

Treasury Sales Team

Alina Elena Vrabioiu

+4021 307 58 17

alina.vrabioiu@otpbank.ro

Irina Ananiese

+4021 307 58 17

irina.ananiese@otpbank.ro

Tania Fantana

+4021 307 58 17

tania.fantana@otpbank.ro

Capital Markets Sales Team

Alexandru Ilisie

+4021 307 58 27

alexandru.ilisie@otpbank.ro

Teodor Alexandru Tibuleac

+4021 307 58 27

alexandru.tibuleac@otpbank.ro

Weekly Report

Romania

10 October 2012



Q2 GDP growth rate revised to 1.1% YoY from 1.2% YoY; CB caps liquidity again on inflation fears

Macroeconomics: Q2 GDP growth revised downwards at 1.1% YoY, but consumption is up at 1.3% YoY; retail trade continues to increase (+0.7% MoM in August) (Page 3-5)

Retail trade continued to pick up on an annual basis (+4.9% YoY) and the numbers continue to show positive demand from households in Q3. Unemployment (ILO) rose marginally to 7.1% (seasonally adjusted data) but there is a downtrend compared to Q4 2011 as the economy is slowly recovering. Producer prices are at their peak this year (+7.2% YoY), the minimum being recorded in March and June (5.8% YoY). At the 2nd release of Q2 GDP the growth rate was adjusted downwards from 1.2% YoY to 1.1% YoY. On the consumption side, the cut is mainly explained by lower governmental consumption and export growth. On production side most important changes regard a cut back in the advance noticed in industry, constructions and public services while wholesale and retail sales appear to have been in the positive territory compared to previous estimation. Net taxes show a huge hike and they seem to be the most important contributor to the annual GDP growth.

FX markets: the Central Bank curbed leu's depreciation temporarily (Page 6-7)

In only few days in October, the leu managed to lose 0.7% to the euro while through the entire month of September, it has weakened around 1.6% while interest rates were slowly coming down after the NBR removed the liquidity cap. In light of the speed of leu's depreciation, NRB decided to cap liquidity again as inflation fears intensify. This time the surprise factor was not as big as in August and this is why the CB will have to use more firepower to keep the leu from reaching new lows. The new element seems to be the Treasury's strategy to issue more FX denominated debt instead of RON as planned: this could prove supportive for the leu to some extent as the CB has incentive to see a stronger leu due to inflation fears. Ultimately, depreciation pressures prevail.

Government securities: The Ministry of Finance plans to sell more FX debt than initially planned (Page 8-9)

There were two auctions last week and the results were mixed. Due to high yields, the Treasury had 3 failed auctions in August when it managed to sell only 1.4 bn RON. In order to complete its 4M liquidity buffer as agreed with the IMF, the Treasury has to pump up new issues (if we are looking only at RON denominated securities). High yields push the Treasury into issuing more short term debt so this is why we may see more pressure on the shorter maturities. However, recently, the Deputy Finance Minister has announced the intention to issue more FX debt than initially planned for this year (2.5 bn EUR) in order to take advantage of the current low yields that Romania pays for FX debt.

MM: Upside pressure on MM rates; inflation expectations are threatened (Page 10)

During the first week in October, there was not much movement on the MM except for the ON rate which continued to come down as NBR allotted 100% of the bid amount at the weekly repo (12.6 bn RON). Just ahead of the September CPI release, the Central Bank took action again and capped the liquidity providing only 40% of the bid amount as the leu was sliding lower. In its latest inflation report in August, the CB was forecasting a 3.5% YoY CPI for September which means the current result (5.3% YoY) overshoot expectations by far. In the last period, maybe one of the most important achievements of the CB was credibility. Inflation expectations were anchored and the current high figure challenges this achievement. Therefore, as a first step we expect the CB to continue with the cap in the coming weeks which puts upward pressure on MM rates.

Chief Economist

Gergely Tardos

+36 1 374 7273

tardosg@otpbank.hu

FX/FI Strategist

Levente Pápa

+36 1 354 7490

papal@otpbank.hu

Macro Analysts

Gábor Dunai

+36 1 374 7272

dunaig@otpbank.hu

Győző Eppich

+36 1 374 7274

eppichgyo@otpbank.hu

Szilárd Kondora

+36 1 374 7275

kondorasz@otpbank.hu

Bálint Szaniszló

+36 1 374 7271

szaniszllob@otpbank.hu

Mihaela Neagu

+4021 307 58 64

mihaela.neagu@otpbank.ro

Rodion Lomivorotov

+7 495 783-5400 (2761)

r.lomivorotov@otpbank.ru

Sector Analyst

Piroska Szabó

+36 1 374 7276

szabopb@otpbank.hu

Dávid Rácz

+36 1 374 7270

raczd@otpbank.hu

Technical Analyst

András Salamon

+36 1 374 7225

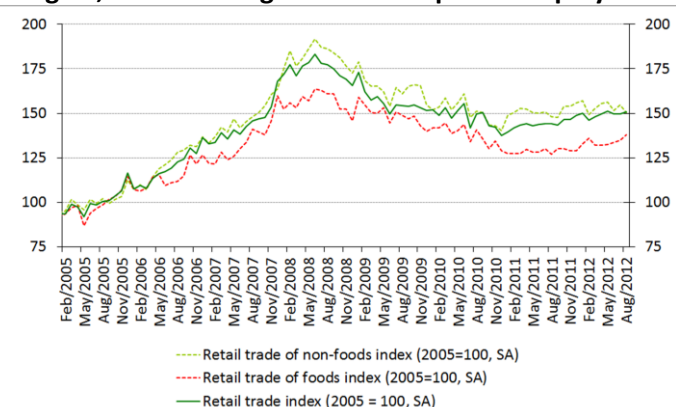
salamona@otpbank.hu

Macroeconomics: Q2 GDP growth revised downwards at 1.1% YoY, but consumption is up at 1.3% YoY; retail trade continues to increase (+0.7% MoM in August)

