

Executive Summary

• Macroeconomics

Consumer confidence rose more than forecast.

• Forex

The euro traded at \$1.3071 at 5:00 p.m. in New York. The EUR/RON closed at 4.2920 .

• Money Market

RON T/N trading range was 5.55%-5.76%.

• Equities

Domestic

The BSE closed red, BET-C lost 0.21% on lower volumes, while BET decreased 0.46% and BET-FI 0.43%.

RASDAQ-C closed green (0.14%) on higher volumes, while Tier I increased 1.78%, Tier II gained 2.38%.

Foreign

U.S. stocks little changed as consumer confidence offsets Europe concern. European stocks trade little changed.

• Commodities

Gold and Silver down. Most other major commodities up.

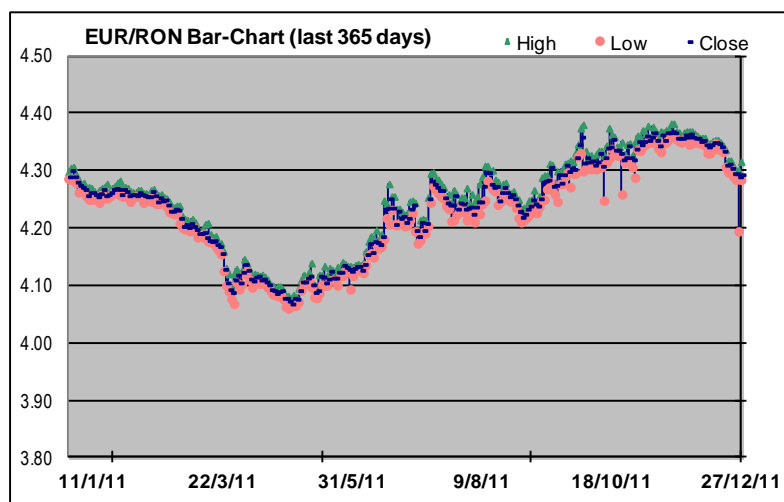
Market Data (as of 28 December 2011)

(market info sources: Bloomberg Professional Service, www.bvb.ro, www.bse.hu)

• Forex (as of 28-Dec-11)

FX Rates*	Prv. Day	Min 52W	Max 52W	Ytd	-52W
EUR/RON	4.2937	4.0601	4.3821	4.2900	4.2900
USD/RON	3.2841	2.7352	3.3568	3.2342	3.2680
CHF/RON	3.5172	3.1021	4.0619	3.4513	3.4408
100HUF/RON	1.4027	1.3649	1.6075	1.5343	1.5365

* since Bloomberg is the data source NBR rates will likely differ

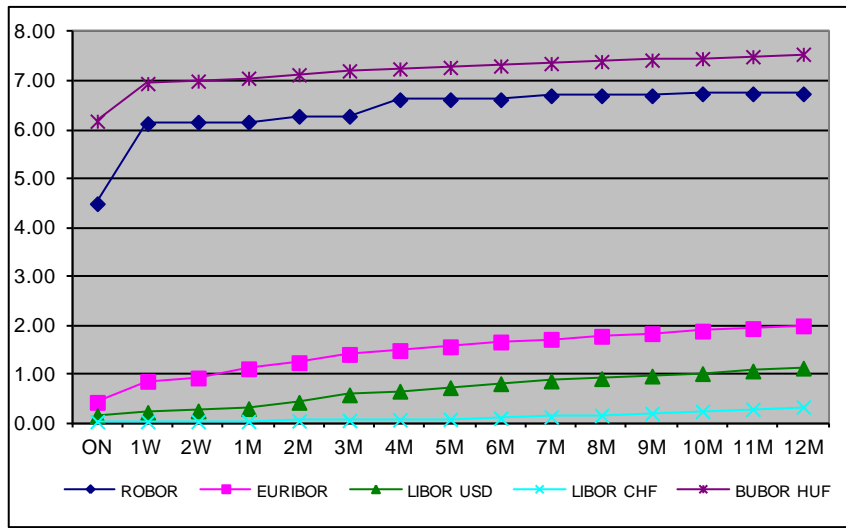


• Money Markets (valid for 28 December 2011)

