	-	-	-	755	79,669	80,424
Investment in Associates	0	-	-	-	-	0	589	589
Tangibles and intangibles assets, net	-	-	-	-	-	-	134,933	134,933
Deferred tax assets, net	-	-	-	-	-	-	-	-
Other assets, net	351	74	6,840	3	13	7,282	23,751	31,032
Total assets	**1,289,016**	**11,268**	**734,812**	**9,233**	**3,235**	**2,047,564**	**1,290,302**	**3,337,583**
LIABILITIES								
Due to Banks	6,343	-	-	25	-	6,367	9,745	16,112
Demand deposits banks	-	-	-	25	-	25	7,929	7,954
Term deposits banks	6,343	-	-	-	-	6,343	1,816	8,159
Due to customers	616,900	49,361	9,440	10,488	2,866	689,054	1,932,639	2,621,694
Demand deposits customers	78,056	11,261	7,608	5,349	482	102,756	174,464	277,220
Term deposits customers	538,844	38,100	1,833	5,138	2,384	586,298	1,758,175	2,344,473
Borrowings	39,342	4,880	-	-	-	44,221	12,007	56,228
Derivatives	-	-	-	-	-	-	185,444	185,444
Deferred tax liability,net	-	-	-	-	-	-	5,334	5,334
Other liabilities	9,409	1,045	17,131	(1)	0	27,584	29,746	57,330
Total liabilities	**671,993**	**55,285**	**26,571**	**10,512**	**2,866**	**767,227**	**2,169,581**	**2,942,142**
Net Currency position	**617,023**	**(44,017)**	**708,240**	**(1,279)**	**370**	**1,280,337**	**(879,279)**	**395,441**

December 31st, 2008	EUR	USD	CHF	HUF	Other FCY	Total FCY	RON	Total
ASSETS								
Cash	18,742	2,493	5,415	2,585	912	22,060	42.274	72,421
Current accounts and deposits at banks	71,231	17,942	5,079	5,388	1,012	100,651	178,000	278,651
Accounts with the National Bank of Romania	239,111	-	-	-	-	239,111	119,479	358,590
Securities held-to-maturity	-	-	-	-	-	-	14,948	14,948
Loans and advances to customers, net	888,357	7,609	874,395	-	-	1,770,361	626,344	2,396,705
Investment securities - Available for sale	645	-	-	-	-	645	28,248	28,893
Investment in Associates	1,674	-	-	-	-	1,674	589	2,263
Tangibles and intangibles assets, net	-	-	-	-	-	-	145.479	145,479
Deferred tax assets, net	-	-	-	-	-	-	-	-
Other assets, net	2,178	11	4,454	2	16	6.662	28,495	35,157
Total assets	**1,221,937**	**28,056**	**889,343**	**7,975**	**1,941**	**2,149,251**	**1,183,855**	**3,333,107**
LIABILITIES								
Demand deposits banks	1,993	-	-	2	412	2,407	844	3,251
Term deposits banks	494,016	-	107,185	-	-	601,201	-	601.201
Demand deposits customers	70,610	6,545	11,558	2,341	894	91,948	233,562	325,509
Term deposits customers	263,128	23,789	3,804	6,357	648	297,727	1467,439	1,765,165
Borrowings	42,293	5,562	-	-	-	47,855	32,086	79,941
Derivatives	-	-	-	-	-	-	116,523	116,523
Deferred tax liability, net	-	-	-	-	-	-	3,313	3.313
Other liabilities	13,128	48	12,290	1,126	-	26,592	33,760	60,352
Total liabilities	885,168	35,944	134,837	9,826	1,954	1,067,729	1,887,794	2,955,523
Net Currency position	**335,096**	**(7,889)**	**754,505**	**(1,851)**	**(13)**	**1,079,848**	**(703,672)**	**376,176**

33. INTEREST RATE SENSITIVITY

The following table provides information on the extent of the Bank's interest rate exposure based on the residual maturity date of its financial instruments. It is the Bank's policy to manage its exposure to fluctuations in net interest income arising from changes in interest rates by the degree of re-pricing mismatch in the balance sheet. Interest bearing assets and liabilities of the Bank are analyzed below into relevant re-pricing groups as of December 31st, 2009 and December 31st, 2008.