	PERIOD	INDICATOR	FACT	CONSENSUS	PRIOR
01 Oct	Aug	ILO unemployment rate (% , seasonally adjusted)	7,1		7,0
02 Oct	Aug	Retail trade turnover index (y-o-y, %)	4,9		4,8
02 Oct	Aug	Producer Price Index(y-o-y,%)	7,2		5,7
05 Oct	Aug	Net wage growth rate (y-o-y, %)	5,6		5,9
05 Oct	Aug	Index value of new orders in manufacturing (y-o-y, %)	-0,1		-1,2
05 Oct	Aug	Industrial trade turnover index (y-o-y, %)	4,7		4,8
08 Oct	Aug	Construction works index (y-o-y, %)	5,1		-4,1
09 Oct	Aug	Households services turnover index (y-o-y, %)	-1,8		-3,6
09 Oct	Aug	Wholesale services turnover index (y-o-y, %)	5,6		7,6
10 Oct	Aug	Exports (y-o-y, %)	0,6		-0,7
10 Oct	Aug	Imports (y-o-y,%)	3,3		1,0
10 Oct	Sep	Consumer price index (y-o-y,%)	5,3	4,7	3,9
10 Oct	Aug	Industrial Production Index (y-o-y, %)	-1,7		2,9

Last week, retail and industrial trade turnover indexes for august were released. Retail trade continued to pick up on an annual basis (+4.9% YoY) and the numbers continue to show positive demand from households in Q3. Also, demand for industrial goods is up significantly on a yearly basis but new orders in industry have been declining for the past two months compared to last year so we can expect to see lower affect production in the coming months. Unemployment (ILO) rose marginally to 7.1% (seasonally adjusted data) but there is a downtrend compared to Q4 2011 as the economy is slowly recovering. Producer prices are at their peak this year (+7.2% YoY), the minimum being recorded in March and June (5.8% YoY).

Retail trade was up by 4.9% YoY (0.7% MoM, seasonally adjusted data), moving faster on a monthly basis than in July (+0.2% MoM, seasonally adjusted data). The driver were foods trade (+8.7% YoY) followed by fuels trade (+7% YoY) and non foods (+ 0.8% YoY). Retail trade is an important branch and its value added represented 4.3% of total VA (in 2008). Together with wholesale trade they made up 11.3% of the VA (in 2008). By comparison, constructions represented 11.9% of the VA. Despite the two consecutive months of ~5%YoY advance of retail trade, which was expected given the increase in public employees' wages, the wholesale and retail trade index dropped a steep 6.1% YoY in July and 5.8% YoY in August. Therefore, we can expect trade to have a negative contribution to GDP growth rate in Q3. The total number of employees in this branch is 706 thousand (June 2012, national statistics) or 16% of the employees in the economy.

Retail trade (especially foods) advanced in July and August, after the wage increase of public employees


Source : NIS, OTP Research

Top 10 performing industries during first 8M (YTD growth rate index turnover, %)

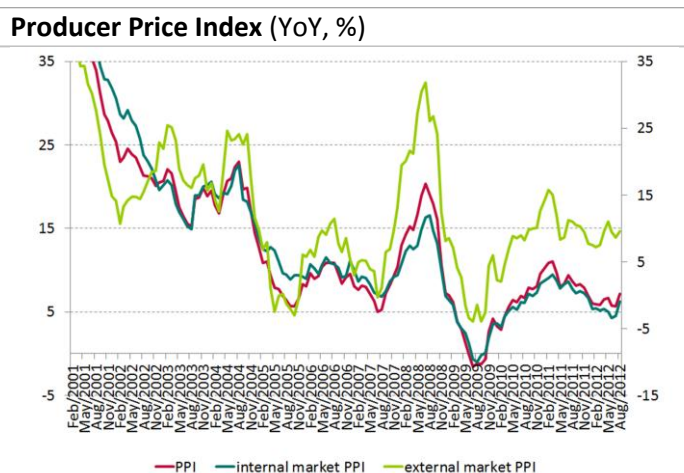

Source : NIS, OTP Research

Note:* without machinery and equipment

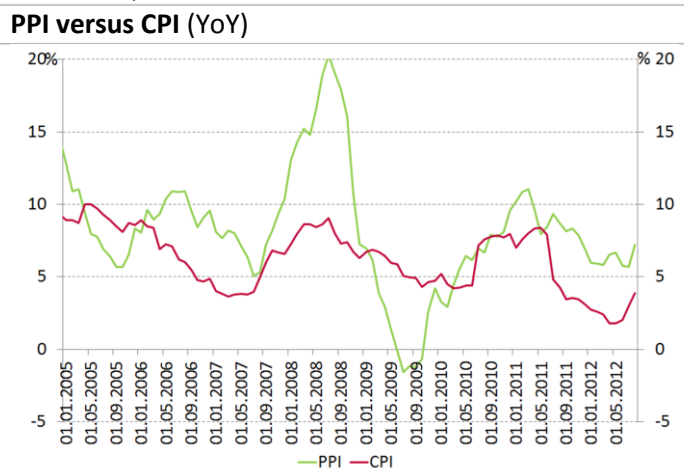
Producer price index advanced to its highest level this year, 7.2% YoY driven by the hike on the domestic market (+6.3% YoY from previous 4.5% YoY in July). On the external market, prices increased as much as 9.6% YoY but the advance is only 1% compared to July. The moves of the PPI are transmitted to a high extent in the CPI (please see the graph in the right) but it is more volatile than the CPI. It tries to catch “pure” price changes and it is calculated excluding VAT (and adding subsidies received).