Rate	ON	1W	2W	1M	2M	3M	4M	5M	6M	7M	8M	9M	10M	11M	12M
ROBOR*	4.49	6.13	-	6.16	-	6.28	-	-	6.62	-	-	6.70	-	-	6.74
EURIBOR**	0.42	0.85	0.92	1.11	1.24	1.40	1.48	1.56	1.66	1.71	1.78	1.83	1.88	1.93	1.99
LIBOR USD	0.15	0.22	0.25	0.29	0.42	0.58	0.65	0.72	0.80	0.86	0.91	0.96	1.01	1.06	1.12
LIBOR CHF	0.03	0.03	0.03	0.03	0.04	0.05	0.06	0.08	0.10	0.12	0.16	0.20	0.24	0.28	0.33
BUBOR HUF	6.18	6.95	7.00	7.06	7.13	7.21	7.25	7.28	7.31	7.36	7.40	7.43	7.46	7.50	7.55

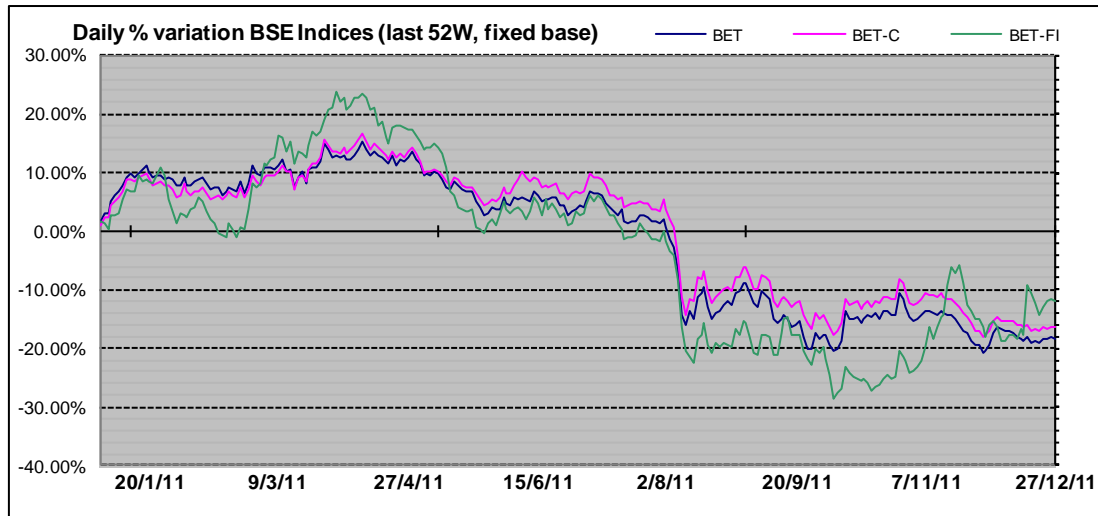
* in the chart below, values for maturities where there is no quote are proxied by the maximum of the previous and the next maturity

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(source for the graph: the last table on the page above)

Equities



(source for the graph: Bloomberg data on BSE indices)

Domestic

Indices (RON)	Last close	1d%	Ytd%	52W%
BET	4,299.69	-0.46	-17.62	-16.85
BET-C	2,601.51	-0.21	-15.99	-15.16
BET-FI	19,379.96	-0.43	-9.60	-6.44
ROTX	7,980.80	-0.27	-26.12	-25.15
Rasdaq-C	1,564.04	0.14	-6.90	-6.47
RAQ-I	914.55	1.78	-36.58	-45.56
RAQ-II	2,099.94	2.38	-31.30	-30.39

Foreign

Indices	Last close	1d%	Ytd%	52W%
DJIA (USD)	12,291.35	-0.02	6.24	6.37
S&P 500 (USD)	1,265.43	0.01	0.60	0.63
DAX (EUR)	5,889.76	0.18	-14.82	-15.51
FTSE 100 (GBP)	5512.7	0.00	-7.68	-8.14
STOXX 600 (EUR)	241.91	0.02	-12.67	-13.35
BUX (HUF)	17,350.79	-0.88	-18.53	-19.36

Top 5 most traded	Volume -RON	Volume - shares	Trades	Last price	1d%
FP	1,694,768	4,004,100	146	0.4221	-0.24
SIF5	1,431,880	1,336,500	139	1.0670	-1.20
SIF2	922,133	850,500	67	1.0890	-0.09
NEP	662,000	50,000	1	13.2400	5.08
SIF3	490,849	860,000	152	0.5700	0.00

Trading Volumes	BVB	Rasdaq	BUSE	NYSE listed	Nasdaq	LSE	STOXX 600 *
Previous Day	1.67	0.06	16.05	9,307.27	4,203.38	1,009.34	241.91
Ytd Avg. (EUR mn)	9.28	0.54	56.38	19,677.16	11,543.32	5,184.57	259.08
MCap (EUR bn)**	16.38	2.30	15.10	3,454.72	12,894.38	2,482.17	6,148.89