December 31st, 2009	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years	Total
ASSETS						
Cash and cash equivalents	69,064	-	-	-	-	69,064
Current accounts and deposits at banks	256,729	-	-	-	-	256,729
Accounts with the National Bank of Romania	292,164	-	-	-	-	292,164
Treasury securities	6,390	101,313	97,112	179,271	-	384,085
Loans, net	572,530	651,589	210,181	240,578	413,685	2,088,562
Total assets	**1,196,877**	**752,902**	**307,293**	**419,848**	**413,685**	**3,090,606**
LIABILITIES						
Due to Banks	14,312	1,800	-	-	-	16,112
Demand deposits banks	7,954	-	-	-	-	7,954
Time deposits banks	6,359	1,800	-	-	-	8,159
Due to customers	1,553,532	902,648	138,541	3,791	23,183	2,621,694
Demand deposits customers	277,220	-	-	-	-	277,220
Time deposits customers	1,276,312	902,648	138,541	3,791	23,183	2,344,473
Borrowings	12,329	422	39,683	3,373	422	56,228
Total liabilities	**1,580,173**	**904,869**	**178,224**	**7,163**	**23,604**	**2,694,034**
Net assets interest rate sensitivity	**(383,296)**	**(151,968)**	**129,069**	**412,685**	**390,081**	**396,571**
Net assets cumulative interest rate sensitivity	**(383,296)**	**(535,264)**	**(406,195)**	**6,490**	**396,571**	**-**

December 31st, 2008	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years	Total
ASSETS						
Cash and cash equivalents	72,421	-	-	-	-	72,421
Current accounts and deposits at banks	278,651	-	-	-	-	278,651
Accounts with the National Bank of Romania	358,590	-	-	-	-	358,590
Treasury securities	-	-	-	14,948	-	14,948
Loans, net	120,970	124,769	434,723	151,504	1,564,740	2,396,705
Total assets	**830,632**	**124,769**	**434,723**	**166,451**	**1,564,740**	**3,121,316**
LIABILITIES						
Due to Banks	453,689	43,579	53,589	53,597	-	604,453
Demand deposits banks	3,251	-	-	-	-	3,251
Time deposits banks	450,437	43,579	53,589	53,597	-	601,201
Due to customers	870,169	200,113	33,306	5,185	981,901	2,090,675
Demand deposits customers	325,509	-	-	-	-	325,509
Time deposits customers	544,660	200,113	33,306	5,185	981,901	1,765,165
Borrowings	5,921	5,490	12,456	56,074	-	79,941
Total liabilities	**1,329,779**	**249,182**	**99,351**	**114,856**	**981,901**	**2,775,069**
Net assets interest rate sensitivity	**(499,147)**	**(124,414)**	**335,372**	**51,595**	**582,839**	**346,247**
Net assets cumulative interest rate sensitivity	**(499,147)**	**(623,561)**	**(288,188)**	**(236,593)**	**346,247**	**-**

34. RELATED PARTIES

The Bank enters into transactions with related parties, which are members of OTP Group, in the normal course of the business. All related party transactions were made under substantially similar terms, including interest rates and collateral requirements, as those prevailing for similar transactions with unrelated parties. The most significant transactions represent time deposits, loans and the respective interest and fees received/paid.

The volume of related parties transactions, outstanding balances and related expense and income for the periods ended December 31st, 2009 and December 31st, 2008 are presented below:

	Management		Parent company		Other Related parties	
	December 31st, 2009	**December 31st, 2008**	**December 31st, 2009**	**December 31st, 2008**	**December 31st, 2009**	**December 31st, 2008**
Assets						
Due from other banks	-	-	44,661	25,067	-	-
Loans and advances to customers, net	7,955	3,315			-	1,892
Securities with fixed income	-	-	99,120	-	-	-
Other assets		-			230	-
Total assets	**7,955**	**3,315**	**143,782**	**25,067**	**230**	**1,892**
Liabilities						
Due to other banks	-	-	9,750	107,977	600	-
Due to customers	4,469	4,457			1,106,800	1,014,178
Loans from banks	-	-	-	2,200	-	-
Other liabilities			-	13,950	-	-
Fair Value of Derivatives Financial Instruments			185,409	115,188		
Total liabilities	**4,469**	**4,457**	**195,159**	**124,127**	**1,107,400**	**1,014,178**
Income statement items						
Interest income			1,749	2,272	-	24
Interest expenses			1,891	6,172	53,221	16,037
Non-interest income	-	-	4	2	669	455
Non-interest expenses	-	-	56		-	-
Net result (expense) from derivative deals			52,223	102,980	-	-

35. COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank.

The cumulated short term, long term and termination benefits granted to directors and other members of key management during periods ended December 31st, 2009, respectively December 31st, 2008 were as follows:

	December 31st, 2009	**December 31st, 2008**
Salary for key management personnel	7,458	7,934
Short-term and long-term benefits	5,050	5,048
Termination benefits	310	81
Total benefits for key management personnel	**12,818**	**13,063**

36. RESTRICTED ASSETS

As of December 31st, 2009 and December 31st, 2008 the Bank held the following restricted assets:

	December 31st, 2009	December 31st, 2008
Compulsory reserves at NBR	292,164	358,590
Treasury securities – pledged	-	-
Pledged deposit at bank	-	-
Collateral deposits at banks	-	-
Total restricted assets	**292,164**	**358,590**

37. MATURITY STRUCTURE – LIQUIDITY RISK

Liquidity risk is the risk that the Bank will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Bank's liquidity position is monitored and managed based on expected cash inflows and outflows, and adjusting interbank deposits and placements accordingly.