Unemployment rate inched up marginally in August to 7.1% (seasonally adjusted data) after having shrunk abruptly in July to 7% from 7.3% in June. The 2005-2012 average stays at 6.9% and in 2011 it stood at 7.4%. YTD data points to an improvement in line with the recovery stage of the economy. **According to national statistics, one third of the new jobs added to the economy in H1 were in constructions**, which is also the sector which performed the best this year, supported by public capital expenditure as well. Long term unemployment (more than 12 months of unemployment) takes much longer to adjust downwards after it rose significantly post crisis (3.1% in 2011 compared to 2.4% in 2008) but even this measure saw a an improvement (latest data as of March). In 2011, average duration of unemployment stood at 12M, among the highest in the EU.

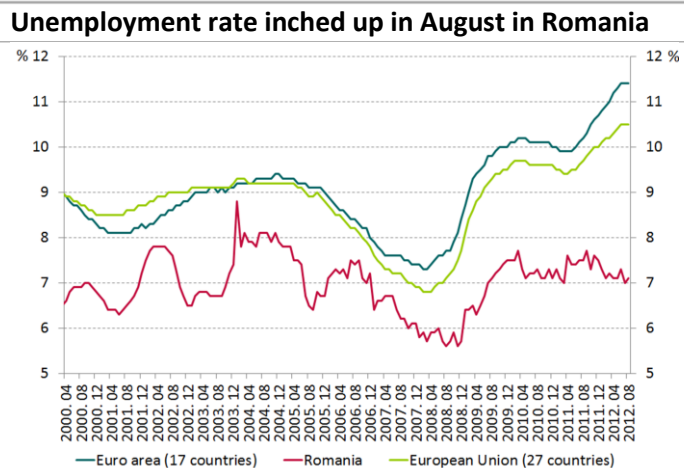
The second release of Q2 GDP data brought some important changes: the yearly growth rate was adjusted downwards from 1.2% YoY to 1.1% YoY. On the consumption side, the cut is mainly explained by lower governmental consumption and lower export growth. Final consumption saw a hike to 1.3% YoY from 1.1% YoY driven by higher growth rate in households’ expenditure. Exports evolution was revised from +0.7% YoY to -0.5% YoY. **On production side most important changes regard a cut back in the advance noticed in industry, constructions and public services while wholesale and retail sales appear to have been in the positive territory compared to previous estimation. Net taxes show a huge hike and they seem to be the most important contributor to the annual GDP growth: out of the 1.1%, net taxes brought 0.8%. At the previous estimation, their contribution was equal to the one of constructions.**



Source : NIS, OTP Research



Source : NIS, OTP Research



Source :Eurostat, OTP Research

2nd release of Q2 GDP data: downward adjustment in GDP growth rate to 1.1% yoy from 1.2% yoy

Production side most important changes (YoY growth rates) Expenditure side most important changes (YoY growth rates)

YoY, %, gross data	Industry	Construction	Wholesale and retail sales	IT	Real estate	Other*	Public services	Shows, culture, recreation	Net taxes
1st release in Sep	0,5	5,2	-0,2	1,9	1,3	6,1	-1,9	3,8	3,8
2nd release in Oct	0,3	3,6	0,3	1,5	1,1	3,7	-2,1	-1,6	5,7

Source : NIS, OTP Research

YoY, %, gross data	GDP	Final consumption	Actual individual consumption of households	Government consumption	Exports of goods and
1st release in Sep	1,2	1,1	1,4	-2,8	0,7
2nd release in Oct	1,1	1,3	1,8	-4,0	-0,5

Source : NIS, OTP Research

Note: *Professional, scientific and technical activities; activities of administrative services and support services