* 600 stocks from 15 EU countries + Switzerland, Norway and Iceland

** For BUSE, NYSE, NSADAQ and LSE only stock listed primarily on that specific market

Best 5 performers	Volume -RON	Volume - shares	Trades	Last price	1d%
STZ	3,103	8,500	8	0.4019	14.99
PEI	18	1	1	17.9000	5.29
NEP	662,000	50,000	1	13.2400	5.08
RPH	82,735	115,800	8	0.7200	4.35
ALU	1,227	1,220	42	0.0646	4.08

• **Commodities**

Item (market)	unit	last close	1d%	Ytd%	52W%
Oil (Brent crude)	USD/barrel	109.27	1.21	16.83	16.12
Gold (COMEX)	USD/ounce	1595.5	-0.65	12.40	14.21
Platinum (NYMEX)	USD/ounce	1433.5	0.74	-18.00	-17.45
Silver (COMEX)	USD/ounce	28.74	-1.18	-6.70	-2.74
Wheat (CBOT)	USD/bushel	6.4475	3.66	-24.92	-24.46
Corn (CBOT)	USD/bushel	6.3325	2.22	13.23	12.93

Worst 5 performers	Volume -RON	Volume - shares	Trades	Last price	1d%
ELJ	692	6,500	3	0.1065	-14.80
EFO	72	1,000	2	0.0727	-7.15
TBM	4,733	109,500	36	0.0420	-6.67
ELGS	25,276	71,000	42	0.3524	-4.21
TUFE	320	2,000	1	0.1600	-2.14

• **OTP AM – Open-End Funds (as of 23-Dec-11)**

Open-end fund	ccy	last NAV/U	1d%	Ytd%	52W%
OTP AvantisRO	RON	5.6300	0.54	-14.18	-12.58
OTP Obligatiuni	RON	11.4500	0.00	14.04	15.08
OTP ComodisRO	RON	13.9471	0.01	6.34	6.45
OTP Euro Bond	EUR	10.4965	0.01	4.44	4.53

Market Highlights (as of 27 December 2011)

• **Forex**

The euro was little changed at \$1.3071 at 5 p.m. in New York. It dropped to \$1.2946 on Dec. 14, the lowest level since Jan. 11. The common currency was also little changed at 101.80 yen. The dollar fell 0.1 percent to 77.88 yen. (Bloomberg)
EUR/RON opened at 4.2930 and closed barely changed in quiet trading at 4.2920. (ContiCap)

• **Money Market**

RON T/N trading range was 5.55%-5.76%. (ContiCap)

• **Equities**

Domestic

The BSE closed red (BET-C, which does not include the SIFs lost 0.21%) on lower volumes and below this year's average volume. While BET blue chips index decreased 0.46%, BET-FI lost 0.43%.

RASDAQ-C closed green (0.14%), while Tier I increased 1.78%, Tier II gained 2.38%. The trading volume was higher and below 2011's average volume.

Foreign

The S&P 500 rose less than 0.1 percent to 1,265.43 at 4 p.m. New York time, after rallying 5 percent in four days. It has added 0.6 percent so far this year. The Dow Jones Industrial Average lost 2.65 points, or less than 0.1 percent, to 12,291.35. The benchmark Stoxx Europe 600 Index rose less than 0.1 percent to 241.91 at the close of trading, having fluctuated between gains and losses at least 10 times. The measure rallied 3.5 percent last week as a decline in U.S. jobless claims and increases in consumer confidence and durable-goods orders spurred optimism that the economy is strengthening. The gauge has still retreated 12 percent this year as Europe's debt crisis spread from Greece to Italy and Spain. (Bloomberg)

• **Commodities**

Brent oil for February settlement traded 20 cents higher at \$108.16 a barrel on the London-based ICE Futures Europe exchange. (Bloomberg)

Latest Financial News

• **Macroeconomics**

Consumer confidence rose more than forecast.

Confidence among consumers rose to an eight-month high in December as an improving job market helped Americans regain all the ground lost following the mid-year government budget battle and credit-rating downgrade. The Conference Board's index increased to 64.5, exceeding all estimates in a Bloomberg News survey and the highest since April, from a revised 55.2 reading in November, figures from the New York-based private research group showed today. Another report showed home prices fell more than projected in October. Unemployment that dropped last month to its lowest in more than two years and the cheapest gasoline since February are prompting households to take advantage of discounts during the holiday shopping season. The improvement in sentiment may help sustain household purchases, which account for about 70 percent of the economy, into the new year. (Bloomberg)

U.S. home prices fell more than forecast.