The net on-balance sheet liquidity position represents the extent to which the Bank may be required to provide funding to settle its liabilities associated with financial instruments. The Bank maintains its liquidity profile in accordance with the requirements of the National Bank of Romania. The following tables show an analysis of assets, liabilities and equity according to their remaining maturities, reflecting the remaining period between the balance sheet date and the contractual maturity date (as of December 31st, 2009 and December 31st, 2008).

The analysis has been prepared on the basis of the most prudent consideration of maturity dates in cases where the repayment schedules facilitate earlier repayment. Those assets and liabilities that do not have a contractual maturity date are grouped together in the "no fixed maturity" category. Liabilities to clients due within one month principally include current accounts from which the clients are authorized to make withdrawals at call. The Bank's historical experience shows, however, that these accounts represent a stable source of funding.

December 31st, 2009	Up to 1 month	1 to 3 month	3 to 12 month	1 to 5 years	Over 5 years	No fixed maturity	Total
ASSETS							
Cash	69,064	-	-	-	-	-	69,064
Current accounts and deposits at banks	256,729	-	-	-	-	-	256,729
Accounts with the National Bank of Romania	292,164	-	-	-	-	-	292,164
Securities held-to-maturity	6,390	77,000	121,425	179,271	-	-	384,085
Loans and advances to customers, net	179,348	122,736	427,073	474,051	885,355	-	2,088,562
Investment securities - Available for sale	-	-	-	-	-	80,424	80,424
Investment in Associates and Subsidiaries	-	-	-	-	-	589	589
Tangible assets, net	-	-	-	-	-	134,933	134,933
Other Assets, net	-	-	-	-	-	31,032	31,032
Deferred tax asset,net						-	-
Total assets	**803,695**	**199,736**	**548,497**	**653,321**	**885,355**	**247,262**	**3,337,583**
LIABILITIES							
Demand deposits from banks	7,954	-	-	-	-	-	7,954
Term deposits from banks	6,359	1,800	-	-	-	-	8,159
Demand deposits fromcustomer	277,220.3	-	-	-	-	-	277,220
Term deposits from customer	873,971	310,572	82,430	888,501	189,000	-	2,344,473
Borrowings	5,349	422	19,483	30,554	422	-	56,228
Derivatives	-	-	-	-	185,444	-	185,444
Deferred tax liability,net	-	-	-	-	-	5,334	5,334
Other liabilities	-	-	-	-	-	57,330	57,330
Total liabilities	**1,170,852**	**312,793**	**101,912**	**919,055**	**374,866**	**62,663**	**2,942,142**
Shareholders' equity	-	-	-	-	-	395,441	395,441
Total liabilities and shareholders' equity	**1,170,852**	**312,793**	**101,912**	**919,055**	**374,866**	**458,104**	**3,337,583**
Net liquidity gap	**(367,157)**	**(113,058)**	**446,585**	**(265,734)**	**510,489**	**(211,126)**	
Cumulative net liquidity GAP	**(367,157)**	**(480,214)**	**(33,629)**	**(299,363)**	**211,126**		

December 31st, 2008	Up to 1 month	1 to 3 month	3 to 12 month	1 to 5 years	Over 5 years	No fixed maturity	Total
ASSETS							
Cash	72,421	-	-	-	-	-	72,421
Current accounts and deposits at banks	278,651	-	-	-	-	-	278,651
Accounts with the National Bank of Romania	358,590	-	-	-	-	-	358,590
Securities held-to-maturity	-	-	-	14,984	-	-	14,984
Loans and advances to customers, net	120,970	124,769	434,723	151,504	1,564,740	-	2,396,705
Investment securities - Available for sale	-	-	-	-	-	28,893	28,893
Investment in Associates and Subsidiaries	-	-	-	-	-	589	589
Tangible assets, net	-	-	-	-	-	145,480	145,480
Other Assets, net	-	-	-	-	-	35,157	35,157
Total assets	**830,632**	**124,769**	**434,723**	**166,451**	**1,564,740**	**210,118**	**3,331,433**
LIABILITIES							
Demand deposits from banks	3,251	-	-	-	-	-	3,251
Term deposits from banks	450,437	43,579	53,589	53,597	-	-	601,201
Demand deposits from customers	325,509	-	-	-	-	-	325,509
Term deposits from customers	544,660	200,113	33,306	5,185	981,901	-	1,765,165
Derivatives	5,921	5,490	12m456	56,074	-	-	79,941
Borrowings	-	-	-	-	116,523	-	116,523
Deferred tax liability,net	-	-	-	-	-	3,581	3,581
Other liabilities	-	-	-	-	-	60,352	60,352
Total liabilities	**1,329,779**	**249,182**	**99,351**	**114,856**	**1,098,423**	**63,664**	**2,955,256**
Shareholders' equity						376,176	376,176
Total liabilities and shareholders' equity	**1,329,779**	**249,182**	**99,351**	**114,856**	**1,098,423**	**439,841**	**3,331,433**
Net liquidity gap	**(499,197)**	**(124,414)**	**335,372**	**51,595**	**466,316**	**(229,723)**	**-**
Cumulative net liquidity GAP	**(499,197)**	**(623,561)**	**(288,188)**	**(236,593)**	**229,723**	**-**	**-**