Medium-term macroeconomic forecast

Main macroeconomic indicators	Fact						Forecast	
	2006	2007	2008	2009	2010	2011	2012	2013
Real GDP	7,9%	6,3%	7,3%	-6,6%	-1,6%	2,5%	0,9%	1,9%
Actual individual consumption of households	10,6%	10,5%	8,9%	-9,1%	-0,3%	0,7%	1,7%	1,8%
Households consumption expenditure	12,9%	12,0%	9,0%	-10,4%	-0,4%	1,4%	1,8%	1,8%
Government consumption	-11,5%	2,5%	6,2%	9,5%	-10,0%	-3,4%	-0,5%	1,1%
Gross fixed capital formation	19,9%	30,3%	15,6%	-28,1%	-2,1%	6,3%	9,9%	4,6%
Exports	10,4%	7,8%	8,3%	-6,4%	14,0%	9,9%	0,0%	7,1%
Imports	22,6%	27,3%	7,9%	-20,5%	11,9%	10,5%	1,3%	7,1%
Consumer prices (avg.)	6,6%	4,8%	7,8%	5,6%	6,1%	5,8%	3,0%	4,1%
Budget Balance (GDP%, ESA 95)	-2,2%	-2,9%	-5,7%	-9,0%	-6,8%	-5,2%	-3,6%	-3,3%
Public debt (GDP %)	12,4%	12,8%	13,4%	23,6%	31,0%	33,3%	35,0%	36,6%
CA balance (% GDP)	-10,5%	-13,4%	-11,6%	-4,2%	-4,4%	-4,2%	-4,4%	-4,6%
CA balance (bn EUR)	-10,2	-16,8	-16,2	-4,9	-5,5	-5,7	-6,1	-6,6
Unemployment	7,3%	6,4%	5,8%	6,9%	7,3%	7,4%	7,1%	6,9%
Nominal wage growth	18,4%	21,8%	26,1%	4,8%	3,1%	6,5%*	4,5%	4,4%
Real wage growth	9,0%	14,7%	16,5%	-1,5%	-3,7%	0,5%*	1,5%	0,3%
Key interest rate (avg.)	8,6%	7,5%	9,7%	9,1%	6,5%	6,2%	5,33%	5,25%
Key interest rate (e.o.p.)	8,8%	7,5%	10,3%	8,0%	6,3%	6,0%	5,25%	5,25%
EUR/RON (avg.)	3,52	3,34	3,68	4,24	4,21	4,24	4,45	4,47
EUR/RON (e.o.p.)	3,38	3,61	3,99	4,23	4,28	4,32	4,50	4,43

Source: Eurostat, OTP Research

Note: * forecast

FX markets: the Central Bank curbed leu's depreciation temporarily

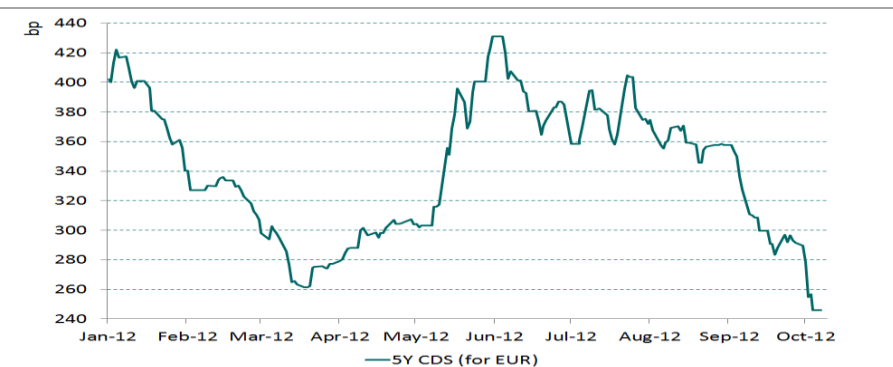
In only few days in October, the leu managed to lose 0.7% to the euro while through the entire month of September, it has weakened around 1.6% while interest rates were slowly coming down after the NBR removed the liquidity cap. External environment has improved in the last two months (September –October) as the CDS reached the lowest level this year and the euro strengthened against the dollar after the ECB announcement of bond buying and Fed signaling QE3. However, **the leu missed support from the interest rates side in September and essentially from new capital inflows**, but the latter has been true for the past years so it does not influence significantly the moves we see in the past few days of October.

Last data: 04.10.2012

FX BID				
	Value		Weekly chg. (%)	YTD chg. (%)
EURRON	4,55	↑	0,74	↑ 5,31
USDRON	3,50	↓	-0,08	↑ 4,91
CHFRON	3,75	↑	0,57	↑ 5,68
RONJPY	4,45	↓	-1,13	↑ 2,90
RONPLN	1,11	↑	1,89	↑ 8,03
100HUFRON	1,60	↑	0,45	↑ 16,77
RONCZK	0,18	↑	1,39	↑ 8,25
RONRUB	0,11	↑	0,04	↑ 9,13
RONRSD	0,04	↑	0,64	↓ -1,79
RONBGN	2,33	↑	0,76	↑ 5,58