Residential real estate prices dropped more than forecast in the year ended October, showing a broad-based decline that indicates the U.S. housing market continues to be weighed down by foreclosures. The S&P/Case-Shiller index of property values in 20 cities dropped 3.4 percent from October 2010 after decreasing 3.5 percent in the year ended September, the New York-based group said today. The median forecast of 27 economists in a Bloomberg News survey projected a 3.2 percent decrease. The real-estate market is bracing for another wave of foreclosures that may keep pressure on home prices, indicating any housing recovery will take time to develop. Nonetheless, rising builder confidence, a pickup in construction and fewer unsold new properties for sale are among signs the industry that triggered the last recession is steadying. (Bloomberg)

- **Forex**

U.S. declines to name China a currency manipulator, pushes for flexibility.

The Obama administration said it will press for further appreciation of the yuan and called the currency undervalued, while declining to brand China a manipulator of its exchange rate. The Treasury Department, releasing its semi-annual report to Congress on the currency policies of major trading partners, said today it will “closely monitor the pace” of yuan appreciation and “press for policy changes that yield greater exchange-rate flexibility.” The U.S. contends that China uses an undervalued currency to give its exporters an unfair advantage in overseas markets and boost growth. At the same time, the administration of President Barack Obama has sought to avoid actions that could cause friction with the world’s No. 2 economy and the second-largest U.S. trade partner. Branding China a manipulator “would have no positive substantive impact on China’s exchange-rate policy and might well have a negative impact,” said Ted Truman, a former Federal Reserve official and assistant Treasury secretary, who’s now a senior fellow at the Peterson Institute for International Economics in Washington. “Over the past decade, China has resisted very strong market pressures” for appreciation of the yuan, the Treasury Department said in the report. “China’s real effective exchange rate has exhibited persistent and substantial undervaluation, although the estimated range of misalignment has narrowed over the course of the past 18 months.” (Bloomberg)

- **Money Market**

Obama to Congress approval for \$1.2 trillion increase in U.S. debt limit.

The Obama administration will ask Congress to increase federal borrowing authority by \$1.2 trillion as the nation approaches the debt limit set by law, according to a Treasury Department official. The White House will send the request to Congress on Dec. 30, the day the debt is projected to rise to within \$100 billion of the \$15.194 trillion limit, the Treasury official told reporters today on condition of anonymity. Congress will be notified under the terms of a deal to raise the limit worked out on Aug. 2 after a more than two-month standoff between the administration and Republican lawmakers that was followed by a cut in the U.S. debt rating by Standard & Poor’s. The Budget Control Act of 2011 gives Congress 15 days to pass a joint resolution disapproving the increase in the limit. The president can veto such a measure. “This process was intended to avoid any further political wrangling” and “make it virtually impossible to derail the final \$1.2 trillion,” said Lou Crandall, chief economist at Wrightson ICAP LLC in Jersey City, New Jersey. The limit has already been raised twice since the act was approved, by a total of \$900 billion. It would rise to \$16.394 trillion after the latest increase. (Bloomberg)

- **Equities**

- **Domestic**

Erste’s main stockholder needs 2012 dividend to avoid stake sale.

Erste Group Bank AG’s biggest shareholder may have to sell part of its stake should eastern Europe’s second-largest lender not pay a dividend for a second straight year in 2012, according to Andreas Treichl, the head of both the firm and the stockholding foundation. Treichl said Oct. 10 that Erste Stiftung could do without dividends for two years when the bank announced it wouldn’t make a payout for 2011 because of losses this year. He told Austrian state radio ORF in an interview broadcast yesterday that the foundation, which owns 25 percent of the company, may have to raise capital at the end of 2013 absent a payment next year. Erste Stiftung, which was created in 1993 and has remained the biggest shareholder of Erste Bank since then, had debt of about 1.2 billion Euros as of Sept. 30, according to its quarterly report. The group’s main revenue source is dividend payments from Erste Group Bank. Treichl serves as the foundation’s chairman and as the lender’s chief executive officer. (Bloomberg)

- **Foreign**

BRIC decade ends with record fund outflows as growth slows.