38. CONTINGENCIES

As of December 31st, 2009 (as well as at the issuance date of these financial statements), the Bank was involved in several lawsuits. Claims against the Bank are made in the normal course of business. The management of the Bank believes that the ultimate liability of the bank, if any, arising from such actions or complaints will not have a material adverse effect over the financial position or result of future operations of the Bank. Based on legal advice received, management of the Bank decided that no additional provision is required in respect of such lawsuits.

39. BANK ACTING AS AN AGENT

OTP Bank Romania SA shall act as Agent on behalf of OTP Bank Nyrt and OTP Financing Solutions B.V. for the loans receivables which were sold to these two entities.
Each loan Agreement shall be administered and monitored by the Agent in the ordinary course of its business and in accordance with Agent's usual practices. OTP Bank Nyrt and OTP Financing Solutions B.V. pay to OTP Bank Romania a specific agency fee, on a monthly basis, for the performance of account-keeping and monitoring tasks pertaining to the credit portfolio purchased. Agent does not bear any credit risk related to loans administered.

Bank's shall act as Agent on behalf of OTP Bank Nyrt and OTP Financing Solutions B.V. by performing the following activities:

- as a security agent, the Bank will record and monitor all the collaterals in behalf of the client;

- as a paying agent, the Bank will decide the interest rate periods and values and will calculate and collect the principal, interest and other commissions;
- as a paying agent, the Bank will decide the interest rate periods and values and will calculate and collect the principal, interest and other commissions;
- the Bank will keep the client informed of any actions taken by under the Loan Agreement.

"Transferred Receivables" comprise the aggregate amount of the Outstanding Loan under the Loan Agreement, all types of interest accrued but not paid as of the Settlement Date and all fees related.

During the year 2009, the Bank transferred receivables in total value of CHF 22 millions to OTP Bank Rt.
At December 31st, 2009 the Bank was administrating and monitoring transferred loans in original currencies amounting CHF 721,9 millions and EUR 116,7 millions (December 31st, 2008: CHF 699,69 millions and EUR 116,7 millions).

40. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Between the reporting date and the authorization date of these financial statements for issue, there were no significant events that would require any adjustment to or additional disclosure in the financial statements.

corporate governance

Dr. Antal Pongrácz

Chairman of the Supervisory Board, OTP Bank Romania

Dr. Antal Pongrácz (64) began his professional activity in OTP Group as Deputy Chief Executive for OTP Bank Inc. (1988-1990). Starting from 1991, Dr. Pongrácz occupied several top positions, such as: Chief Executive Officer of the European Commercial Bank Inc. (1991-1994), Chairman and Chief Executive Officer of Hungarian Gambling Corporation (1994-1998) and Chief Executive Officer of the Hungarian Airlines Inc.– Malev Rt. (1998-1999).

From 2001, Dr. Antal Pongrácz is the Chief Administration Officer of OTP Banc Plc. – one of the largest universal banks in the Central and Eastern European Region. Currently, he coordinates the preparation of the strategic decisions and of the completions of strategic and business target policy. Also, he is responsible with the supervision of the Staff Division: Human Resources Directorate, Legal Directorate, Corporate Secretariat, Controlling Directorate, Compliance Department, Bank Security Department and Media Communications Department.
Since June 2009, Dr. Antal Pongrácz is the Vice Chairman of OTP Bank's Board of Directors.

Regarding his academic background, Dr. Antal Pongrácz graduated from the Budapest University of Economics (1969). He also obtained a PhD in Economics from the University of Economics.

Before joining OTP, Dr. Antal Pongrácz had a lot of activities in the economy and financial area. He was Economist of the Petrochemical Investment Company (1969-1972) and Head of Tax Income Department of State Tax Income Head Office (1972-1975). Between 1976-1985, he worked for the Ministry of Finance and from 1986 to 1987, he was the First Vice President of the National Office of Youth and Sports.

Besides these positions, dr. Antal Pongrácz had other professional assignments, such as: Member of the Board at OTP Bank Plc.; Chairman of the Supervisory Board at OTP Bank Romania; Chairman of the Supervisory Board of the British American Tabacco (HU); Chairman of the Supervisory Board at OTP Real Estate Inc. and Chairman of the Board, Gemenc Inc.