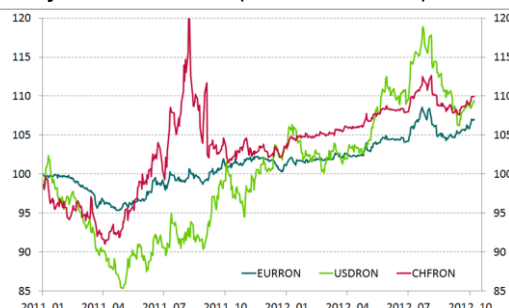
Source: Reuters

The CDS at lowest levels in 14 months



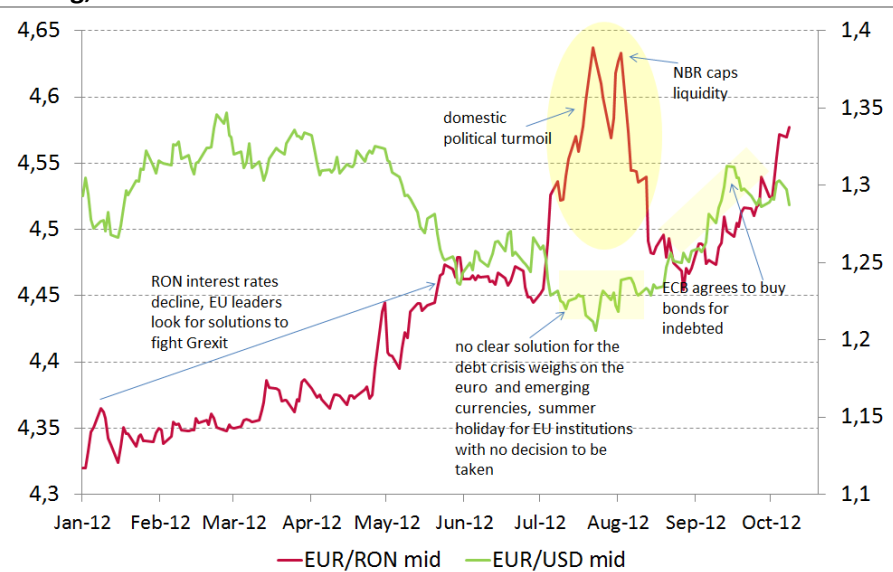
Sources: Reuters, OTP Research

Major RON FX rates (03.01.2011=100)



Sources: Reuters, OTP Research

The Central Bank capped liquidity again this week after leu started falling; the CDS at lowest levels in 14 months



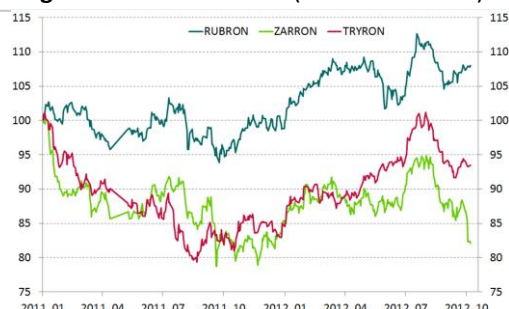
Sources: Reuters, OTP Research

Regional RON FX rates I. (03.01.2011=100)



Sources: Reuters, OTP Research

Regional RON FX rates II. (03.01.2011=100)



Sources: Reuters, OTP Research

What matters for the moment is the perspective of Parliamentary elections to take place on 9th of December which may trigger some spikes in the CDS and increase risk aversion for the moment and some could bet on leu's depreciation around this date. Also, Romania has to pay to the IMF around 1 bn euro in November and December (approximately 800 mn EUR in November). Given these facts and **in light of the speed of leu's depreciation, NBR decided to cap liquidity again as inflation fears intensify. This time the surprise factor was not as big as in August and this is why the CB will have to use more firepower to keep the leu from reaching new lows.** The new element seems to be the Treasury's strategy to issue more FX denominated debt instead of RON as planned: this could prove supportive for the leu to some extent because the Central Bank has an incentive to help the currency at the moment, given the much larger than expected September inflation figure. Aside from the above influences, depreciation pressures prevail.

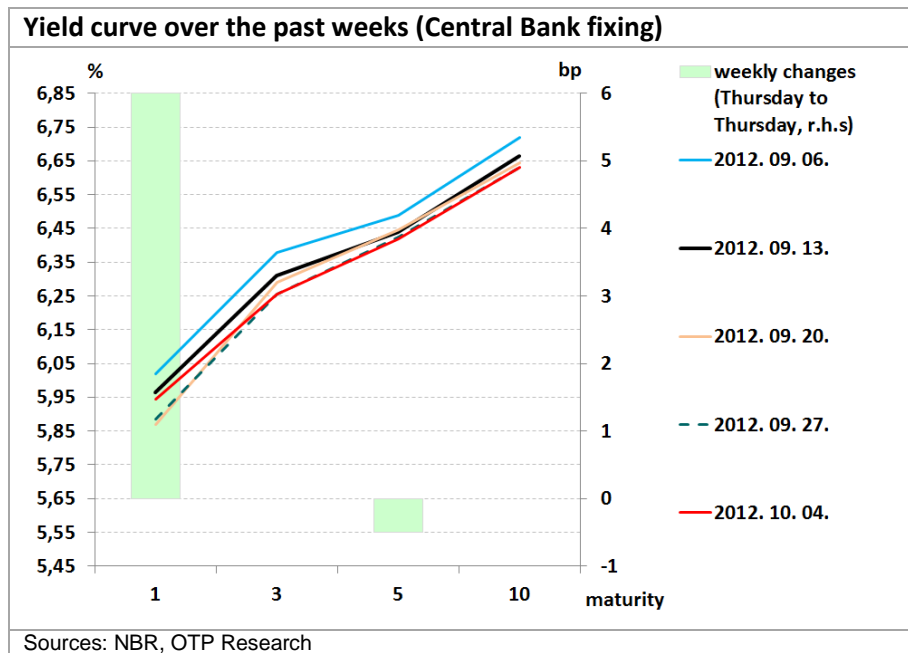
Government securities: The Ministry of Finance plans to sell more FX debt than initially planned

The only significant move last week was at the short end of the curve where yields moved up, tracking the results of Monday's auction on the primary market where the Treasury accepted a significantly higher yield compare to previous similar tender. The Treasury sold close to 1bn RON in 6M Tbills at Monday's auction and we see that until the end of the week, at the NBR fixing, the 6M yields spiked by 7bp w-o-w. This happened while the CDS, a risk measure parameter touched the lowest levels in more than one year and interest rates were flat (the longer maturities) while ROBOR ON even declined by 20 bp. In the past three months (October included), the Treasury planned (and sold) mostly shorter maturity government securities as you can see in the table bellow.