In the past decade, mutual funds poured almost \$70 billion into Brazil, Russia, India and China, stocks more than quadrupled gains in the Standard & Poor’s 500 Index and the economies grew four times faster than America’s. Now Goldman Sachs Group Inc., which coined the term BRIC, says the best is over for the largest emerging markets. BRIC funds recorded \$15 billion of outflows this year as the MSCI BRIC Index sank 24 percent, EPFR Global data show. The gauge, which beat the S&P 500 by 390 percentage points from November 2001 through September 2010, has trailed the measure for five straight quarters, the longest stretch since Goldman Sachs forecast the countries would join the U.S. and Japan as the top economies by 2050. “In emerging markets, we’re waiting for things to get worse before they get better,” said Michael Shaoul, the chairman of Marketfield Asset Management in New York who predicted in February that developing-nation stocks would fall this year. The \$845 million Marketfield Fund has topped 97 percent of peers in 2011, data compiled by Bloomberg show. BRIC indexes may fall another 20 percent next year, buffeted by the liquidity squeeze stemming from Europe’s sovereign debt crisis, Arjuna Mahendran, the Singapore-based head of Asia investment strategy at HSBC Private Bank, which oversees about \$499 billion, said in an interview. Nations such as Indonesia, Nigeria and Turkey may overshadow the BRICS in the next five years as they expand from lower levels of growth, he said. (Bloomberg)

NYSE Euronext, Deutsche Boerse merger date extended to March 31.

NYSE Euronext and Deutsche Boerse AG delayed the deadline for completing their merger until March 31 as the exchange operators try to persuade European regulators to approve the deal. The extension was announced in a regulatory filing. The companies previously said they expected to complete their combination “shortly” after the Feb. 9 deadline for a ruling by the European Commission. That date was extended on Dec. 13. The companies said in February when they announced the merger that they expected to close the deal this year. NYSE Euronext of New York and Frankfurt-based Deutsche Boerse are trying to convince European regulators that combining to create the world’s largest exchange operator won’t stifle competition in derivatives and clearing. (Bloomberg)

- **Commodities**

Diamonds to outpace gold as spending in Asia rises.

Diamond prices are poised to rise for the next four years, outpacing gold, as increased spending on luxury goods in China, India and the Middle East outpaces supplies of the precious stone, analysts said. The average price of rough, or uncut, diamonds will probably rise 9 percent to \$145 a carat next year, 1.4 percent in 2013 and 4.8 percent in 2014, BMO Capital Markets analyst Edward Sterck said. The gem should gain 2.6 percent in 2015 and 3.2 percent in 2016, he said. Gold is forecast to decline for three years starting 2013, following a 19 percent gain in 2012, according to the median of seven analyst forecasts compiled by Bloomberg News. Demand for diamonds may grow at double the pace of supply through 2020 because of an expanding middle class in China and India, Bain & Co. said this month in a report that didn’t give price forecasts. The two nations, and the Middle East, will account for 40 percent of global diamond demand by 2015, compared with about 8 percent in 2005, said Anglo American Plc. (AAL), which agreed to boost its stake in De Beers, the world’s largest diamond miner, to 85 percent last month. (Bloomberg)



LEGEND

“**Min / Max 52W**” = Minimum / Maximum value recorded in the past 52 weeks
“**Last close / price**” = the closing price for the last trading session before the issue date of this report
“**MCap**” = Market capitalization;
“**52W%**” = cumulative % increase/decrease during the past 52 weeks;
“**Ytd Avg.**” = average value since the beginning of the current year

“**Ytd**” (Year to date) = quotation in the first trading day of the year;
“**Ytd%**” (Year to date %) = cumulative % increase/decrease since the end of the previous year;
“**1d%**” = % increase/decrease between Last close and the closing price of the day before the Last close date
“**BuSE**” = Budapest Stock Exchange



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OTP BANK SALES & TRADING –Treasury & Capital Markets Directorates

Mihaela Alexandru, Treasury Deputy Director / mihaela.alexandru@otpbank.ro / +40 21 307.58.09;
Alina Onica, Chief of Foreign Exchange / alina.onica@otpbank.ro / +40 21 307.58.09;
Virginia Baldovin, Chief of MM and Fixed Income / virginia.baldovin@otpbank.ro / +40 21 307.58.09;
Alina Vrabioiu, Senior Sales Dealer / alina.vrabioiu@otpbank.ro / +40 21 307.58.09;
Tania Fantana, Sales Dealer / tania.fantana@otpbank.ro / +40 21 307.58.09;
Irina Ananiese, Sales Dealer / irina.ananiese@otpbank.ro / +40 21 307.58.09;
Silviu Enache, Capital Markets Director / Silviu.enache@otpbank.ro / +40 21 307.58.27;
Alexandru Ilisie, Equities Trader, alexandru.ilisie@otpbank.ro / +40 21 307.58.27;
Alexandru Teodor Tibuleac, Equities Trader alexandru.tibuleac@otpbank.ro / +40 21 307.58.27.