Dr. Antal Pongrácz was awarded the titles of Manager of the Year in Hungary (1997) and Commander's Cross Order of Merit of the Republic of Hungary (2006).

Enikő Zsakó

Member of the Supervisory Board, OTP Bank Romania

Enikő Zsakó (48) has been Member of the Supervisory Board since 2007. Between 2004 and 2007, she was Member of the Board of Directors of OTP Bank Romania.

She joined OTP Group in 1993. Between 2001 and 2007 she worked as Head of IT Audit Department at the Internal Audit Directorate of OTP Bank Plc. From 2007, she is the Head of Bank Group Coordination, Analyzing and Methodology Department.

She graduated as Electrical Engineer at the Technical University of Cluj-Napoca, in 1985, and as Banking Consultant, in 1997, at the International Banking School in Budapest. Since 1999, she has been a Certified Information System Auditor. In 2008, she obtained a postgraduate degree in Economics, at the Budapest Business School – Finance and Accounting College.

Mihály Bácsfalvi

CFO, Groupama Garancia Insurance Co Member of the Supervisory Board, OTP Bank Romania

Mihály Bácsfalvi (53) has been serving as CFO of Groupama Garancia Insurance Co, since 1996. In this position, he coordinates the following departments: Accounting-Financing, Controlling/Planning, Investment-Logistics, Administrations and BPR.

Mihály Bácsfalvi studied Engineering-economics at the University of Kharkov (1976-1981) from Ukraine, and Economics at the University of Budapest. After the graduation, from 1981 to 1989, Mihály Bácsfalvi was IT team leader of the Tungsram Co.Ltd (Budapest).

Between 1989 and 1994, he was Deputy Head of IT and Head of Controlling Department of AB-Aegon Co.Ltd. During this assignment, Mihály Bácsfalvi had to supervise the following activities: Planning, Budgeting, Reporting and Controlling. For almost two years (1994-1996), he worked as Group Internal Auditor of Eridania Beghin Say Budapest.
In 1996, he became the Finance Director of Motorola Ltd. from Budapest, being responsible of the following departments: Accounting-Financing, Administration and Budgeting-Reporting.

Zsuzsa Marti

Member of the Supervisory Board, OTP Bank Romania

Zsuzsa Marti (33) is the Director of the Real Estate Finances Department, in Acquisitions and Project Finance Directorate of OTP Bank. In this assignment, she coordinates the structuring of internal and international projects and the monitoring of the legal medium for real estate finances in Hungary and other 10 countries.

Zsuzsa Marti joined OTP Bank in 2003 and until 2004 she was project manager in Real Estate Finances Department, Acquisitions and Project Finance Directorate. Between 2004 and 2005, she occupied the position of Senior Project Manager in the same department, being responsible for structuring real estate project financing and offering support and assistance for setting up the project finance department of the Bulgarian subsidiary of OTP Bank. Before joining OTP Bank, she worked as project manager at MKB Bank Rt.

Since 2007, she has been Member of the Supervisory Board of OTP Bank Romania. Regarding her education, Zsuzsa Marti graduated from the University of Economical Sciences and Public Administration – Budapest, Faculty of Economy (2001). She also attended one semester at the University of New York, studying International Finances (1999).

Zsolt Szabó

Member of the Supervisory Board, OTP Bank Romania

Zsolt Szabó (47) is the Director of the Market and Product Management Head Department at OTP Bank Plc.

Starting with 1995, Zsolt Szabó worked for OTP Bank, in various managerial positions.

Since 2007, he has been Member of the Supervisory Board of OTP Bank Romania.

Regarding his academic background, he graduated from the Agricultural University, Faculty of Agricultural Engineering, in 1987, and in 2000, he also earned a degree from Budapest Economic College, Faculty of Accountancy.

Szabolcs Annus

Member of the Supervisory Board, OTP Bank Romania

Szabolcs Annus (34) has been, since 2007, Country Manager of Romania and held managerial positions in OTP Bank. In the same year, he became Chairman of the Supervisory Board at OTP Travel Ltd. and Member of the Supervisory Board of OTP Bank Romania.

Szabolcs Annus joined OTP Bank in 2000 and initially occupied the position of controller and subsidiary expert in the Bankgroup and Branch Network Directorate. Between 2005 and 2006, he was advisor to Head of Staff Division. Since 2008, he has been the Head of Bankgroup Supervision Department within the Staff Division of OTP Bank.

Regarding his academic background, Szabolcs Annus studied Economics at Budapest University of Economic Studies (1995-2001), having as major qualification Accounting and as submajor qualification Corporate Evaluation. He also obtained a postgraduate degree in Banking at the International Training Center for Bankers (2001-2003).

László Diósi

Chairman of the Management Board and CEO of OTP Bank Romania

László Diósi (43) has been Chairman of the Management Board and CEO of OTP Bank Romania, since May 2007.