Planned issues in 2012											
	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	
Planned targeted amount (RON bn)	4,5	5,0	5,0	4,3	3,8	3,5	2,3	2,5	3,3	4,2	
% of bonds	33%	44%	54%	76%	80%	49%	69%	24%	15%	28%	
Sold amount (RON bn)	9,9	8,3	7,9	4,9	3,5	1,4	1,6	1,4	4,5	n.a	

Sources: The Finance Ministry, NBR, OTP Research

In order to complete its 4M liquidity buffer as agreed with the IMF, the Treasury has to pump up new issues (if we are looking only at RON denominated securities). High yields push the Treasury into issuing more short term debt so this is why we may see more pressure on the shorter maturities. However, recently, the Deputy Finance Minister has announced the intention to issue more FX debt than initially planned for this year (2.5 bn EUR) in order to take advantage of the current low yields that Romania pays for FX debt. Until now, Romania has raised 750 mn EUR in September and 2.25 bn dollars earlier this year. Also, it has paid 730 mn EUR to the IMF in August and it still has to pay around 1 bn EUR until the end of the year.



Last data: 04.10.2012

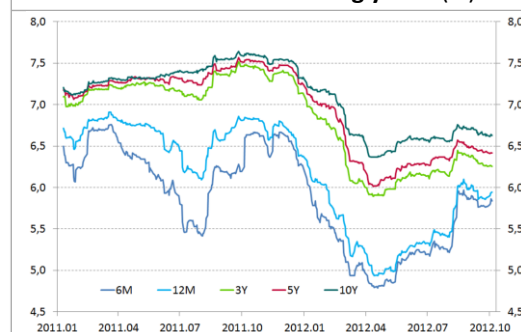
RON GOVERNMENT SECURITIES			
	Value (%)	Weekly chg. (bp)	YTD chg. (bp)
6M	5,84	↑ 7,0	↓ -41
12M	5,95	↑ 6,0	↓ -44
3Y	6,26	→ 0,0	↓ -89
5Y	6,42	↓ -0,5	↓ -83
10Y	6,63	→ 0,0	↓ -70

SPREADS			
	Value (bp)	Weekly chg. (bp)	YTD chg. (bp)
GERROM 3Y	615	↓ -0,4	↓ -72
GERROM 5Y	590	↓ -0,6	↓ -60
GERROM 10Y	518	↑ 1,1	↓ -33
3Y -5Y	17	↓ -0,5	↑ 6
5Y -10Y	21	↑ 0,5	↑ 13
3Y-10Y	38	→ 0,0	↑ 19
FLY 3-5-10	4	↑ 1,0	↑ 7

CDS MID SPREADS			
	Value (bp)	Weekly chg. (bp)	YTD chg. (bp)
3Y EURO	202	↓ -35,9	↓ -170
5Y EURO	257	↓ -36,3	↓ -145

Source: Reuters

Central bank benchmark fixing yields (%)

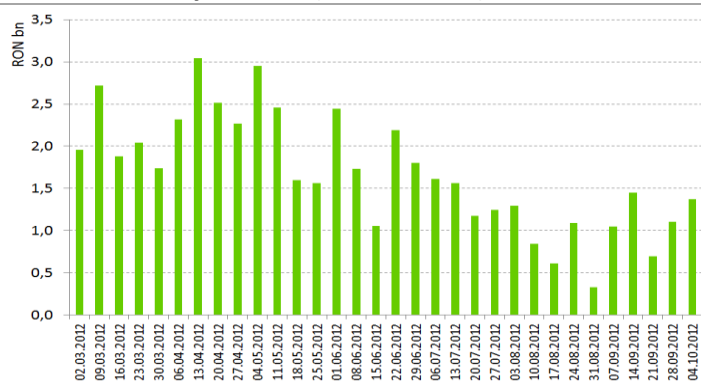


Slope of the yield curve (bp)

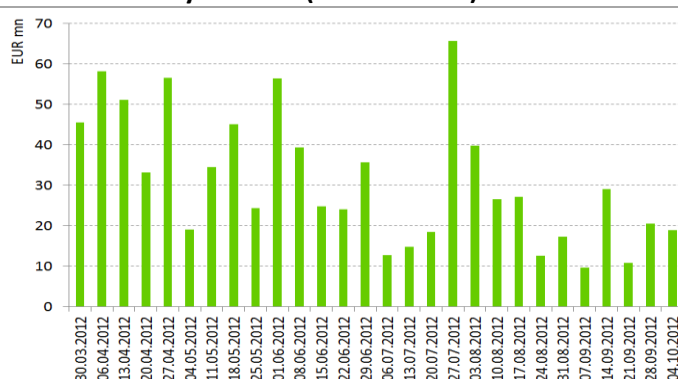


FLY 3-5-10 (bp)



RON denominated securities (avg. daily volume) traded on the secondary market (without NBR)


Sources: NBR, OTP Research
Note: the average for the last week does not include Friday;

EUR denominated securities (avg. daily volume) traded on the secondary market (without NBR)


Sources: NBR, OTP Research
Note: the average for the last week does not include Friday;