Starting with September 2005, László Diósi took over the position of Deputy CEO, Head of the Retail Division, after joining OTP Bank Romania as Retail Project Manager, in May 2005.

Between 2006 and 2008, he has also been Member of the Administration Council of OTP Garancia Asigurari S.A.

László Diósi is an experienced professional, with high performances in a wide spectrum of bank areas, such as mortgage banking, financial analysis, training, staff coordination, project management, insurances, finances, accounting, facultative private pension funds, management of investments, negotiations.

In terms of education, László Diósi started at the Semmelweis Medical University. After three years, he attended an IT programming course that apparently decided his future career. Later on, he studied at the Finance and Accounting College and graduated with a specialization in Finance. He completed his studies with a business management course that he attended at Chilterns University College – Open Business School.

Previous to his coming to Romania, László Diósi held top management or administrative positions in various financial organizations, such as: Chairman of the Board at K&H Pension Fund in Budapest, Hungary (2004-2005); Member of the Administration Council at Argosz Insurance (2004); Chairman of the Supervisory Board at ABN – AMRO Fund Service LTD (2003-2004); Chairman of the Supervisory Board at K&H Asset Management RT (2002), Deputy CEO, Head of Retail Division at K&H Bank, Hungary (2002-2004) etc.

János Komorowicz

Deputy CEO, Head of the Finance and Planning Division, OTP Bank Romania Vice-Chairman of the Management Board, OTP Bank Romania Member of the Supervisory Board, OTP Leasing Romania IFN S.A.

János Komorowicz (44) has been Deputy CEO, Head of the Finance and Planning Division of OTP Bank Romania, since September, 2004 and Vice-Chairman of the Management Board, since May 2007. He helped the integration process of RoBank into OTP Bank, following its acquisition with working on finance, operations and IT issues. He was responsible for the development of the accounting and finance functions, in order to reach the professional level of a full scale wholesale and retail banking subsidiary of a foreign listed parent, from the basic level of a privately held small bank that offered a few corporate products.

He initiated the development of new infrastructure, centralization of the back office and accounting processes, design of efficient new processes. He introduced Six Sigma process improvement methodology. He started electronic document management system implementation to improve efficiency and to complete centralization from branches. He started the implementation of SAP accounting, financial and controlling modules. He has been responsible for the development of Treasury and Capital Markets activities, since June 2007.

Regarding his education, János Komorowicz graduated from Budapest Technical University (1985-1990), as MSc in Electrical Engineering. He also obtained a Master of Business Administration degree at the University of Edinburgh Management School, UK (1993-1994), where he studied Finance, Accounting, Economy, Financial Institutions, Capital Markets.

János Komorowicz began his professional activity as consultant at Price Waterhouse Corporate Finance and Recovery, in 1990. This position allowed him to participate in many large privatisation deals as advisor of multinational buyers. He also participated in many management consultancy projects, mainly at financially distressed companies.

In 1995 and 1996, János Komorowicz worked as Head of Corporate Finance Desk for Bayerische Hypotheken und Wechselbank, Budapest, where he developed investment products for corporate customers and provided general consultancy to German investors. Starting with 1996, he joined General Electric Capital Europe, as Business Development Associate in London. He worked on acquisitions and acquisition-integration projects across Europe. In 1998, he was appointed Director of Strategy and Advisor to the CEO for General Electric Capital – Budapest Bank in Hungary, in charge of knowledge transfer from GE Capital businesses and the preparation of strategic and annual business plan and management reporting. He was member of the Board of a number of subsidiaries of the bank.

In 2001, János Komorowicz joined KPMG Consulting and was in charge of a number of successful consultancy projects for banks and leasing companies in the Central European region (e.g. Oracle Financials implementation, development of data-warehouse strategy, preparation for Basel II, various process improvement and cost saving projects, development and implementation of privatization strategy, electronic document management implementation).

György Bodó

Deputy CEO, Head of the IT and Logistics Division, OTP Bank Romania Member of the Management Board, OTP Bank Romania

György Bodó (49) has 24 years experience in the area of Information and Communication Technology (ICT) and 20 years in managerial position in different companies in engineering or financial business. He also gained 15 years of international experience with companies from Austria, Germany, France, Canada and Hungary.

György Bodó joined OTP Bank in August 2005, when he took over the position of Deputy CEO, Head of the IT and Logistics Division and since May, 2007 he has been member of the Management Board, as well. Some of his current activities include the overall coordination and preparation of the strategic development directions of the supervised area. He is in charge with supervising the flawless and efficient operation of the Bank's IT and Communications systems, ensuring the fulfillment of the data-processing requirement at the business areas. He also supervises the efficient operation of the existing offices of the bank, including the related infrastructure (technical, administrative, financial) and also the acquisition of necessary premises for branches, agencies and head-office.
Mr. Bodó is involved in the coordination of large projects (especially those with international implications) as Steering committee member or Project sponsor and also in the optimisation of the business processes and operations.

Regarding his academic background, Mr. György Bodó graduated the University "Gh. Asachi" of Iasi, in 1985, specialized in Computer Science and Automation. He has also attended an Executive MBA in General Management, at the Sheffield University, UK, which he graduated with Honour in 2008. In 2009, he has also been awarded with CMI Level 7 Diploma in Strategic Management and Leadership (QCF) issued by the Chartered Management Institute UK.

In addition, he attended several specialized courses, in Romania and abroad, such as Credit Risk Management and Operational Risk Management (BASEL II), in Austria; Planning and Organization/Project Management courses, in Germany; IT System Management in supporting the banking activity, in Canada; Leading and Managing People, Customer Care, Time Management, Sales and Negotiation Techniques, IFRS, Activating Change and Team Synergy, in Romania etc.

Beside purely ICT related matters, György Bodó has extended his experience in managerial activities such as strategic planning, project management, budget preparation and follow-up, resource administration, business continuity and disaster recovery planning, banking security measures, operations, cost optimization, contract negotiation etc.

His previous work experience includes financial institutions such as: Volksbank Romania S.A., where he was Director of the IT Division; BNP – Dresdner Bank (Romania) S.A., as Head of the IT Department; Romanian Loan Guarantee Fund (FRGC), where he coordinated the IT System Department, as Director.

Mr. Bodó considers that the mission of the IT and Logistics Division is to provide all structures of the Bank with high level services, able to support the business processes, in the goal to achieve the Bank's overall financial objectives and keep the competitive advantages.

His vision is to transform the services provided by IT and Logistics Division and the infrastructure to a business driver - to support the business needs at the expected time, with an acceptable price, using the right assets from the available ones.

Gábor Ljubičić

Deputy CEO, Head of the Retail Banking Division, OTP Bank Romania
Member of the Management Board, OTP Bank Romania
Member of the Supervisory Board, OTP Asset Management

Gábor Ljubičić (42) has been Deputy CEO, Head of the Retail Banking Division at OTP Bank Romania, since 2007 and Member of the Management Board at OTP Bank Romania, since 2009.

Gábor Ljubičić studied at the College of Finance and Accountancy (1988-1993), obtaining a Bank specialization. He also attended a Master of Business Administration at University Corvinus (2005-2007).

Gábor Ljubičić has a long and prodigious career with OTP Group. He joined the Bank in 1986, occupying several types of positions. Starting from 1996, Gábor Ljubičić took over the position of Deputy District Director at Branch in District XV. He was also Director of TeleBank Centre and, later on, Director of Electronic Services Directorate.

Between 2001 and 2005, Gábor Ljubičić occupied various managerial positions at OTP Bank, as Deputy Executive Director for Branch Network Directorate, Executive Director at Downtown Region and Deputy Executive Director for Northern Hungary Region.

Apart from these positions, Gábor Ljubičić had other professional assignments, such as: Member of the Board at OTP Mortgage Bank (2003-2007) and Member of the Supervisory Board at OTP Asset Management (2008).

Ferenc Bakk

Deputy CEO, Head of the Lending and Risk Management Division, OTP Bank Romania Member of the Management Board, OTP Bank Romania

Ferenc Bakk (37) has been Deputy CEO, Head of the Lending and Risk Management Division at OTP Bank Romania, since January, 2008 and Member of the Management Board of OTP Bank Romania, since 2009.

Regarding his academic background, Ferenc Bakk graduated Babes-Bolyai University, Faculty of Economics, Cluj-Napoca, being specialized in Banks and Stock Exchange. He also obtained a Master in Financial Strategies at the same university and he graduated Master of Business Administration at CEU Business School, Budapest.

In terms of professional experience, Ferenc Bakk started as employee of a stock broker company, in 1997. Later on, he worked for ARDAF Insurance/Reinsurance Co., Cluj-Napoca, as Product Manager.

Between 1998 and 2000, Ferenc Bakk was appointed Corporate Development Manager and Project Manager at TIG-RES Rt. in Budapest, where he was in charge with cash-flow improvement projects, developing the strategy regarding the financial investments, preparation of business plans or cost cutting projects.

Between 2000 and 2004, he worked as credit analyst and monitoring analyst at HVB Bank Hungary Rt., being responsible for drawing up risk opinions regarding the loan requests of corporate clients, preparing feasibility studies for the largest borrowers, setting up and implementing the monthly loan portfolio analysis etc.

Starting 2004, for a period of three years, Ferenc Bakk was Senior Credit Advisor at the K&H Bank Rt., in Budapest, having as responsibilities the preparation of credit pieces of advice for the loan requests of the largest Hungarian companies, representation of the credit management in several internal projects and being a teacher in the credit school of the Bank.