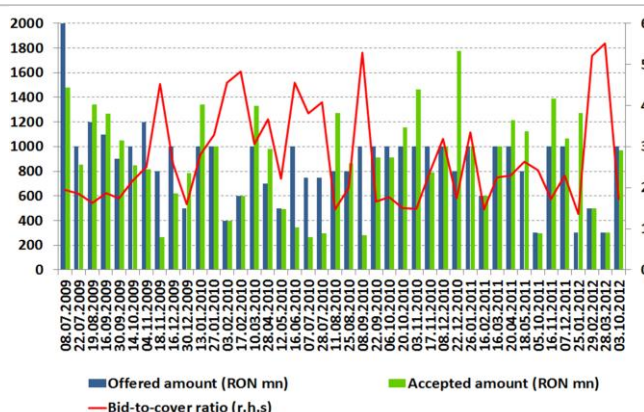
Auctions

There were two auctions last week and the results were mixed. The Treasury shows again a preference for shorter maturities due to higher bid yields. Due to high yields, the Treasury had 3 failed auctions in August when it managed to sell only 1.4 bn RON. In September, there was less pressure on yields and total issues summed up to 4.5 bn RON. The Monday's 6M T-bills auction saw a good demand of 1.7 bn RON and the total allotted amount was 972 mn RON, close to the planned 1bn RON. The average accepted yield stood at 5.91%, higher than the one at the previous tender in March (5.06%). The second auction in 2Y bonds was less succesful and only half of the planned amount (400 mn RON) was sold. The average accepted yield was 6.2%, slightly higher than the previous one in mid September (6.1%).

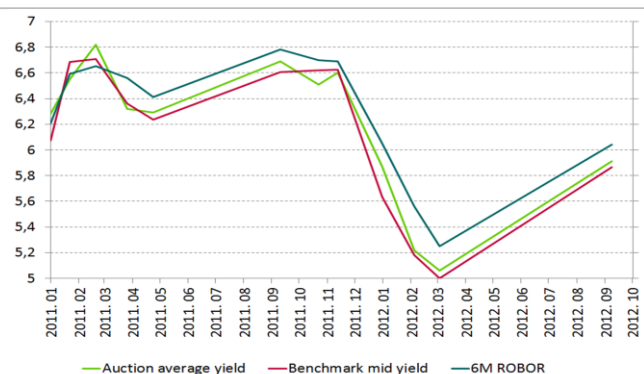
Results of last week's auction

	RO1213CTN0M2	RO1214DBN068
Offered amount (RON mn)	1000	400
total bids (RON mn)	1680	700
accepted amount (RON mn)	972	205
average accepted yield (%)	5.91	6.20
coupon	-	5.85

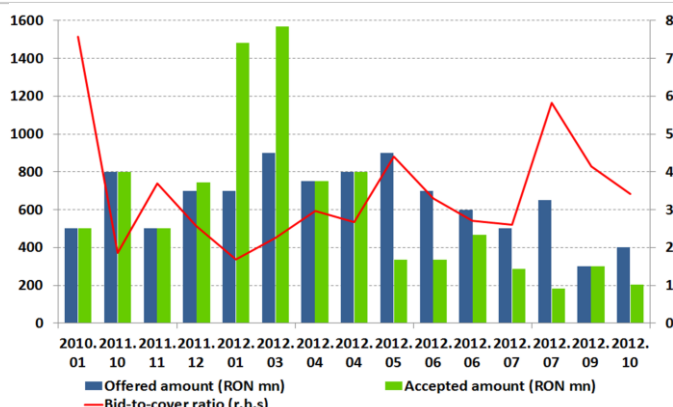
Sources: NBR, OTP Research

6M Auctions data


Sources: NBR, OTP Research

6M Interest rates


Sources: NBR, OTP Research

2Y Auctions data


Sources: NBR, OTP Research

T-bills auction in October

ISIN	Auction date	Settlement date	Maturity	Months	Indicative target amount (RON)
RO1213CTN0M2	01.10.2012	03.10.2012	03.04.2013	6	1.000.000.000
RO1213CTN0N0	08.10.2012	10.10.2012	11.09.2013	11	1.000.000.000
RO1213CTN0O8	15.10.2012	17.10.2012	23.09.2013	11	1.000.000.000

Source: Ministry of Finance, OTP Research

Bonds auctions in October

ISIN	Auction	Settlement	Maturity	Years	Cupon %	Indicative target amount (RON)
RO1214DBN068	04.10.2012	08.10.2012	28.07.2014	2	5,85	400.000.000
RO1215DBN073	11.10.2012	15.10.2012	26.10.2015	3	5,80	250.000.000
RO1214DBN068	18.10.2012	22.10.2012	28.07.2014	2	5,85	300.000.000
RO1217DBN046	25.10.2012	29.10.2012	26.07.2017	5	5,90	200.000.000

Sources: Ministry of Finance, OTP Research

Euro-denominated bonds

ISIN	Auction	Settlement	Maturity	Years	Cupon %	Indicative target amount (EUR)
RO1115DBE025	22.10.2012	24.10.2012	29.07.2015	4	4,70	150.000.000

Sources: Ministry of Finance, OTP Research

MM: Upside pressure on MM rates; inflation expectations are threatened

During the first week in October, there was not much movement on the MM except for the ON rate which continued to come down as NBR allotted 100% of the bid amount at the weekly repo (12.6 bn RON). **Just ahead of the September CPI release, the Central Bank took action again and capped the liquidity providing only 40% of the bid amount as the leu was sliding lower.**

September CPI data proved that NBR’s cautious move was a good decision. Inflation jumped to 5.3% YoY from 3.9% YoY in August. This is the highest figure since June 2009, if we exclude the period when the VAT hike affected the final numbers. However back then, Core2 adjusted inflation (CPI excluding administered prices, volatile items, tobacco and alcohol) stood at 6.1% YoY whereas now is at 3% YoY. **In its latest inflation report in August, the CB was forecasting a 3.5% YoY CPI for September which means the current result overshoot expectations by far.** Core 2 adjusted was again significantly higher than the CB forecast. **In the last period, maybe one of the most important achievements of the CB was credibility. Inflation expectations were anchored and the current high figure challenges this achievement.** Therefore, as a first step we expect the CB to continue with the cap in the coming weeks which puts upward pressure on MM rates.