Ferenc Bakk joined OTP Bank Romania in June, 2007, occupying the position of Director of Credit Administration Directorate. Since January, 2008, he has been nominated Deputy CEO, Head of the Lending and Risk Management Division.

corporate social responsibility

Corporate Social Responsibility

"True civilization is the one in which one gives the others the rights he demands for himself"

Robert Ingersoll

This is what we bear in mind when we develop each social responsibility project.

Ever since its entrance on the Romanian market, OTP Bank Romania – as member of OTP Group, which has been, for more than six decades, an incontestable supporter of the social responsibility actions – has set the basis for a responsible development, by integrating CSR strategies in its growing program.

From the trust and respect paid to our clients, to special internal programs for employees, education, children and youth, culture and arts, environment, sports and human rights, at OTP Bank Romania each part plays an important role within a long term CSR program.

OTP Equal Opportunity Program

OTP Bank Romania sustains events and institutions that make efforts to support **social groups**. We take into account several categories when supporting such special projects, like social disadvantaged categories and education and specialization of children and young people.

Because we know that **children** are tomorrow's future, we collaborate with different associations and children organizations to improve the lives of under-privileged little ones. OTP Bank Romania also supports **pupils**, **young students** and **faculties**, in its effort to draw a better future for them.

OTP Community Building Program

OTP Bank Romania supports events, programs and products developed by different organizations that actively contribute to building personal relationships and consolidating the **community** we live in. We also support different communities, so as to help them organize local events.

Culture is a heritage we all are responsible for and must carry it further on. That is why OTP Bank Romania gives all its support and financial help to theatres, concerts, actors and films related to community, special publications such as albums, exhibitions and artists' associations.

OTP Sport Program

"Mens sana in corpore sano" is an old Latin saying which we understand and promote every time we have the opportunity. Thus, OTP Bank Romania promotes sports and a healthy way of living, by helping different **sport clubs**.

OTP Group and OTP Bank Romania are devoted supporters of **sport organizations**, team sports and competitions in which physical and psychic effort come to meet a high level and the game precision is a must.

Social involvement is not only about supporting the community and the environment. Social involvement also gets translated into the respect paid to our **clients**, by developing the most appropriate and innovative banking solutions meant to provide them a high level of protection and financial security.

Employees are, doubtless, the most important resource the bank has. Especially for them, OTP Bank Romania has set a wide range of internal personal and professional development programs. At the same time, through its initiatives, the bank managed to turn social responsibility into a general practice inside the organization. Thus, OTP Bank Romania employees recycle paper and other used materials and make responsible use of energy – through the means of intelligent systems of cut ting the energy consumption.

In 2009, OTP Bank Romania has published the first **Annual Report** on its involvement and Corporate Social Responsibility activities. The document highlights the most important projects and programs ran as well as the results achieved in this area.

provisions

Provisions against Money Laundering

OTP Bank Romania SA understands the importance of preventing and combating money laundering and acts to avoid the use of products and services offered to its clients as instruments in performing illegal activities.

As a credit institution within the Romanian banking system and as member of OTP Group, the bank admits and accepts the role in the fight for preventing the money laundering and financing terrorist acts at national and international level. The respect we pay to our clients and the relationship with the clients do not prevail of the obligation they have of preventing and combating this phenomenon.

OTP Bank Romania SA possesses a system of internal control – including informational control, which allows the prevention of money laundering by banking and financial transactions performed by its clients.

OTP Bank Romania SA developed internal regulations and strict rules on preventing and combating money laundering and combating financing terrorist acts. All its employees are obliged to respect and to comply with these regulations.

The objectives of the regulations on preventing and combating money laundering and financing terrorist acts are:

- Assuring the compliance with the law and the regulations on preventing and combating money laundering;
- Assuring the respect of the good practices and knowing the clientage principles;
- Protecting the reputation and integrity of the Bank;
- Recognizing, analyzing and reporting the activities which raise suspicions;
- Provide initial and ongoing training to ensure all relevant staff are aware of their personal responsibilities and the anti-money laundering procedures in respect of identifying clients, monitoring, record-keeping, remaining vigilant at all time and reporting any suspicious transactions.

The employees of the Bank must accomplish their identification and reporting obligations. The accomplishment of reporting obligations must not be considered a violation of banking secrecy. The failure of reporting obligations represents a crime and is covered by the Penal Code.

OTP Bank Romania SA cooperates with the authorities in order to reveal any deeds which may be related to money laundering and financing terrorist acts.
At all times, it will ensure the protection of its staff and safeguard itself and its reputation against the threat of money laundering and the funding of terrorist and criminal activities.

OTP Bank Romania SA is decided to prevent the phenomenon of money laundering and financing terrorist acts, under all their aspects, according to the Romanian in force legislation and with the international standards.

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