Last data: 04.10.2012

MID INTEREST RATES			
	Value (%)	Weekly chg. (bp)	YTD chg. (bp)
repo rate	5,25	↔ 0	↓ -75
ROBOR ON	4,89	↓ -20	↑ 36
ROBOR 3M	5,63	↑ 1	↓ -42
ROBOR 6M	6,04	↔ 0	↓ -49
ROBOR 9M	6,08	↔ 0	↓ -53
ROBOR 1Y	6,13	↑ 1	↓ -53

REPO			
	Value (mn RON)	Wly chg. (mn RON)	YTD chg. (mn RON)
repo amount	12.621,8	539,3	5910,8

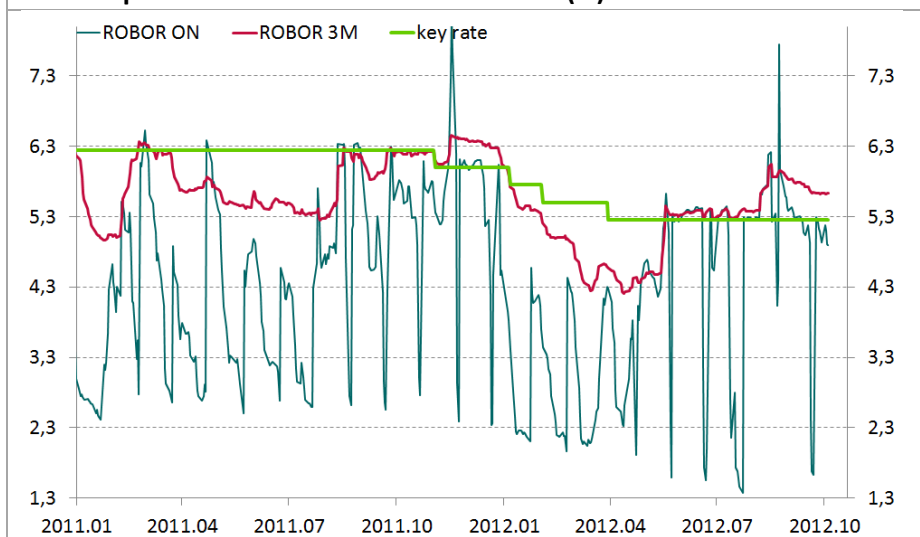
INTERBANK DEPOSITS			
	Value (mn RON)	Wly chg. (mn RON)	YTD chg. (mn RON)
outstanding	3.211,6	645,3	-170,6

MID SWAP POINTS			
	Value (bp)	Weekly chg. (bp)	YTD chg. (bp)
USDRON 1W	26	↓ -5	↑ 1
USDRON 1M	147	↓ -3	↓ -2
USDRON 3M	384	↓ -19	↑ 138
EURRON 1W	46	↑ 1	↑ 5
EURRON 1M	201	↔ 0	↑ 56
EURRON 3M	609	↓ -9	↑ 99

MID EUR BASIS SWAPS			
	Value (bp)	Weekly chg. (bp)	YTD chg. (bp)
EURRON 1Y	-88	↓ -13	↑ 68
EURRON 3Y	-88	↓ -13	↑ 68
EURRON 5Y	-88	↓ -13	↑ 63

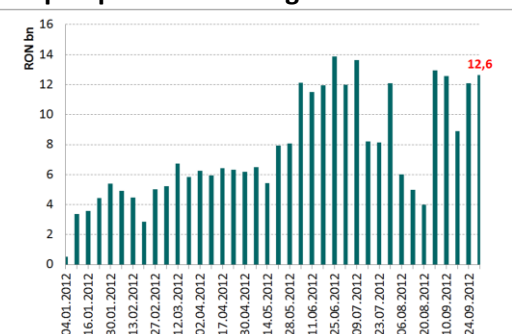
Source: Reuters

Most important MM instruments from 2011 (%)



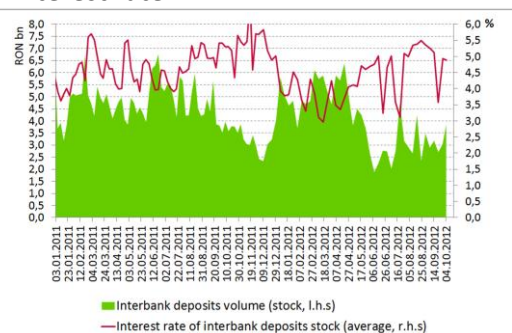
Sources: NBR, OTP Research

Repo operations during 2012



Sources: NBR, OTP Research

Interbank deposits stock and average interest rate



Sources: NBR, OTP Research

Disclaimer

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A.

Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results.

Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999, registered in the NSC Register under no. PJR01INCR/400017 according to registration certificate 188/28.09.2009; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to mihaela.neagu@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.